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NexPoint Residential Trust, Inc. (NXRT)

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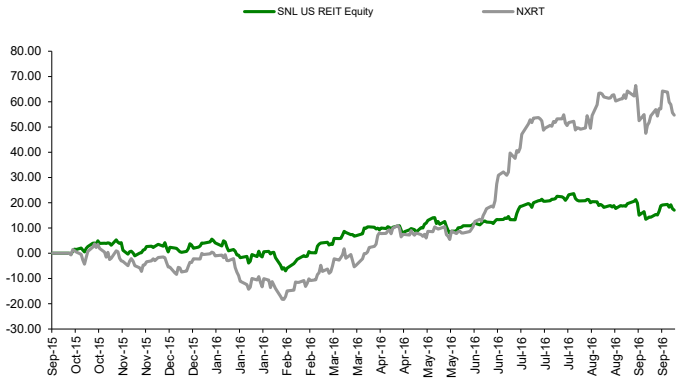
Dallas, TX 75201
http://www.nexpointliving.com
(972) 628-4100

Credit Ratings	Rating	Date	Direction	Watch
S&P	--	--	--	--
Moody's*	--	--	--	--
Fitch	--	--	--	--

*Senior Unsecured Rating

Current Market Information as of 09/30/2016		Closing Price ($):	19.66
Shares Outstanding (Shares)	21,266,770	Price Target	$ 24.00
52 week High - Low ($)	21.47 - 10.35	Price/ FFO (x)	14.5
Average Daily Volume (Shares)	105,076	Price/ LTM FFO (x)	13.9
Market Value ($M)	418.1	Price/ Trailing-four-quarter EPS (x	36.4
Total Capitalization ($M)	1,095.0	Prem./Disc to NAV (%)	-5.6
Total Enterprise Value ($M)	1,066.4	TEV/ Recurring EBITDA (x)	NA
10 Year T Note (%)	1.60	Implied Return	22%

Total Return



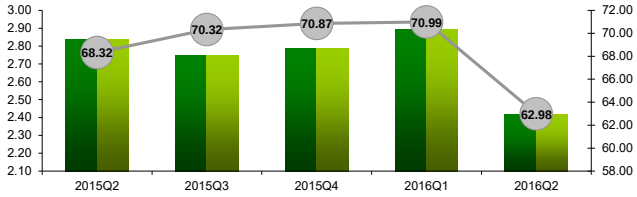
Insider Alignment as of 04/22/2016			
Title	**Name**	**Insider shares (Voting)**	**%**
Chairman & President	James D. Dondero	3,490,321	16.39
Executive VP & CIO	Matthew McGraner	23,534	0.11
EVP of Finance, Treasurer & CFO	Brian Dale Mitts	8,159	0.04
Total Shares Held by Insiders		**3,544,847**	**16.60**

Note: If multiple insiders share controlling interest in a group of shares, they may both show ownership of those shares in insider ownership data.

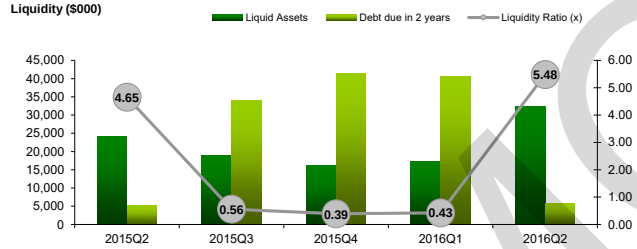
Institutional Ownership			
Owner	**Shares**	**%**	**As of**
First Trust Portfolios L.P.	2,377,481	11.18	03/24/2015
Highland Capital Management LP	1,754,788	8.25	09/13/2016
2nd Market Capital Advisory Corp.	1,176,360	5.53	06/30/2016
BlackRock Inc.	981,680	4.62	06/30/2016
Vanguard Group Inc.	728,108	3.42	06/30/2016
Total - 142 Institutions	**12,944,728**	**60.87**	

Current Dividend Information		% Change		
Dividend ($)	0.2060	– 0.00	Mst Rct Dividend Anncd Date	08/08/2016
Annual Dividend Rate ($)	0.8240	▼ NA	Mst Rct Ex-Dividend Date	09/13/2016
LTM Dividends Anncd ($)	0.8240		Most Recent Div Pay Date	09/30/2016
Current Dividend Yield (%)	4.19			
LTM Dividend Payout Ratio (%)	152.59			

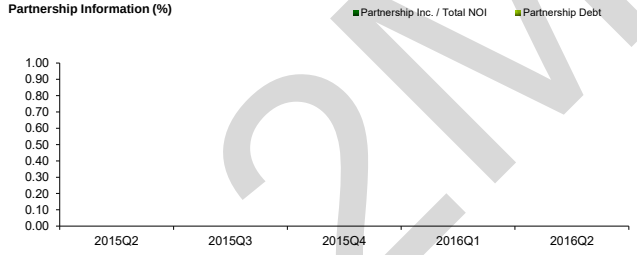
Leverage Ratios



Liquidity ($000)



Partnership Information (%)



Leverage Analysis	2015Q2	2015Q3	2015Q4	2016Q1	2016Q2
Capitalization ($M)					
Implied Market Cap	286.0	284.5	278.7	278.7	387.5
Total Mezzanine Level Items	0.0	0.0	0.0	0.0	0.0
Total Preferred Equity	0.0	0.0	0.0	0.0	0.0
Noncontrolling Interest	27.3	28.5	27.4	26.6	24.5
Total Debt	623.5	696.8	705.1	704.9	652.3
Pref. OP-FASB 150/Fin 46 Adj.	0.0	0.0	0.0	0.0	0.0
Total Capitalization	**936.8**	**1,009.8**	**1,011.3**	**1,010.3**	**1,064.3**
(-) Cash & Cash Equivalents	24.2	19.0	16.2	17.4	28.6
Total Enterprise Value	**912.6**	**990.9**	**995.0**	**992.9**	**1,035.8**
Leverage Ratios (%)					
Debt/ Total Cap	66.56	69.00	69.73	69.77	61.29
Debt / TEV	68.32	70.32	70.87	70.99	62.98
Debt and Preferred/ TEV	68.32	70.32	70.87	70.99	62.98
Total Debt/ Gross Properties	75.61	76.62	75.22	85.07	80.24
Debt/ RE Value	74.88	75.84	75.12	83.99	71.45
Fixed charge Coverage Ratio (x)	2.84	2.75	2.79	2.89	2.42
Interest Coverage Ratio (x)	2.84	2.75	2.79	2.89	2.42
Debt/ EBITDA (x)	12.84	12.83	13.52	11.65	5.51
Debt/Assets	69.04	71.82	72.69	73.48	71.10
NOI/ Debt	9.52	8.92	9.44	10.03	10.66

Liquidity Analysis ($000)	2015Q2	2015Q3	2015Q4	2016Q1	2016Q2
Cash and Equivalents	24,156	18,958	16,226	17,366	28,550
Revolving Credit Facilities	0	0	0	0	200,000
Revolving Credit Facilities Drawn	0	0	0	0	196,290
Liquid Assets	24,156	18,958	16,226	17,366	32,260
Debt Due this Fiscal Year	584	350	33,424	32,853	2,990
Debt Due during Next Fiscal Year	4,610	33,605	7,965	7,735	2,896
Debt Due this Fiscal Year, Incl. JV	NA	NA	NA	NA	NA
Debt Due during Next Fiscal Year, Incl. JV	NA	NA	NA	NA	NA
Debt due in 2 years	5,194	33,955	41,389	40,588	5,886
Liquidity Ratio (x)	4.65	0.56	0.39	0.43	5.48

Profitability Analysis (%)	2015Q2	2015Q3	2015Q4	2016Q1	2016Q2
Implied Capitalization Rate	NA	NA	6.42	7.71	7.37
Rental NOI/ Avg Gross Pptys	7.32	7.17	7.21	8.01	8.47
Operating NOI/ Avg Gross Pptys	0.00	0.00	0.00	0.00	0.00
Total RE NOI/ Avg Gross Pptys	7.32	7.17	7.21	8.01	8.47
Partnership Income/ Total Revenue	NA	NA	NA	NA	NA

Partnership Information (%)	2015Q2	2015Q3	2015Q4	2016Q1	2016Q2
Partnership Inc. / Total NOI	0.00	0.00	0.00	0.00	0.00
Partnership Revenue/ Revenue	0.00	0.00	0.00	0.00	0.00
Partnership Debt	0.00	0.00	0.00	0.00	0.00
Partnership Income/ Avg Partnerships	NA	NA	NA	NA	NA

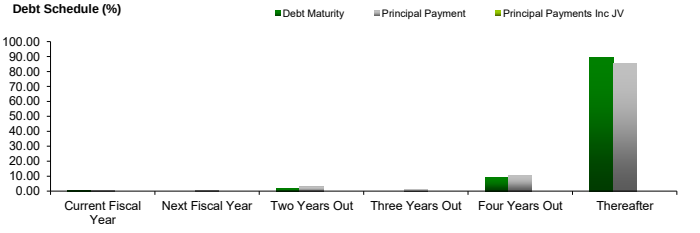
Debt Analysis (%)	2015Q2	2015Q3	2015Q4	2016Q1	2016Q2
Tax-exempt Debt/ Debt	0.00	0.00	0.00	0.00	0.00
Secured Debt/ Debt	100.00	95.84	95.91	95.90	99.70
Short-term Debt/ Debt	NA	NA	4.74	NA	NA
Long-term Debt/ Debt	NA	NA	95.26	NA	NA
Variable-rate Debt/ Debt	90.53	91.56	94.40	94.29	93.62
Fixed-rate Debt/ Debt	9.47	8.44	6.46	6.43	6.91
Hedged Debt/ Debt	0.00	0.00	0.00	0.00	0.00
Convertible Debt/ Debt	0.00	0.00	0.00	0.00	0.00
Credit Lines Drawn/ Available	NA	NA	NA	NA	98.15

Same Store Analysis	2015Q2	2015Q3	2015Q4	2016Q1	2016Q2
Same Store NOI Change (%)	7.30	11.00	7.30	13.90	11.00
Same Store Rev % Chg (%)	6.50	9.00	9.40	9.50	10.20
Same Store Exp % Chg (%)	5.70	6.90	11.50	4.80	9.20
Same-store REVPAR ($)	NA	NA	NA	NA	NA
Same-store ADR ($)	NA	NA	NA	NA	NA
Same Store Occupancy (%)	93.60	93.30	94.20	94.60	93.90

Debt Maturity Schedules for the Period 2016Q2

	Debt Maturity		Principal Payment		Principal Payments Inc JV	
	($000)	(%)	($000)	(%)	($000)	(%)
Total Debt	652,325		652,325		652,325	
Current Fiscal Year	1,972	0.30	2,990	0.46	NA	NA
Avg Int Rate (%)	4.65		NA		NA	
Next Fiscal Year	0	0.00	2,896	0.44	NA	NA
Avg Int Rate (%)	NA		NA		NA	
Two Years Out	11,483	1.76	18,383	2.82	NA	NA
Avg Int Rate (%)	4.68		NA		NA	
Three Years Out	0	0.00	8,107	1.24	NA	NA
Avg Int Rate (%)	NA		NA		NA	
Four Years Out	58,880	9.03	67,122	10.29	NA	NA
Avg Int Rate (%)	NA		NA		NA	
Thereafter	583,434	89.44	556,615	85.33	NA	NA
Avg Int Rate (%)	NA		NA		NA	

Debt Schedule (%)



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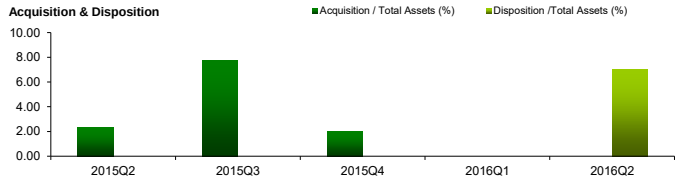
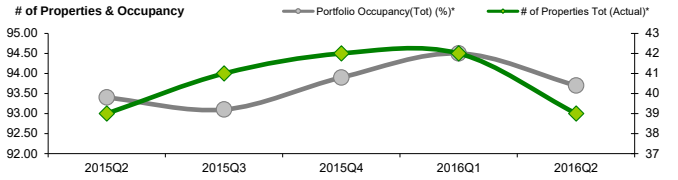
Property Analysis

Property Financials	2015Q2	2015Q3	2015Q4	2016Q1	2016Q2
# of Properties Tot (Actual)*	39	41	42	42	39
Portfolio Occupancy(Tot) (%)*	93.4	93.1	93.9	94.5	93.7
Total Acquisitions ($000)	21,000	74,800	19,250	0	0
Total Dispositions ($000)	0	0	0	0	64,250
Development Pipeline ($000)	0	0	0	0	0
Development Cost Incurred ($000	0	0	0	0	0
Net Property Investment ($000)	799,047	879,180	897,536	788,218	766,154
Gross Leasable Area (sq. ft.)	10,327,369	10,993,201	11,281,733	11,281,733	10,550,004
Acquisition / Total Assets (%)	2.33	7.71	1.98	0.00	0.00
Disposition /Total Assets (%)	0.00	0.00	0.00	0.00	7.00

* If total value is filed as NA for all periods by the company, it will give the individual portfolio level information.





Top 10 Markets*

Name	% of NOI	% of Rev.	% Change SS	Occupancy %
Dallas	NA	30.8	NA	93.3
Atlanta	NA	20.8	NA	93.6
Nashville	NA	8.5	NA	94.6
Other - Washington D.C.	NA	8.5	NA	94.3
Orlando	NA	8.1	NA	93.3
Phoenix	NA	6.1	NA	91.5
Charlotte	NA	4.9	NA	94.8
Tampa	NA	4.5	NA	94.6
Jacksonville	NA	3.2	NA	96.3
Houston	NA	2.4	NA	93.3

*Based on reported market exposure. SS here stands for Same Store

Top 10 Most Recent Acquisitions

Property Name	Portfolio Acq. Yes/No?	Acq. Date	Owned %	Price ($000)[1]	Size (Owned Sq. Ft.)[3]
CityView	No	07/27/2016	95.00	22,421	NA
The Place at Vanderbilt Apartmen	No	10/30/2015	95.00	19,250	274,105
Madera Point	No	08/05/2015	95.00	22,525	183,236
The Pointe at the Foothills	No	08/05/2015	95.00	52,275	449,304
Seasons 704 Apartments	No	04/15/2015	90.00	21,000	195,202
Dana Point	No	02/26/2015	90.00	16,235	185,648
Heatherstone	No	02/26/2015	90.00	9,450	104,054
Versailles	No	02/26/2015	90.00	26,165	270,817
Barrington Mill	No	02/06/2015	90.00	58,000	622,962
Cornerstone Apartments	No	01/15/2015	90.00	31,550	285,809

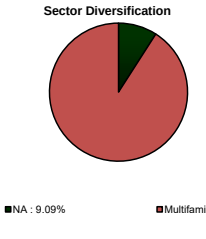
[1] If the transaction is a portfolio acquisition than the price will be a portfolio Acq. Price.

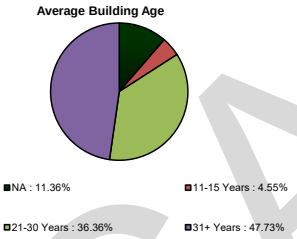
Top 10 Most Recent Dispositions

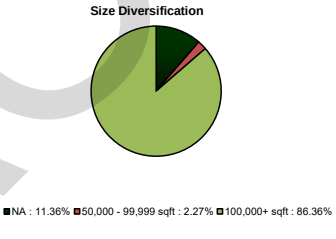
Property Name	Portfolio Dis. Yes/No?	Dis. Date	Owned %	Price ($000)[2]	Size (Owned Sq. Ft.)[3]
Mandarin Reserve	Yes	06/06/2016	90.00	47,000	404,348
The Park at Regency	Yes	06/06/2016	90.00	47,000	120,828
The Meridian	No	05/10/2016	90.00	17,250	133,380
Land-The Crossings	No	08/04/2015	90.00	326	NA

[2] If the transaction is a portfolio sales than the price will be a portfolio disposition Price.

Property Charts

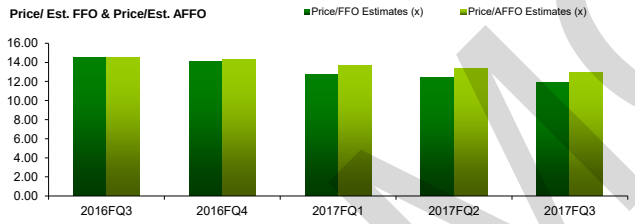


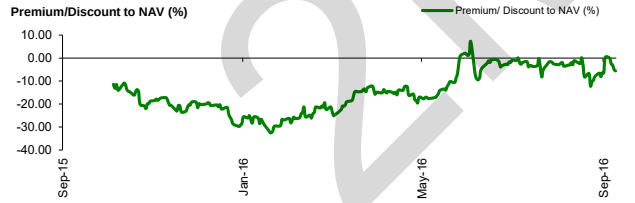




NA = Not Available

Estimates Data





Estimates Information	2016FQ3	2016FQ4	2017FQ1	2017FQ2	2017FQ3
FFO Estimates					
FactSet Mean FFO Estimate ($)	0.34	0.35	0.39	0.40	0.41
FactSet High FFO Estimate ($)	0.36	0.38	0.41	0.42	0.43
FactSet Low FFO Estimate ($)	0.33	0.33	0.37	0.37	0.39
FactSet No. of FFO Estimates (Actual)	4	4	3	3	3
Closing Price ($)	19.66	19.66	19.66	19.66	19.66
Price/FFO Estimates (x)	14.56	14.14	12.71	12.39	11.89
AFFO Estimates					
SNL Mean AFFO Estimate ($)	0.34	0.34	0.36	0.37	0.38
SNL High AFFO Estimate ($)	0.38	0.38	0.40	0.41	0.43
SNL Low AFFO Estimate ($)	0.26	0.27	0.30	0.30	0.31
SNL No. of AFFO Estimates (Actual)	4	4	3	3	3
Price/AFFO Estimates (x)	14.56	14.35	13.65	13.40	12.93
EBITDA Estimates					
FactSet Mean EBITDA Estimate ($000)	14,373	14,463	15,094	15,311	15,862
FactSet High EBITDA Estimate ($000)	14,821	15,169	15,507	15,761	16,016
FactSet Low EBITDA Estimate ($000)	14,000	13,150	14,776	15,000	15,570
FactSet No. of EBITDA Estimates (Actual)	4	4	3	3	3
Shares Outstanding (Shares)	21,266,770	21,266,770	21,266,770	21,266,770	21,266,770
Total Enterprise Value ($M)	1,066.4	1,066.4	1,066.4	1,066.4	1,066.4
Price/ Est. EBITDA per Share (x)	7.27	7.23	6.92	6.83	6.59
Current TEV/ Est. EBITDA (x)	18.55	18.43	17.66	17.41	16.81

NAV	Consensus Estimate	Median	High	Low	Std Dev
NAV per Share ($)	20.82	20.40	23.22	19.27	1.84
Price/ NAV	0.94	0.96	0.85	1.02	
Premium/Discount to NAV (%)	-5.57	-3.63	-15.33	2.02	
Number of NAV per Share Estimates (actual)	4				

Commentary:

NextPoint Residential Trust (NXRT) is a small multifamily REIT with exceptional organic growth potential. Its modus operandi is to buy low end apartments and fix them up for a substantial rent bump. Thus far, it is averaging over a 20% ROIC on renovations and there is still quite a bit of runway.

This organic growth does not seem to be fully priced in to the stock as it trades at a massive discount to multifamily REIT peers with a 14X multiple as compared to around 20X. Its shareprice has already come up from around $12 to over $19, but the remaining discount combined with the growth trajectory suggest there is still some upside. NXRT's management comes from Highland Capital which is one of the more successful money managers and these guys are quite capable. They also have a distinctly different perspective which seems to be more shareholder value focused as opposed to other REIT executives who view the company as their legacy.

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