

United Development Funding IV



United Development Funding IV was formed in 2009 to originate and acquire loans, as well as make equity investments primarily in single-family lots and developments. As of the end of the third quarter 2011, the REIT had \$135.9 million in assets in 27 mortgages and 12 related-party participation and note agreements. The REIT is in the Growth LifeStage of effective REITs, which is characterized by accelerated growth in capital raise and acquisitions.

Key Highlights

- A significant portion of the portfolio is held in loans and participation agreements with related parties, \$14.6 million and \$12.6 million, respectively.
- Metrics have been trending toward more stable levels throughout 2011.
- In addition to the regular distribution, the REIT provided two special distributions this year.

Capital Stack Review

- \$118 million has been raised since inception with \$25.9 million raised in the third quarter. Year-to-date 2011 capital raise has reached \$64.4 million.
- Debt – Current debt ratio is at 18.5%, down steadily this year from 30% in 4Q10 with 65% of the REIT's debt in variable instruments.
- Debt Maturity – 71.7% of the REIT's debt matures in 2012.
- Loan Activity – Affiliated company, United Development Fund III, has provided loan guarantees for three of the REIT loans in return for credit enhancement fees.
- Cash on Hand – Is slightly below median at 5%.

Metrics

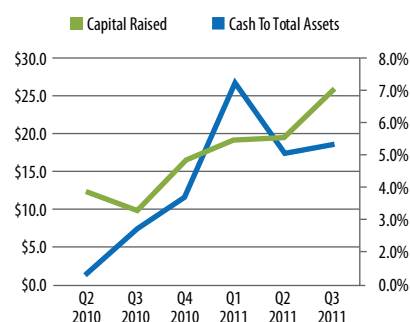
- Distribution – Effective July 2011, the distribution yield increased to 8.2%, up from a yield of 8.0% that had remained steady over the last seven quarters.
- Distribution Source – 49% of the distribution was paid from cash from operations and 51% from borrowings.
- Fee Waivers and Deferrals – None reported.
- MFFO Payout Ratio – Better than median at 90% for the the quarter compared with 98% for the previous quarter.

- Interest Coverage Ratio – 5.3x for the quarter reflects the low debt level in the REIT and is better than median.
- Impairments – None reported.

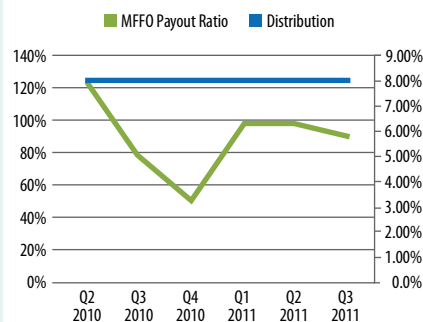
Real Estate

- Transactions – Since inception, the REIT has completed 44 loans totaling \$204 million, including five that have been repaid in full by the respective borrowers. In 2011, the REIT has completed \$49.4 million in loan transactions and fundings.
- Lease Expirations – Not applicable.
- Occupancy – Not applicable.
- Dispositions – None reported.
- Diversification – The REIT sponsor is located in Texas, and geographic concentrations exist with all holdings in either Texas or Colorado.

Cash to Total Assets vs. Capital Raised



MFFO Payout Ratio to Distribution



Debt Ratio to Interest Coverage Ratio

