

Section 1: 8-K (8-K)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): **January 20, 2021**

INPOINT COMMERCIAL REAL ESTATE INCOME, INC.

(Exact Name of Registrant as Specified in Its Charter)

Maryland
(State or other jurisdiction
of incorporation)

000-55782
(Commission File
Number)

32-0506267
(I.R.S. Employer
Identification No.)

2901 Butterfield Road Oak Brook, Illinois
(Address of principal executive offices)

60523
(Zip Code)

(800) 826-8228
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None	None	None

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS: *Certain statements in this Current Report on Form 8-K constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Words such as “may,” “could,” “should,” “expect,” “intend,” “plan,” “goal,” “seek,” “anticipate,” “believe,” “estimate,” “predict,” “variables,” “potential,” “continue,” “expand,” “maintain,” “create,” “strategies,” “likely,” “will,” “would” and variations of these terms and similar expressions indicate forward-looking statements. These forward-looking statements reflect the intent, belief or current expectations of our management based on their knowledge and understanding of the business and industry, the economy and other future conditions. These statements are not factual or guarantees of future performance, and we caution stockholders not to place undue reliance on them. Actual results may differ materially from those expressed or forecasted in forward-looking statements due to a variety of risks, uncertainties and other factors, including but not limited to risks related to the effects of COVID-19, particularly on hospitality and retail properties and related mortgage loans and securities, blind pool offerings, best efforts offerings, use of short-term financing, defaults and changing interest rates and other risks detailed in the Risk Factors section in our most recent Annual Report on Form 10-K and in subsequent filings on Form 10-Q as filed with the Securities and Exchange Commission and made available on our website. Forward-looking statements reflect our management’s view only as of the date they are made and may ultimately prove to be incorrect. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results except as required by applicable law. We intend for these forward-looking statements to be covered by the applicable safe harbor provisions created by Section 27A of the Securities Act and Section 21E of the Exchange Act.*

ITEM 2.02. Results of Operations and Financial Condition

The information in Item 7.01 is incorporated by reference into this Item 2.02 and is deemed to have been furnished and shall not be deemed to be “filed” under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of such act, nor shall any of such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

ITEM 7.01. Regulation FD Disclosure.

Furnished as Exhibit 99.1 to this Current Report is information regarding the status of the investment portfolio of InPoint Commercial Real Estate Income, Inc. (“we” or the “Company”) as of December 31, 2020. The information contained in Exhibit 99.1 is incorporated into this Item 7.01 disclosure by reference.

The information furnished under this Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.1 hereto, shall not be deemed to be “filed” for the purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of that section, and shall not be incorporated by reference into any filings made by the Company pursuant to the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

ITEM 8.01. Other Events.

Partial Waiver by our Advisor of its Management Fee

In order to support the performance of the Company, Inland InPoint Advisor, LLC (our “Advisor”) has agreed to waive 50% of its management fee for the month of January 2021 and for future months until it notifies our board of directors that the waiver is terminated. We will disclose any termination of this fee waiver in a future filing with the Securities and Exchange Commission.

Net Asset Value Calculation and Valuation Guidelines

Our board of directors has approved the amendment of our valuation guidelines to add the category of “reserves for future liabilities” to the non-exclusive list of liabilities that may be included as part of our net asset value calculation.

Share Repurchase Plan Reinstatement

Our board of directors has approved the reinstatement of our share repurchase plan as described below.

- On March 1, 2021, our share repurchase plan will be reinstated for our stockholders requesting repurchase of shares as a result of the death or qualified disability of the holder. Permitted repurchase requests must be submitted on or after March 1, 2021. The first settlement of permitted repurchase requests will be on March 31, 2021, the last business day of the month.
- On July 1, 2021, our share repurchase plan will be reinstated for all stockholders. Repurchase requests must be submitted on or after July 1, 2021. The first settlement of permitted repurchase requests will be on July 30, 2021, the last business day of the month. In accordance with the terms of the share repurchase plan that allow us to repurchase fewer shares than the maximum amount permitted under the share repurchase plan, for the months of July, August and September 2021, the total amount of aggregate repurchases of shares (including Class P shares) will be limited to no more than 1% of our aggregate NAV per month as of the last day of the previous calendar month and no more than 2.5% of our aggregate NAV per calendar quarter as of the last day of the previous calendar month. Beginning on October 1, 2021, the total amount of aggregate repurchases of shares will be limited as set forth in the share repurchase plan (no more than 2% of our aggregate NAV per month as of the last day of the previous calendar month and no more than 5% of our aggregate NAV per calendar quarter as of the last day of the previous calendar month). Notwithstanding the foregoing, we may repurchase fewer shares than these limits in any month, or none. Further, our board of directors may modify, suspend or terminate our share repurchase plan if it deems such action to be in our best interest and the best interest of our stockholders.

Approval of Sub-Advisor Investment Allocation Guidelines

Our investment strategy is expected to overlap with the investment strategy of one prospective client account managed by SPCRE InPoint Advisors, LLC (our “Sub-Advisor”) or its affiliates (collectively, “Sound Point”) and may overlap with others in the future. Our Sub-Advisor has prepared written investment allocation guidelines regarding the allocation of investment opportunities between us and other Sound Point accounts, which have been approved by our Advisor and our board of directors and are described below.

If both we and one or more other Sound Point accounts are interested in making an investment, the Sub-Advisor or its affiliates will determine which program is ultimately awarded the right to pursue the investment in accordance with the investment allocation guidelines. The Sub-Advisor is required to provide information to our board of directors to enable the board, including the independent directors, to determine whether such procedures are being fairly applied to us.

Sound Point has adopted the investment allocation guidelines to address conflicts of interest arising from its allocation of investment opportunities. Sound Point will screen the suitability of each investment opportunity for each account based on the following criteria (the “Screening Criteria”): liquidity position (i.e., sufficiency of available cash to make and support the investment or need to raise cash); strategic investment objectives; appropriateness of investment based on current portfolio composition, including loan-type, loan-size, asset-type and geographic or borrower diversity; time horizon; tax sensitivity; and any applicable legal or regulatory restrictions, or governing document applicable covenants or asset tests/restrictions.

Since bespoke whole commercial real estate loan investments are not divisible and cannot be allocated pro rata as a general matter, Sound Point will allocate investment opportunities on a pre-determined rotational order and maintain a record of such rotations. Any new account will be added to the bottom of the rotational queue. If, upon giving due consideration to the Screening Criteria, Sound Point reasonably determines in its discretion that an investment opportunity is suitable and appropriate for only one account, the investment opportunity will be allocated to such

account without regard to or any resulting effect upon the then-current rotational order. If, however, upon giving due consideration to the Screening Criteria, Sound Point reasonably determines that an investment opportunity is suitable and appropriate for two or more accounts, the investment opportunity will be allocated to the account that has not executed a written non-binding expression of interest (subject to Sound Point's underwriting and due diligence) in providing commercial real estate debt financing related to a separate investment opportunity previously allocated to it for the longest period of time. In such instance, the account receiving allocation of such investment opportunity will thereupon be moved to the bottom of the rotational queue.

ITEM 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Q4 2020 InPoint Portfolio Information

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

INPOINT COMMERCIAL REAL ESTATE INCOME, INC.

Date: January 20, 2021

By: /s/ Mitchell A. Sabshon

Mitchell A. Sabshon
Chief Executive Officer

[\(Back To Top\)](#)

Section 2: EX-99.1 (EX-99.1)



Commercial real estate (CRE) credit and securities investments are subject to the risks typically associated with CRE which include, but are not limited to: market risks such as local property supply and demand conditions; tenants' inability to pay rent; tenant turnover; inflation and other increases in operating costs; adverse changes in laws and regulations; relative illiquidity of real estate investments; changing market demographics; acts of nature such as earthquakes, floods or other uninsured losses; interest rate fluctuations; and availability of financing.

Investing in our common stock involves a high degree of risk. You should purchase these securities only if you can afford the complete loss of your investment. You should carefully review the "Risk Factors" section of the prospectus for a more detailed discussion. Capitalized terms used and not defined herein have the meanings set forth in the prospectus. Some of the more significant risks relating to an investment in our shares include:

- We have a limited operating history, and there is no assurance that we will achieve our investment objectives.
- This is a "blind pool" offering. You will not have the opportunity to evaluate our future investments before we make them.
- Since there is no public trading market for shares of our common stock, repurchase of shares by us will likely be the only way to dispose of your shares. Our share repurchase plan was suspended by our board of directors on March 24, 2020, and is expected to be re-opened only gradually until it fully re-opens, which is not expected until October 1, 2021. When our share repurchase plan is in effect, stockholders who have held their shares for at least one year have the opportunity to request that we repurchase their shares on a monthly basis, but we are not obligated to repurchase any shares and may choose to repurchase only some, or even none, of the shares that have been requested to be repurchased in any particular month at our discretion. In addition, repurchases will be subject to available liquidity and other significant restrictions. Further, our board of directors may modify, suspend or terminate our share repurchase plan if it deems such action to be in our best interest and the best interest of our stockholders. As a result, our shares should be considered illiquid at this time and may have only limited liquidity during periods when our share repurchase plan is in effect.
- We cannot guarantee that we will make distributions, and if we do we may fund such distributions from sources other than cash flow from operations, including, without limitation, the sale of assets, borrowings, return of capital or offering proceeds, and we have no limits on the amounts we may pay from such sources.
- The purchase and repurchase price for shares of our common stock are generally based on our prior month's NAV (subject to material changes as described above) and are not based on any public trading market. A substantial portion of our assets consists of CRE debt that is valued by our Advisor, with the assistance of the Sub-Advisor, using factors that are periodically validated by an independent third party. The valuation of our investments is inherently subjective, and our NAV may not accurately reflect the actual price at which our investments could be liquidated on any given day.
- We have no employees and are dependent on the Advisor and the Sub-Advisor to conduct our operations. The Advisor and the Sub-Advisor will face conflicts of interest as a result of, among other things, the allocation of investment opportunities among us and Other Sound Point Accounts, the allocation of time of their investment professionals and the substantial fees that we will pay to the Advisor and that the Advisor will pay to the Sub-Advisor.
- This is a "best efforts" offering. If we are not able to raise a substantial amount of capital on an ongoing basis, our ability to achieve our investment objectives could be adversely affected.
- Principal and interest payments on our borrowings will reduce the amount of funds available for distribution or investment in our targeted assets.
- If we fail to maintain our qualification as a REIT and no relief provisions apply, we will have to pay corporate income tax on our taxable income (which will be determined without regard to the dividends-paid deduction available to REITs) and our NAV and cash available for distribution to our stockholders could materially decrease.
- The COVID-19 pandemic has adversely affected the economy and our investments and operations and may have additional adverse effects in the future.
- For so long as we own hotels, such as the Renaissance Chicago O'Hare Suites Hotel, or invest in loans secured by hotels and securities collateralized by hotels, we will be exposed to the unique risks of the hospitality sector, including seasonality, volatility and the severe reduction in occupancy caused by the COVID-19 pandemic.
- We use short-term borrowings to finance our investments, which exposes us to increased risks associated with decreases in the fair value of the underlying collateral resulting from adverse changes in the financial markets, including as a result of the COVID-19 pandemic.

As with any investment, there are certain risks associated with credit investing. Such risks include, but are not limited to:

- The risk of nonpayment of scheduled interest or principal payments on a credit investment, which may affect the overall return to the lender;
- Interest rate fluctuations, which will affect the amount of interest paid by a borrower in a floating-rate loan that adjusts to current market conditions;
- Default risk, which means that the loan may not be repaid by the borrower; and
- The risks typically associated with real estate assets, such as changes in national, regional and local economic conditions, local property supply and demand conditions, ability to collect rent from tenants, vacancies or ability to lease on favorable terms, increases in operating costs, including insurance premiums, utilities and real estate taxes, federal, state or local laws and regulations, changing market demographics, changes in availability and costs of financing and acts of nature, such as hurricanes, earthquakes, tornadoes or floods.

- This presentation may include forward-looking statements about our business, including, in particular, statements about our plans, strategies and objectives. You can generally identify forward-looking statements by our use of terms such as “may,” “will,” “expect,” “intend,” “anticipate,” “estimate,” “believe,” “continue” or other similar words. These statements include our plans and objectives for future operations, including plans and objectives relating to future growth and availability of funds, and are based on current expectations that involve numerous risks and uncertainties. Assumptions relating to these statements involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to accurately predict and many of which are beyond our control.
- Although we believe the assumptions underlying the forward-looking statements, and the forward-looking statements themselves, are reasonable, any of the assumptions could be inaccurate and, therefore, there can be no assurance that these forward-looking statements will prove to be accurate. Our actual results, performance and achievements may be materially different from that expressed or implied by these forward-looking statements. In light of the significant uncertainties inherent in forward-looking statements, the inclusion of this information should not be regarded as a representation by us or any other person that our objectives and plans will be achieved.
- You should carefully review the “Risk Factors” section of our prospectus or our reports on Forms 10-K and 10-Q for a discussion of the risks and uncertainties that we believe are material to our business, operating results, prospects and financial condition. Except as otherwise required by federal securities laws, we do not undertake to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Net Asset Value as of December 31, 2020

Class A	Class T	Class S	Class D	Class I
\$20.1742	\$20.1732	\$20.1348	\$20.1694	\$20.1749

Monthly NAV Supplements can be found at:
inland-investments.com/inpoint/prospectus-supplements

NAV is calculated in accordance with the valuation guidelines approved by our board of directors. NAV is not a measure used under generally accepted accounting principles in the United States ("GAAP"), and you should not consider NAV to be equivalent to stockholders' equity or any other GAAP measure. As of December 31, 2020, our NAV per share was \$20.1742, \$20.1749, \$20.1694, \$20.1348 and \$20.1732, per Class A, Class I, Class D, Class S and Class T share, respectively, and stockholders' equity per GAAP was \$240,256. For a full reconciliation of NAV to stockholders' equity and a discussion of the limitations and risks associated with our valuation methodology, please see the "Management's Discussion and Analysis of Financial Condition and Results of Operation—NAV Per Share" section of our annual and quarterly reports filed with the SEC, which are available at www.inland-investments.com. For information on how we calculate NAV, see the "Net Asset Value Calculation and Valuation Guidelines" section of our prospectus.

Updated Renaissance Chicago O'Hare Appraisal as of 12/31/20

- Previous As-Is appraised value was \$21,600,000
- \$14,000,000 is used for 12/31/20 NAV following receipt of a new appraisal, with an additional reserve based on the forward operating budget of the asset

New manager's budget for Renaissance as well as Appraiser's estimate of performance was worse than originally anticipated.

	September through December 2020			
	Budget	Actual	Difference	Difference (%)
Occupancy	19.9%	17.8%	-2.1%	
ADR	\$96.53	\$84.96	-\$11.57	-12.0%
RevPar	\$19.22	\$15.14	-\$4.08	-21.2%
NOI	\$(1,681,965.00)	\$(2,047,785.00)	\$(365,820.00)	-21.7%

Net Asset Value as of December 31, 2020

Components of NAV	December 31, 2020
Commercial mortgage loans	\$ 441,267
Real estate owned	14,000
Real estate securities	-
Cash and cash equivalents and restricted cash	72,107
Other assets	6,458
Repurchase agreements – commercial mortgage loans	(290,699)
Repurchase agreements – real estate securities	-
Reserve for negative impact of COVID on real estate owned	(2,250)
Due to related parties	(2,093)
Distributions payable	(867)
Interest payable	(292)
Accrued stockholder servicing fees	(49)
Other liabilities	(3,253)
Net asset value	\$ 234,329
Number of outstanding shares	11,638
Aggregate NAV per share	\$ 20.1348

In addition to Renaissance Chicago O'Hare changes to NAV, the 1st mortgage portfolio NAV was updated to only value Libor Floors for a 12-month period at current Libor on entire commercial mortgage loan portfolio

Portfolio Size ¹ \$455.7 Million	Average Investment Balance \$15.2 Million	Range of Investment Balances \$3-\$47.5 Million
Investments ¹ 30	1 st Mortgage Weighted Avg. Years to Maturity ² 1.5 Years	Average Leverage Ratio ³ 70.1% <small>Weighted average of the loan-to-values at origination based on loan balance as of 12/31/20</small>

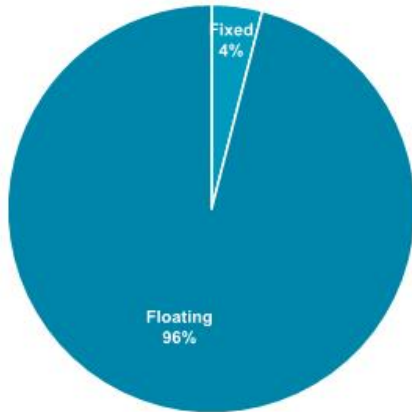
Based on the par value of investments as of 12/31/2020. Subject to change without notice.

¹ Portfolio size and number of investments includes our ground lease interest in the Renaissance Chicago O'Hare Suites Hotel in addition to our debt investments.

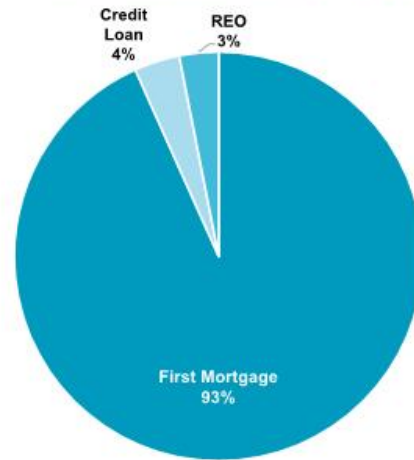
² Weighted average 1st mortgage term remaining based on the maturity date assuming no options to extend are exercised. See our most recent 10-Q filed with the SEC for maximum maturities assuming all extensions are exercised.

³ Weighted average of the loan to values at origination, based on current loan balance as of 12/31/20.

Debt Investments:
Floating vs. Fixed Rate

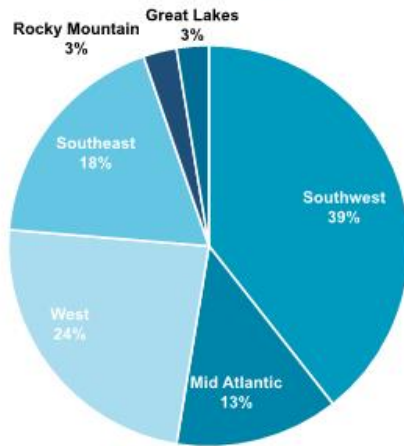


All Investments by Type

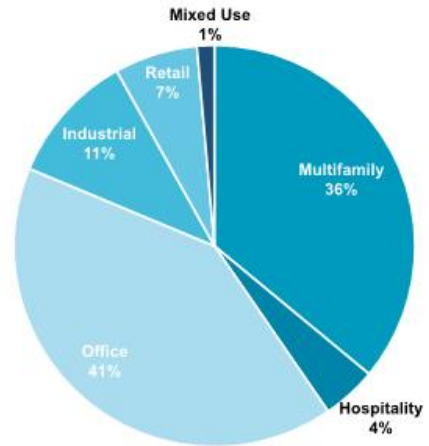


Description of Debt Investments: First mortgage loans finance commercial real estate properties and are loans that generally have the highest priority lien among the loans in a foreclosure proceeding on the collateral securing the loan. The senior position does not protect against default, and losses may still occur. Credit loans, also called mezzanine loans, are secured by one or more direct or indirect ownership interests in an entity that directly or indirectly owns real estate. CMBS or commercial mortgage-backed securities, are securities collateralized (bundled and sold as bonds) by loans secured by commercial real estate property.

Loans by Region



Loans by Property Type



Based on the par value of investments as of 12/31/2020. Subject to change without notice.

