HUMPHREYS REAL ESTATE INCOME FUND, LLC

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

$200,000,000.00

APPROXIMATELY 1,486,989 SERIES ONE UNITS
AT AN INITIAL OFFERING PRICE OF $134.50 PER UNIT

January 1, 2024

Investors having inquiries with respect to the Offering should contact:

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HUMPHREYS REAL ESTATE INCOME FUND, LLC

Offering Amount: $**200,000,000.00**
Approximately **1,486,989** Series One Units

This confidential private placement memorandum (this "Memorandum") is being furnished on a confidential basis to a limited number of Accredited Investors (as defined below) for the purpose of providing information about an investment in the Series One Units (the "Series One Units") of Humphreys Real Estate Income Fund, LLC, a Delaware limited liability company (the "Company"). The Company initially proposes to offer up to 1,486,988.8486 Series One Units in a primary offering or pursuant to the Distribution Reinvestment Plan (DRIP) at an initial offering price of $134.50, which represents the NAV Per Unit as of December 31, 2023.

The Company was formed for the primary purpose of, among other things, the acquisition, development, and leasing of income-producing real estate properties, directly or through joint venture entities. The Company invests in real estate properties through its ownership interest in HREIF REIT 01, LLC, a Delaware limited liability company (the "REIT Subsidiary"). If the Company purchases ownership interests in other REITs, its ownership will be disclosed in a supplement to this Memorandum. The Company has transferred all of its real estate properties and joint venture interests to the REIT Subsidiary. The REIT Subsidiary elected to be taxed as a corporation for federal income tax purposes commencing January 1, 2019 and qualified as a real estate investment trust, or REIT, beginning with the taxable year ended December 31, 2019. Where applicable in this Memorandum, the term "Company" includes Humphreys Real Estate Income Fund, LLC, the REIT Subsidiary, and their subsidiaries.

This Memorandum is to be used by the Person to whom it has been delivered solely in connection with the consideration of the purchase of the Series One Units described herein. The information contained in this Memorandum may not be reproduced or distributed, nor may its contents be disclosed, without the prior written consent of Humphreys Capital, LLC, an Oklahoma limited liability company (the "Manager"). By accepting delivery of this Memorandum, each prospective investor agrees to the foregoing and to return it to the Manager promptly upon request.

In making an investment decision, investors must rely on their own examination of the Company and the terms of the Offering of the Series One Units, including the merits and risks involved. The Series One Units will be offered and sold only to qualifying recipients of this Memorandum who are Accredited Investors pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof and Regulation D promulgated thereunder and in compliance with the applicable securities laws of the states and other jurisdictions where the Offering will be made. See "Investor Suitability." The Series One Units are being sold for investment purposes only and are subject to restrictions on transferability and resale. The Series One Units may not be transferred or resold except as provided in the Company's Sixth Amended and Restated Operating Agreement (as amended from time to time, the "Operating Agreement"). Accordingly, investors should be aware that they will be required to bear the financial risks of an investment in the Series One Units for an indefinite period of time. The Company will not be registered as an investment company under the Investment Company Act. There is no public market for the Series One Units, and there is no obligation on the part of any Person to register the Series One Units under the Securities Act.

The Series One Units are offered subject to prior sale, and subscriptions for the Series One Units (collectively, "Subscriptions") by investors may be accepted or rejected, in whole or in part, in the Manager's sole discretion. Except as noted below, on each business day, the Manager will review the Subscriptions that have not yet been accepted and determine whether to accept or reject them in its sole discretion. The business day that an investor's Subscription is accepted will be the date on which the

investor becomes a Series One Unit Holder. The Series One Units will be offered from the period beginning on the date of this Memorandum and ending on the earlier of (i) the date the Manager has accepted Subscriptions for the entire Offering Amount, (ii) December 31, 2024 (with a right to extend this date for one additional year in the Manager's sole discretion) and (iii) the date the Manager determines to terminate the Offering in its sole discretion (the "Offering Termination Date"). In the event the Company determines to reprice the Series One Units during the Offering, the Company may, in its sole discretion, temporarily close the Offering to new subscriptions prior to the announcement of the new offering price.

An investment in the Series One Units involves significant risks due to the nature of the investments the Company has made and intends to make, and there can be no assurance that the Company's objectives will be realized or that there will be any return of any capital to investors. See "Risk Factors." Investors should have the financial ability and willingness to accept the risks, including the risk of losing the entire investment in the Series One Units, and lack of liquidity that are characteristic of an investment in the Series One Units.

Each investor should make its own inquiries and consult its advisors as to legal, tax, financial and other relevant matters concerning an investment in the Series One Units as part of this Offering and the suitability of the investment. Statements in this Memorandum are made as of the date hereof unless otherwise stated. Neither the delivery of this Memorandum, nor any sale hereunder, will under any circumstances create an implication that the information contained herein is correct as of any time subsequent to such date. This Memorandum does not constitute an offer or solicitation in any state or other jurisdiction to any Person to whom it is unlawful to make such offer or solicitation in such state or jurisdiction. The terms of the Offering and the Series One Units described in this Memorandum may be modified at any time. The Company will provide a supplement to this Memorandum if there is a material modification in the terms of the Offering, including each time there is an update to the offering price. In the event that the descriptions or terms in this Memorandum are inconsistent with or contrary to the Operating Agreement, the Operating Agreement will control. The Operating Agreement and Subscription Agreement are being delivered concurrently with this Memorandum.

Throughout this Memorandum, except as context otherwise requires, references to "we," "us," "our," and similar terms refer collectively to the Company, the Board of Directors, the Manager, the REIT Subsidiary and its subsidiaries, and the REIT Subsidiary Board. Capitalized but undefined terms used in this Memorandum have the meanings set forth either in the "Glossary of Certain Terms" attached to this Memorandum as Exhibit A or in the Operating Agreement, a copy of which is attached to this Memorandum as Exhibit C.

Our offices are located at 1801 Wheeler Street, Suite 300, Oklahoma City, Oklahoma 73108, our telephone number is (405) 228-1000, our websites are www.hreif.com and www.humphreyscapital.com, and our mailing address is P.O. Box 1100, Oklahoma City, Oklahoma 73101.

Cautionary Statement Relating to Forward-Looking Statements

Certain statements contained in and the documents incorporated in this Memorandum by reference are "forward-looking statements" and can be identified by the use of forward-looking terminology, including "believes," "expects," "may," "will," "should" or "anticipates" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategies that involve risks and uncertainties. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements, or industry results, to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. See "Risk Factors." As a result of the foregoing and other factors, we provide no assurance of our future operating results, levels of activity and achievements. Neither we nor any other Person assumes responsibility to update any forward-looking statements.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION ("SEC") NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SAID ACT AND SUCH LAWS. THE SERIES ONE UNITS ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER SAID ACT AND SUCH LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM, AND THE OPERATING AGREEMENT. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

IN MAKING AN INVESTMENT DECISION, YOU MUST RELY ON YOUR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS OTHER THAN THOSE SET FORTH IN THIS MEMORANDUM, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN GIVEN BY THE COMPANY, THE MANAGER OR THEIR AFFILIATES.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION BY ANYONE IN ANY JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS NOT AUTHORIZED, OR IN WHICH THE PERSON MAKING SUCH AN OFFER IS NOT QUALIFIED TO DO SO, OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE AN OFFER OR SOLICITATION.

NEITHER THE INFORMATION CONTAINED HEREIN NOR ANY PRIOR, CONTEMPORANEOUS OR SUBSEQUENT COMMUNICATION SHOULD BE CONSTRUED BY YOU AS LEGAL OR TAX ADVICE. YOU SHOULD CONSULT YOUR OWN LEGAL AND TAX ADVISORS TO ASCERTAIN THE MERITS AND RISKS OF AN INVESTMENT IN THE SERIES ONE UNITS BEFORE INVESTING.

THIS OFFERING IS BEING MADE IN RELIANCE ON RULE 506(C) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT. THE COMPANY INTENDS TO UTILIZE GENERAL SOLICITATION FOR THE SALE OF THE SERIES ONE UNITS. AS A RESULT, ALL INVESTORS MUST BE "ACCREDITED INVESTORS" AS DEFINED IN REGULATION D. PROSPECTIVE INVESTORS WILL BE REQUIRED TO PROVIDE SUFFICIENT FINANCIAL INFORMATION, OR OTHER APPROPRIATE CERTIFICATION, TO THE COMPANY SO THAT THE COMPANY WILL HAVE A REASONABLE BASIS TO BELIEVE THAT THE POTENTIAL INVESTOR IS AN ACCREDITED INVESTOR.

TABLE OF CONTENTS

INVESTOR SUITABILITY

The offer and sale of the Series One Units are being made in reliance on an exemption from the registration requirements of the Securities Act. Accordingly, distribution of this Memorandum has been strictly limited to prospective investors who meet the requirements and make the representations set forth below. The Manager reserves the right to declare any prospective investor ineligible to purchase the Series One Units based on any information that may become known or available to the Manager concerning the suitability of such prospective investor or for any other reason.

Investor Suitability Requirements

Investment in the Series One Units involves a high degree of risk and is suitable only for persons of substantial financial means who have no need for liquidity in this investment. Investors should be able to afford the loss of their entire investment. This investment will be sold only to prospective investors who (i) make a minimum investment of $500,000, except (a) the Manager reserves the right to accept a lesser amount in its sole discretion, (b) purchases of Series One Units pursuant to the Company's distribution reinvestment plan (the "distribution reinvestment plan") may be in amounts less than $500,000 and (c) current Unit Holders who meet the Investor Suitability Requirements may acquire less than $500,000, and (ii) represent in writing that they meet the Investor Suitability Requirements established by the Manager and as may be required under federal law.

As a prospective investor in the Series One Units, you must represent in writing that you meet, among others, all of the following requirements (the "Investor Suitability Requirements"):

(a) You have received, read, and fully understand this Memorandum and all Exhibits and attachments to this Memorandum. You are basing your decision to invest on this Memorandum and all Exhibits and attachments to this Memorandum. You have relied solely on the information contained in these materials and have not relied upon any representations made elsewhere or by any other Person;

(b) You understand that an investment in the Series One Units is speculative and involves substantial risks and you are fully cognizant of and understand all of the risks relating to a purchase of the Series One Units including, but not limited to, those risks set forth under "Risk Factors" in this Memorandum;

(c) Your overall commitment to investments that are not readily marketable is not disproportionate to your individual net worth, and your investment in the Series One Units will not cause such overall commitment to become excessive;

(d) You have adequate means of providing for your financial requirements, both current and anticipated, and have no need for liquidity in this investment;

(e) You can bear and are willing to accept the economic risk of losing your entire investment in the Series One Units;

(f) You are acquiring the Series One Units for your own account and for investment purposes only and have no present intention, agreement or arrangement for the distribution, transfer, assignment, resale, or subdivision of the Series One Units;

(g) You have such knowledge and experience in financial and business matters that you are capable of evaluating the merits and risks of an investment in the Series One Units and have the ability to protect your own interests in connection with such investment; and

(h) You are an Accredited Investor. An "Accredited Investor" is:

If a natural person: a person that (i) has an individual net worth, or joint net worth with his or her spouse or spousal equivalent, of more than $1,000,000, exclusive of the value of his or her primary residence; (ii) had an individual income in excess of $200,000, or joint income with his or

her spouse or spousal equivalent in excess of $300,000, in each of the two most recent years and has a reasonable expectation of reaching the same income level in the current year; (iii) holds, in good standing, one or more professional certifications or designations or credentials from an accredited educational institution that the SEC has designated as qualifying an individual for accredited investor status and which the SEC has posted as qualifying (For this purpose, the SEC has posted the following qualifying professional certifications: holders in good standing of FINRA Series 7, Series 65 and Series 82 licenses); (iv) is a "knowledgeable employee," as defined in rule 3c-5(a)(4) under the Investment Company Act of 1940, as amended (the "Investment Company Act"), of the Partnership where the Partnership would be an investment company, as defined in section 3 of the Investment Company Act, but for the exclusion provided by either section 3(c)(1) or section (3(c)(7); or (v) is a director, executive officer or general partner of the Partnership or the general partner of the Partnership.

If not a natural person, one of the following: (i) a corporation, an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), a Massachusetts or similar business trust, a state employee benefit plan, a partnership or a limited liability company, not formed for the specific purpose of acquiring Series One Units, with total assets in excess of $5,000,000; (ii) a trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring Series One Units and whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of an investment in Series One Units; (iii) a broker-dealer registered pursuant to section 15 of the Securities Exchange Act of 1934, as amended; (iv) an investment adviser registered pursuant to section 203 of the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act") or registered pursuant to the laws of a state; (v) an investment adviser relying on the exemption from registering with the SEC under section 203(l) or (m) of the Investment Advisers Act; (vi) an insurance company as defined in section 2(a)(13) of the Securities Act; (vii) an investment company registered under the Investment Company Act; (viii) a business development company (as defined in section 2(a)(48) of the Investment Company Act); (ix) a Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; (x) a Rural Business Investment Company as defined in section 384A of the Consolidated Farm and Rural Development Act; (xi) any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; (xii) an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 ("ERISA"), if the investment decision is made by a plan fiduciary (as defined in section 3(21) of ERISA), which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons who are Accredited Investors; (xiii) a private business development company (as defined in section 202(a)(22) of the Investment Advisers Act); (xiv) a bank as defined in section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity; (xv) an entity in which all of the equity owners are Accredited Investors; (xvi) an entity of a type not listed above, not formed for the specific purpose of acquiring Series One Units, owning investments (as defined in rule 2a51-1(b) under the Investment Company Act) in excess of $5,000,000; (xvii) a "family office" as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act, with assets under management in excess of $5,000,000, that is not formed for the specific purpose of acquiring Series One Units, and whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of an investment in Series One Units; and (xviii) a "family client" as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act, of a family office meeting the requirements in the preceding clause whose investment in Series One Units is directed by such family office as provided in clause (xvii).

In addition, the SEC has issued certain no-action letters and interpretations in which it deemed certain trusts to be Accredited Investors, such as trusts where the trustee is a bank as defined in section 3(a)(2) of the Securities Act and revocable grantor trusts established by individuals who meet the qualifications set forth in clause (i) or (ii) for a natural person above. However, these no-action letters and interpretations are very fact specific and should not be relied upon without close consideration of your unique facts.

For purposes of determining the "net worth" of natural persons, net worth means the excess of total assets at fair market value over total liabilities, excluding the value of the principal residence owned, as well as the amount of indebtedness secured by the primary residence up to the fair market value at the time of the sale of Series One Units. Any amount in excess of the fair market value of the primary residence at the time of the sale of Series One Units must be included as a liability. In the event the indebtedness on the primary residence was increased in the 60 days preceding the sale of Series One Units, the amount of the increase must be included as a liability in the net worth calculation.

For purposes of determining the "joint net worth" of natural persons, joint net worth can be the aggregate net worth of the individual and his or her spouse or spousal equivalent; assets need not be held jointly to be included in the calculation, and reliance on the joint net worth standard does not require that the securities be purchased jointly.

For purposes of natural persons, a "spousal equivalent" means a cohabitant occupying a relationship generally equivalent to that of a spouse.

Discretion of the Manager

The Investor Suitability Requirements stated above represent minimum suitability requirements, as established by the Manager, for investors. Accordingly, the satisfaction of the Investor Suitability Requirements by a prospective investor will not necessarily mean that the Series One Units are a suitable investment for such prospective investor, or that the Manager will accept the prospective investor as a subscriber of the Series One Units. Furthermore, the Manager may modify such requirements in its sole discretion, and any such modification may raise the suitability requirements for investors.

The written representations made by a prospective investor will be reviewed to determine the suitability of each prospective investor. The Manager, in its sole discretion, will have the right to refuse a subscription for the Series One Units for any reason, including, but not limited to, if the Manager believes that a prospective investor does not meet the applicable Investor Suitability Requirements, or that the Series One Units otherwise constitute an unsuitable investment for such prospective investor.

Distribution Reinvestment Plan

If investors participating in the distribution reinvestment plan experience a material adverse change in their financial condition or can no longer make the representations or warranties set forth above and in the Subscription Agreement, they are asked to promptly notify the Company in writing. The investor's Broker-Dealer, Registered Investment Advisor, licensed attorney, or certified public accountant may notify the Company in writing if the investor participating in the distribution reinvestment plan can no longer make the representations or warranties set forth above and in the Subscription Agreement, provided that the investor has granted Broker-Dealer, Registered Investment Advisor, licensed attorney, or certified public accountant discretionary authority to do so, and the Company may rely on such written notification to terminate such investor's participation in the distribution reinvestment plan.

SUMMARY OF THE OFFERING

The following summary is intended to provide selected limited information regarding the Company and the Offering of the Series One Units and should be read in conjunction with, and is qualified in its entirety by, the detailed information appearing elsewhere in this Memorandum and in the Operating Agreement. Prior to making any investment in the Company, you are urged to carefully read this entire Memorandum and the Operating Agreement. If the terms described in this Memorandum are inconsistent with or contrary to the terms of the Operating Agreement or the Subscription Agreement, such documents will control. See "Additional Information" for instructions on how to request additional information, including any documents referenced in this Memorandum.

This Memorandum contains forward-looking statements that involve risks and uncertainties. The Company's actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed under "Risk Factors." For definitions of certain capitalized terms used but not defined herein, see the Glossary of Certain Terms attached to this Memorandum as Exhibit A or the Operating Agreement.

Offered Securities	The securities being offered hereby are 1,486,988.8486 Series One Units in Humphreys Real Estate Income Fund, LLC, a Delaware limited liability company, at the offering price of $134.50 per Series One Unit, which is the Most Recent NAV Per Unit of the Series One Units. During the Offering, if the Company determines a new value of its Series One Units and makes a corresponding adjustment to the offering price, the Company will disclose the new offering price in a supplement to this Memorandum. The Company was organized for the primary purpose of, among other things, the acquisition, development, and leasing of income-producing real estate properties. The Company holds its investments in such real estate properties and conducts its operations through HREIF REIT 01, LLC, the REIT Subsidiary. Where applicable in this Memorandum, the term "Company" includes Humphreys Real Estate Income Fund, LLC, the REIT Subsidiary, and their subsidiaries.
Offering Period	The Series One Units will be offered from the period beginning on the date of this Memorandum and ending on the earlier of (i) the date the Manager has accepted Subscriptions for the entire Offering Amount, (ii) December 31, 2024 (with a right to extend this date for one additional year in the Manager's sole discretion) and (iii) the date the Manager determines to terminate the Offering in its sole discretion.

Minimum Subscription	The minimum subscription is $500,000, except that (i) the Manager reserves the right to accept a lesser amount in its sole discretion, (ii) purchases of Series One Units pursuant to the distribution reinvestment plan may be in amounts less than $500,000 and (iii) current Unit Holders who meet the Investor Suitability Requirements may acquire less than $500,000.
Offering Price	The Company is offering Series One Units pursuant to this offering at an initial offering price of $134.50, which represents the NAV Per Unit as of December 31, 2023. The Company determines its NAV as of the end of each quarter and will publish an updated NAV on the first business day of each quarter. The Company will supplement this Memorandum to disclose the updated offering price promptly following a publication of the new NAV Per Unit for the quarter. Any subscription received on or before the 15th day of the last month in a quarter will be for an offering price equal to the Most Recent NAV Per Unit. Any subscriptions received within the last 15 days of the quarter will not be considered until the first day of the new quarter and will be for an offering price equal to the Most Recent NAV Per Unit as of that date. Similarly, in cases where the Manager believes there has been a material change (positive or negative) to its NAV Per Unit relative to the Most Recent NAV Per Unit, the Manager, in its sole discretion, may pause the Offering and refuse to accept subscriptions until a new NAV Per Unit has been announced that incorporates such material change. The Company expects that any such pause to the Offering would be infrequent. Such a pause may be appropriate upon the occurrence of an unexpected material property-specific event such as a termination or renewal of a material lease, a material change in vacancies, an unanticipated structural or environmental event at a property or a significant capital market event that may cause the value of a wholly-owned property or properties to change by such a significant amount that the NAV, if recalculated based on this event, is likely to be materially different.
Use of Proceeds	The net proceeds of the Offering are expected to be used for the Company's acquisition, development, and leasing of income-producing real estate properties that are currently not identified.

Capitalization Structure and Outstanding Units

The Board of Directors has created and authorized the issuance of the Series One Units and the Common Units of the Company. As of the date of this Memorandum, there are 3,988,433 Series One Units Outstanding. The Board of Directors has authorized the issuance of an additional approximate 1,486,989 Series One Units in connection with the Offering. Assuming the sale and issuance of all of the Offered Securities, there will be a total of 5,475,422 Series One Units Outstanding.

Pursuant to the Operating Agreement, one Common Unit is issued to the Manager for every three Series One Units issued. Prior to the Offering, 1,329,478 Common Units were issued and Outstanding as of the date of this Memorandum. In connection with the Offering and assuming the sale and issuance of all of the Offered Securities, the total Outstanding Common Units will be 1,825,141.

REIT Subsidiary; Prior Reorganization of the Company

The REIT Subsidiary was formed as a Delaware limited liability company on December 13, 2018. The Company is the controlling member of the REIT Subsidiary, holding 100% of its outstanding common interests. The REIT Subsidiary Board manages the business and affairs of the REIT Subsidiary and makes all decisions relating to the Company's real estate holdings. The REIT Subsidiary Board is appointed by the Company Board of Directors and is comprised of three directors who are members of the Manager: Grant Humphreys, Blair Humphreys, and Braden Merritt. See "Board of Directors and Management."

On January 2, 2020, the REIT Subsidiary closed an offering of Class A preferred interests with 125 members. Each of these members holds one unit of preferred interest in the REIT Subsidiary ("REIT Preferred Units"), and the REIT Subsidiary has 125 REIT Preferred Units outstanding.

Each REIT Preferred Unit was issued by the REIT Subsidiary at a stated price of $500 and is entitled to cumulative, preferential dividends at a rate of 12% of its $500 stated price plus all accumulated and unpaid dividends. Dividends accrue and cumulate from the initial issue date and are payable semi-annually on June 30 and December 31 of each year, and dividends in the amount of $3,750 were paid on the REIT Preferred Units promptly on May 18, 2022, November 23, 2022, May 25, 2023 and November 29, 2023.

The REIT Preferred Units also are entitled to a liquidation preference equal to the sum of $500 per unit plus all accrued and unpaid dividends. The REIT Preferred Units are redeemable at any time at the option of the REIT Subsidiary

at a redemption price equal to $500 per unit plus all accrued and unpaid dividends.

Holders of REIT Preferred Units do not have voting rights, including for the election of directors to the REIT Subsidiary Board. However, the consent of holders of a majority of the outstanding REIT Preferred Units is required for (i) authorization or issuance of any equity security of the REIT Subsidiary senior to the REIT Preferred Units, (ii) any amendment to the REIT Subsidiary's operating agreement that has a material adverse effect on the REIT Preferred Units or which increases the number of authorized REIT Preferred Units, or (iii) any reclassification of the REIT Preferred Units that has a material adverse effect on the rights and preferences of the REIT Preferred Units.

The REIT Subsidiary elected to be taxed as a corporation treated as a real estate investment trust, or REIT, for U.S. federal income tax purposes effective January 1, 2019. The REIT Subsidiary issued the REIT Preferred Units in order to satisfy certain requirements for qualification as a REIT under relevant U.S. tax laws. See "Federal Income Tax Consequences – Tax Consequences Regarding the REIT Subsidiary."

All of the Company's real estate properties and joint venture interests are held by the REIT Subsidiary. The Company intends to make all future investments in real estate properties and conduct its operations through the REIT Subsidiary.

REIT Status

The REIT Subsidiary qualified as a REIT beginning with its taxable year ended December 31, 2019. To maintain REIT status, the REIT Subsidiary must meet a number of organizational and operational requirements, including a requirement that it annually distribute at least 90% of its REIT taxable income, determined without regard to any deduction for dividends paid and excluding any net capital gain, to the REIT Subsidiary's members. As a REIT, the REIT Subsidiary generally is not subject to U.S. federal income tax on the REIT taxable income it currently distributes to its members. If the REIT Subsidiary fails to qualify as a REIT in any taxable year, including the current year, it will be subject to U.S. federal income tax at regular corporate rates. While the REIT Subsidiary qualifies as a REIT, it may still be subject to some U.S. federal, state and local taxes on certain of its income or property. In order for the REIT Subsidiary to maintain its qualification as a REIT, it may be necessary for certain services to be provided by a taxable REIT subsidiary, or TRS, which is a taxable corporation in which the REIT Subsidiary owns an interest,

and which elects, together with the REIT Subsidiary, to be treated as a TRS of the REIT Subsidiary.

Debt

The Company and the REIT Subsidiary have a lending facility with a group of banks led by MidFirst Bank ("Senior Lenders") for a nonrecourse borrowing base loan with a limit of $120,274,788 as of September 30, 2023. The lending facility includes a revolving loan (the "Revolving Loan") which is secured by a first and prior lien on certain of the REIT Subsidiary's real estate properties and ownership interests in development properties which have been approved by a majority of the Senior Lenders and all of the Company's personal property. The Revolving Loan is subject to a number of covenants, including without limitation, financial covenants such as concentration limitations and maintaining certain debt ratios and yields, a limitation that the loan proceeds be used only for the acquisition and development of properties and not for working capital or general company purposes, and a restriction on any change in the management of the borrower which results in Kirk Humphreys or Humphreys Capital, LLC ("Humphreys Capital") not having management control of the borrower. The Humphreys Company entered into a guaranty of the Revolving Loan for certain nonrecourse carve-outs and springing recourse events.

The Revolving Loan has a limit of $150,000,000 and generally has a variable interest rate equal to the prime rate plus an applicable margin of 0.25%, but in no event will the interest rate be less than 3.25%. Subject to certain restrictions, the Company may request that one or more tranches under the Revolving Loan be issued with a fixed interest rate. The Revolving Loan had an initial termination date of June 1, 2023, and automatically renewed through June 1, 2025.The Revolving Loan may be prepaid at any time without payment of a prepayment penalty or yield maintenance premium. The outstanding principal balance on the Revolving Loan was $85,744,303.42 as of September 30, 2023, which includes an aggregate of $70,744,303 at a variable interest rate and a $15,000,000 advance to the Company at a fixed interest rate of 3.04%, with interest-only payments and a maturity date of June 1, 2025.

In addition to the Revolving Loan, the REIT Subsidiary may also become obligated from time to time under mortgage loans and other debt associated with, and secured by a lien upon, certain investments of the REIT Subsidiary. As of September 30, 2023, the Company had no outstanding balance of additional debt.

Board of Directors

The Company's business and affairs are managed under the direction of the Board of Directors. Pursuant to the Operating Agreement, the Board of Directors appoints and designates the manager of the Company. The Board of Directors is currently comprised of nine members, the majority of which are independent directors. Directors are entitled to compensation for their services as members of the Board of Directors, including the issuance of Restricted Series One Units. See "Board of Directors and Management – Board of Directors of the Company."

Manager

Humphreys Capital, LLC is the Company's Manager and shall serve as the Manager until it is removed, withdraws, or resigns. The Manager may only be removed following (i) an action of the Board of Directors approving the removal of the Manager and recommendation to the Unit Holders that the Manager be removed and (ii) a Majority Vote of all Outstanding Units approving such removal.

The Manager is responsible for the management, conduct and operation of the Company, subject to the policies determined by the Board of Directors and any express limitations set forth in the Operating Agreement. The Manager may, with approval of the Board of Directors, designate one or more Persons to be its successor or to act as an additional manager of the Company.

Investment Committee

The Manager has established an investment committee (the "Investment Committee") for the purpose of reviewing and approving potential real estate properties to be acquired by the Company. The Investment Committee is comprised of Kirk Humphreys, Grant Humphreys, Blair Humphreys, Braden Merritt, and Todd Glass. The Investment Committee typically meets twice a month but will convene as often as is required by the Company. Any acquisition of real estate properties by the Company will require the approval of the Investment Committee. The Investment Committee members do not receive separate compensation for acting in such role.

Distributions of Funds Available for Distribution

Distributions of Funds Available for Distribution will be made from time to time, as determined by the Board of Directors, to the holders of the Series One Units and the Common Units, in accordance with the following priorities:

(1) First, 100% to Series One Unit Holders until a Total Unit Holder Return of at least 18% for the trailing 36-month period (the "Hurdle Rate") has been achieved.

(2) Once the Hurdle Rate has been achieved, 75% to Series One Unit Holders and 25% to Common Unit Holders.

The Manager, as a holder of Common Units, will not receive distributions to the extent the Hurdle Rate is not met for a particular distribution payment period.

The Advisory Fee payable to the Manager will be netted against Common Unit distributions until the full Advisory Fee for a particular quarter has been accounted for. Once the Advisory Fee has been fully accounted for, the holders of Common Units will be entitled to the full 25% distribution.

The Manager may, in its sole discretion, cause the Company to retain any Funds Available for Distribution payable to Common Unit Holders. Any Retained Manager Distributions may be deemed Funds Available for Distribution for purposes of future distributions.

Distributions of Liquidation Proceeds are distributed in the same order as Funds Available for Distribution.

Distribution Reinvestment Plan

Investors may choose to enroll as a participant in the distribution reinvestment plan by indicating intent to participate when completing the appropriate form provided by the Company. Participation in the plan will begin with the next distribution made after acceptance of written notice of the desire to participate. Investors who elect to participate in the distribution reinvestment plan can choose to reinvest all or a portion of the cash distributions declared and paid in respect of the Company's Series One Units that such investor holds, including distributions paid with respect to any full or fractional Series One Units acquired under the distribution reinvestment plan, to the purchase of additional Series One Units. If a Unit Holder selects full distribution reinvestment, the Company, as agent for the Unit Holders electing to participate in the distribution reinvestment plan, will apply all of the participating Unit Holder's distributions to the purchase of additional Series One Units at the Most Recent NAV Per Unit in effect on the distribution date. If a Unit Holder selects partial distribution reinvestment, the Company, as agent for the Unit Holders electing to participate in the distribution reinvestment plan, will apply a portion of the participating Unit Holder's distributions to the purchase of additional Series One Units at the Most Recent NAV Per Unit in effect on the distribution date, with the remaining portion of such participating Unit Holder's distributions to be paid to the Unit Holder in cash. Unit Holders who elect to partially enroll in the distribution reinvestment plan must specify on the appropriate form

provided by the Company the percentage of their distributions that they wish to enroll in the distribution reinvestment plan. However, the Board of Directors may determine, in its sole discretion, to have any distributions paid in cash without notice to participants, without suspending the plan and without affecting the future operation of the plan with respect to participants. The Board of Directors may amend the plan, provided that notice of any material amendment must be provided to participants at least 10 days prior to the Record Date for a distribution in order for that amendment to be effective for such distribution. The Company may suspend or terminate the plan for any reason or no reason upon 10 days' notice to the participants. Following any termination of the distribution reinvestment plan, all subsequent distributions to Unit Holders would be made in cash. In regards to income tax treatment, we expect a Series One Unit Holder that elects to participate in the distribution reinvestment plan to generally be deemed to have received the full amount of the applicable cash distribution with respect to its Series One Units and then reinvested all or a portion of such amount in additional Series One Units, with the result that participation in the distribution reinvestment plan would not defer the recognition by the participant of any taxable income underlying such deemed distributions. For a further discussion of certain U.S. federal income tax considerations relating to an investment in the Company, see "Federal Income Tax Consequences."

Compensation to Manager and its Affiliates

The Manager and its Affiliates are entitled to receive fees, compensation and distributions as follows:

(1) An Advisory Fee, paid quarterly on the first business day of each quarter, of 0.65% of the Aggregate NAV of the Series One Units as of the end of the immediately preceding quarter.

(2) The Manager and The Humphreys Company will be entitled to receive, based on their pro rata ownership of the Common Units and Series One Units, as applicable, any distributions payable in accordance with the Operating Agreement as described above.

(3) The Manager or its Affiliates may receive carrying costs, reimbursement of expenses or other compensation for providing financing to the Company.

(4) The Manager or its Affiliates may provide other services to the Company and will be entitled to receive compensation for such services as determined and

	approved by disinterested members of the Board of Directors. See "Compensation to the Manager and Its Affiliates."
Expenses	The Company will pay all Offering and Organizational Costs, including without limitation, filing fees, printing and mailing expenses, technology expenses, marketing expenses, legal and accounting fees, and any commissions to third-party solicitation agents, if any, that assist the Company with the Offering. As of the date of this Memorandum, the Company has entered into one placement agent agreement and may enter into other arrangements with third-party solicitation agents from time to time. See "Plan of Distribution" for additional information. The Company will reimburse the Manager for any direct expenses incurred by the Manager that are not otherwise paid or reimbursed pursuant to an agreement other than the Operating Agreement.
Transferability of the Series One Units	The Series One Unit Holders may only sell, assign, or otherwise transfer their Series One Units in accordance with an exemption under the Securities Act and any other applicable state securities laws and upon satisfaction of all of the requirements set forth in the Operating Agreement, including the written consent of the Company.
Optional Redemption of the Series One Units	On or after the first anniversary of becoming a Series One Unit Holder, a Series One Unit Holder may request that the Company redeem all or a portion of the Series One Units held by such Series One Unit Holder. The Series One Unit Holder must submit a request to the Manager at least 60 days prior to a calendar-quarter end. The Series One Units redeemed for the applicable quarter pursuant will be capped at 2.5% of the Outstanding Series One Units. To the extent redemption requests for any quarter exceed 2.5%, Series One Units tendered for redemption will be redeemed on a pro rata basis. The Company shall not redeem more than 10% in the aggregate of the total Outstanding Series One Units per calendar year. All redemptions are at the sole discretion of the Manager, and the Manager may determine to suspend redemptions at any time. See "Summary of the Operating Agreement – Optional Redemption of the Series One Units."
Removal of Directors	The Board of Directors may be removed only for cause and new directors elected by a Majority Vote of the Unit Holders entitled to vote in the election of directors, subject to any limitations imposed by law or the Operating Agreement.
Conflicts of Interest	The Manager and its Affiliates have organized other limited liability companies, partnerships, and other entities to construct, develop and conduct other real estate activities and

may in the future either participate in other real estate projects or developments or own real estate that may compete with the Company's real estate holdings. Under the Operating Agreement, the Manager is obligated to devote as much time as it deems to be reasonably necessary or required for the proper management of the Company and its assets. The Manager believes that it has the capacity to discharge its responsibilities to the Company notwithstanding participation in other investment programs and projects. See "Conflicts of Interest."

Investment Policy

The Manager has adopted an amended and restated investment policy agreement (the "Investment Policy Agreement") to establish certain investment guidelines to minimize the conflicts of interest that may arise in presenting potential investment opportunities to the Company and to other funds with similar investment objectives that are sponsored, and that may be sponsored in the future, by the Manager or its Affiliates. The Investment Policy Agreement outlines certain rules for the Manager to consider in allocating investment opportunities, but the Manager retains discretion to exercise its reasonable business judgment in such matters.

Standard of Care

The Manager and members of the Board of Directors are obligated to act in good faith and to deal fairly with the interests of the Company. The Manager and members of the Board of Directors have no other fiduciary or other duties or obligations to the Company or the Series One Unit Holders except as specifically set forth in the Operating Agreement.

Indemnification

The Company generally will indemnify the Board of Directors, the Manager and its officers, employees and Affiliates against all claims, liabilities, penalties, damages, costs, and expenses (including attorneys' fees) incurred by them by reason of their activities on behalf of the Company, other than for violations of federal or state securities laws.

Reports to Unit Holders

The Company will endeavor to provide an annual report to Series One Unit Holders within 120 days after the close of each fiscal year of the Company, or as soon thereafter as the Manager determines to be practical, including (i) financial statements containing a year-end balance sheet, income statement and statement of cash flows, together with an auditor's report concerning such financial statements, if available, (ii) a report of the activities of the Company for such year, (iii) a report on payments made to the Manager and (iv) a report on the distributions made to the Unit Holders separately identifying distributions of Funds Available for Distribution, Liquidation Proceeds and any other distributions to Unit Holders. Likewise, within 120 days after

	the end of each fiscal year, the Company will prepare and distribute to the Series One Unit Holders as promptly as practicable all information necessary for completion of their tax returns.
Fiscal Year	The fiscal year end of the Company is December 31, subject to the discretion of the Board of Directors to change such fiscal year end.
General U.S. Federal Income Tax Considerations	The Company is treated as a partnership for U.S. federal income tax purposes. The REIT Subsidiary has elected to be treated as a corporation treated as a REIT for U.S. federal income tax purposes effective as of January 1, 2019 and qualified as a REIT, beginning with its taxable year ended December 31, 2019. For a further discussion of certain U.S. federal income tax considerations relating to an investment in the Company, see "Federal Income Tax Consequences."
ERISA	Investment in the Company is generally open to institutions, including "benefit plan investors" as defined in Section 3(42) of ERISA, which includes employee benefit plans subject to ERISA, plans subject to Section 4975 of the Code and any entity whose underlying assets include plan assets by reason of such a plan's investment in such entity. The Manager operates the Company, however, so that the assets of the Company are not considered to be "plan assets" subject to ERISA or the Code. To ensure the foregoing, the Manager does not permit investment by such benefit plan investors in the Series One Units in excess of the threshold set forth in Section 3(42) of ERISA, such that, generally, as set forth in such section, less than 25% of the total value of each class of equity interest in the Company is held by benefit plan investors, subject to the specific calculation formula in such provision. Additionally, the Manager may restrict transfers and redemptions of interests in Series One Units to the extent necessary to ensure compliance with such threshold in Section 3(42) of ERISA. Additional restrictions apply to investments by such benefit plan investors. See "Investment by Benefit Plans and IRAs."
Securities Law Matters	The Series One Units are not being registered under the Securities Act and must be acquired for investment purposes only and not with a view to the distribution thereof. Offers of the Series One Units will be made only to Persons who are Accredited Investors and meet certain minimum financial and other requirements. See "Investor Suitability."
Subscription Process	This Offering is being conducted in reliance on Rule 506(c) of Regulation D promulgated under the Securities Act, which requires that each prospective investor provide information to the Company verifying their Accredited Investor status.

	Thus, prospective investors will be required to provide sufficient financial information to the Company so that the Company will have a reasonable basis to believe that the potential investor is an Accredited Investor. The Company may verify a prospective investor's Accredited Investor status by obtaining written confirmation from certain third parties such as registered broker-dealers, investment advisors, licensed attorneys, and certified public accountants, who confirm they have taken reasonable steps to verify the prospective investor's Accredited Investor status within the past three months and have determined that the prospective investor qualifies as an Accredited Investor. Prospective investors must complete and submit their Subscription Agreement and related materials to the Company prior to the Offering Termination Date. The Company must accept such Subscription Agreement prior to an investor being accepted as a Series One Unit Holder. The Company reserves the right, in the Manager's sole discretion, to accept or reject any potential investor's Subscription Agreement. Generally, on each business day, the Manager will review the Subscriptions that have not yet been accepted and determine whether to accept or reject them in its sole discretion. The business day that an investor's Subscription is accepted will be the date on which the investor becomes a Series One Unit Holder. Prospective investors will not have the right to revoke or withdraw their Subscription after we receive their Subscription Agreement unless otherwise required by law. See "Subscription Procedures."
Risk Factors	Investment in the Series One Units is subject to substantial risks and possible conflicts of interest. Prospective investors should carefully review the matters discussed under "Risk Factors" and "Conflicts of Interest."
Legal Counsel	Morrison & Foerster LLP is legal counsel to the Company and the Manager in connection with the Offering. No independent legal counsel has been retained for the Series One Unit Holders in connection with the Offering. Prospective investors should consult with their own legal counsel before purchasing Series One Units.
Independent Auditors	FORVIS, LLP is presently engaged by the Company as its independent outside accounting firm.
Defined Terms	Terms having their first letter capitalized in this Memorandum and not defined herein or in the Glossary of Certain Terms attached to this Memorandum as Exhibit A have the meanings provided in the Operating Agreement.

MANAGER'S INVESTMENT PHILOSOPHY

Humphreys Capital, LLC is a private investment firm, which manages complementary portfolios of real assets to pursue select investment objectives. The principal tenets of the Manager's philosophy are common to each of its portfolios and the approach it will employ to operate the Company.

Our Multi-generational Legacy

Our storied history is anchored in meaningful relationships and unwavering integrity. The legacy of the Company can be traced to Jack Carlton Humphreys, a child of the Depression, veteran of World War II, and dime store entrepreneur, who turned to real estate investing to build and preserve wealth for future generations.

Throughout his career, Kirk Humphreys built upon the foundation laid by his father, Jack. In 1983, he began syndicating income-producing partnerships with monthly distributions. Some of these early investors, now Series One Unit Holders in the Company, have received a monthly distribution for more than 40 years. After decades of managing real estate partnerships, in 2012 Kirk launched the investment platform that would become Humphreys Capital. He led the firm as CEO until 2020, when he assumed the role of Executive Chairman. In this role he mentors the firm's leadership and chairs the Investment Committee of each fund.

Since 2020, the firm has been led by Blair Humphreys, CEO, and Grant Humphreys, President, who are also members of the Investment Committee of each fund. Each offers valuable insight from extensive experience in real estate investment and development. Blair is the developer of the Wheeler District, an urban infill neighborhood, while Grant is the Town Founder of Carlton Landing, a 1,900-acre resort community. Through these experiences, both members are well-versed in best practices of the real estate industry and closely follow The Urban Land Institute, the Congress for the New Urbanism, and the National Town Builders' Association.

The firm's leadership is supported by a complementary team of experienced professionals who add expertise in investment underwriting, portfolio management, financial operations, compliance, and investor relations. Braden Merritt is the Head of the Company and leads the operations and administration of the Manager. His background includes a breadth of leadership and operational roles ranging from top-tier management consulting to military special operations. Todd Glass is the Head of Real Estate Investing and has spent his entire career in the arena of real estate, with various periods of focus on investment, development, lending, and brokerage. Braden and Todd are members of the Company's Investment Committee.

For a description of the background and business experience of all current officers, principals, and key employees of the Manager, see "The Manager of the Company."

Our Purpose

Our purpose is to be a partner in stewardship for generations.

Through decades of investing, we have learned the value of a trustworthy and capable partner. To deliver that relationship to our investors, our firm's foundation is built on principles of partnership alignment. Humphreys associates think and act like owners because they are steadily growing equity in the firm over the course of their career. Retirement is not a departure; it is a transition to full-time ownership in the firm. To further maintain alignment with our investors, the Operating Agreement of the Company

intentionally incentivizes the Manager to create and distribute value while mitigating risk to preserve investor capital.

Our Values

We take pride in our financial outcomes, but human connection is the most important value we bring to the table. It steers how we serve investors, negotiate and manage assets, and support one another in the office every day. At Humphreys Capital, we value:

- *Stewarding trust:* A straightforward and fair partnership is the foundation for trust that passes from generation to generation.

- *Fostering relationships:* Personal connection is built on regular communication that is clear, edifying, and sincere.

- *Pursuing excellence:* Meticulous attention to detail drives continuous improvement in process and execution.

Our Philosophy

Our philosophy guides our approach to relationship-based investing as the foundation of a repeatable, scalable process. We take a long-term view, with the intent to facilitate repeat investments with proven operators while maintaining the trust of family and institutional investors with a multi-generational perspective. Our investment philosophy is built on the following tenets:

- *Invest in relationships:* Without exception, reliable teams exhibit integrity, specialized expertise, and have a proven history of execution. We have spent decades sharpening our judgment to identify and allocate to first-class investment partners. We ensure that partnerships are established in principles of fairness that win together and appropriately share risk through skin in the game.

- *Compete on consistency:* In a competitive marketplace, our investors rightly demand performance in the preservation, distribution, and growth of wealth. We aim to establish clear expectations for each investment vehicle, efficiently put capital to work in quality assets, and consistently deliver results to exceed expectations over the long term. We do not time the market for spectacular short-term results, but rather position our portfolios to deliver consistently across a variety of environments.

- *Evaluate risk holistically:* We believe market inefficiency is the result of divergent assessments of risk. Even assets that are considered historically safe can become high-stakes bets when demand drives unsustainable prices. With each investment we seek to understand both the probability and asymmetry of potential outcomes. Controllable operations are entrusted to capable professionals while we strive to mitigate exposure to risk of the unknown and unknowable.

- *Value optionality:* Time to gather additional information before finalizing a decision has material value. Thoughtful agreements preserve optionality and make key decision points clearly understood by all parties. We seek to rightly value and preserve the ability to monitor circumstances and change direction.

- *Adapt proactively:* While our philosophy is enduring, effective investment strategies are temporary and must respond to market opportunities. As active managers, we are vigilant to assess changing norms and revise our allocation exposure accordingly.

MARKET OPPORTUNITY

The following summary provides a general description of the types of real estate investments the Company expects to make, the investment criteria that it plans to apply, certain techniques and methods that it may employ, and the guidelines it has established with respect to the construction of the Company's investment portfolio. Investors should not assume that any descriptions of the activities in which the Company may engage are intended to limit the types of investment activities which the Company may undertake or the allocation of Company capital among the investments.

The commercial real estate market in the United States is inefficient due to the uniqueness of investments and complexity driven by market, submarket, and macroeconomic factors. This environment presents an opportunity for informed and diligent investors to leverage established local relationships to secure assets and execute value-creation strategies. A diversified portfolio of such investments can further benefit from the extended horizons of a perpetual life vehicle, tax efficiency of a REIT structure, and professional management that delivers a stable investor experience.

Our Relationships

Many best-in-class operators require equity from outside investors to execute their strategies, and they often prefer capital partners who can underwrite complicated investments and source repeat capital for future projects. Though certain operators and developers also have access to capital from large institutions, many strategies require nimbler capital for projects that do not fall within the objectives and time constraints of larger investors.

Our team has carefully initiated and fostered relationships over decades with a network of developers, brokers, lenders, and other investors, while offering the sophistication of an institutional-quality investment team. Such long-term relationships offer developers a strategic partner with a history of reliable performance and the potential to for continued participation in future opportunities. This relational network is a critical source of local market knowledge, proprietary deal flow, property oversight, and value creation. In an investment environment influenced by cyclical and unpredictable macroeconomic factors, local partners grasp the dynamics of their sectors and submarkets to buy efficiently and drive property performance.

The excellence of our partners notwithstanding, our investment team diligently aligns incentives through a co-investment structure that puts developer skin in the game, shares upside success, and mitigates downside risk. Properly negotiated with elite partners, we believe the development premium afforded to opportunistic and value-add investing can produce an enhanced risk-adjusted return for real estate investors.

Our Underwriting

Income. When identifying target investments, our team focuses on income, or potential income, as the primary driver of value, rather than speculation on other potentially appreciative factors. As a result, the Company invests in properties that are intended to generate dependable cash flow through rental revenue. Depending on the strategy for value creation, the properties are expected to immediately generate operating income or are reasonably expected to generate operating income after development or redevelopment. Every potential opportunity is sourced, underwritten and advanced through the due diligence process based on the property's existing and anticipated income generation potential. To encourage a margin of safety, our team is dedicated to conservative underwriting of debt-service-coverage ratios, debt utilization, vacancy assumptions, and market absorption rates.

Market Diversification. Attractive individual investments can be further enhanced, and risk mitigated, when located within a wave of growth occurring in many commercial real estate markets across the United States. However, in a competitive marketplace where many participants are chasing such growth, it becomes especially important to maintain a pulse on supply/demand balances and submarket dynamics. Our team employs independent research consisting of direct observation during market visits and property tours, further augmented with research and data sourced by our partners and third-party aggregators. Target markets are generally located in the Southeast and Southwest regions of the United States, and specifically identified metropolitan areas include Atlanta, Austin, Charlotte, Dallas-Fort Worth, Denver, Kansas City, Phoenix, Raleigh-Durham, and Tampa. However, our team often considers opportunities in other United States markets when accompanied by a trusted and experienced local sponsor.

Sector Diversification. As the Company makes investments in real estate, economic conditions are likely to change, and the dynamics of target markets and sub-markets will evolve as well. Our team seeks real estate investments across the primary asset classes of multifamily, industrial, office, retail, and mixed-use properties as well as other asset classes including hospitality, senior living, and self-storage. Strong existing relationships in each of these sectors provide a robust pipeline of opportunities, and our team has extensive experience evaluating the comparative risks and benefits in each of these sectors. By evaluating each investment opportunity against competing product types, the team mitigates exposure to sector-specific cyclical risks.

Strategic Diversification. The Company's portfolio is further diversified by employing a spectrum of strategic approaches to value creation and risk mitigation. "Core" assets with stabilized tenants and steady net operating income are underwritten for reliable cash flow over a long-term hold. Joint venture development and redevelopment projects add potential for more aggressive capital appreciation, driven by an increase in net operating income. Investments are categorized as "value-add" when the property is stabilized and generating positive cash flow but holds potential for appreciation through a defined capital improvement plan. Alternatively, joint venture investments are categorized as "opportunistic" when the property will involve new construction or adaptive reuse prior to income generation. Each of these joint venture strategies is underwritten to create and realize value over a three- to five-year hold period, but they can transition to "core partnerships" when the property achieves stabilized leasing. Such strategic diversification provides a balanced approach to risk mitigation with the added benefit of constant presence in the real estate marketplace.

Portfolio Construction. The Investment Committee's approval is dependent on an investment's complementary fit within the portfolio, as informed by a dedicated portfolio management team. The Investment Committee seeks to balance current income generation with value creation through capital improvement or development to generate a blended, risk-adjusted return from diversified real estate.

Our Management

Real estate investing, especially when renovation plans or opportunistic development are involved, is a capital-intensive endeavor. The Company is designed to provide investors with the diversified real estate exposure described above while generating a stable monthly distribution experience. This complex task involves the synchronization of multiple sources of cashflow including real estate income, sales proceeds, new subscriptions, and drawing on the line of credit. From these sources, the Company services debt, pays its expenses, delivers distributions, processes redemptions, and funds new investments.

To balance these sources and uses of funds, the Manager uses a proprietary tool, updated for each meeting of the Investment Committee. The actively managed tool synchronizes information from across the firm to accurately depict current cash availability against projections for future use, while maintaining a target liquidity reserve.

Each quarter, the Manager recommends a rate of distribution to the Board of Directors that the Manager believes is sustainable based on the Company's access to capital. Over the longer term, the Manager assesses the rate of distribution with regard to the Company's ability to generate a distributed return while preserving principle to grow and diversify the portfolio. At the beginning of each quarter, investors receive a report explaining the updated portfolio valuation, based on inputs from an independent third party.

The market opportunity the Company seeks to capitalize on can be summarized as relationship-based investing with repeat partners; generating income diversified by market, sector, and strategy; professionally managed to provide investors a stable distribution experience with reliable valuation and attractive risk-adjusted returns.

COMPANY BUSINESS PLAN

The Company was formed for the principal purpose of, among other things, acquiring, developing, and leasing income-producing real estate throughout the United States. The multi-sector portfolio includes property acquisitions as well as joint venture partnerships for the development or redevelopment of multifamily, industrial, office, retail, hospitality, self-storage, and mixed-use properties. The Company's target markets include rapidly growing metropolitan areas throughout the United States and other select locations where our team has developed relationships with operating partners. The Company does not make investments in properties or joint ventures that own properties located outside of the United States. The Company's objective is to provide the Series One Unit Holders the opportunity to receive cash distributions from Company operations and participate in potential capital appreciation.

History and Structural Evolution

The Company's founder is Kirk Humphreys. Kirk served as the managing partner of The Humphreys Company, LLC from its inception in 1997 until January 1, 2021, when he transitioned to a member of a three-person management committee with Grant Humphreys and Blair Humphreys. The Humphreys Company has been the manager of Humphreys Capital, LLC, since inception. The Company is managed and advised by Humphreys Capital, LLC.

The Company was formed on May 21, 2012, and on June 1, 2012, the Company acquired 31 properties leased to QuikTrip Corporation and one property leased to Casey's General Stores (collectively, the "Exchange Properties"), which had previously been owned by 21 partnerships, corporations, trusts, foundations, and individuals (the "Previous Owners"). Previous Owners holding 87.2% of the collective ownership interests in the Exchange Properties elected to exchange their ownership interests for the Series One Units of the Company, whereby each such Previous Owner was issued one Series One Unit for each $100 net ownership interest value in the Exchange Properties. On December 21, 2012, the Company acquired the remaining 12.8% of ownership interests in the Exchange Properties from the Previous Owners who elected not to exchange their ownership interests for Series One Units.

The REIT Subsidiary was formed as a Delaware limited liability company on December 13, 2018, facilitating a reorganization whereby the Company transferred all of its real estate properties and joint venture interests to the REIT Subsidiary. The REIT Subsidiary elected to be taxed as a corporation for U.S. federal income tax purposes effective January 1, 2019, and subsequently qualified as a REIT beginning with the taxable year ended December 31, 2019. The Company will make all future investments in the real estate properties and conduct its operations through the REIT Subsidiary.

On October 15, 2020, the name of the Company was changed to Humphreys Real Estate Income Fund, LLC.

On November 18, 2022, an amendment and restatement of the Company's Operating Agreement was approved by a Majority Vote of Unit Holders, with such Operating Agreement having an effective date of December 31, 2022. In connection with the amendment and restatement, the Company was redomesticated in Delaware.

As of September 30, 2023, the Company owns 28 properties and joint venture interests in 38 single-purpose entities formed for the purpose of acquiring, developing, or renovating income-producing properties (*e.g.*, apartment complexes, industrial warehouses, self-storage, convenience stores, shopping centers, office buildings, and hotels). These investments are located across the states of Arizona, California, Colorado, Florida, Georgia, Indiana, Iowa, Illinois, Kansas, Louisiana, Minnesota, Missouri, North Carolina, Oklahoma, South Carolina, and Texas.

Investment Objectives

The Company's investment objectives are to provide the Series One Unit Holders the opportunity to (i) receive cash distributions derived from the operation of its income-producing properties, investments in development entities, and the sale of its real estate holdings and (ii) participate in capital appreciation of its acquired real estate holdings. The full realization by the Series One Unit Holders of any capital appreciation is not likely to occur until the sale of the real estate holdings and the distribution of Liquidation Proceeds. There can be no assurance that the Company will achieve its objectives or that there will be any return of capital to investors.

The Manager seeks to maximize returns for the Series One Unit Holders by growing the income of real estate investments to generate cash flow and drive appreciation of asset value. Investment strategies may include, without limitation, the following approaches to finding and creating value in the real estate marketplace:

- acquiring assets in target markets exhibiting strong, stable growth prospects throughout the United States;
- acquiring performing assets with the potential to generate sustainable and growing cash flow from operations sufficient to allow the Company to make cash distributions to the Unit Holders with additional potential for capital appreciation;
- acquiring overleveraged assets with owners pressured by debt service obligations on such assets;
- acquiring assets in circumstances where the owners are financial institutions or conduits under legal or economic compulsion to sell;
- sourcing equity capital to joint ventures with local operating partners for value-add redevelopment projects intended to increase net operating income through a defined capital investment plan; and
- sourcing equity capital to joint ventures with local operating partners for opportunistic development projects intended to fill current market demand for undersupplied product and realize value upon completion or stabilization.

As part of the Manager's acquisition strategy, the Company may enter into forward purchase contracts or purchase options for to-be-built commercial properties, including non-residential properties as well as residential multifamily properties, and provide performance assurances, as may be necessary or appropriate, in connection with the construction of these properties.

Execution

The Manager works closely with operating partners, real estate brokers, lenders, select business leaders, and the real estate community at large to source on- and off-market investment opportunities. The Manager thoroughly underwrites potential investments to identify those opportunities that best meet the Company's investment parameters and offer the best prospective risk-adjusted returns. Once prospective investments have been advanced through a rigorous due diligence process, they are presented for approval by the Investment Committee of the Manager, with a focus on partner alignment and downside protection through risk mitigation.

The Company focuses exclusively on core, value-add, and opportunistic real estate investments. As of September 30, 2023, approximately 38% of property value is currently represented by stabilized, income-generating core investments when accounting for the pro rata share of partnership level debt. As of September 30, 2023, value-add redevelopment projects represent approximately 31% of property value, and the remaining 31% is allocated to opportunistic development projects.

The Company's anticipated sector diversification is depicted in the following table (mixed-use properties are categorized by their most substantial sector), though the Company's portfolio breakdown may differ substantially as it is driven by market and relationship opportunities.

Target Sectors

Multifamily	50% – 70%
Industrial	10% – 20%
Office	5% – 10%
Convenience/Retail	5% – 10%
Other	5% – 15%

Properties and joint venture interests acquired by the Company generally require $5 to $40 million of equity investment. The Manager believes these medium-sized investments located in rapidly growing markets present more attractive returns, resulting from decreased global competition from large institutional investors who lack capacity to pursue investments at this size. Additionally, off-market and lightly marketed opportunities may be more prevalent within this price range, allowing for greater market inefficiency and prospective value investments.

Major Tenant

A substantial portion of the Company's real property portfolio, representing 8.87% of the portfolio's property value as of the date of this Memorandum, is invested in properties leased by QuikTrip Corporation. QuikTrip Corporation is a privately held company headquartered in Tulsa, Oklahoma that operates a chain of convenience stores/gas stations operating primarily in the Midwestern, Southern and Southeastern United States. According to its website, QuikTrip was founded in 1958 and has grown to a more than $11 billion company with over 900 stores in 14 states and 24,000 employees, which places QuikTrip high on the Forbes listing of the largest privately held companies in the United States. The website further states that QuikTrip's strategy is to be the dominant convenience/gasoline retailer in each market and to reach that level not through sheer numbers of stores, but through key, high-volume locations.

Financing Strategy

The Manager finances the Company's investments using various sources of available capital. Long-term liquidity is required to fund:

- the principal amount of long-term debt as it becomes due or matures;
- capital expenditures needed to maintain or grow and diversify the Company's portfolio;
- transactional costs associated with property acquisition and lending opportunities; and
- costs associated with current and future capital-raising activities.

The Manager finances the Company's future real estate investments with the net proceeds from additional issuances of Company securities, including the Series One Units, and borrowings. Successful implementation of the Manager's acquisition strategy depends, in part, on the Company's ability to access further capital through issuances of additional securities which is dependent on, among other things, general market conditions for securities that are not readily liquid and investor perceptions about the Company and the perceived value of its securities. If the Company is unsuccessful in raising additional funds, the Company may curtail its investment activities, including acquisitions of and improvements to real properties, which could limit the Company's capacity for growth. The Company also from time to time may explore and utilize co-investment approaches with third parties, including one or more Series One Unit holders or their affiliates, for the joint acquisition of certain investments.

The Company's long-term liquidity may also include borrowings from a number of sources, including repurchase agreements, securitizations, resecuritizations, warehouse facilities and credit facilities (including term loans and revolving facilities), in addition to the Company's in-place lending arrangements, as may be modified by increasing the amount that the Company may borrow. The Company's ability to incur additional debt is dependent on a number of factors, including the Company's credit ratings (if any), the value of assets, the degree of leverage and borrowing restrictions imposed by lenders.

The Manager strives for a balanced approach to leverage when structuring real estate investments. By operating on a leveraged basis, the Company increases the funds available for allocation, resulting in a larger and more diverse portfolio of income-generating assets. The Manager generally intends to limit Company borrowings (secured and unsecured) to 65% of the fair value cost of investments in real estate properties on a portfolio basis at the time of any new borrowing. However, the Manager has the discretion to deviate from this leverage ratio if it determines such deviation to be appropriate in its business judgment. As of September 30, 2023, the Company's outstanding debt (both secured and unsecured) was approximately 45% of investments in real estate properties on a portfolio-wide basis relative to fair value.

These leverage targets do not apply to individual real estate assets or investments. The amount of leverage placed on any particular investment will depend on the REIT Subsidiary Board's assessment of a variety of factors which may include the anticipated liquidity and price volatility of portfolio assets, the potential for losses and extension risk in the portfolio, the availability and cost of financing the asset, the REIT Subsidiary Board's opinion of the creditworthiness of the Company's financing counterparties, and the health of the U.S. economy and the commercial real estate market in general. In addition, factors such as the Manager's outlook on interest rates, changes to the yield curve, the level and volatility of interest rates and associated credit spreads, and the underlying collateral of Company assets could all impact the Manager's financing strategy. There is no limitation on the amount the Company may borrow for any single investment.

At the date of acquisition, the Manager anticipates that the investment cost for each asset will approximate its fair market value. However, subsequent events resulting in changes to the fair market value of Company assets could result in leverage levels that exceed the targets described above. The secured and unsecured aggregate borrowings of the Company are intended to be reasonable in relation to its assets and will be reviewed periodically by the Board of Directors. In determining whether borrowings are reasonable in relation to Company assets, the Board of Directors will consider many relevant factors including general lending limitations and standards and general market conditions.

As of September 30, 2023, the Company had long term mortgage indebtedness of $85,744,303, all of which was incurred by the Company in connection with the acquisition of its properties. The outstanding balance was nearly 17.5% fixed-rate debt.

FINANCIAL INFORMATION

Audited financial statements of the Company as of and for the years ended December 31, 2022 and 2021 are attached to this Memorandum as Exhibit D. Unaudited financial statements for the nine months ended September 30, 2023 are attached to this Memorandum as Exhibit E. The Company will provide updated financial information, including its audited financial statements for the year ended December 31, 2023 in a supplement to this Memorandum when available.

Existing Debt

The Company has a lending facility with a group of banks led by MidFirst Bank for a nonrecourse borrowing base loan with a limit of $120,274,788 as of September 30, 2023. The lending facility includes a Revolving Loan which is secured by a first and prior lien on certain of our real estate properties and ownership interests in development properties which have been approved by a majority of the Senior Lenders and all of our personal property. The Revolving Loan is subject to a number of covenants, including without limitation, various financial covenants, a limitation that the loan proceeds be used only for the acquisition and development of properties and not for working capital or general company purposes, and a restriction on any change in the management of the borrower which results in Kirk Humphreys or Humphreys Capital not having management control of borrower. The Humphreys Company entered into a guaranty for the Revolving Loan for certain nonrecourse carve-outs and springing recourse events.

The Revolving Loan has a limit of $150,000,000 and generally has a variable interest rate equal to the prime rate plus an applicable margin of 0.25%, but in no event will the interest rate be less than 3.25%. Subject to certain restrictions, the Company may request that one or more tranches under the Revolving Loan be issued with a fixed interest rate. The Revolving Loan had an initial maturity date of June 1, 2023, which automatically renewed through June 1, 2025. The Revolving Loan may be prepaid at any time without payment of a prepayment penalty or yield maintenance premium. The outstanding principal balance on the Revolving Loan was $85,744,303 on September 30, 2023, which includes an aggregate of $70,744,303 at a variable interest rate and a $15,000,000 advance to the Company at a fixed interest rate of 3.04%, with interest only payments and a maturity date of June 1, 2025.

In addition to the Revolving Loan, the REIT Subsidiary may also become obligated from time to time for mortgage loans and other debt associated with, and secured by a lien upon, certain investments of the REIT Subsidiary. As of September 30, 2023, the Company had no outstanding balance of additional debt.

BOARD OF DIRECTORS AND MANAGEMENT

Board of Directors of the Company

The Company's business and affairs are managed under the direction of the Board of Directors. The Operating Agreement provides that the Board of Directors may be comprised of not less than one and not more than 15 members as determined by the Board of Directors from time to time. The Board of Directors currently consists of nine members. Directors serve three-year terms or until their successors are duly elected and qualified at the annual meeting of the Unit Holders or until their earlier death, resignation, or removal. At the expiration of a director's term, the Board of Directors will select a nominee for election as director for a new three-year term, subject to ratification by a Majority Vote of the Unit Holders. Upon joining the Board of Directors, a director may serve two consecutive three-year terms, to be followed by a break in service of one year. Former directors may be invited to return to the Board of Directors for an unlimited number of future terms, provided that the director shall take a one-year break in service after each future term. Executives of the Manager, nominated by the Board of Directors and ratified by the Unit Holders, are exempt from the break-in-service requirement. Vacancies occurring on the Board of Directors for any reason may be filled by vote of a majority of the remaining directors, or by a sole remaining director. Each director appointed to fill a vacancy will hold office for the unexpired portion of the term of the director whom he or she replaced.

The following table indicates the current directors' respective terms:

Terms Expiring December 31,		
2024	2025	2026
Jill Castilla	Blair Humphreys	Chad Edwards
Lance Humphreys	Kirk Humphreys	Grant Humphreys
Max Myers	Scott McLain	Gene Park

Members of the Board of Directors are compensated for their service as a director with the issuance of Restricted Series One Units pursuant to the Director Restricted Unit Plan (the "Plan"). In addition, members of the Board of Directors receive $1,000 for each regular and special meeting attended and are entitled to reimbursement for expenses incurred as a result of attendance at meetings of the Board of Directors.

Under the Plan, one Restricted Series One Unit will be granted for each lot of one hundred and fifty Series One Units that are issued by the Company. Restricted Series One Units granted under the Plan will be divided up and granted equally to all members of the Board participating in the plan and providing Services to the Company at the time of the corresponding issuance of Series One Units. All Restricted Series One Units will vest on the first anniversary of the date such Restricted Series One Units are granted or, to the extent determined by the administrator of the Plan, at the end of a member of the Board of Directors' service. One-third of the Restricted Series One Units held by a participant of the Plan will be settled on the first anniversary of the termination of the participant's service as a member of the Board of Directors, one-third of the Restricted Series One Units held by a participant of the Plan will be settled on the second anniversary of the termination of the participant's service as a member of the Board of Directors, and the remaining one-third of the Restricted Series One Units held by a participant of the Plan will be settled on the third anniversary of the termination of the participant's service as a member of the Board of Directors. All Restricted Series One Units settled under the Plan shall be settled in cash for an amount equal to the Most Recent Per Unit NAV of one Series One Unit of the Company at the settlement. Settlements of the Units under the Plan will not be subject to any caps on redemption set forth in the Operating Agreement.

On December 31, 2022, the members of the Board of Directors exchanged 12,414 Common Units for Restricted Series One Units. Prior to December 2022, members of the Board of Directors were compensated, in part, with the issuance of Common Units. Following the exchange, no director directly owns any Common Units.

The following is a brief description of the background and business experience of the current directors:

Jill Castilla

Jill Castilla is the President and Chief Executive Officer of Citizens Bank of Edmond. Her background includes service in the U.S. Army and Oklahoma Army National Guard and various positions at the Federal Reserve Bank of Kansas City. Jill currently serves as the Civilian Aide to the Secretary of the Army and is a member of the Federal Reserve's Federal Advisory Council. She chairs the Southwestern Graduate School of Banking at Southern Methodist University and serves on the boards and executive committees of MetaFund CDFI and YMCA. Jill earned a master's degree in economics from the University of Oklahoma and a bachelor's degree in finance from Hawaii Pacific University. She also attended post-graduate programs at the University of Wisconsin's Graduate School of Banking and The Wharton School.

Chad Edwards

Chad Edwards is the Senior Vice President of Young Life International, overseeing all programs in Africa, India and the Middle East. His responsibilities include international operations, the cultivation of global leaders, and the initiation of field initiatives. Chad has held various leadership roles within Young Life International since 1999, including the Senior Vice President for the Western United States from 2019 to 2023, and the Senior Vice President for Europe from 2014 to 2019. In his early career, he was the Chief of Staff for the Speaker of the House in Kansas. Chad graduated from Texas Christian University with a degree in marketing.

Derek Green

Derek Green is the Assistant Vice President of Investments for HL Investments, the outside investment arm for the Green Family and Hobby Lobby. His responsibilities include oversight and ongoing deployment of a global investment portfolio. Previously, Derek worked for Hobby Lobby as a Real Estate Analyst, where he developed site selection and sales forecasting tools. Prior to Hobby Lobby he started and sold a services company and was an Industrial Engineer Supervisor at UPS. Derek attended the University of Oklahoma and Executive Education programs at Wharton School of the University of Pennsylvania and Columbia Business School.

Blair Humphreys

Blair Humphreys is Chief Executive Officer of the Manager and serves on the Investment Committee of the Company. He contributes almost two decades of experience in real estate investing and development, including the Wheeler District, an infill urban neighborhood on the Oklahoma River near downtown Oklahoma City. He is the founder and past chair of the Oklahoma District Council of the Urban Land Institute and formerly served as the Executive Director of the Institute for Quality Communities at The University of Oklahoma. Blair earned a Master of City Planning and Urban Design from the Massachusetts Institute of Technology in 2009 and a Bachelor of Business Administration in Entrepreneurship from The University of Oklahoma in 2005.

Grant Humphreys

Grant Humphreys is President of the Manager and serves on the Investment Committee of the Company. He contributes decades of experience in real estate development and investments, which includes Carlton Landing, a DPZ-designed lakefront municipality founded by Grant in 2010. He is the past President of the National Town Builders Association and alongside his wife, Jen, Grant founded Carlton Landing Academy, the first rural charter school in Oklahoma. After beginning his career with Trammell Crow Company, he spent the 2000's assembling the largest self-storage portfolio in the state. During this time, he also developed luxury, LEED-certified condominiums in downtown Oklahoma City. Grant earned a Bachelor of Business Administration in Real Estate from Baylor University in 1998. In 2021, he earned his MBA with TRIUM, a global executive program from three elite business schools: NYU Stern, HEC Paris, and The London School of Economics. Grant is also an instrument-rated pilot

Kirk Humphreys

Kirk Humphreys is the Founder and Executive Chairman of the Manager and Chairman of the Investment Committee of the Company. He contributes almost 50 years of experience in real estate acquisition, syndication, financing, ownership, and disposition. After decades of managing real estate partnerships, in 2012 Kirk launched the investment platform that would become Humphreys Capital. He led the firm as CEO until 2020, when he assumed his current role. Kirk was twice elected Mayor of the City of Oklahoma City, serving from 1998 through 2003. Kirk is a former director of OGE Energy Corp., a former member of the Board of Regents of The University of Oklahoma, and a former Trustee of the Urban Land Institute. From 1972 to 1989, Kirk and his brothers owned and operated Jack's Service Company, a national distribution business. Kirk earned a Bachelor of Business Administration in Finance from The University of Oklahoma in 1972.

Lance Humphreys

Lance Humphreys is the managing partner of Triad & 410 Investments, both focused on commercial real estate and private equity. He previously founded Anthology, a national luxury property management and hospitality firm. He also founded Bloom, a social entrepreneurship firm that gives vulnerable women the opportunity to own their own business. Lance began his career with Jack's Merchandising and Distribution, an international distribution firm focused on the drug and grocery industry. He spent a decade with Jack's, eventually serving as Vice President of sales, marketing, IT, and strategic planning. Following the sale of that firm, he

studied at Denver Seminary and spent eight years as the senior leader of Bridgeway Church in Oklahoma City before returning to the marketplace in 2009. Lance graduated from the University of Oklahoma, where he studied marketing. He has served on the boards of Seaberg Industries of Moline, Illinois and Young Life Oklahoma City. He currently serves on the board of directors of CrossFirst Bank.

Max Myers

Max Myers is a Co-Founder and Chief Financial Officer of Tall Oak Midstream, where he is responsible for leading finance, accounting, risk management and capital formation. Prior to Tall Oak, Max was treasurer of OGE Energy Corp. In this role, he had oversight responsibility for cash management, corporate finance, insurance, and corporate development. Max has an undergraduate degree in business with a concentration in geology and a Master of Business Administration degree, both from the University of Kansas. He serves on the board of directors of Junior Achievement of OKC and Allied Arts, where he is currently Treasurer.

Gene Park

Gene Park is the President and co-founder of TNB USA Inc., a Connecticut-chartered bank. Mr. Park is also the managing member of Compound Capital Management, a private investment and consulting company founded in 2012 which provided seed capital for TNB. From 2013-2015, Gene was a Senior Advisor at Teneo specializing in strategy and capital allocation advice to CEOs and CFOs of Fortune 100 companies. From 2007-2012, Gene was the founder and CEO of Quadrant Structured Investment Advisers, a private investment company launched with $400 million of equity capital. Throughout Mr. Park's management of the company, Quadrant had a compounded annual return of 20% compared to less than 2% in the S&P for the same period. From 2000-2006, Gene was a Managing Director and Head of North American Structured Credit at AIG Financial Products Corp. primarily responsible for managing the company's corporate credit portfolio and business. As described in Michael Lewis's book "The Big Short", Mr. Park was instrumental in identifying the risks of and closing down AIGFP's sub-prime mortgage business two years prior to the financial crisis of 2008, ultimately saving taxpayers over $100 billion in bailout money. From 1993-1999, Gene was a Managing Director and Head of North American Structuring at General Re Financial Products Corp. with a focus on structured interest rate and credit derivatives. From 1990-1992, Gene was an analyst at Tiger Management, a multi-strategy hedge fund and a management consultant in Ernst & Young's Financial Services Consulting Group. Gene graduated with a BS in Operations Research and Industrial Engineering from Cornell University.

The Manager of the Company

The Manager of the Company is Humphreys Capital, LLC. The Manager was formed on December 16, 2015 to act as the successor manager to The Humphreys Company, the initial manager of the Company, which succession was approved by the Board of Directors on February 11, 2016. The Humphreys Company is the sole manager and is also a majority member of the Manager. The Manager is comprised of the same team of individuals who managed the Company when The Humphreys Company was the manager of the Company.

The Manager is responsible for the management, conduct and operation of the Company, subject to the policies determined by the Board of Directors and any express limitations set forth in the Operating Agreement. The Manager has, and intends to continue to, employ the same value-driven investment strategy that The Humphreys Company successfully implemented for the Company during its tenure as manager.

Under the terms of the Operating Agreement, the Company issues one Common Unit to the Manager for every three Series One Units issued. The Manager currently owns 1,329,478 Common Units. Upon the sale of all of the Offered Securities, the Manager will be issued an additional 495,663 Common Units.

The following is a brief description of the background and business experience of the current officers, principals, and key employees of the Manager:

Kirk Humphreys	Kirk Humphreys is the Executive Chairman of the Manager and chairman of the Investment Committee of the Company. His biography can be found above under "Board of Directors of the Company."
Grant Humphreys	Grant Humphreys is President of the Manager and serves on the Investment Committee of the Company. His biography can be found above under "Board of Directors of the Company."
Blair Humphreys	Blair Humphreys is the Chief Executive Officer of the Manager and serves on the Investment Committee of the Company. His biography can be found above under "Board of Directors of the Company."
Braden Merritt	Braden Merritt is the Head of the Company and a member of the Investment Committee of the Company. He also leads operations and is the Chief Compliance Officer for the Manager. He joined the firm in 2017 after building experience with Boston Consulting Group and Google, and he currently serves on the Rising Leaders Council for the Institute for Portfolio Alternatives (IPA). Braden is a 7-year combat veteran who began his career as a reconnaissance officer in the United States Marine Corps, where he deployed to Iraq, Afghanistan, and at sea with the U.S. Fifth Fleet. Braden earned a Master of Business Administration from the University of Oklahoma, a Master of Petroleum Economics and Management from the French Institute of Petroleum in 2014, and a Bachelor of Science in International Relations from the United States Naval Academy in 2006.
Todd Glass	Todd Glass is the Head of Real Estate Investing of the Manager and a member of the Investment Committee of the Company. He joined the firm in 2013 and contributes two decades of experience that have uniquely equipped him to be a real estate investor. After law school, Todd began his

	career in commercial real estate brokerage at Price Edwards & Company, and then became the Assistant Vice President at MidFirst Bank. He later served as Director of Real Estate for Devon Energy, where he managed over 2 million square feet of real estate and assisted in the development of Devon's one million-square-foot headquarters building in Oklahoma City. Todd currently serves on the Governance Committee of the Oklahoma District Council of the Urban Land Institute and on the Small-Scale Development Council for ULI. Todd earned a Juris Doctor from The University of Oklahoma in 2002 and a Bachelor of Arts from The University of Oklahoma in 1999.
Ben Stewart	Ben Stewart is the Head of Opportunistic Funds at the Manager and a member of the Investment Committee for Humphreys Funds II, III, and IV. He joined the firm in 2015. His aptitude for investor relations grew naturally from chapters of his career where he directed the investment processes of the University of Oklahoma Foundation and The Baptist Foundation of Oklahoma. At OU, Ben formed the foundation's first investment team, established investment processes to manage $1.5 billion in assets, and built its portfolio into a top-decile ranked endowment. Ben serves on the board of trustees for Oklahoma Baptist University, the board of directors of Reaching Souls International, the MBA Board of Advisors for the Michael F. Price College of Business at OU, and as an elder and teacher at his church. Ben earned an MBA with an emphasis in finance from the University of Oklahoma in 2002 and a BBA in Finance from Oklahoma Baptist University in 1999.
Chris Reeves, CFA	Chris Reeves is a Managing Director who leads portfolio management and valuation for the Manager. He is a CFA charterholder. He joined the firm in 2016 after establishing a foundation of relevant experience in commercial banking and finance. Early in his career at MidFirst Bank, Chris was personally responsible for a $500 million commercial real estate loan portfolio backed by diverse properties across multiple markets. Chris later served as a member of the executive management team of EnerQuest Oil & Gas, where he oversaw company financials, business development, leasing, contract negotiation, and surface and land activities. Chris earned a Bachelor of Business Administration in Finance from The University of Oklahoma in 2001.
Joshua Fahrenbruck	Joshua Fahrenbruck is a Senior Director who builds and maintains relationships with the Company's investors. He joined the firm in 2019 after building experience in wealth management at J.P. Morgan Private Bank and as the Communications Director at Kimray, where he was recognized by the Journal Record as an "Achiever Under 40". Joshua is committed to community development, serving on the boards of Allied Arts, Oklahoma Venture Forum, Oklahoma Contemporary, and the Crossings Clinic. Joshua earned an MBA from Oklahoma City University and a bachelor's degree in Organizational Leadership from Southern Nazarene University.
Chase Almen, CPA	Chase Almen is a Senior Director who leads the Manager's finance and accounting team in the preparation and analysis of financial statements, forecasting, asset valuation, and treasury. He coordinates with third-party

	providers, including lending, tax, audit, fund administration, and valuation services. He joined the firm in 2021 after leading accounting teams in private equity-backed companies. He began his career in the audit practice of KPMG. Chase earned a Master of Accountancy from the University of Oklahoma in 2014 and a Bachelor of Arts in Business/Economics and Political Science from Wheaton College in 2013. He has maintained active status as a Certified Public Accountant in Oklahoma since 2016.
Justin Lewellen	Justin Lewellen is a Senior Director who builds and maintains relationships with real estate development and operating partners to source new investment opportunities and manage fund assets. He joined the firm in 2019 after financial and investor relations roles in both publicly traded and private equity-backed energy companies. Justin serves on the board of directors of the American Red Cross of Oklahoma and the Alumni Board of the Spears School of Business at Oklahoma State University. Justin received his Master of Business Administration with an emphasis in Finance and Risk Management from the University of Oklahoma in 2015 and a Bachelor of Business Administration in Economics from Oklahoma State University in 2006.

REIT Subsidiary Board

The business and affairs of the REIT Subsidiary and the management and operation of its real estate holdings are managed by the REIT Subsidiary Board. The REIT Subsidiary Operating Agreement provides that the REIT Subsidiary Board is comprised of not less than one and not more than 11 directors who are appointed by the Company, the sole member of the REIT Subsidiary. The REIT Subsidiary Board currently includes Grant Humphreys, Blair Humphreys, and Braden Merritt. Directors on the REIT Subsidiary Board will hold office until their successors are appointed and qualified or until their earlier death, resignation, expulsion, or removal. The biographies of these officers can be found above under "The Manager of the Company."

The REIT Subsidiary Board intends to continue to employ the same value-driven investment strategy for all of the real estate holdings that The Humphreys Company and the Manager successfully implemented for the Company during their respective tenures as manager of Humphreys Real Estate Income Fund, LLC.

The Humphreys Company

The Humphreys Company is a real estate investment firm based in Oklahoma City, Oklahoma that was formed in 1997 by Kirk Humphreys. Kirk served as the managing partner of The Humphreys Company from inception to July 1, 2020, when The Humphreys Company established a management committee consisting of Kirk Humphreys, Grant Humphreys, and Blair Humphreys. The Humphreys Company serves as a successor entity to several entities formed and managed by Kirk.

Unit Ownership

The current ownership of Series One Units and Common Units of the Company by The Humphreys Company and the Manager, respectively, is set forth below:

NAME	SERIES ONE UNITS	COMMON UNITS
The Humphreys Company, LLC	23,199	331,341
Humphreys Capital, LLC	31,910	1,006,332
TOTAL	**55,109**	**1,337,673**

The current ownership of Restricted Units of the Company by current and former directors of the Company is set forth below:

NAME	RESTRICTED UNITS
Jill Castilla	613
Carl Edwards	2,535
Chad Edwards	-
Joy Fischer	818
Derek Green	123
Blair Humphreys	2,744
Grant Humphreys	2,744
Kirk Humphreys	1,812
Lance Humphreys	1,927
Kevin Lenze	1,603
Charles McWilliams	1,603
Scott Mueller	1,355
Max Myers	2,070
Scott McLain	123
Gene Park	-
Don Powell	2,070
TOTAL	**22,141**

COMPENSATION TO THE MANAGER AND ITS AFFILIATES

The following table summarizes the estimated amounts of the types of compensation, fees, distributions, and other benefits (including reimbursement of out-of-pocket expenses) under the current Operating Agreement that the Manager, The Humphreys Company and its principals and their respective Affiliates may earn or receive in connection with the Offering and the conduct of Company operations and activities, as well as upon liquidation and dissolution of the Company. The actual amounts of certain compensation, fees, distributions, and other benefits will depend, in part, upon our results of operations. The arrangements for compensation, fees, and distributions to be paid to the Manager and its Affiliates are not the result of arm's-length negotiations.

Recipient	Basis of Payment	Method and Amount of Compensation
Manager	Advisory Fee	The Manager is entitled to receive a quarterly Advisory Fee equal to 0.65% of the Aggregate NAV of the Series One Units as of the end of the immediately preceding quarter.
Manager, The Humphreys Company and its principals, as Common Unit Holders	Funds Available for Distribution	The Manager, The Humphreys Company and its principals are entitled to receive, based on their pro rata ownership of the Common Units, 25% of Funds Available for Distribution following achievement of the Hurdle Rate.
Manager	Offering and Organizational Costs	The Manager is entitled to reimbursement of costs and expenses it incurs in connection with the offer and sale of Units or other securities of the Company, including attorney's fees, accountants' fees, printing costs, mailing expenses, telephone, and technology expenses, registration and filing fees, direct sales expenses, marketing expenses, finder's fees, sales commissions, and costs of preparation of the offering materials and documents related the offering of the Units.
Manager or its Affiliates	Other fees and compensation	The Manager or its Affiliates may provide other services to the Company and will be entitled to receive compensation for such services as determined and approved by the disinterested members of the Board of Directors.

Compensation Under Previous Agreement

The following table sets forth the compensation paid to the Manager and The Humphreys Company (as former manager of the Company and owner of Common Units) during the years ended December 31, 2022 through 2023.

	Years Ended	
Manager's Compensation	**2022**	**2023**
Advisory Fee[1]	$ 599,395	$ 3,557,425
Asset Management Fee	67,259	231,037
Fund Administration Fee [2]	120,000	316,075
Distribution to Common Units	12,784,328	10,186,063
	$ 13,570,982	$ 14,290,599

(1) Prior to 12/31/2022, a Monthly Management Fee was paid in lieu of the Advisory Fee. (2) The Accounting Fee was replaced with the Fund Administration Fee on 12/31/2022.

During the year ended December 31, 2022, the Manager and The Humphreys Company received, based on their pro rata ownership of the Common Units, distributions payable in accordance with the Previous Operating Agreement. In addition to distributions, the Manager received a Monthly Management Fee equal to 1% of Net Income as an allowance for and reimbursement of office and clerical expenses, supplies, bookkeeping and general overhead expenses related to the Company's operations. In connection with services provided to the Company not covered by the Monthly Management Fee and subject to approval by the Board of Directors, the Manager received asset management fees and accounting fees.

COMPANY PORTFOLIO AND INVESTMENT HISTORY

The information presented in this section represents the historical experience of the Company. Investors should not assume that they will experience returns, if any, comparable to those described below. Investors in Series One Units will not acquire any ownership interest in any of the investments which have been divested by the Company upon realization. These investments and results are not necessarily indicative of the investments that the Company may make or results the Company may achieve in the future. There can be no assurance that the Company will be able to locate and/or acquire similar properties on similar or better terms or achieve equal or better results.

Distribution History of the Series One Units

The following table sets forth the distribution history for the Series One Units since 2012 and the changes in the value of the Series One Units.

SERIES ONE UNIT HISTORY[1]

Distribution History (Annualized Per Unit)			Value	
Year	**$**	**%**	**Date**	**$**
2012	$9.75	9.75%	June 1, 2012	$100
2013	$10.00	9.09%	November 1, 2013	$110
2014	$10.20	8.50%	October 1, 2014	$120
2015	$10.40	8.39%	August 1, 2015	$124
2016	$10.60	8.35%	March 1, 2016	$127
2017	$10.66	8.02%	March 31, 2017	$133
2018	$10.80	7.88%	January 1, 2018	$137
2019	$11.00	7.86%	January 1, 2019	$140
2020	$11.10	7.71%	January 1, 2020	$144
2021	$10.10	7.21%	January 1, 2021	$140

[1] Historically, the Company only valued its assets once per year. Beginning in 2022, the Company began quarterly valuations.

The following table sets forth the quarterly distribution history and values of the Series One Units.

Distribution History (Annualized Per Unit)			Value	
Date	**$**	**%**	**Date**	**$**
3/31/22	$10.60	6.97%	March 31, 2022	$152.00
6/30/22	$10.60	6.97%	June 30, 2022	$152.00
9/30/22	$10.60	6.96%	September 30, 2022	$152.25
12/31/22	$10.60	7.50%	December 31, 2022	$141.25
3/31/23	$10.60	7.46%	March 31, 2023	$142.00
6/30/23	$10.60	7.50%	June 30, 2023	$141.25
9/30/23	$10.40	7.50%	September 30, 2023	$138.75
12/31/23	$10.40	7.73%	December 31, 2023	$134.50

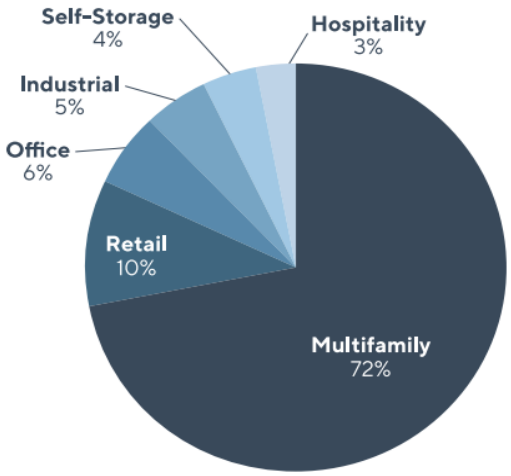
Summary of Company Investment Portfolio

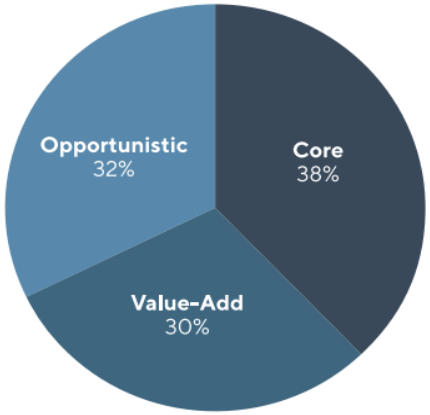
The following tables set forth the Company's investment portfolio as of December 31, 2023, including a list of the properties owned and joint venture equity investments made by the Company.

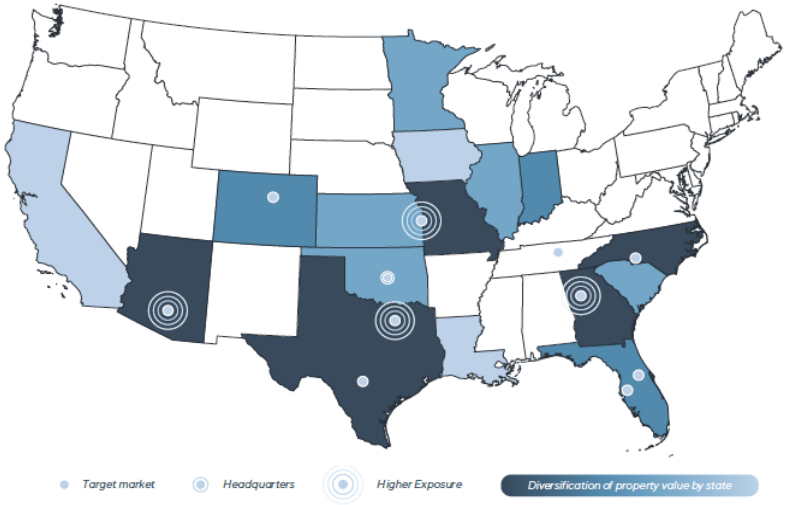
HUMPHREYS REAL ESTATE INCOME FUND

December 31, 2023

DIVERSIFICATION







Raleigh-Durham 20%

Kansas City 12%

Dallas-Fort Worth 9%

Phoenix 7%

Atlanta 6%

The charts above illustrate the Company's diversification by market, sector, and strategy as of December 15, 2023, represented by the portion of the value of the property controlled by the Company. For purposes of the charts above, the property value utilized for each joint venture entity in which the Company owns an interest includes the fair value of equity contributed by the Company to the joint venture plus the Company's pro rata share of the joint venture's debt.

HUMPHREYS REAL ESTATE INCOME FUND

December 31, 2023

DIRECT OWNED PROPERTIES

Invested	Property	Market	Sector	Invested Equity	Ownership	Hold
Unrealized						
May-12	Casey's General Store	SGF	Convenience	$1.10M	100%	11.6 years
May-12	QuikTrip 194	MCI	Convenience	$2.40M	100%	11.6
May-12	QuikTrip 515	DSM	Convenience	$0.85M	100%	11.6
May-12	QuikTrip 630	STL	Convenience	$1.32M	100%	11.6
May-12	QuikTrip 728	ATL	Convenience	$2.94M	100%	11.6
May-12	QuikTrip 78	TUL	Convenience	$1.43M	100%	11.6
May-12	QuikTrip 859	DFW	Convenience	$2.53M	100%	11.6
May-12	QuikTrip 897	DFW	Convenience	$2.59M	100%	11.6
May-12	QuikTrip 899	DFW	Convenience	$2.43M	100%	11.6
May-12	QuikTrip 169	MCI	Convenience	$5.33M	100%	11.6
May-12	QuikTrip 638	STL	Convenience	$4.79M	100%	11.6
May-12	QuikTrip 727	ATL	Convenience	$6.32M	100%	11.6
May-12	QuikTrip 735	ATL	Convenience	$4.95M	100%	11.6
Jun-12	QuikTrip 736	ATL	Convenience	$6.50M	100%	11.6
May-14	Office Depot	MCO	Retail	$3.53M	100%	9.6
Nov-14	McAlisters	ATL	Retail	$1.46M	100%	9.1
Feb-15	QuikTrip 922	DFW	Convenience	$4.20M	100%	8.9
Feb-15	QuikTrip 975	DFW	Convenience	$5.01M	100%	8.8
Mar-15	QuikTrip 964	DFW	Convenience	$4.29M	100%	8.8
Apr-15	QuikTrip 971	DFW	Convenience	$4.62M	100%	8.8
Apr-15	QuikTrip 1134	GSP	Convenience	$5.60M	100%	8.7
Apr-15	QuikTrip 725	ATL	Convenience	$5.69M	100%	8.7
Jul-15	QuikTrip 1028	CLT	Convenience	$3.98M	100%	8.4
Oct-15	QuikTrip 795	ATL	Convenience	$5.98M	100%	8.2
Dec-15	QuikTrip 170	MCI	Convenience	$5.45M	100%	8.1
Aug-17	ırrowhead Business Cente	PHX	Office	$7.88M	100%	6.4
Dec-17	Texas Roadhouse	LFT	Retail	$1.22M	100%	6.0
Apr-22	Camelback Collective	PHX	Office	$63.64M	100%	1.7
			AVERAGE	$6.00M	100%	9.7 years

HUMPHREYS REAL ESTATE INCOME FUND

December 31, 2023

GROSS RETURNS FROM JOINT VENTURES

Invested	Property	Market	Sector	Invested Equity	Ownership	Leverage	DPI	RVPI	TVPI	IRR	Hold	Sold
Realized												
May-12	Midtown Edge	Oklahoma City	Multifamily	$0.70M	12%	85%	2.9x	-	2.9x	14.1%	8.7 years	Jan-21
May-13	Steelyard	Oklahoma City	Multifamily	$4.25M	35%	85%	1.1x	-	1.1x	2.6%	7.6	Dec-20
Jul-13	Bent Tree Park	Dallas/Fort Worth	Multifamily	$0.80M	23%	75%	1.7x	-	1.7x	23.1%	3.0	Jul-16
Sep-13	Southlake	Dallas/Fort Worth	Office	$2.70M	47%	70%	0.3x	-	0.3x	-11.7%	9.7	May-23
Oct-13	Seville at Belmar	Dallas/Fort Worth	Multifamily	$0.65M	9%	67%	3.7x	-	3.7x	58.8%	3.7	Jun-17
Dec-13	Vail Village	Dallas/Fort Worth	Multifamily	$1.25M	20%	69%	2.4x	-	2.4x	25.6%	4.6	Jul-18
Mar-14	Park Hill Medical	Dallas/Fort Worth	Office	$2.00M	18%	69%	1.9x	-	1.9x	14.6%	4.6	Oct-18
Mar-14	Dallas Industrial Portfolio	Dallas/Fort Worth	Industrial	$1.00M	27%	75%	1.8x	-	1.8x	19.7%	3.8	Dec-17
Jun-14	Lift	Oklahoma City	Multifamily	$1.10M	7%	65%	1.7x	-	1.7x	18.1%	3.3	Oct-17
Oct-14	Caddo Fitzhugh	Dallas/Fort Worth	Office	$2.18M	77%	68%	1.4x	-	1.4x	21.8%	2.0	Sep-16
Oct-14	Firewheel Industrial	Dallas/Fort Worth	Industrial	$1.50M	37%	73%	1.9x	-	1.9x	25.6%	3.2	Dec-17
Nov-14	Capital Creek	Raleigh	Multifamily	$2.00M	26%	65%	1.8x	-	1.8x	19.5%	3.3	Feb-18
Nov-14	McKinney Urban Village	Dallas/Fort Worth	Multifamily	$3.00M	25%	60%	1.8x	-	1.8x	10.4%	5.9	Oct-20
Feb-15	Promontory Pointe	San Antonio	Multifamily	$2.00M	9%	64%	1.9x	-	1.9x	10.5%	6.3	Jun-21
May-15	Bainbridge Coral Springs	Ft. Lauderdale	Multifamily	$1.61M	9%	65%	1.8x	-	1.8x	24.3%	2.8	Mar-18
Jun-15	Ridgeline Rogers Ranch	San Antonio	Multifamily	$6.00M	48%	70%	1.5x	-	1.5x	14.9%	2.9	May-18
Jul-15	Atlas 35-75 Industrial	Dallas/Fort Worth	Industrial	$3.50M	25%	68%	3.3x	-	3.3x	23.9%	6.4	Dec-21
Aug-15	Milan	Austin	Multifamily	$6.00M	70%	75%	2.4x	-	2.4x	15.4%	6.6	Mar-22
Nov-15	931 Fletcher	Indianapolis	Multifamily	$2.00M	52%	69%	1.8x	-	1.8x	13.2%	6.1	Dec-21
Feb-16	RS Apartments	Dallas/Fort Worth	Multifamily	$2.35M	20%	65%	2.2x	-	2.2x	18.1%	5.6	Aug-21
Mar-16	Gateway Village	Phoenix	Retail	$1.00M	13%	60%	1.5x	-	1.5x	53.9%	2.6	Oct-18
Oct-16	Heard	Phoenix	Office	$6.02M	90%	53%	1.0x	-	1.0x	0.3%	2.6	Jun-19
May-17	Allis-Chalmers	Phoenix	Office	$2.26M	90%	63%	1.1x	-	1.1x	2.4%	4.7	Jan-22
Jun-17	475 E Lincoln	Phoenix	Multifamily	$13.62M	67%	56%	1.0x	-	1.0x	1.2%	6.3	Oct-23
Jul-17	Gull Harbor	Tampa	Multifamily	$11.90M	70%	57%	1.8x	-	1.8x	19.7%	3.3	Oct-20
Jul-17	KV Urban	Phoenix	Multifamily	$1.00M[II]	6%	65%	2.7x	-	2.7x	32.3%	3.8	May-21
Jan-18	Galleria	Houston	Multifamily	$14.28M	70%	67%	0.1x	-	0.1x	-46.6%	5.4	May-23
Jun-18	1234 Prospect	Indianapolis	Multifamily	$2.50M	48%	69%	1.7x	-	1.7x	16.1%	3.4	Dec-21
Oct-18	Sorrento	Dallas/Fort Worth	Multifamily	$6.30M[II]	28%	64%	1.8x	-	1.8x	16.8%	4.2	Dec-22
Nov-18	Cornerstone	San Antonio	Industrial	$14.58M	85%	59%	2.3x	-	2.3x	37.2%	3.4	May-22
Dec-18	Coquina Bay	Jacksonville	Multifamily	$9.30M	90%	60%	2.0x	-	2.0x	31.3%	2.6	Jul-21
Feb-20	982 Memorial	Atlanta	Multifamily	$4.94M[III]	28%	64%	1.7x	-	1.7x	28.9%	2.6	Sep-22
Feb-21	Airgate	Phoenix	Industrial	$4.42M	75%	64%	1.7x	-	1.7x	98.0%	0.9	Jan-22
May-21	Mark IV	Dallas/Fort Worth	Industrial	$3.96M	88%	60%	1.9x	-	1.9x	130.1%	1.0	May-22
Jul-22	Liberty Hill	Austin	Multifamily	$6.43M	75%	50%	1.1x	-	1.1x	9.9%	1.2	Sep-23
			AVERAGE	$4.26M	43%	66%	1.8x	-	1.8x	22.7%	4.2 years	

II. Co-invested with Humphreys Fund II, LP
III. Co-invested with Humphreys Fund III, LP

The table presents a series of ratios as multiples on invested capital labeled by the following acronyms: distributions to paid-in (DPI), residual value to paid-in (RVPI), and total value to paid-in (TVPI). The net return to Series One unitholders is presented as internal rate of return (IRR) and multiples on invested capital that are net of management compensation, fees, and expenses. Gross returns from joint ventures present IRR and multiples on a gross basis and do not reflect management compensation through shared partnership distributions, fees, taxes, transaction costs and other expenses to be borne by investors in the Fund, which reduce the actual returns experienced by an investor. IRRs are calculated based on the timing of actual cash flows, including final proceeds for realized assets. Fair values are determined by Humphreys Capital, based on a good-faith analysis of relevant factors, including periodic appraisals. Actual returns on unrealized investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, legal and contractual restrictions on transfer that may limit liquidity, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which the valuations used in the prior performance data contained herein are based. Accordingly, the actual realized returns on unrealized investments may differ materially from the returns indicated herein. Past performance is not indicative of future results and there can be no assurance that the Fund will achieve comparable results, that the Fund will be able to make investments similar to the historic investments presented herein (because of economic conditions, the availability of investment opportunities or otherwise), asset allocations will be met, or that the Fund will be able to implement its investment strategy or achieve its investment objectives. Data contained herein is published as of 12/15/23 using projections through 12/31/23.

HUMPHREYS REAL ESTATE INCOME FUND

December 31, 2023

GROSS RETURNS FROM JOINT VENTURES

Invested	Property	Market	Sector	Invested Equity	Ownership	Leverage	DPI	RVPI	TVPI	IRR	Hold	Sold
Unrealized												
Dec-12	Westcreek	Dallas/Fort Worth	Multifamily	$0.50M	11%	70%	2.3x	4.1x	6.4x	-	11.1 years	-
Jul-13	Wolflin	Amarillo	Retail	$1.45M	12%	57%	0.6x	1.0x	1.6x	-	10.5	-
Jun-14	WaterCrest	Kansas City	Multifamily	$0.75M	9%	73%	1.5x	2.7x	4.2x	-	9.6	-
Apr-15	Tenmark	Tulsa	Industrial	$2.10M	22%	62%	0.8x	1.9x	2.7x	-	8.7	-
May-15	Edgewater	Kansas City	Multifamily	$2.00M	24%	75%	0.9x	2.8x	3.6x	-	8.6	-
Nov-15	The Bowery	Savannah	Multifamily	$2.70M	77%	70%	1.3x	2.4x	3.6x	-	8.1	-
Apr-18	Washington Multifamily	Kansas City	Multifamily	$2.00M	24%	80%	0.9x	1.9x	2.7x	-	5.7	-
Jun-18	The Bowery 2	Savannah	Multifamily	$2.78M	77%	70%	1.0x	1.7x	2.7x	-	5.5	-
Oct-18	Ellison	Oklahoma City	Hospitality	$2.00M	16%	61%	0.0x	0.9x	0.9x	-	5.2	-
Jul-19	Canton	Oklahoma City	Multifamily	$16.59M	64%	65%	0.4x	0.6x	1.0x	-	4.5	-
Mar-19	Grid	Indianapolis	Multifamily	$5.10M	43%	62%	0.8x	1.4x	2.2x	-	4.8	-
Oct-19	Matadora	Savannah	Multifamily	$5.98M	90%	70%	0.8x	2.0x	2.8x	-	4.2	-
Jun-20	Capital Place	Phoenix	Multifamily	$6.10M[III]	23%	59%	0.2x	1.4x	1.6x	-	3.5	-
Sep-20	Retreat	Raleigh	Multifamily	$8.00M[III]	40%	66%	0.3x	1.6x	1.9x	-	3.3	-
Oct-20	Highland Way	Denver	Multifamily	$8.15M	79%	84%	0.0x	1.7x	1.7x	-	3.2	-
Dec-20	CTC 5	Denver	Industrial	$4.79M	90%	70%	0.0x	1.8x	1.8x	-	3.1	-
Apr-21	Lofts at West 7th	Fort Worth	Multifamily	$24.00M	72%	70%	0.1x	1.0x	1.2x	-	2.7	-
Apr-21	7279 S Indianapolis	Indianapolis	Multifamily	$9.42M	91%	70%	0.0x	1.7x	1.8x	-	2.7	-
Jun-21	Spartanburg	Spartanburg	Multifamily	$6.05M	90%	70%	0.0x	2.0x	2.0x	-	2.6	-
Jul-21	509 Mangum	Durham	Multifamily	$19.80M	95%	60%	0.0x	1.2x	1.2x	-	2.4	-
Jul-21	Village Highlands	Atlanta	Multifamily	$7.93M	90%	69%	0.0x	2.1x	2.1x	-	2.4	-
Aug-21	250 Rio	Tempe	Office	$3.36M	50%	60%	0.0x	1.7x	1.7x	-	2.3	-
Sep-21	Chapel Hill	Chapel Hill	Multifamily	$14.00M	60%	69%	0.1x	0.4x	0.5x	-	2.3	-
Nov-21	Anderson Pointe	Kansas City	Multifamily	$13.64M	70%	75%	0.0x	1.3x	1.3x	-	2.2	-
Nov-21	Regatta	Raleigh	Multifamily	$20.25M	75%	69%	0.1x	0.9x	1.0x	-	2.1	-
Nov-21	Rosewood	Multiple	Self-Storage	$16.81M	49%	55%	0.1x	1.7x	1.7x	-	2.1	-
Nov-21	Tracks	Kansas City	Multifamily	$16.70M	91%	65%	0.0x	1.0x	1.0x	-	2.1	-
Jan-22	Lynvue	Minneapolis	Multifamily	$11.97M	85%	75%	0.0x	1.2x	1.2x	-	2.0	-
Jan-22	Silos	Oklahoma City	Multifamily	$16.70M	90%	69%	0.0x	1.0x	1.0x	-	1.9	-
Apr-22	Steelhouse	Orlando	Multifamily	$21.92M	80%	70%	0.0x	0.3x	0.3x	-	1.7	-
Apr-22	Carolina Pines	Columbia	Industrial	$6.37M	90%	65%	0.0x	1.5x	1.5x	-	1.7	-
May-22	Legends Cary Towne	Raleigh	Multifamily	$32.00M	80%	68%	0.0x	0.3x	0.3x	-	1.6	-
Jun-22	LoSo	Charlotte	Multifamily	$38.43M	65%	60%	0.0x	1.0x	1.0x	-	1.6	-
Aug-22	Jamestown Square	Kansas City	Multifamily	$19.55M	90%	65%	0.0x	1.0x	1.0x	-	1.4	-
Aug-22	The Westin	Chicago	Hospitality	$16.78M	93%	55%	0.1x	0.6x	0.7x	-	1.4	-
Aug-22	Hemingway Industrial	Minneapolis	Industrial	$10.24M	85%	65%	0.0x	1.2x	1.2x	-	1.4	-
Sep-23	Boxcar	Spartanburg	Multifamily	$1.90M	51%	52%	0.0x	1.0x	1.0x	-	0.3	-
			AVERAGE	$10.78M	63%	67%	0.3x	1.5x	1.8x	-	3.8 years	-

III. Co-invested with Humphreys Fund III, LP

The table presents a series of ratios as multiples on invested capital labeled by the following acronyms: distributions to paid-in (DPI), residual value to paid-in (RVPI), and total value to paid-in (TVPI). The net return to Series One unitholders is presented as internal rate of return (IRR) and multiples on invested capital that are net of management compensation, fees, and expenses. Gross returns from joint ventures present IRR and multiples on a gross basis and do not reflect management compensation through shared partnership distributions, fees, taxes, transaction costs and other expenses to be borne by investors in the Fund, which reduce the actual returns experienced by an investor. IRRs are calculated based on the timing of actual cash flows, including final proceeds for realized assets. Fair values are determined by Humphreys Capital, based on a good-faith analysis of relevant factors, including periodic appraisals. Actual returns on unrealized investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, legal and contractual restrictions on transfer that may limit liquidity, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which the valuations used in the prior performance data contained herein are based. Accordingly, the actual realized returns on unrealized investments may differ materially from the returns indicated herein. Past performance is not indicative of future results and there can be no assurance that the Fund will achieve comparable results, that the Fund will be able to make investments similar to the historic investments presented herein (because of economic conditions, the availability of investment opportunities or otherwise), asset allocations will be met, or that the Fund will be able to implement its investment strategy or achieve its investment objectives. Data contained herein is published as of 12/15/23 using projections through 12/31/23.

SUMMARY OF THE OPERATING AGREEMENT

The rights and obligations of the Series One Unit Holders are governed by the Operating Agreement, a copy of which is attached to this Memorandum as Exhibit C. Investors should read and review the entire Operating Agreement before subscribing for Series One Units. The following is merely a summary of some of the significant provisions of the Operating Agreement and is qualified in its entirety by reference to the Operating Agreement itself.

General

The Company was formed pursuant to the Oklahoma Limited Liability Company Act on May 21, 2012 under the name "The Humphreys Fund, LLC." On March 24, 2016, the Company changed its name to Humphreys Fund I, LLC. On October 15, 2020, the Company again changed its name to Humphreys Real Estate Income Fund, LLC. On November 18, 2022, an amendment and restatement of the Company's Previous Operating Agreement was approved by the Majority Vote of Unit Holders, with such Operating Agreement having an effective date of December 31, 2022. In connection with the amendment and restatement, the Company was redomesticated in Delaware.

Humphreys Capital, LLC, an Oklahoma limited liability company, is the Manager. The purchasers of the Series One Units offered hereby will become Series One Unit Holders and members of the Company.

The principal place of business of the Company is 1801 Wheeler Street, Suite 300, Oklahoma City, Oklahoma 73108, and the address of the registered office of the Company in Delaware is c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, New Castle County. The telephone number of the Company's principal business office is (405) 228-1000.

Term and Dissolution

The Company will continue in perpetuity, unless sooner terminated upon the occurrence of certain specified events set forth in the Operating Agreement.

Authorization to Issue Additional Units

The Board of Directors has the authority, in its sole discretion and without approval of the Series One Unit Holders, to issue an unlimited number of Units with or without a stated value. The Board of Directors is authorized to issue, from time to time, Units in one or more series and to establish the number of Units to be included in each series and fix the designations, powers, preferences, qualifications, limitations and restrictions of each series. The Company will "book-up" the existing Units on any revaluation. The authority of the Board of Directors with respect to each series of Units will include, without limitation, determination of:

- The number of Units constituting the series and the distinctive designation of that series;
- The distribution rights attributable to that series from Funds Available for Distribution, Liquidation Proceeds and any other cash or property distributions, whether the distributions will be cumulative and from what date(s), and the rights of priority, if any, of payment of the distributions;
- Whether the series will have voting rights, in addition to the voting rights provided by law, and the terms of those voting rights;

- Whether the series will have conversion privileges (whether into debt or into another form of Company securities), and the terms and conditions of the conversion, including provisions for adjustment of the conversion rate upon the occurrence of specific events as the Board of Directors determines;

- Whether the series are redeemable and the terms and conditions of redemption, including the date(s) upon or after which they will be redeemable and the redemption price per Unit, which may vary with different conditions and at different redemption dates;

- The rights of the series in the event of the Company's voluntary or involuntary liquidation, dissolution or winding up, and the relative rights of priority, if any, of payment of shares of that series; and

- Any other relative rights, preferences, or limitations of that series.

Upon authorization and resolution of the Board of Directors and without approval of the Series One Unit Holders, the Company may from time to time sell and issue Units of any class or series at such offering prices as determined in the sole discretion of the Board of Directors. The Board of Directors has authorized the sale and issuance of the Offered Securities at the Offered Price.

Distributions of Funds Available for Distribution

Distributions of Funds Available for Distribution will be made from time to time as determined in the sole discretion of the Board of Directors. Historically, distributions have been made monthly, and it is the Company's current intention to continue such practice. Distributions of Funds Available for Distribution will be made, after payment of the Advisory Fee, to the Series One Unit Holders with respect to the Series One Units and to the Common Unit Holders with respect to the Common Units on the Record Date of the distribution in accordance with the following priorities:

Distribution Recipients	Type of Distribution	Amounts and Limits
Series One Unit Holders	Pre-Hurdle Return	100% to Series One Unit Holders until a Total Unit Holder Return of at least 18% for the trailing 36-month period (the "Hurdle Rate") has been achieved.
Common Unit Holders	Pre-Hurdle Return	The Common Units will not receive distributions to the extent the Hurdle Rate is not met for a particular distribution payment period.
Unit Holders	Post-Hurdle Return	Distributions of 75% to the Series One Unit Holders and 25% to the Common Unit Holders. The Advisory Fee payable to the Manager will be netted against Common Unit distributions until the full Advisory Fee for a particular quarter has been accounted for. Once the Advisory Fee has been fully accounted for, the holders of Common Units will be entitled to the full 25% distribution.

If a Series One Unit Holder holds Series One Units for less than the full period to which the distribution relates, the Series One Unit Holder will receive a pro rata portion of the distribution for that period.

Liquidation Proceeds

Distributions of Liquidation Proceeds will be made or deemed distributed to the Series One Unit Holders and the Common Unit Holders on the Record Date. For purposes of establishing the Record Date for the distribution of Liquidation Proceeds, the Record Date will be the date on which the Liquidation Proceeds are deemed received by the Company for U.S. federal income tax purposes. Distributions Liquidation Proceeds will be made, after payment of the Advisory Fee, to the Series One Unit Holders with respect to the Series One Units and to the Common Unit Holders with respect to the Common Units on the Record Date in accordance with the following priorities:

Distribution Recipients	Type of Distribution	Amounts and Limits
Series One Unit Holders	Pre-Hurdle Return	100% to Series One Unit Holders until a Total Unit Holder Return of at least 18% for the trailing 36-month period (the "Hurdle Rate") has been achieved.
Common Unit Holders	Pre-Hurdle Return	The Common Units will not receive distributions to the extent the Hurdle Rate is not met for a particular distribution payment period.
Unit Holders	Post-Hurdle Return	Distributions of 75% to the Series One Unit Holders and 25% to the Common Unit Holders. The Advisory Fee payable to the Manager will be netted against Common Unit distributions until the full Advisory Fee for a particular quarter has been accounted for. Once the Advisory Fee has been fully accounted for, the holders of Common Units will be entitled to the full 25% distribution.

Allocation of Income

In general, Income (for U.S. federal income tax purposes) will be allocated to the Series One Unit Holders and the Common Unit Holders in the ratio that Funds Available for Distribution and Liquidation Proceeds (or other distributions of cash or other property), as may be applicable, were distributed during the applicable tax year; provided, however, that in the event no distributions of Funds Available for Distribution and Liquidation Proceeds (or cash and other property), as may be applicable, were made during the applicable tax year, Income will be allocated as follows:

- If the Hurdle Rate is not achieved, Income shall be allocated to the Series One Unit Holders in proportion to the number of Outstanding Series One Units owned by the Series One Unit Holders during the applicable tax year; and

- If the Hurdle Rate is achieved, 75% to the Series One Unit Holders in proportion to the number of Outstanding Series One Units owned by the Series One Unit Holders during the applicable tax year and 25% to the Common Unit Holders in proportion to the number of Outstanding Common Units owned by the Common Unit Holders during the applicable tax year.

Allocation of Loss

In general, Loss (for U.S. federal income tax purposes) will be allocated (i) 100% to the Series One Unit Holders on a per Series One Unit basis in proportion to the number of Outstanding Series One Units owned by the Series One Unit Holders during the applicable tax year until the cumulative Loss allocated to the Series One Unit Holders equals the Most Recent NAV Per Unit of the applicable Series One Units on a per Series One Unit basis and (ii) the remaining amount of Loss will be allocated 75% to the Series One Unit Holders in proportion to the number of Outstanding Series One Units owned by the Series One Unit Holders during the applicable tax year and 25% to the Common Unit Holders in proportion to the number of Outstanding Common Units owned by the Common Unit Holders during the applicable tax year.

Authority of the Manager

Subject to the policies determined by the Board of Directors and subject to any express limitation set forth in the Operating Agreement, the Manager has the exclusive authority for the overall management, conduct and operation of the Company, and to act on behalf of the Company in all matters relating to the Company's business and properties. The Manager is required to devote as much time as necessary or required for the effective operations of the Company. The Manager's relationship with the Series One Unit Holders requires the exercise of good faith judgment in the management of the Company.

Standard of Care

The Manager and members of the Board of Directors are obligated to act in good faith and deal fairly with the interests of the Company. The Manager and members of the Board of Directors have no other fiduciary or other duties or obligations to the Company or the Series One Unit Holders except as specifically set forth in the Operating Agreement.

In addition to any indemnification provided in the Operating Agreement or adopted by resolution of the Series One Unit Holders and the Common Unit Holders or the directors of the Company, no Manager, director or officer of the Company will be personally liable to the Company, the Series One Unit Holders or the Common Unit Holders for monetary damages for breach of fiduciary duty as a Manager, director or officer; provided, however, that this provision will not eliminate or limit the liability of the Manager, a director or an officer for any breach of the Manager's, director's or officer's duty of loyalty to the Company, the Series One Unit Holders or the Common Unit Holders, for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or payment of any unlawful distribution or for any unlawful stock purchase or redemption, or for any transaction from which the Manager, director or officer derived an improper personal benefit.

Removal or Resignation of Directors

Subject to any limitations imposed by law or the Operating Agreement, directors may be removed only for cause and new directors shall be elected by a Majority Vote of the Series One Unit Holders and Common Unit Holders entitled to vote in the election of directors. Any director may resign at any time by delivering his or her written resignation to the Chairman of the Board. Vacancies occurring on the Board of Directors for any reason may be filled by vote of a majority of the remaining directors or by a sole remaining director.

Indemnification

The Company generally will indemnify the Board of Directors, the Manager and its officers, employees and Affiliates against all claims, liabilities, penalties, damages, costs and expenses (including

attorneys' fees) incurred by them by reason of their activities on behalf of the Company, other than for violations of federal or state securities laws.

Limited Liability of Manager and Directors

The Company and its officers, directors, employees, agents and Affiliates will not have any personal liability for the repayment of the Capital Contribution of any Series One Unit Holder or Common Unit Holder made pursuant to the Operating Agreement.

Voting Rights of Series One Unit Holders

Except as otherwise provided in the Operating Agreement, the Manager and the Board of Directors will not have the authority to do any of the following without a Majority Vote of the Series One Unit Holders and the Common Unit Holders entitled to vote:

(i) do any act in contravention of the Operating Agreement;

(ii) do any act that would make it impossible to carry on the ordinary business of the Company;

(iii) execute or deliver any general assignment for the benefit of the creditors of the Company;

(iv) possess Company property or assign the rights of the Company in specific property for other than a Company purpose or in accordance with the provisions of the Operating Agreement; or

(v) commingle Company funds with the funds of the Manager or any other Person.

The Series One Unit Holders and the Common Unit Holders, by a Majority Vote, have the right to (i) amend the Operating Agreement and (ii) dissolve the Company; provided, however, that the rights and privileges of a series of issued and Outstanding Units will only be subject to amendment by the Majority Vote of the holders of the Outstanding Units of such series of Units (as a class), except as otherwise provided in the Operating Agreement. See "Summary of the Operating Agreement – Amendments."

We do not intend to hold regular meetings of the Series One Unit Holders or the Common Unit Holders. Meetings of the holders of the Series One Units and the Common Units may be called by the Board of Directors or upon the request in writing of the Series One Unit Holders and/or the Common Unit Holders holding 10% or more of the Outstanding Units. Series One Unit Holders may vote at any meeting in person or by proxy and may act without a meeting by written Consent, provided that written Consents to the proposed actions are signed by the Series One Unit Holders entitled to vote thereon who, in the aggregate, hold at least the number of Series One Units required to authorize such action and that such written Consents are delivered to us. Each of the Series One Unit Holders and the Common Unit Holders are entitled to one vote for each Series One Unit or Common Unit held.

Liabilities of the Series One Unit Holders

The Operating Agreement provides that the Series One Unit Holders will not be liable for the debts, liabilities, contracts, or other obligations of the Company except for its Capital Contributions, unless the Series One Unit Holder is a signatory party to and obligated under the terms of the applicable agreement or instrument creating such debt, liability, contract or other obligation.

In accordance with the Act, a Series One Unit Holder may under certain circumstances be required to return to the Company, for the benefit of Company creditors, amounts previously distributed to the Series

One Unit Holder as a return of capital. Pursuant to the Operating Agreement, the Series One Unit Holders intend that (i) no cash distribution to any Series One Unit Holder will be deemed a return or withdrawal of capital for purposes of the Operating Agreement, even if such distribution represents, for federal income tax purposes or otherwise (in full or in part), a return of capital, unless so designated by the Company and (ii) no Series One Unit Holder will be obligated to pay any such amount to or for the account of the Company or any creditor of the Company. However, if any court of competent jurisdiction holds that, notwithstanding the provisions of the Operating Agreement, any Series One Unit Holder is obligated to make any such payment, such obligation will be the obligation of the Series One Unit Holder and not any other Unit Holder (including the officers and directors of the Company and their Affiliates). These same provisions are applicable to the Common Unit Holders.

Sale or Transfer of the Series One Units

The Series One Units are subject to strict limitations upon transferability. The Series One Unit Holders may only sell, assign, or otherwise transfer their Series One Units with the written consent of the Company and upon satisfaction of all of the requirements set forth in the Operating Agreement.

Optional Redemption of the Series One Units

On or after a Series One Unit Holder's first anniversary of becoming a Series One Unit Holder (the "Anniversary Date"), the Company may, in the sole discretion of the Manager and upon the request of such Series One Unit Holder, redeem all or a portion the Series One Units held by such Series One Unit Holder. The Manager may consider redemption requests prior to the first anniversary in its sole discretion. A Series One Unit Holder desiring to have Series One Units redeemed must provide written notice of the redemption request and any other information related to the redemption request as reasonably required by the Manager no later than 60 days before a calendar-quarter end (the "Redemption Request Deadline"). Each quarter, if the Manager determines to have the Company redeem Series One Units, any such redemptions will be processed in accordance with the following limitations:

- The Series One Units redeemed for the applicable quarter will be capped at 2.5% of the Outstanding Series One Units at the time of the Redemption Request Deadline (the "Redemption Cap"). To the extent redemption requests for any quarter exceed the Redemption Cap, Series One Units tendered for redemption will be redeemed on a pro rata basis.

- All Series One Unit Holders requesting redemption will be notified of the status of their redemption request no later than 15 days before a calendar-quarter end.

- A Series One Unit Holder may withdraw its redemption request by notifying the Company by 5:00 p.m. (Central Time) five business days before the end of the calendar quarter with respect to which the redemption request was submitted.

- The redemption price per Unit shall be the Most Recent NAV Per Unit disclosed by the Company at the time a Unit Holder submits a redemption request.

- The redemption prices of the Series One Units will be paid on the first business day following the end of the calendar quarter in which the redemption request was timely made. All Series One Units redeemed by the Company shall be promptly cancelled and the Series One Unit Holder shall no longer receive any distributions with respect to such Series One Units.

- Notwithstanding the above, the Company shall not redeem more than 10% in the aggregate of the total Outstanding Series One Units of the Company per calendar year, reduced by the

percentage of any transfers made under Treasury Regulation Sections 1.7704-1(g) or transfers that do not qualify for safe harbor treatment under the Treasury Regulations (which excludes private transfers described in Treasury Regulation Section 1.7704-1(e)).

- The Company shall not redeem any Series One Units that are subject to liens or other encumbrances until such time as the Series One Unit Holder provides evidence satisfactory to the Manager in its sole discretion that such liens or other encumbrances have been removed.

- The Manager, with advice of counsel, must determine that any redemption will not jeopardize the applicability of the exemptions from the registration requirements under the Securities Act and registration or qualification under state securities laws relied upon by the Company and Manager in offering and selling the Series One Units or otherwise violate any federal or state securities laws.

If the Company receives a request from a Unit Holder for redemption of all of the Unit Holder's Series One Units and the Unit Holder is a participant in the distribution reinvestment plan, the Company will terminate the Unit Holder's participation in the distribution reinvestment plan.

Amendments

The Manager's consent shall be required for any amendment to the Operating Agreement. The Manager, without the Consent of the Unit Holders, may amend the Operating Agreement in any respect, provided however, that the following amendments shall require a Majority Vote of the Unit Holders: (i) any amendment that would adversely affect the rights of the Unit Holders under the Operating Agreement, (ii) any amendment that would adversely affect the rights of the Unit Holders to receive the distributions payable to them thereunder, (iii) any amendment that would alter the Company's allocations of profit and loss to the Unit Holders, other than with respect to the issuance of additional Units pursuant to the Operating Agreement, or (iv) any amendment that would impose on the Unit Holders any obligation to purchase additional Units.

Prohibitions

The Operating Agreement provides that the Company's Manager, directors, employees, and agents may not receive any rebates, give-ups or kickbacks in connection with the operation of the Company, nor may they participate in any reciprocal business arrangements that circumvent the provisions of the Operating Agreement or are illegal or prohibited.

RISK FACTORS

Investment in the Series One Units involves a high degree of risk and is suitable only for sophisticated investors for whom an investment in the Series One Units does not represent a complete investment program and who fully understand and are capable of bearing the risks of an investment in the Company. See "Investor Suitability." Investment in the Series One Units requires a long-term commitment with no certainty of return. Prospective investors should carefully consider the following risk factors, together with all of the other information included in this Memorandum, before deciding to subscribe for the Series One Units. As a result of these factors, as well as other risks inherent in any investment, there can be no assurance that the Company will be able to meet its investment objectives or otherwise be able to successfully carry out its investment program. The risks described below are not the only risks relating to an investment in the Company and other risks also may adversely affect an investment in the Company.

Real Estate Risks

Implementation of Business Plan. The Company intends to achieve growth incrementally through the acquisition of real estate properties and the development, leasing and sale of those properties. As this growth plan is pursued, we may encounter difficulties expanding and improving our operating and financial systems to maintain pace with the increased complexity of the expanded operations and management responsibilities. The success of our growth strategy depends on a number of factors, including, among other things:

- general economic conditions and more particularly within cities and at locations therein;
- the ability to obtain additional capital resources, including financing arrangements, on favorable terms and conditions;
- the ability to negotiate real estate acquisitions in desirable markets and undertake development and construction projects on reasonable economic terms and at acceptable costs;
- the competition for desirable credit-worthy tenants and the ability to negotiate tenant leases on favorable economic terms and conditions;
- consumer preferences and purchasing power within cities and at locations therein in which properties are owned and leased; and
- the ability to sell or dispose of properties on favorable terms and conditions.

Even if we succeed in acquiring and developing real estate projects as planned, those projects may not achieve the projected revenue or profitability levels in the time periods we estimate or at all. Moreover, our newly acquired real estate projects may adversely affect the revenues and profitability of our existing properties and other operations. The failure of our growth strategy may have a material adverse effect on our operating results and financial condition.

General Risks of Investment in Real Estate. Equity investments in real estate tend to be long-term and can be difficult to liquidate, particularly within a short period of time. It is unlikely that the Company will be able to respond quickly to changing conditions or to quickly liquidate its real property holdings. There are many factors that may affect the ownership of our real property holdings and their marketability, many of which are subject to change and are not within our control. These factors include, among others:

- adverse use or deterioration of adjacent or surrounding properties and changes in the market demand for and supply of commercial uses;

- the continued attractiveness of the location of the properties owned as a result of population increase, decrease and demographics within the area;
- continued increases in interest rates and the availability of mortgage funds, which may render the sale or refinancing of the properties difficult or economically unattractive
- fluctuations in occupancy rates and rent levels, continued enforceability of tenant leases and the financial viability of tenants;
- changes in state or local tax rates and assessments;
- the enactment of unfavorable real estate, rent control, environmental or zoning law or other governmental rules and regulations;
- higher utility costs;
- unexpected expenditures for construction, development, repairs and maintenance;
- changes in general or local economic conditions; and

Our real estate holdings are subject to the risks associated with an increasingly competitive market and changes within the market area in which the properties are located. The value and capital appreciation of our properties are also affected by factors including the investment climate for real estate, interest rates and the availability of mortgage funds.

Tenant Concentration. A substantial portion of the Company's real property portfolio is invested in properties leased by QuikTrip Corporation, representing 8.9% of total property value as of the date of this Memorandum. A material disruption of Quick Trip's business operations could adversely affect its ability to fulfill its payment and other performance obligations under those leases.

Geographic Concentration in Current Portfolio. Meaningful portions of our real property portfolio are concentrated in certain geographical market areas, including Raleigh/Durham, North Carolina, and Kansas City, Missouri. A material adverse change in the economies of a metropolitan area in which a significant portion of the Company's real estate assets is located could adversely affect economic performance of those properties, which in turn could negatively impact their market values and our financial performance.

Uncertainty as to Extent of Future Diversification. The total amount actually raised in the Offering and the number of properties acquired by the Company with the Offering proceeds is uncertain. It is possible that we will only acquire a few properties, further limiting the diversification of our investments and increasing the risk of loss to investors. A limited number of properties may place a substantial portion of the funds invested in the same geographical location, industry or property type or with a single tenant. As a consequence, the decline in a particular real estate market or the unfavorable performance of a single tenant could substantially and adversely impact the Company. In the event of an economic recession affecting the economies of the areas in which the properties are located or a change in the economic conditions which affects real property investment and the rental market, or the occurrence of any one of many other adverse circumstances, the performance of the Company may be adversely affected. A more diversified investment portfolio would not be impacted to the same extent upon such an occurrence.

Illiquidity of Real Estate Investments. Real estate investments are relatively illiquid. Such illiquidity will limit our ability to vary our portfolio in response to changes in economic or other conditions, which may subject the Company to substantial losses.

Real Estate Market and Capitalization Rates. The value of commercial real estate for acquisition and disposition transactions and for purposes of valuing our portfolio and determining our NAV is generally

based on capitalization rates. Capitalization rates generally trend with interest rates. Consequently, when interest rates go up, so do capitalization rates. Interest rates and capitalization rates have been increasing in recent months. As interest rates rise, we expect capitalization rates to also rise and, as a result, the value of real estate to decrease. The value of our properties may decrease as a result of increasing interest rates and capitalization rates and any related decline in the real estate market generally. If the value of our properties declines, our NAV Per Unit and the value of your investment will decline. If capitalization rates increase, the sale of the Company's real estate investments will likely achieve a lower sales price than anticipated, resulting in reduced returns. There is no assurance that the Company will achieve expected returns from its real estate investments.

Environmental Liability. Federal, state and local laws impose liability on a landowner for the release or the otherwise improper presence on the premises of hazardous materials or hazardous substances. This liability is without regard to fault for, or knowledge of, the presence of such materials or substances, subject to certain defenses. A landowner may be held liable for hazardous materials or substances brought onto the property before it acquired title and for hazardous materials or substances that are not discovered until after it sells the property. In addition, a landowner may be held liable for hazardous materials or substances that migrate from the property onto or beneath adjacent sites, as well as hazardous materials or substances from unknown or unidentified sources that may migrate from adjacent sites onto or beneath the property. Similar liability may occur under applicable state law. Sellers of real estate may make no representation based on such seller's knowledge regarding a property's compliance with such laws. If any hazardous materials or substances are found within one of the Company's properties in violation of law at any time, the Company could be held liable for cleanup costs, fines, penalties and other costs and it will have no recourse against the seller. This potential liability may continue after we sell a property and will likely apply to hazardous materials or substances present within a property before we acquired it. An innocent landowner defense to environmental liability under the Comprehensive Environmental Response, Compensation and Liability Act may be available where a landowner has conducted appropriate inquiry with respect to potential hazardous materials at the subject property in accordance with good commercial and customary practices. Such a defense is generally predicated on obtaining an environmental site assessment dated within 180 days prior to the landowner's acquisition of the subject property that has been prepared in substantial compliance with the ASTM Practice Designation E1527-13: Standard Practice for Phase I Environmental Site Assessments. The Company typically obtains a Phase I environmental site assessment as part of its due diligence investigation of a potential real estate property. There is no assurance that the innocent landowner defense will be available to us in the event that hazardous materials are found on our real estate properties. Further, a similar defense may not be available under state or local law. If losses arise from hazardous substance contamination that cannot be recovered from responsible parties, the financial viability of our real estate properties may be substantially affected.

Occupancy and Renewal of Leases. The Company will make its determination regarding the acquisition of rental properties based on the property's projected rent levels. However, there can be no assurance that the properties will continue to be occupied at the projected rents or that renovations to the properties will result in increased rents. Low interest rates provide favorable terms for borrowings and an attractive means of leveraging real estate investments, which may encourage prospective tenants to purchase properties rather than rent. As a consequence, prospective tenants, particularly tenants of multifamily residential properties, may decide to acquire properties thus increasing competition for tenants. If tenants do not renew or extend their leases, default under their leases or terminate their leases, or if the terms of any renewal (including the cost of any tenant improvement allowances or concessions to the tenants) are less favorable than existing lease terms, the operating results of such properties could be substantially affected. In any event, we will be obligated to pay Debt Service and any fixed and variable operating expenses that are our responsibility, as landlord, for such properties. As a result, the Company's financial performance could be adversely affected which could materially reduce the distributions of Funds Available for Distribution to the Series One Unit Holders.

Single-Tenant Leases. The Company currently owns, and expects to acquire additional single-tenant, net leased properties. Thus, the financial success of a property, and its ability to produce rental income, is dependent upon the performance of a single tenant. The Company will make a determination regarding the properties it intends to acquire based on, among other things, its projected rent levels. There can be no assurance that these properties will continue to be occupied at the projected rents. In the event that a tenant defaults on its lease payments, the Company will need to use other sources of revenue to make Debt Service payments in order to avoid foreclosure on the property. Further, the Company may experience delays in enforcing its rights as landlord and may incur substantial costs in protecting and re-letting the property. Any lease payment defaults by tenants could result in reduced distributions of Funds Available for Distribution to the Series One Unit Holders. If a lease is terminated prematurely or not renewed upon expiration, there is no guarantee that the Company would be able to secure a new tenant for the affected property in a timely manner or upon similar or more favorable lease terms. Further, the property may be difficult to re-lease due to its location and/or special use design. If the Company renews a lease on less favorable terms (including tenant concessions), is unable to re-lease a property on favorable terms or at all, or is required to sell the property at a loss, the Company's financial performance could be adversely affected which could materially reduce the distributions of Funds Available for Distribution to the Series One Unit Holders.

Special Use Single-Tenant Properties. Some of the single-tenant properties we acquire could be designed to meet particular specifications of the tenants, which may not be practical for other types of tenants. If a lease is prematurely terminated or is not renewed upon expiration, the Company may be unable to secure a new tenant for the property or to sell the property unless substantial renovations are made or significant rent concessions are permitted. The Company may incur substantial costs to renovate these single-tenant properties or receive significantly less rent from new tenants, either of which could materially affect the financial performance of the Company and the distributions of Funds Available for Distribution to the Series One Unit Holders.

Competition. The real estate industry is highly competitive and fragmented. We compete with other real estate companies, many of which have greater financial resources than we do. Competition for investments may increase costs and reduce returns on our properties. In addition, competition from surrounding properties may make it difficult to attract new tenants to the properties, and it is possible that tenants from the properties will move to existing or any new properties in the surrounding area. Such competition may result in decreased profits or in losses for the Company.

Joint Ventures. The Company has made, and intends to make, equity investments in joint ventures with third parties formed for the purpose of acquiring, developing or renovating income-producing properties. The Company anticipates it will acquire minority interests in some of these joint ventures. In such cases, it is likely that the Company would not hold veto rights with respect to all actions taken by the joint ventures. The joint venture partners may disagree with our views with respect to the real estate owned by the joint venture. In such event, the Company will likely not be able to stop the third-party joint venture partners from acting in a manner that is inconsistent with the Company's best interests and will not be able to direct the management of the joint venture, even if the Company's investment in the joint venture is at risk.

Risks of Real Estate Development and Construction. Construction, development and other capital expenditures, including property renovation costs, are difficult to accurately predict. The development of real estate is subject to various risks, many of which will be outside of our control, including conditions of supply and demand, weather conditions, natural disasters such as wildfires, tornados and floods, delays in development schedules, delays in the entitlement of the project, cost overruns, changes in government regulations, increases in real estate taxes and other local government fees and the availability of materials and labor. Accordingly, there is no assurance that the funds we hold in Reserves and other available funds will be sufficient to meet substantial capital expenditure requirements which may occur

from time to time relating to the development of properties or renovations for tenant improvements. Although we will attempt to maintain Reserves for unanticipated capital expenditures, there is no assurance that the Reserves will be sufficient to meet our capital expenditure requirements. In this event, we may be required to obtain additional funds, either as unsecured borrowings or additional equity contributions, forego such capital expenditures or suffer delays in the completion of the improvements. These unanticipated expenditures may adversely affect the economic success of the properties and may require liquidation and resale of such properties. As a consequence, the Company's financial performance could be adversely affected which could reduce the distributions of Funds Available for Distribution to the Series One Unit Holders.

Earthquakes, Hurricanes, Tornados, Wildfires and Floods. The Company's properties may be located in areas in the United States which have increased risk of earthquakes, hurricanes, tornados, wildfires, high winds and floods. An earthquake, hurricane, tornado, wildfire or flood could cause structural damage to or destroy a property. We do not intend to obtain earthquake, wind or flood insurance for our properties unless required by a lender. It is possible that any such insurance, if obtained, will not be sufficient to pay for damage to any of our properties.

Uninsured Losses. The Company will try to maintain adequate insurance coverage against liability for personal injury and property damage, although it does not intend to obtain earthquake, wind or flood insurance unless otherwise required by a lender. There can be no assurance that insurance will be available or sufficient to cover any such liabilities or will be available at commercially reasonable rates. If a loss occurs at one of our properties that is partially or completely uninsured, we may be required to use the Offering proceeds or obtain funds from additional borrowings or the sale of additional Units to complete any required renovations at that property, or we may lose all or part of our investment in that property. Further, the Company may be liable for any uninsured or underinsured personal injury, death or property damage claims, which may be unlimited to the Company.

Regulatory Matters. Future changes in land use and environmental laws and regulations, whether federal, state or local, may impose new restrictions on the development or use, and therefore the value, of real estate. The resale of real estate by the Company may be adversely affected by such regulations.

Toxic Mold. Litigation and concern about indoor exposure to certain types of toxic molds has been increasing as the public becomes aware that exposure to mold can cause a variety of health effects and symptoms, including allergic reactions. Toxic molds can be found almost anywhere; they can grow on virtually any organic substance, as long as moisture and oxygen are present. There are molds that can grow on wood, paper, carpet, foods and insulation. When excessive moisture accumulates in buildings or on building materials, mold growth will often occur, particularly if the moisture problem remains undiscovered or unaddressed. It is impossible to eliminate all mold and mold spores in the indoor environment. In warm or humid climates, the likelihood of toxic mold can be exacerbated by the necessity of indoor air conditioning year-round. The difficulty in discovering indoor toxic mold growth could lead to an increased risk of lawsuits by affected persons, and the risk that the cost to remediate toxic mold will exceed the value of the property. Because of attempts to exclude damage caused by toxic mold growth from certain liability provisions in insurance policies, there is no guarantee that insurance coverage for toxic mold will be available now or in the future.

Uncertain Economic Conditions and Effects of Economic Disruptions. The United States economy is subject to fluctuations, and it is unclear how stable the real estate markets will be in the future. As a result, there can be no assurance that our properties will achieve anticipated cash flow levels. Further, recent world events, such as various geopolitical events and terrorist attacks of the past two decades, have demonstrably impacted the stability of the United States financial markets and economy. It is impossible to determine the likelihood or extent of future events of this nature or the social and economic results of such events. Any negative change in the general economic conditions in the United States, whatever the cause,

could adversely affect the financial condition and operating results of our properties.

Compliance with the Americans with Disabilities Act. Under the Americans with Disabilities Act of 1990 (the "ADA"), public accommodations must meet certain federal requirements related to access and use by disabled persons. Facilities initially occupied after January 26, 1992 must comply with the ADA. The ADA requirements could require removal of access barriers at significant cost and could result in the imposition of fines by the federal government or an award of damages to private litigants. Attorneys' fees may also be awarded to a plaintiff claiming ADA violations. State and federal laws in this area are constantly evolving and could evolve to place a greater cost or burden on the Company. While we will attempt to obtain information with respect to compliance with the ADA prior to investing in a property, there can be no assurance that ADA violations do not or will not exist at a specific property. If violations do exist, there can be no assurance that there will be funds to pay for any necessary repairs.

Lack of Representations and Warranties. The Company may acquire real estate from sellers who make only limited or no representations and warranties regarding the condition of such real estate, the status of leases, the presence of hazardous materials or hazardous substances within such real estate, the status of governmental approvals and entitlements for such real estate or other matters adversely affecting such real estate. As a result, the Company may not be able to pursue a claim for damages against such sellers except in limited circumstances. The extent of damages that the Company may incur as a result of such matters cannot be predicted but potentially could result in a significant adverse effect on the value of such real estate.

No Appraisals or Reports. The Company typically will obtain independent third-party appraisals or valuations of a property, or other reports with respect to a property, coincident with financing. In special circumstances, such as the Company having an opportunity to acquire a distressed property provided that it can close the acquisition on an accelerated timeline, the Company may not have time to obtain an appraisal or other reports. If we do not obtain such third-party appraisals or valuations, there can be no assurance that a property's value will exceed its cost or that any sale or other disposition of such property will result in a profit.

Limited Financial Information Regarding Major Tenant. A substantial portion of the Company's real property portfolio is invested in properties leased by QuikTrip Corporation. QuikTrip is a privately held company and therefore, the Company has limited financial information regarding QuikTrip's financial performance and operating results. A material disruption of QuikTrip's business operations could adversely affect its ability to fulfill its payment and other performance obligations under its leases. As a result, the Company's financial performance could be adversely affected which could reduce the distributions of Funds Available for Distribution to the Series One Unit Holders.

No Audited Results of Operation of Properties. The Company has not obtained and will not obtain audited historical results of operations for the properties it acquired or acquires and relied and will rely on unaudited financial information provided by the sellers of the properties. The lack of independent financial information could cause greater uncertainty regarding the accuracy of the financial information provided to us. Consequently, there is less certainty regarding the prior economic operating history of the properties.

Condemnation of Land. All or a portion of the Company's properties could become subject to an eminent domain or inverse condemnation action which may render a property unsuitable for the current tenant and adversely affect the rental income from the property as well as our ability to lease the property. Further, the condemnation award received by the Company may not be sufficient to recover our loss of investment in the property. Any such action could have a material adverse effect on the marketability of a property or the amount of return on investment for the Series One Unit Holders.

Financing Risks

Significant Outstanding Debt. As of September 30, 2023, we had outstanding debt of $85,744,303 This indebtedness could have significant consequences, including:

- if a property is mortgaged to secure payment of indebtedness, and if we are unable to meet our mortgage obligations, we could sustain a loss as a result of foreclosure on the mortgaged property;
- our vulnerability to general adverse economic and industry conditions is increased; and
- our flexibility in planning for, or reacting to, changes in business and industry conditions is limited.

The mortgages on our properties subject to secured debt and our lender arrangements contain customary restrictions, requirements and other limitations, as well as certain financial and operating covenants including maintenance of certain financial ratios. Maintaining compliance with these provisions could limit our financial flexibility. A default in these provisions, if uncured, could require us to repay the indebtedness before the scheduled maturity date, which could adversely affect our liquidity and increase our financing costs.

Need to Refinance the Loans. The Revolving Loan matured on June 1, 2023. As a result, the Company renewed the existing loan through June 1, 2025. There is no assurance that the Company will be able to renew or refinance this existing indebtedness. Based on current interest rates, it is likely that the interest rate that may be obtained upon refinancing will be higher than that of our existing indebtedness. Fluctuations in the supply of money for such loans affect the availability and cost of loans, and we will be unable to predict the effects of such fluctuations on the Company. Prevailing market conditions at the time we seek to refinance a loan may make such loans difficult or costly to obtain. Such conditions may also adversely affect our cash flow and/or profitability, which could result in a significant reduction in the distributions of Funds Available for Distribution to the Series One Unit Holders.

Inability to Renew, Repay or Refinance Outstanding Debt. Any of our secured or unsecured indebtedness may not be renewed, repaid or refinanced when due or, if renewed or refinanced, the terms of any renewal or refinancing may not be as favorable as the existing terms of such indebtedness. If we are unable to renew or refinance our existing debt on acceptable terms, or at all, we may be forced to dispose of a number of our properties on disadvantageous terms, which might result in losses. These losses could have a material adverse effect on us and our ability to make distributions to the Series One Unit Holders and pay amounts due on our indebtedness. Furthermore, if we are unable to meet our Debt Service payments on our existing indebtedness, our lenders could foreclose on our properties that secure such loans, appoint a receiver and exercise rights under an assignment of rents and leases or pursue other remedies, all with a consequent loss of our income and profitability.

Leverage. The Company anticipates acquiring properties utilizing the Revolving Loan or, if permitted under the Revolving Loan, borrowing new funds or assuming existing loans that secure the properties we acquire. We may also incur or increase our mortgage debt by obtaining loans secured by selected or by all of our properties in order to obtain funds to acquire additional properties or make capital improvements to properties. We intend to incur mortgage debt on a particular property only if we believe the property's projected cash flow is sufficient to service the mortgage debt. However, if there is a shortfall in cash flow that requires the Company to use cash from other sources to make Debt Service payments on the property, then the amount available for distributions to the Series One Unit Holders may be adversely affected. The Manager generally intends to limit Company borrowings (secured and unsecured) to 65% of the acquisition cost of investments in real estate properties on a portfolio basis at the time of any new

borrowing. However, the Manager has the discretion to deviate from this leverage ratio if it determines such deviation to be appropriate in its business judgment, and there is no limitation in the Operating Agreement on the amount we can borrow for the purchase of any individual property or other investment. If we are unable to make our Debt Service payments, we could lose our investment in one or more of our properties.

No Change in Management. Under the terms of the Revolving Loan, in the event there is a change in the management of the Company that results in Kirk Humphreys not having control of the Company, we will be in default under the Revolving Loan. As a consequence, the Senior Lenders may declare that all principal and interest under the Revolving Loan become due and payable which could result in the foreclosure of the properties securing the Revolving Loan and the loss of all or a substantial portion of our investment in such properties.

Interest Only Loan. The Revolving Loan is an interest-only loan. Thus, no principal is required to be repaid during the term of the Revolving Loan.

Variable Rate of Interest. A significant portion of the Revolving Loan is subject to a variable interest rate. We expect interest rates to remain elevated in 2024, which will increase our borrowing costs under the Revolving Loan. Increases in the Debt Service payments could adversely affect the amount of cash available for distribution to the Series One Unit Holders. Interest rates may increase to a point that the Company may not have sufficient funds to make the Debt Service payments on the Revolving Loan.

Limitation on Distributions From Sales Proceeds. If the Company sells or otherwise transfers any property serving as collateral under the Revolving Loan, the Company will be required to pay to the Senior Lenders an amount equal to the greater of (i) 100% of the net sales proceeds from the property sold or transferred and (ii) 100% of such property's "as-is" appraised value as accepted by a majority of the Senior Lenders. As a result, the Series One Unit Holders may not receive any distributions following the sale or transfer of any properties serving as collateral under the Revolving Loan. Further, the Series One Unit Holders may be allocated taxable income without receiving any cash distributions.

Events of Default. An event of default under the Revolving Loan includes, without limitation, the following items: the failure to pay required payments under the loan; the sale of a property other than as permitted under the loan; the failure to meet certain net worth, debt service coverage ratio, total leverage ratio and development property limitation covenants; the bankruptcy of the Company or any guarantor; the appointment of a receiver for the Company or any guarantor or a substantial portion of the properties securing the Revolving Loan; and a change in management resulting in Kirk Humphreys or Humphreys Capital not having management control of the Company. Should any event of default occur for any reason, the Senior Lenders may declare a default under the Revolving Loan, which could result in the foreclosure of the properties securing such loans and the loss of all or a substantial portion of our investment in such properties.

Restrictive Covenants. The Revolving Loan imposes restrictive covenants on us that affect our ability to incur additional debt, use the loan proceeds for any reason other than the acquisition or development of properties or repayment of our indebtedness, sell or encumber the properties securing the loan, make distributions to the Series One Unit Holders if such payment could result in a default, and otherwise affect our business and operating policies. The Revolving Loan also contains other negative covenants that limit our ability to discontinue insurance coverage, materially amend the Operating Agreement, materially amend our tenant leases or impose other restrictive limitations that affect our operations. Any such restrictions or limitations may have an adverse effect on our operations and our ability to make distributions to the Series One Unit Holders.

Risks Relating to Future Refinancing. Our existing indebtedness will need to be refinanced within the next few years. The terms of any refinanced loans or loans assumed by the Company will vary

and the exact terms are unknown. Market fluctuations in real estate loans may affect the availability and cost of loans needed to acquire or refinance any real estate investments and may also adversely affect the ability of the Company to sell its properties. Although the Company anticipates obtaining nonrecourse loans as to principal and interest, it is possible that lenders may require the Manager and the Company to be personally liable for certain carve-outs or springing recourse events which may permit the lender to proceed against the Company's assets. Further, the Company may only have the option to obtain recourse financing which, upon an event of default, could permit the lender not only to foreclose on our properties securing the loan but to seek repayment from our other assets. We anticipate that some loans obtained or assumed by the Company may be interest-only loans that require a lump-sum or "balloon" payment at maturity or have variable interest rates that may result in significant increases in the interest rate, either of which may increase our risk of default and threaten the continued ownership of our properties. Additionally, loans obtained or assumed by the Company may not allow for prepayment until shortly before maturity and may require the payment of a yield maintenance premium or prepayment penalty, which would not allow us to take advantage of favorable changes in interest rates or could substantially increase the costs of selling our property. There is no assurance that the Company will be able to obtain any required financing to acquire or refinance any of its properties, or to obtain such financing on favorable terms.

Risk Relating to the Internal Operation of the Company

No Guaranteed Distributions. There can be no assurance that distributions will, in fact, be made or, if made, whether those distributions will be made at the time or in the amount anticipated.

Delays in Distributions. We intend to make distributions of Funds Available for Distribution to the Unit Holders on a quarterly basis unless the Board of Directors determines in its discretion to make distributions more frequently. We anticipate that most if not all of our Funds Available for Distribution will be derived from rental operations of our income-producing properties. We intend to fund Reserves from our rental income. If we experience unanticipated capital expenditures or significant maintenance and repair expenses, we may have to use our rental income to pay for these expenditures and expenses or to fund additional Reserves. Accordingly, there may be delays and interruptions in the distributions of Funds Available for Distribution and Liquidation Proceeds to the Series One Unit Holders and the level of these distributions may be less than anticipated.

Use of Proceeds Not Limited. We have broad authority to invest proceeds from the Offering in various types of real estate investments. Thus, the use of proceeds from the Offering is not limited and prospective investors must entrust all investment decisions to the REIT Subsidiary Board.

Reliance on the Manager and the REIT Subsidiary. Our success depends to a large extent on the continued service of Humphreys Capital, LLC, our Manager, and its management team as well as the management team of the REIT Subsidiary. The failure of the Manager and the REIT Subsidiary to continue to serve in their capacity and the departure of members of their management teams may adversely affect our business activities and results of operations in the event we are unable to find a suitable replacement manager or comparable management team personnel on a timely basis. Investors should not purchase the Series One Units unless they are willing to entrust all aspects of management to the REIT Subsidiary Board, the Company's Board of Directors and the Manager, including the selection of real estate investments to be acquired by the Company. Potential investors must carefully evaluate the personal experience and business performance of The Humphreys Company, the REIT Subsidiary Board, the Company's Board of Directors and the Manager. See "Board of Directors and Management" and "The Humphreys Company Investment History."

Limited Control Over Company Business. The Operating Agreement provides the Manager and the Board of Directors with broad management discretion over our business and operations. The Series One Unit Holders are not authorized to take part in the conduct or control of our business and operations.

Accordingly, the Series One Unit Holders will have very limited rights to participate in most decisions, including decisions regarding the sale of our assets or incurring additional indebtedness. See "Summary of the Operating Agreement."

Conflicts of Interest. The Board of Directors and the principals of the Manager and its Affiliates are employed independently of the Company and engaged in other activities and intend to continue to engage in such activities in the future, including other real estate ventures. The Board of Directors, the Manager and its Affiliates and principals will therefore have conflicts of interest in allocating management time, services, and functions as well as investment opportunities between various existing enterprises and future enterprises the Manager, its Affiliates and principals may organize, as well as other business ventures in which the Manager, its Affiliates and principals may be or may become involved. The Manager believes that it and its Affiliates will have sufficient staff, consultants, independent contractors and business managers to perform adequately its responsibilities to the Company. Further, the Company, the REIT Subsidiary and the Manager have entered into the Investment Policy Agreement which is intended to minimize the conflicts of interest that may arise in presenting investment opportunities to the Company. See "Conflicts of Interest."

Receipt of Compensation Regardless of Profitability. The Manager and its Affiliates are entitled to receive certain fees and other compensation, payments, and reimbursements regardless of whether the Company operates at a profit or a loss. The Manager's Advisory Fee is not based upon performance metrics or goals, which may reduce its incentive to devote its time and effort to seeking investments that provide attractive risk-adjusted returns for the portfolio. The Company will be required to pay the Manager the Advisory Fee in a particular period despite experiencing a net loss or a decline in the value of our portfolio during that period. See "Compensation to the Manager and Its Affiliates."

Manager Return. The Manager's right to receive 25% of Funds Available for Distribution after the Hurdle Rate has been met may create an incentive for the Manager to make more speculative investments on behalf of the Company than it would otherwise make in the absence of such incentive allocation. In addition, due to the method of calculating the Hurdle Rate, the distributions to the Manager may be affected by the timing of dispositions and other factors within the control of the Manager. Thus, the Manager may have more interest in disposing of our real estate properties which may be detrimental to the Series One Unit Holders.

Liability of Members. Our existence as a legal entity is governed by the Act. Furthermore, under the Act we are prohibited from making a distribution to our Unit Holders to the extent that, immediately after giving effect to the distribution, all of our liabilities, other than liabilities to Unit Holders and liabilities for which the recourse of creditors is limited to specified property, exceed the fair value of our assets including the fair market value of assets in excess of those liabilities for which recourse is limited to these assets. In the event a Series One Unit Holder receives a distribution from us with knowledge that the distribution was in violation of the Act prohibition, such Series One Unit Holders will be liable to us and our creditors for the amount of the distribution.

Limitation of Liability/Indemnification of the Manager and Directors. As a result of certain indemnification provisions in the Operating Agreement, the Company's Manager, directors and officers generally are not liable to the Company or the Series One Unit Holders for errors of judgment or other acts or omissions other than for any breach of their duty of loyalty to the Company or the Series One Unit Holders, for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or payment of any unlawful distribution or for any unlawful stock purchase or redemption, or for any transaction from which the Manager, director or officer derived an improper personal benefit. Payment with respect to any indemnification will result in the reduction of distributions of Funds Available for Distribution to the Series One Unit Holders and may require the sale of one or more of our properties.

Loss of Uninsured Bank Deposits. The Company's cash will likely be held in bank depository accounts. While the FDIC insures deposits up to $250,000 per depositor per insured institution in most cases, the Company may have deposits at financial institutions in excess of the FDIC limits. The failure of any financial institution in which the Company has funds on deposit in excess of the applicable FDIC limits may result in the Company's loss of such excess amounts, which would adversely impact the Company's performance.

Risks Related to Private Offering and Lack of Liquidity

Determination of NAV Per Unit and Offering Price. The NAV Per Unit and offering price are determined by the Board of Directors and bear no relationship to any established criteria of value such as book value or earnings per Series One Unit, or any combination thereof. Further, the NAV Per Unit and offering price are not based on past earnings of the Company, nor does that price necessarily reflect current market value for the assets of the Company. As described above, the value of our portfolio may decline as a result of increasing interest and cap rates and other head winds facing real estate valuations. Our NAV is based on the valuation of our portfolio, and decreases in valuation will cause the value of your investment to decrease. There is no assurance that the Series One Units, assuming they could be transferred, may be sold for the NAV per Unit of the Series One Units or for any specific amount. See "Series One Unit Valuation."

Limited Transferability of the Series One Units. The Series One Unit Holders may only sell, assign or otherwise transfer their Series One Units upon satisfaction of all of the requirements set forth in the Operating Agreement. There will be no market for the Series One Units and a Series One Unit Holder cannot expect to be able to liquidate its investment in case of an emergency. The transfer of the Series One Unit requires the prior written consent of the Company. Further, no transfer will be allowed unless we determine that the transfer will not cause the Company to be "publicly traded."

No Public Market for the Series One Units. There is no public trading market for the Series One Units. The absence of a public market for the Series One Units could impair an investor's ability to sell its Series One Units at a fair price or at all. Although a Series One Unit Holder may request redemption of all or a portion of its Series One Units, there is no assurance that the Company will redeem the Series One Units in a timely manner or at all. The Manager will not permit redemption of the Series One Units in the first year following the issuance of such Series One Units. In addition, the transfer of the Series One Units will be subject to additional limitations. If an investor is able to sell its Series One Units, it may only be able to sell them at a substantial discount from the price paid. Thus, prospective investors should consider the purchase of the Series One Units as illiquid and a long-term investment, and investors must be prepared to hold their Series One Units for an indefinite period of time.

Offering Not Registered With SEC or State Securities Authorities. The Offering will not be registered with the SEC under the Securities Act or the securities agency of any state and is being offered in reliance upon an exemption from the registration provisions of the Securities Act and state securities laws applicable only to offers and sales to investors meeting the suitability requirements set forth herein. Series One Units sold through the Offering may not be transferred or resold except as permitted pursuant to registration or applicable exemption under the Securities Act and applicable state securities laws.

Private Offering Exemption – Compliance with Requirements. The Series One Units are being offered, and will be sold, to investors in reliance upon a private offering exemption from registration provided in the Securities Act. If the Company should fail to comply with the requirements of such exemption, the Series One Unit Holders would have the right to rescind their purchase of the Series One Units if they so desired. It is possible that one or more Series One Unit Holders seeking rescission would succeed. This may also occur under applicable state securities or "blue sky" laws and regulations in states where Series One Units will be offered without registration or qualification pursuant to a private offering

or other exemption. If a number of the Series One Unit Holders were successful in seeking rescission, the Company and the Manager would face severe financial demands that would adversely affect the Company as a whole and thus, the investment in the Series One Units by the remaining Series One Unit Holders.

Investment Company Act. The Company will not be registered under the Investment Company Act. The Company intends to rely on the provisions of Section 3(c)(5)(C) of the Investment Company Act to avoid registration as an investment company. We believe that the Company will not be required to register as an investment company because our only assets are and will consist of qualifying real estate and real estate-type interests within the meaning of guidance issued by the SEC under the Investment Company Act. While the Company intends to conduct its business so as not to cause it to become required to register as an investment company under the Investment Company Act, there can be no assurance that the Company will be successful in doing so. If the Company is deemed to be an investment company, the Company could be subject to registration as an investment company and certain substantive requirements, including limits on the use of leverage or affiliated transactions, that are applicable to a registered investment company under the Investment Company Act. Failure to comply with such registration requirement could subject the Company to administrative or legal proceedings that result in disciplinary actions such as SEC enforcement actions seeking monetary damages.

Purchase of the Series One Units by the Manager or its Affiliates. The Manager and its Affiliates may purchase the Series One Units and may have the same rights as other Series One Unit Holders with respect to any Series One Units they own, including the right to vote on all matters subject to the vote of the Series One Unit Holders. Any purchase of the Series One Units by the Manager and/or its Affiliates will be on the same terms and conditions as are available to all investors.

Projected Aggregate Cash Flow. Any forward-looking statements included in this Memorandum and all other materials or documents supplied by us should be considered speculative and are qualified in their entirety by the assumptions, information and risks disclosed in this Memorandum. The target returns described herein are based upon assumptions made by us regarding future events. There is no assurance that actual events will correspond with these assumptions. The Company's actual results may differ significantly from the results anticipated or discussed in the forward-looking statements. Investors are advised to consult with their tax and business advisors concerning the validity and reasonableness of the factual, accounting and tax assumptions. None of the Company, the Board of Directors, the Manager or any other Person makes any representation or warranty as to the future profitability of the Company or an investment in the Series One Units.

General Solicitation. The Company intends to utilize general solicitation in connection with the sale of the Series One Units in reliance on the exemption from registration provided in Rule 506(c) of Regulation D promulgated under the Securities Act. In order to qualify for the exemption provided by Rule 506(c), all purchasers of Interests must be Accredited Investors as defined in Regulation D. The Company is required to have a reasonable basis to believe that the purchasers of Series One Units are Accredited Investors. In the event that a Person who is not an Accredited Investor acquires Series One Units and the Company is deemed not to have complied with the reasonable basis requirement set forth in Rule 506(c), the Company could lose its exemption from registration of the Offering.

Prohibition on Bad Actors. The Offering is intended to be made in compliance with Rule 506 of Regulation D promulgated under the Securities Act. The SEC has recently changed the requirements of Regulation D offerings to include a prohibition on the participation of certain "bad actors." The Company will obtain representations from the Board of Directors and the Manager and its principals that the applicable party is not a "bad actor" as that term is defined in Rule 506(d) of Regulation D. In the event that a statutory "bad actor" participates in the Offering, the Company may lose its exemption from registration of the Interests.

Prior Performance of The Humphreys Company and its Affiliates Not Indicative of Future Results. The prior performance of The Humphreys Company and its Affiliates is not indicative of the performance of the Company, and investors should not assume they will experience similar returns to those experienced by the prior real estate investments made by The Humphreys Company and its Affiliates. Historical financial information presented in and appended to this Memorandum is provided purely for informational purposes and does not constitute a representation, warranty, guarantee, or similar commitment that the Company will achieve similar results or performance in the future.

Dilution of the Series One Unit Holders. Pursuant to the Operating Agreement, we have the right to authorize, offer, and issue an unlimited number of Units that have rights and privileges and at offering prices to be determined in the sole discretion of the Board of Directors without the Consent or approval of the Series One Unit Holders. The issuance of additional Series One Units may result in substantial dilution of the Outstanding Series One Units and their values.

No Representation of Series One Unit Holders. Under the Operating Agreement, each of the Series One Unit Holders acknowledges and agrees that counsel representing the Company, the Manager and its Affiliates does not represent and will not be deemed under the applicable codes of professional responsibility to have represented or to be representing any or all of the Series One Unit Holders in any respect, and such counsel disclaims any fiduciary or attorney-client relationship with the investors. Prospective investors should obtain the advice of their own legal counsel regarding legal matters.

Investment by Tax-Exempt Investors. In considering an investment in the Company of a portion of the assets of a trust of an employee benefit plan that is qualified under Section 401(a) of the Code and exempt from tax under Section 501(a) of the Code, a fiduciary with respect to such employee benefit plan should consult with its own employee benefits counsel to determine whether the making of such an investment in the Company by the plan complies with the requirements imposed by applicable law upon such plan, and upon any fiduciaries acting on behalf of such plan, including the fiduciary duties imposed by ERISA, including, without limitation, (i) whether the investment satisfies the diversification requirements of Section 404 of ERISA; (ii) whether the investment is prudent, since the Series One Units are not freely transferable and there may not be a market created in which the Series One Units may be sold or otherwise disposed; and (iii) whether interests in the Company or the underlying assets owned by the Company constitute "plan assets" subject to ERISA and the Code. See "Investment by Benefit Plans and IRAs."

Federal Income Tax Risks

General Tax Risks. There are substantial risks associated with the U.S. federal income tax aspects of an investment in the Company. In addition to continuing IRS reexamination of the tax treatment of partnerships, the income tax consequences of an investment in the Company and the REIT Subsidiary are complex. The following paragraphs summarize some of the tax risks to the Series One Unit Holders. A further discussion of the tax aspects (including other tax risks) of an investment in the Company is set forth in "Federal Income Tax Consequences." Because the tax aspects of the Offering are complex, and certain of the tax consequences may differ depending on individual tax circumstances, each investor is urged to consult with and rely on its own tax advisor concerning the Offering's tax aspects and such investor's individual situation. **No representation or warranty of any kind is made with respect to the IRS's acceptance of the treatment of any item by the Company or by an investor**.

Tax Legislation. Changes to the Code, the issuance of administrative rulings or court decisions could impact the tax consequences to the Series One Unit Holders of investing in the Company, and indirectly through the REIT Subsidiary. While, at this point, we cannot predict the likelihood of tax reform or the specific changes that may be enacted, if tax reform legislation moves forward, there may be an adverse impact to the Company and the Series One Unit Holders.

Tax Classification of the Company and the REIT Subsidiary. The Company is taxed as a partnership for U.S. federal income tax purposes and the REIT Subsidiary has elected to be taxed as a corporation classified as a REIT. The REIT Subsidiary must maintain compliance with all REIT requirements, including, without limitation, the requirement to have at least 100 owners and the restriction against any five or fewer "individuals" owning more than 50%, by value, of the REIT Subsidiary's outstanding membership interests during the last half of any taxable year. If the Company or the REIT Subsidiary were to be treated for tax purposes in a different manner, the U.S. federal tax benefits of an investment in the Company, if any, may be materially reduced. See "Federal Income Tax Consequences."

Possible Disallowance of Various Deductions. The availability, timing and amount of deductions or allocations of income of the Company and the REIT Subsidiary will depend not only upon general legal principles but also upon various determinations that are subject to potential controversy on factual and other grounds. Such determinations could include, among other things, whether fees paid to the Manager or its Affiliates are non-deductible on the ground that such payments are excessive or constitute nondeductible distributions to the Manager or an Affiliate. If the IRS were successful, in whole or in part, in challenging the Company or the REIT Subsidiary on these issues, the U.S. federal income tax benefits of an investment in the Company, if any, might be materially reduced. See "Federal Income Tax Consequences."

Limitations on Losses and Credits. The Series One Unit Holders will be limited in the amount of any loss allowed to be taken as a deduction. See "Federal Income Tax Consequences – Tax Consequences Regarding the Company – Limitation on Deductibility of Net Loss."

Allocations of Income and Loss. In order for the allocations of income, gains, deductions, losses and credits under the Operating Agreement to be respected for U.S. federal income tax purposes, such allocations must possess "substantial economic effect". No assurance can be given that the IRS will not claim that such allocations lack substantial economic effect. If any such challenge to the allocation to any Series One Unit Holder were upheld, the tax treatment of the investment for such Series One Unit Holder could be adversely affected. See "Federal Income Tax Consequences – Tax Consequences Regarding the Company – Allocations of Net Income and Net Loss."

Tax Liability for Distribution Reinvestment Plan Participants. Series One Unit Holders may elect to reinvest all or a portion of their distributions in additional Series One Units pursuant to the distribution reinvestment plan. The income tax treatment of participation in the distribution reinvestment plan is not entirely clear. However, in general, we expect that Series One Unit Holders who elect to participate in the distribution reinvestment plan generally should be treated as having received as a distribution the full amount of the applicable distribution with respect to their Series One Units and then as having recontributed all or a portion of such amounts to the Company. In such event, the Series One Unit Holder will be taxed on its share of any net taxable income (for example, net taxable income attributable to distributions received by the Company from its REIT Subsidiary) underlying the distribution, even though such Series One Unit Holder has elected not to receive all or a portion of the distribution in cash. As a result, Series One Unit Holders participating in the distribution reinvestment plan may have to rely on sources other than distributions from which to pay any taxes due with respect to such distributions. See "Federal Income Tax Consequences – Tax Consequences Regarding the Company – Participation in Distribution Reinvestment Plan."

Taxable Income in Excess of Distributions. During a tax year, the distributions of Funds Available for Distribution, if any, to a Series One Unit Holder may be less than the amount of the Series One Unit Holder's allocable share of taxable income of the Company and possibly the resulting income tax liability attributable to such share of taxable income. For example, upon the sale or other disposition of an asset of the Company, other than the sale or other disposition of all or substantially all of the Company's real property holdings and other assets, the proceeds may be retained for further investment in our real estate activities and not be distributed to the Series One Unit Holders, in which case Series One Unit Holders

will be taxed on their shares of any gain recognized in such sale or other disposition but will not receive any cash. See "Federal Income Tax Consequences – Tax Consequences Regarding the Company – Distributions and Reduction of Liabilities."

Long-Term Capital Gain Rules May Delay Disposition of Properties. Long-term capital gain of a taxpayer with respect to income from a "carried interest" (such as the Common Units) in a partnership engaged in certain trades or businesses will be reclassified as short-term capital gain unless the holding period for such capital asset is at least three years (rather than the regular one-year holding period for long-term capital gain). As a result, the Manager may delay the disposition of the Company's properties and other assets in order to comply with the three-year holding period requirement which could result in an adverse effect to the Series One Unit Holders.

Tax Audits. For U.S. federal income tax purposes, we will be classified as a partnership and all items of income, gain, loss, deduction and credit (which is anticipated to solely be distributions from the REIT Subsidiary) will be passed through to the Series One Unit Holders to be reported on their income tax returns. In the event of an audit by the IRS of the Company's or the REIT Subsidiary's tax returns, the audit will be conducted at the Company and the REIT Subsidiary levels rather than the Series One Unit Holder's level, and the Company or the REIT Subsidiary may be required to pay the resulting income tax.

Although conducted at our entity level, any audit may also result in tax adjustments affecting the Series One Unit Holders and may prompt an audit of their tax returns. In addition, we may incur costs and expenses in responding to and contesting any tax adjustments. The cost of responding to an audit of a Series One Unit Holder's tax return will be borne solely by the Series One Unit Holder without our reimbursement.

In addition, unless a partnership elects otherwise, taxes arising from audit adjustments are required to be paid by the partnership itself rather than by its partners. The Manager will have the authority to utilize any exceptions available so that the Series One Unit Holders, to the fullest extent possible, rather than the Company itself, will be liable for any taxes arising from audit adjustments to the Company's taxable income. However, there can be no assurance that the Manager will be able to do so under all circumstances. Furthermore, it is unclear how any such elections may affect the procedural rules available to challenge any audit adjustment that would otherwise be available in the absence of any such elections. The Company will designate the Manager to be the partnership representative, and in this role, the Manager will have the sole authority to act on behalf of the Company with respect to dealings with the IRS under current rules regarding income tax audits of partnerships. See "Federal Income Tax Consequences – Audits of Tax Returns."

Failure to Maintain REIT Qualification. The REIT Subsidiary's qualification as a REIT depends upon its ability to meet requirements regarding its organization and ownership, distributions of its income, the nature and diversification of its income and assets and other tests imposed by the Code. If the REIT Subsidiary fails to qualify as a REIT for any taxable year after electing REIT status, it will be subject to U.S. federal income tax on its taxable income at corporate rates. In addition, the REIT Subsidiary would generally be disqualified from treatment as a REIT for the four taxable years following the year of losing its REIT status. Losing its REIT status would reduce the REIT Subsidiary's net earnings available for investment or distribution to the Company and the Series One Unit Holders because of the additional tax liability. In addition, distributions to the Series One Unit Holders would no longer qualify for the dividends-paid deduction and the REIT Subsidiary would no longer be required to make distributions. If this occurs, the REIT Subsidiary might be required to borrow funds or liquidate some investments in order to pay the applicable tax. For a discussion of the REIT qualification tests and other considerations relating to the REIT Subsidiary's election to be taxed as a REIT, see "Federal Income Tax Consequences – Tax Consequences Regarding the REIT Subsidiary."

Other Potential Tax Liabilities for REITs. Even while the REIT Subsidiary qualifies as a REIT for U.S. federal income tax purposes, the REIT Subsidiary may be subject to some U.S. federal, state and local taxes on its income or property. For example:

- In order to qualify as a REIT, the REIT Subsidiary will have to distribute annually at least 90% of its REIT taxable income to the Company (which is determined without regard to the dividends-paid deduction or net capital gain). To the extent that the REIT Subsidiary satisfies the distribution requirement but distributes less than 100% of its REIT taxable income and net capital gain, the REIT Subsidiary would be subject to federal corporate income tax on the undistributed income or gain.

- The REIT Subsidiary will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions it makes (or is deemed to make) in any calendar year are less than the sum of 85% of its ordinary income, 95% of its capital gain net income and 100% of its undistributed income from prior years.

- If the REIT Subsidiary sells an asset, other than foreclosure property, that the REIT Subsidiary holds primarily for sale to customers in the ordinary course of business, the REIT Subsidiary's gain will be subject to the 100% "prohibited transaction" tax unless such sale is made by one of the REIT Subsidiary's taxable REIT subsidiaries or the REIT Subsidiary qualifies for a "safe harbor" under the Code.

The REIT Subsidiary intends to make distributions to the Company to comply with the REIT requirements of the Code.

Ownership Limitations Applicable to REITs. In order for the REIT Subsidiary to qualify as a REIT, no more than 50% in value of the REIT Subsidiary's outstanding membership interests (the "REIT Subsidiary Interests") may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) at any time during the last half of each taxable year after the first year for which the REIT Subsidiary elected to qualify as a REIT. Additionally, at least 100 persons must beneficially own the REIT Subsidiary Interests during at least 335 days of a taxable year (other than the first taxable year for which the REIT Subsidiary elected to be taxed as a REIT). The REIT Subsidiary Operating Agreement, with certain exceptions, authorizes the REIT Subsidiary Board to take such actions as are necessary and desirable to preserve the REIT Subsidiary's qualification as a REIT. The REIT Subsidiary Operating Agreement also provides that, unless exempted by the REIT Subsidiary Board, no Person may own more than 9.9% by value or number of the REIT Subsidiary Interests, whichever is more restrictive. The REIT Subsidiary Board may, in its sole discretion, subject to such conditions as it may determine and the receipt of certain representations and undertakings, prospectively or retroactively, waive the ownership limit or establish a different limit on ownership, or excepted holder limit, for a particular member if the member's ownership in excess of the ownership limit would not result in the REIT Subsidiary's being "closely held" under Section 856(h) of the Code or otherwise failing to qualify as a REIT. These ownership limits could delay or prevent a transaction or a change in control of the REIT Subsidiary that might involve a premium price for the REIT Subsidiary Interests or otherwise be in the best interest of the Company.

Distribution Requirements Applicable to REITs. To qualify as a REIT, the REIT Subsidiary must distribute each year at least 90% of its REIT taxable income (which is determined without regard to the dividends-paid deduction or net capital gain). From time to time, the REIT Subsidiary may generate taxable income greater than the REIT Subsidiary's income for financial reporting purposes, or the REIT Subsidiary's taxable income may be greater than its cash flow available for distribution (for example, where a borrower defers the payment of interest in cash pursuant to a contractual right or otherwise). If the REIT Subsidiary does not have other funds available in these situations it could be required to borrow funds, sell

investments at disadvantageous prices, or find another alternative source of funds to make distributions sufficient to enable the REIT Subsidiary to pay out enough of the REIT Subsidiary's taxable income to satisfy the REIT distribution requirement and to avoid corporate income tax and/or the 4% excise tax in a particular year. These alternatives could increase the REIT Subsidiary's costs or reduce its equity. Additionally, the REIT Subsidiary may be required to make distributions at times when it would be more advantageous to reinvest cash in the REIT Subsidiary's business. Thus, compliance with the REIT requirements may hinder the REIT Subsidiary's ability to operate solely on the basis of maximizing profits and the value of the Company's and the Series One Unit Holder's investment.

Ongoing REIT Requirements May Hinder Company Objectives. To qualify as a REIT, the REIT Subsidiary must satisfy certain tests on an ongoing basis concerning, among other things, the sources of the REIT Subsidiary's income and the nature of its assets. Compliance with the REIT requirements may hinder the REIT Subsidiary's ability to operate solely on the basis of maximizing profits and the value of the Company's and the Series One Unit Holder's investment.

REIT Income from Prohibited Transactions. A REIT's net income from prohibited transactions is subject to a 100% tax. In general, prohibited transactions are sales or other dispositions of assets, other than foreclosure property, deemed held primarily for sale to customers in the ordinary course of business (subject to a safe harbor under the Code for sales that satisfy certain criteria). It may be possible to reduce the impact of the prohibited transaction tax by conducting certain activities through taxable REIT subsidiaries. However, to the extent that the REIT Subsidiary engages in such activities through taxable REIT subsidiaries, the net income or gain associated with such activities would generally be subject to full corporate income tax.

Payment of Preferential Dividends Could Affect REIT Status. In order to qualify as a REIT, the REIT Subsidiary must distribute annually at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gain. In order for distributions to be counted as satisfying the annual distribution requirements for REITs, and to provide the REIT Subsidiary with a dividends-paid deduction with respect to such distributions, the distributions must not be "preferential dividends." A dividend is generally not a preferential dividend if the distribution is pro rata among all outstanding shares of stock within a particular class, and in accordance with the preferences among different classes of stock as set forth in the REIT's organizational documents. There is no de minimis exception with respect to preferential dividends. Therefore, if the IRS were to take the position that the REIT Subsidiary inadvertently paid a preferential dividend, the REIT Subsidiary may be deemed either to (i) have distributed less than 100% of the REIT Subsidiary's REIT taxable income and be subject to tax on the undistributed portion or (ii) have distributed less than 90% of the REIT Subsidiary's REIT taxable income and the REIT Subsidiary's status as a REIT could be terminated for the year in which such determination is made if the REIT Subsidiary were unable to cure such failure. The REIT Subsidiary can provide no assurance that it will not be treated as inadvertently paying preferential dividends.

The discussion of tax aspects contained in this Memorandum is based on law presently in effect and certain proposed Treasury Regulations. Nonetheless, investors should be aware that new administrative, legislative or judicial action could significantly change the tax aspects of the Company. Any such change may or may not be retroactive with respect to the transactions entered into or contemplated before the effective date of such change and could have a material adverse effect on an investment in the Series One Units.

Investment by Tax-Exempt Investors. While tax-exempt organizations generally are exempt from income taxation, the general corporation income tax is imposed to the extent the tax-exempt organization has unrelated business taxable income ("UBTI"). If the Company (as opposed to the REIT Subsidiary) were to borrow or were treated as borrowing amounts under the Revolving Loan, a portion of the income of the Company may be UBTI under the debt-financed property rules of Section 514 of the

Code. However, we intend to treat the REIT Subsidiary (rather than the Company) as the borrower under all Company borrowings and indebtedness.

Retirement Plan Risks and Other ERISA Risks

Failure to Meet Fiduciary Requirements under ERISA and the Code. If the fiduciary of an employee benefit plan or other retirement plan or account subject to ERISA or the Code fails to meet the fiduciary and other standards under ERISA or the Code as a result of an investment in the Series One Units, the fiduciary could be subject to criminal and civil penalties, including, for example, personal liability for plan losses.

ERISA and Special Considerations. Special considerations apply to any fiduciary acting on behalf of a "benefit plan investor" as defined in Section 3(42) of ERISA, which includes (i) "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to ERISA (including, for example, qualified retirement plans), (ii) plans or accounts subject to Section 4975 of the Code (including, for example, an individual retirement account ("IRA")), and (iii) any entity whose underlying assets include plan assets by reason of such a plan's investment in such entity (all three kinds of plans and entities referred to collectively as "Benefit Plans"). Fiduciaries investing the assets of a Benefit Plan in the Series One Units should consult with their own employee benefits counsel and satisfy themselves that such investment complies with the laws applicable to such Benefit Plan, including ERISA and the Code, including but not limited to whether:

- the investment is consistent with their fiduciary and other obligations under ERISA and the Code;
- the investment is made in accordance with the documents and instruments governing the Benefit Plan, including its investment policy;
- the investment satisfies the prudence and diversification requirements of Sections 404(a)(1)(B) and 404(a)(1)(C) of ERISA and other applicable provisions of ERISA and the Code;
- the investment in Series One Units, for which no public market currently exists, is consistent with the liquidity needs of the Benefit Plan;
- the investment will not produce an unacceptable amount of unrelated business taxable income for the Benefit Plan;
- the Series One Unit Holders will be able to comply with the requirements under ERISA and the Code to value the assets of the Benefit Plan annually; and
- the investment will not constitute a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

With respect to the annual valuation requirements described above, although the Company will provide an estimated value for the Series One Units annually, the Company can make no claim or representation with respect to whether such estimated value will or will not satisfy the applicable annual valuation requirements under ERISA and the Code applicable to any such Benefit Plan. The Department of Labor or the IRS may determine that a plan fiduciary or an IRA custodian, for example, is required to take further steps to determine the value of the Series One Units. In the absence of an appropriate determination of value, a plan fiduciary or an IRA custodian may be subject to damages, penalties or other sanctions. Fiduciaries investing the assets of a Benefit Plans should consult with their own employee benefits counsel

regarding the foregoing, and seek their own, independent advice regarding the value of the Series One Units.

Failure to satisfy the fiduciary standards of conduct and other applicable requirements of ERISA and the Code may result in the imposition of civil and criminal penalties and could subject the fiduciary to claims for damages or for equitable remedies. In addition, if an investment in the Series One Units constitutes a prohibited transaction under ERISA or the Code, the fiduciary or IRA owner who authorized or directed the investment may be subject to the imposition of excise taxes with respect to the amount invested. In the case of a prohibited transaction involving an IRA owner, the IRA may be disqualified and all of the assets of the IRA may be deemed distributed and subjected to tax. For all Benefit Plans, the applicable fiduciary or custodian should consult with its own employee benefits counsel before making an investment in the Series One Units. See "Federal Income Tax Consequences" and "Investment by Benefit Plans and IRAs" for a more complete discussion of the risks associated with an investment in the Series One Units by a Benefit Plan.

CONFLICTS OF INTEREST

This Memorandum describes various arrangements related to the Offering and the compensation arrangements with the Manager and its Affiliates, as well as the management structure related to our real estate activities, including the management discretion of the Manager, the Board of Directors, and the REIT Subsidiary Board. In the conduct of our real estate activities and planned growth, various conflicts of interest may arise between the Series One Unit Holders on the one hand, and the Company, the Board of Directors, the REIT Subsidiary Board, and the Manager on the other. These issues and conflicts of interest may arise on account of or as a consequence of the terms of the arrangements and structures described in this Memorandum (none of which is the product of arm's length negotiations) that might not be resolved in the best interests of the Series One Unit Holders. Some of the conflicts of interest are described below.

No Arm's Length Negotiations. All compensation, fees and other amounts payable to the Manager and its Affiliates in accordance with the arrangements described in this Memorandum were not the result of arm's length negotiations and were determined by us without participation by any representative of the Series One Unit Holders and any potential investor. Each investor must determine for its own purposes whether the terms of these arrangements and structure are fair.

Obligations to Other Entities. Conflicts of interest will occur with respect to the obligations of the REIT Subsidiary's management team, the Manager and their Affiliates to the Company and similar obligations to other entities. Moreover, the Company will not have independent management, as it will rely on the REIT Subsidiary's management team, the Manager and their Affiliates for all investment and management decisions. Other investment projects in which the REIT Subsidiary's management team, the Manager and their Affiliates participate may compete with the Company for the time and resources of the REIT Subsidiary's management team, the Manager and their Affiliates. The REIT Subsidiary's management team and the Manager will, therefore, have conflicts of interest in allocating management time, services and functions among the Company and other existing partnerships, projects and businesses, as well as any partnerships, projects or business entities which may be undertaken or organized in the future. Under the Operating Agreement, the Manager is obligated to devote as much time as it deems to be reasonably necessary or required for the proper management of the Company and its assets. The Manager believes that it has the capacity to discharge its responsibilities to the Company notwithstanding participation in other investment programs and projects.

Interests in Other Activities. The Board of Directors, the Manager, the REIT Subsidiary Board and their Affiliates may organize, manage and operate other limited liability companies, partnerships and

other entities to construct, develop, manage and conduct other real estate activities and may in the future either participate in other real estate projects or developments or own real estate that may compete with the Company's real estate holdings and that are focused on the same investment opportunities targeted by the Company. In addition, the Board of Directors, the Manager, the REIT Subsidiary's Board and their Affiliates may engage for their own account, or for the account of others, in other business ventures, whether related to the business of the Company or otherwise, and neither the Company nor any Series One Unit Holder will be entitled to any interest therein solely by reason of any relationship with or to each other arising from the Company. These activities may cause conflicts of interest between such activities and the Company, and the duties of the REIT Subsidiary and the Manager concerning such activities and the Company. The REIT Subsidiary and the Manager will attempt to minimize any conflicts of interest that may arise among these various activities.

The Manager has adopted the Investment Policy Agreement, which is intended to minimize the conflicts of interest that may arise in presenting investment opportunities to the Company. The Manager will apply its reasonable business judgment in determining when an investment opportunity meets the Company's investment criteria and whether it is in the best interest of the Company to take advantage of an investment opportunity (even if the opportunity otherwise satisfies such criteria). In the event the Company elects not to proceed with an investment opportunity that meets the Company's investment criteria, then the Manager or its Affiliates may proceed with such investment opportunity. If the Manager determines that an investment opportunity may be suitable for the Company as well as other entities that the Manager or its Affiliates manage, the Manager may allocate the investment opportunities among the various competing entities in good faith using its reasonable business judgment, taking into consideration all relevant factors in making such allocation. Notwithstanding the above, nothing will prohibit the Manager or its Affiliates from investing in investment opportunities that do not meet the Company's investment criteria.

Receipt of Other Compensation. The Company has and may enter into certain agreements and arrangements with the Manager or its Affiliates involving the acquisition, construction, development, operation, management and resale of the Company's real estate holdings that will or may result in the realization by the Manager or its Affiliates of substantial fees, compensation, reimbursements, distributions and income. Any such arrangements shall be approved and authorized by a majority of the members of the Board of Directors disinterested in such potential transaction or arrangement. The Company believes that the fees, compensation, reimbursements and other income to be received by the Manager or its Affiliates are and will be reasonable, although not negotiated at arm's length. Each investor must determine for its own purposes whether the terms of these arrangements and structures are fair.

Distributions to the Series One Unit Holders. In determining the amount of distributions of Funds Available for Distribution and Liquidation Proceeds, the Manager will determine in its reasonable business judgment the amount of cash to be placed in Reserves, if any, for our future needs. A conflict of interest may arise between the Series One Unit Holders desiring larger distributions and the Manager's desire to place in Reserves larger amounts for future Debt Service and other obligations of the Company as well as the acquisition of additional real estate holdings and the maintenance of our properties.

Manager's Representation of Company in Tax Audit Proceedings. Situations may arise in which the Manager may act as partnership representative on behalf of the Company in administrative and judicial proceedings involving the IRS or other enforcement authorities. Such proceedings may involve or affect other entities for which the Manager or its Affiliates may act as the manager. In such situations, the positions taken by the Manager may have differing effects on the Company and the other entities. Any decisions made by the Manager with respect to such matters will be made in good faith consistent with the Manager's fiduciary duties both to the Company and the Series One Unit Holders and to any other entities for which the Manager or an Affiliate may be acting as a manager.

Legal Representation. Counsel to the Company, the Manager and their Affiliates in connection with the Offering is the same, and it is anticipated that such multiple representation will continue in the future. As a result, conflicts may arise in the future and if those conflicts cannot be resolved or the consent of the respective parties obtained to the continuation of the multiple representations after full disclosure of any such conflict, said counsel will withdraw from representing one or more of the conflicting interests with respect to the specific matter involved. Each Series One Unit Holder acknowledges and agrees that counsel representing the Company, the Manager and its Affiliates does not represent and will not be deemed under the applicable codes of professional responsibility to have represented or to be representing any or all of the Series One Unit Holders in any respect. Prospective investors should obtain the advice of their own legal counsel regarding legal matters. Each Series One Unit Holder consents to the Manager hiring counsel for the Company which is also counsel to the Manager.

Resolution of Conflicts of Interest. The Investment Policy Agreement provides general guidelines for resolving conflicts of interest relating to allocations of investment opportunities among the Company and any existing or future enterprises of the Manager or its Affiliates, but the Manager has broad latitude to vary from the same in the exercise of its business judgment. The Manager has not otherwise developed, and does not expect to develop, any formal process for resolving these and other conflicts of interest. However, the Manager is subject to a fiduciary duty to exercise good faith and integrity in handling the affairs of the Company, which duty will govern its actions in all such matters. While the foregoing conflicts could materially and adversely affect the Series One Unit Holders, the Manager, in its sole judgment and discretion, will attempt to mitigate such potential adversity by the exercise of its business judgment in an attempt to fulfill its fiduciary obligations. There can be no assurance that such an attempt will prevent adverse consequences resulting from the numerous conflicts of interest.

Ownership of the Series One Units. The Manager and its Affiliates may subscribe for any number of the Series One Units for any reason deemed appropriate by the Manager. The Manager and its Affiliates will not acquire any Series One Units with a view to resell or distribute such Series One Units. Any purchase of the Series One Units by the Manager and/or its Affiliates will be on the same terms and conditions as are available to all investors. The purchase of Series One Units by the Manager or its Affiliates could create certain risks, including, but not limited to, the following: (i) the Manager or its Affiliates would obtain voting power as the Series One Unit Holders and (ii) substantial purchases of the Series One Units by the Manager or its Affiliates may limit the Manager's ability to fulfill any financial obligations that it may have to or on behalf of the Company.

CAPITALIZATION

The following table sets forth the consolidated capitalization of the REIT Subsidiary as of September 30, 2023. This table should be read in conjunction with our audited financial statements as of December 31, 2022 and the Company's unaudited financial statements for the nine months ended September 30, 2023, which are included as Exhibits D and E, respectively, to this Memorandum.

	September 30, 2023
Total liabilities[(1)]	$ 87,572,012
Members' equity	$ 557,814,679
Total capitalization	$ 645,386,691

(1) See "Financial Information – Existing Debt" for a description of our existing indebtedness.

DESCRIPTION OF SERIES ONE UNITS

The securities offered pursuant to the Offering are designated as the Series One Units. The Company is authorized to issue up to 1,486,988.8486 Series One Units in a primary offering or pursuant to the Distribution Reinvestment Plan (DRIP) at an offering price of $134.50 per Series One Unit. The material rights, preferences, privileges and restrictions of the Series One Units are set forth in the Operating Agreement and are the same as those of the Outstanding Series One Units as of the date of this Memorandum.

As of the date of this Memorandum, there are 3,988,433 Series One Units issued and outstanding. Assuming the sale and issuance of all of the authorized Offered Securities, there will be 5,475,422 Series One Units issued and outstanding. All of the Outstanding Series One Units have been adjusted to reflect a NAV Per Unit of $134.50 as of December 31, 2023.

As of December 31, 2023, the Series One Unit Holders have received aggregate distributions of Funds Available for Distribution of $209,162,247.

DISTRIBUTION REINVESTMENT PLAN

The distribution reinvestment plan allows Series One Unit Holders to choose to reinvest all or a portion of the cash distributions declared and paid in respect of the Company's Series One Units that such investor holds, including distributions paid with respect to any full or fractional Series One Units acquired under the distribution reinvestment plan, in the purchase of additional Series One Units. A copy of the distribution reinvestment plan is included as Exhibit D. Unit Holders may choose to enroll as a full or partial participant in the distribution reinvestment plan by noting such election on the appropriate form provided by the Company. If a Unit Holder selects full distribution reinvestment, the Company, as agent for the Unit Holders electing to participate in the distribution reinvestment plan, will apply all of the participating Unit Holder's distributions to the purchase of additional Series One Units at the Most Recent NAV Per Unit in effect on the distribution date. If a Unit Holder selects partial distribution reinvestment, the Company, as agent for the Unit Holders electing to participate in the distribution reinvestment plan, will apply a portion of the participating Unit Holder's distributions to the purchase of additional Series One Units at the Most Recent NAV Per Unit in effect on the distribution date, with the remaining portion of such participating Unit Holder's distributions to be paid to the Unit Holder in cash. Unit Holders who elect to partially enroll in the distribution reinvestment plan must specify on the appropriate form provided by the Company the percentage of their distributions that they wish to enroll in the distribution reinvestment plan. Participation in the plan will begin with the next distribution made after acceptance of a Unit Holder's written notice.

The purchase price for Series One Units purchased pursuant to the distribution reinvestment plan will be equal to the Most Recent NAV Per Unit in effect on the distribution date. However, the Board of Directors may determine, in its sole discretion, to have any distributions paid in cash without notice to participants, without suspending the plan and without affecting the future operation of the plan with respect to participants. Series One Units acquired under the distribution reinvestment plan entitle the participant to the same rights and will be treated in the same manner as Series One Units purchased pursuant to the primary offering.

The Board of Directors may amend any aspect of the distribution reinvestment plan without the consent of Unit Holders, provided that notice of any material amendment must be provided to participants at least 10 days prior to the Record Date for a distribution in order for that amendment to be effective for such distribution. The Company may suspend or terminate the Plan for any reason or no reason upon 10 days' notice to participants. Following any termination of the distribution reinvestment plan, all subsequent distributions to Unit Holders would be made in cash.

The income tax consequences of those participating in the distribution reinvestment plan will vary depending upon each participant's particular circumstances. Investors are urged to consult with their own tax advisor regarding the specific tax consequences of participation in the distribution reinvestment plan. However, in general, we expect a Series One Unit Holder that elects to participate in the distribution reinvestment plan generally should be treated as having received the full amount of the applicable cash distribution with respect to its Series One Units and then reinvested all or a portion of such amount in additional Series One Units, notwithstanding the fact that no cash was actually received by the Series One Unit Holder with respect to the reinvested amounts. As with a regular cash distribution, the deemed distribution with respect to the reinvested amounts may result in a taxable gain to the participant to the extent such deemed distribution exceeds a Unit Holder's basis in its Series One Units held immediately before the deemed distribution. In addition, a Series One Unit Holder that participates in the distribution reinvestment plan will still be taxed on its share of any net taxable income (for example, net taxable income attributable to dividends received by the Company from its REIT Subsidiary) underlying the distribution, even though such Series One Unit Holder has elected not to receive all or a portion of the distribution in cash. As a result, Series One Unit Holders participating in the distribution reinvestment plan may have to rely solely on sources other than reinvested distributions from which to pay any taxes due with respect to such distributions. See "Federal Income Tax Consequences – Tax Consequences Regarding the Company – Participation in the Distribution Reinvestment Plan."

Within 120 days after the end of each fiscal year, the Company shall provide, or cause to be provided, to each Unit Holder an annual report on their investment, including all material information regarding the distributions to Unit Holders, the effect of reinvesting the distributions and tax information with respect to income earned on Series One Units under the plan for such period. For more information, see "Reports and Accounting." Each Unit Holder participating in the distribution reinvestment plan will have an opportunity to withdraw from the plan at any time by providing written notice of such election to withdraw in a form acceptable to the Company. Such notice must be received by the Company prior to the Record Date for a distribution in order for a Unit Holder's withdrawal from the plan to be effective for such distribution.

PLAN OF DISTRIBUTION

The Series One Units being offered pursuant to this Memorandum will be offered on a best-efforts basis on our behalf by the Manager and its employees without additional compensation or remuneration other than their regular compensation. The Company will obtain representations from the Board of Directors, the Manager and the employees participating in the Offering that the applicable party is not a "bad actor" as that term is defined in Rule 506(d) of Regulation D. In the event that a statutory "bad actor" participates in the Offering, the Company may lose its exemption from registration of the Series One Units. The Company intends to continue the Offering until the Offering Termination Date.

The Company may from time to time engage one or more duly qualified third parties to solicit prospective investors on our behalf in connection with this Offering. We expect that any compensation payable to any such third parties generally will be determined by reference to their successful sourcing of investors that subscribe for Series One Units in the Offering and will be consistent with customary market terms for such arrangements. We anticipate that any such third-party arrangements will require the Company to provide customary indemnification protections to the third-party solicitation agents prevalent in the securities industry, which may include indemnification against certain civil liabilities, including those arising under the Securities Act or from breaches of our representations and warranties in our agreements with them.

As of the date of this Memorandum, the Company has entered into one placement agent agreement with A.S. Financial Services (the "Agent"), effective January 1, 2022 (the "Services Agreement"). The Agent provides marketing, advisory and investor introductory services in connection with the Offering in

the State of Israel. Under the Services Agreement, the Agent is granted exclusive right to provide such services in Israel until October 28, 2026. For its services, the Agent is entitled to a services fee equal to a percentage of the investment amount funded by each investor introduced by the Agent (the "Investment Amount"), payable on a quarterly basis on the last day of each quarter. The Agent shall be entitled to 1.00% of the Investment Amount for the first four calendar quarters commencing with the quarter during which the investor's purchase of securities occurred. Provided that the investor has not redeemed the Units or otherwise exited from the investment prior to the end of the first calendar quarter ending after the first anniversary of the investor's purchase, the Agent is entitled to 0.50% of the Investment Amount for the four successive calendar quarters commencing with the first calendar quarter ending after the first anniversary of the investor's purchase. Provided that the investor has not redeemed the Units or otherwise exited from the investment prior to the end of the first calendar quarter ending after the second anniversary of the investor's purchase, the Agent is entitled to 0.50% of the Investment Amount for the four successive calendar quarters commencing with the first calendar quarter ending after the second anniversary of the investor's purchase. Provided that the investor has not redeemed the Units or otherwise exited from the investment prior to the end of the first calendar quarter ending after the third anniversary of the investor's purchase, the Agent is entitled to 0.25% of the Investment Amount for the four successive calendar quarters commencing with the first calendar quarter ending after the third anniversary of the investor's purchase. Provided that the investor has not redeemed the Units or otherwise exited from the investment prior to the end of the first calendar quarter ending after the fourth anniversary of the investor's purchase, the Agent is entitled to 0.25% of the Investment Amount for the four successive calendar quarters commencing with the first calendar quarter ending after the fourth anniversary of the investor's purchase. In no circumstances shall the services fee exceed 2.50% of the applicable Investment Amount. No compensation will be paid with respect to Units issued under the distribution reinvestment plan.

This Offering is being made in reliance on Rule 506(c) of Regulation D promulgated under the Securities Act. The Company intends to engage in general advertisement for the sale of the Series One Units. As a result, all subscribers for Series One Units must be Accredited Investors, as defined in Regulation D. Prospective Series One Unit Holders will be required to provide sufficient financial information to the Company so that the Company will have a reasonable basis to believe that the prospective Series One Unit Holder is an Accredited Investor. The Company may verify a prospective Series One Unit Holder's Accredited Investor status by obtaining written confirmation from certain third parties such as registered broker-dealers, investment advisors, licensed attorneys and certified public accountants that confirm they have taken reasonable steps to verify the prospective Series One Unit Holder's Accredited Investor status within the past three months and have determined that the prospective investor qualifies as an Accredited Investor.

Offers are limited to Persons who are Accredited Investors and who can represent that they meet the Investor Suitability Requirements described under "Investor Suitability" and may be purchased only by prospective investors who satisfy such suitability requirements.

Other than this Memorandum, the Exhibits and any supplements hereto, and factual summaries and sales brochures of the Offering prepared by the Company, no other literature will be used in the Offering. Except as described herein, none of the Company, the Board of Directors or the Manager has authorized the use of other sales materials in connection with the Offering. All offers are made solely pursuant to this Memorandum and any supplements thereto.

The information and data contained in this Memorandum are provided solely for Persons or their representatives directly receiving this Memorandum from the Company or the Manager and its officers, directors, employees and representatives, and this Memorandum is not authorized for reproduction or distribution to any other Person.

Except as stated above or under "Additional Information," no Person has been authorized by the Company or the Manager to provide any information or to make any representations with respect to the Company or the Series One Units other than those contained in this Memorandum, and, if given or made, such information or representations must not be relied upon as having been given by the Company, the Manager or their Affiliates.

SUBSCRIPTION PROCEDURES

Method of Subscribing

The Company has partnered with AppFolio Investment Manager to provide investor web portal services which will facilitate the subscription process. To subscribe for the Series One Units, investors must properly complete and execute the Subscription Agreement and other materials attached as Exhibit B. In addition, prospective investors will be required to provide sufficient financial information to the Company so that the Company will have a reasonable basis to believe that the prospective Series One Unit Holder is an Accredited Investor. The Company may verify a prospective investor's Accredited Investor status by obtaining written confirmation from certain third parties such as registered broker-dealers, investment advisors, licensed attorneys and certified public accountants that confirm they have taken reasonable steps to verify the prospective investor's Accredited Investor status within the past three months and have determined that the prospective investor qualifies as an Accredited Investor. The investor must deliver to the Company the fully executed Subscription Agreement, complete the related materials, and pay the full purchase price for the Series One Units to be purchased by either (i) wire transfer in immediately available funds to an account designated by the Company or (ii) mailing a check made payable to the Company together with the Subscription Agreement to the following address:

By hand or overnight delivery to:	By U.S. mail delivery to:
Humphreys Real Estate Income Fund, LLC 1801 Wheeler St., Ste. 300 Oklahoma City, Oklahoma 73108	Humphreys Real Estate Income Fund, LLC P.O. Box 1100 Oklahoma City, Oklahoma 73101

Any Person having any questions concerning the Offering or the Subscription Agreement should contact Joshua Fahrenbruck or Creed Hendrickson by telephone at (405) 228-1000, by email at joshua@humphreyscapital.com or creed@humphreyscapital.com, respectively, or by mail delivery to either of the addresses above.

Withdrawal Rights

Following our receipt of your Subscription Agreement and the purchase price for the Series One Units specified therein, your Subscription Agreement will be irrevocable and may not be withdrawn other than as permitted under applicable law.

Special Requirements of Certain Subscribers

In the event you are a trust, estate, joint venture, partnership, limited liability company, corporation or other type of entity and you deliver a Subscription Agreement to us, we may require you to provide evidence, or an opinion of counsel, acceptable to us that you meet all Investor Suitability Requirements and the requirements of your governing instruments and that you are authorized to enter into the Subscription Agreement under the laws of the jurisdiction in which you are organized.

Validity of Subscription Agreements

A Subscription Agreement will not be considered to be valid unless it has been completed and fully executed in accordance with the accompanying instructions and those contained in this Memorandum and accompanied by all other required documents in form and substance acceptable to us. All questions as to the validity, form, eligibility (including time of receipt) and acceptance of a Subscription Agreement will be determined by the Company in its sole discretion, and such determination will be final and binding upon you. The Company's interpretation of the terms and conditions of the Offering (including the Instructions

of the Subscription Agreement) will be final and binding. The Company reserves the right to waive any irregularities or conditions of the Subscription Agreement.

Acceptance

The Company has the right, to be exercised in its sole discretion, to accept or reject any Subscription for the Series One Units in whole or in part for a period of 30 days after receipt of the Subscription. Any Subscription not accepted within 30 days of receipt will be deemed rejected.

The Series One Units will not be certificated, and an investor's Subscription Agreement as accepted by the Company will be the sole evidence of your ownership of the Series One Units and the Company's recognition and registration of your ownership of those Series One Units. Generally, on each business day, the Manager will review the Subscriptions that have not yet been accepted and determine whether to accept or reject them. The business day that an investor's Subscription is accepted will be the date on which the investor becomes a Series One Unit Holder. In the event the Company determines to reprice the Series One Units during the Offering, the Company may, in its sole discretion, temporarily close the Offering to new subscriptions prior to the announcement of the new offering price.

Distribution Reinvestment Plan

Investors may choose to enroll as a participant in the distribution reinvestment plan by completing the appropriate form provided by the Company. Participation in the plan will begin with the next distribution made after acceptance of written notice of desire to participate in the plan. If a Unit Holder selects full distribution reinvestment, the Company, as agent for the Unit Holders electing to participate in the distribution reinvestment plan, will apply all of the participating Unit Holder's distributions to the purchase of additional Series One Units at the Most Recent NAV Per Unit in effect on the distribution date. If a Unit Holder selects partial distribution reinvestment, the Company, as agent for the Unit Holders electing to participate in the distribution reinvestment plan, will apply a portion of the participating Unit Holder's distributions to the purchase of additional Series One Units at the Most Recent NAV Per Unit in effect on the distribution date, with the remaining portion of such participating Unit Holder's distributions to be paid to the Unit Holder in cash. Unit Holders who elect to partially enroll in the distribution reinvestment plan must specify on the appropriate form provided by the Company the percentage of their distributions that they wish to enroll in the distribution reinvestment plan.

A participant may amend the terms of their participation or terminate participation in the distribution reinvestment plan at any time, without penalty, by providing written notice of such election to amend or withdraw in a form acceptable to the Company. Such notice must be received by the Company prior to the Record Date for a distribution in order for a participant's amendment or termination to be effective for such distribution (i.e., a timely amendment or termination notice will be effective the day after it is received and will not affect participation in the plan for any prior date).

If investors participating in the distribution reinvestment plan experience a material adverse change in their financial condition or can no longer make the representations or warranties set forth in "Investor Suitability" and in the Subscription Agreement, they are asked to promptly notify the Company in writing. The investor's Broker-Dealer, Registered Investment Advisor, licensed attorney, or certified public accountant may notify the Company in writing if the investor participating in the distribution reinvestment plan can no longer make the representations or warranties set forth above and in the Subscription Agreement, provided that the investor has granted their Broker-Dealer or Registered Investment Advisor discretionary authority to do so, and the Company may rely on such written notification to terminate such investor's participation in the distribution reinvestment plan.

SERIES ONE UNIT VALUATION

An active trading market for the Series One Units does not exist and most likely will not develop. Therefore, the Manager uses the Valuation Policy adopted by the Board of Directors to determine the NAV Per Unit for each Series One Unit. The Valuation Policy contains a comprehensive set of methodologies to be used by the Manager and the independent valuation firms retained by the Manager in connection with estimating the values of the Company's assets and liabilities for purposes of NAV calculation. The Valuation Policy is designed to produce a fair and accurate estimate of the price that would be received for the Company's investments in an arm's-length transaction between a willing buyer and a willing seller in possession of all material information about the Company's investments; however, the valuation of the Company's properties is only an estimate of value and is not a precise measure of realized value. Ultimate realization of the market value of a real estate asset depends to a great extent on economic conditions beyond the control of the Company and the Manager. Furthermore, valuations do not necessarily represent the price at which the Series One Units may be redeemed or the distributions that may be received upon liquidation of the entire Company.

Under the Valuation Policy, the Manager periodically, assumed to be quarterly but no less than annually, values the Company's real estate investments in accordance with the guidelines set forth below. The valuation methods described below will be utilized to determine the NAV Per Unit for the Series One Units, which will be used for any future equity offerings of the Series One Units. The Company will supplement this Memorandum to disclose the updated offering price promptly following a publication of the new NAV Per Unit for the quarter.

Given the lag in time between valuations, there can be no assurances that the actual NAV Per Unit on the date of issuance is equal to the Most Recent NAV Per Unit. Any subscription received on or before the 15th day of the last month in a quarter will be for an offering price of the Most Recent NAV Per Unit. Any subscriptions received within the last 15 days of the quarter will not be considered until the first day of the new quarter and will be for an offering price of the updated NAV. Similarly, in cases where the Manager believes there has been a material change (positive or negative) to its NAV Per Unit relative to the Most Recent NAV Per Unit, the Manager, in its sole discretion, may pause the Offering and refuse to accept subscriptions until a new NAV Per Unit has been announced that incorporates such material change. The Company expects that any such pause to the Offering would be infrequent. Such a pause may be appropriate upon the occurrence of an unexpected material property-specific event such as a termination or renewal of a material lease, a material change in vacancies, an unanticipated structural or environmental event at a property or a significant capital market event that may cause the value of a wholly-owned property or properties to change by such a significant amount that the NAV, if recalculated based on this event, is likely to be materially different.

Real Estate Investments

Real estate investments shall be valued on each determined valuation date based upon the expected proceeds which would be realized by the Company in the event of a deemed sale of the underlying real estate at its fair value. The amount of the Company's proceeds is calculated by taking into account the fair values of the investments and the related mortgage(s) payable or receivable as well as other appropriate factors such as ownership percentages and distribution provisions. The fair value of the underlying asset is defined as the most probable price for which an asset would sell in an arm's length transaction.

As part of the fair value analysis, an independent valuation of the investment will be performed by a leading independent valuation firm that is engaged to a substantial degree in the business of valuing real estate (a "Third-Party Appraisal Firm"). The Third-Party Appraisal Firm will report directly to the Board of Directors and will not be affiliated with the Company or the Manager. All appraisals are to be performed in accordance with USPAP, the real estate appraisal industry standards created by The Appraisal

Foundation, and the Code of Ethics & Standards of Professional Practice of the Appraised Institute. Each appraisal must be reviewed, approved, and signed by an individual with the professional MAI designation of the Appraisal Institute.

Wholly-Owned Properties

Each real property will be appraised by a Third-Party Appraisal Firm at least once per calendar year and reviewed by the Manager. The Company will seek to schedule the appraisals by a Third-Party Appraisal Firm evenly throughout the calendar year, such that an approximately equal portion of the real properties in the portfolio are appraised by a Third-Party Appraisal Firm each quarter, although the Company may have more or fewer appraisals in a specific quarter. Properties acquired will be initially valued at cost, which is expected to represent fair value at that time, up to one year after acquisition. Additional capital expenditures spent may be added to the property value within the period of ownership prior to the initial third-party appraisal. Generally, acquisition costs and expenses will be initially capitalized and reflected as a component of cost. Thereafter, the valuation process will result in an adjustment to carrying value of the property whereby transaction costs are removed from the carrying value and be reflected as unrealized appreciated/depreciation from real estate. Properties purchased as a portfolio that acquires properties over time may be valued as single assets.

Each appraisal report is addressed solely to the Company. Property appraisals are reported on a free and clear basis, regardless of any property-level financing that may be in place. The primary methodology used to value properties is the income approach (discounted cash flow methodology), whereby value is calculated by discounting an asset's projected future income streams and projected future reversionary value to present value. Consistent with industry practices, the income approach incorporates subjective judgements regarding comparable rental and operating expense data, capitalization and discount rate, and projections of future rent and expenses based on appropriate evidence. The sales comparison and cost approaches are other methodologies that may be used to value properties. Because the appraisals involve subjective judgements, the fair value of the Company's properties, which is included in the Company's NAV, may not reflect the liquidation value or net realizable value of the Company's properties.

Concurrent with the appraisal process, the Manager determines a value for each property within the sensitivity provided by the Third-Party Appraisal Firm. The Manager may consider factors including, but not limited to, (i) capitalization rates applied to stabilized net operating income; (ii) forecasts of cash flows based on the Manager' analyses of revenues and expenses and anticipated net proceeds from sales of properties, discounted at market rates of interest adjusted for risk factors; (iii) recent sales of comparable properties; (iv) estimates of replacement costs; and (v) bona fide offers received from independent third parties.

The Company has adopted Financial Accounting Standards Board of Directors (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements. FASB ASC 820 defines fair value and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The ASC 820 definition of fair value is the exit value of an investment, which specifically excludes transaction costs. Therefore, there will potentially be an unrealized gain or loss at acquisition.

Investments with a market offer, under contract or otherwise pending sale will be valued at the offer/sale price for the investment, supported by appropriate documentation.

Properties Held through Joint Ventures

Properties held through joint ventures are valued in a manner consistent with the procedure described for wholly-owned properties. Investments in development entities will be valued at cost plus capital expenditures and join the annual appraisal cycle during the development stage as determined by the

Manager, but no later than completion. Thereafter, such investments will be subject to the regular annual appraisal process described above. Assets held in a joint venture that acquires properties over time may be valued as single assets. Once the value of the property is determined and the Manager determines the fair value of any other assets and liabilities of the joint venture, the value of the Company's interest will be determined through application of distribution provisions of the relevant joint venture agreements to determine the underlying property value held by the joint venture. At its discretion, the Manager has the right to engage an independent valuation firm to validate the application of distribution provisions to underlying property value.

Disposition

When a real property is contracted for sale for a price that differs from its then current estimated fair value used in determining NAV, the valuation of that asset in such calculation will be adjusted by the Manager to the fair value of the disposition price less selling costs once the real property is subject to a definitive agreement for disposition.

Property-Level and Entity-Level Debt

Property-level and entity-level debt encumbering the Company's real properties will be valued by the Manager or by a leading independent valuation firm that is engaged to a substantial degree in the business of valuing debt (a "Third-Party Debt Valuation Firm"), which will be used in calculating NAV. New debt will be valued at par, which is expected to represent fair value at that time. All property-level or entity-level debt will be valued within the first year after closing and no less than annually thereafter. Each debt valuation report prepared by the Third-Party Debt Valuation Firm is addressed solely to the Company.

Interim Valuations

If an event becomes known to the Manager that, in the opinion of the Manager, is likely to have a material impact on the previously estimated values of the affected real property, property-level debt, or entity-level debt, the Manager will notify the applicable independent valuation firm. If, in the opinion of the applicable valuation firm, such event is likely to have an impact on the previously provided valuations, the applicable independent valuation firm will perform an interim valuation. Examples of such events include, but are not limited to, an unexpected material leasing event or combination of events, an unexpected capital expenditure, capital market events that may cause the value of properties to materially change, or material changes in lending markets that may cause the value of property-level or entity-level debt to change. Once the applicable independent valuation firm has communicated the adjusted value estimates, the Manager will cause such adjusted value to be included in the quarterly NAV.

NAV and NAV Per Unit Calculation

The Company establishes a new NAV per Unit on a quarterly basis. The Company expects that it will publish the NAV Per Unit generally on the first day of a new quarter.

The Manager will be responsible for overseeing the calculation of the Company's NAV, taking into account the valuation of the Company's real estate investments determined through the valuation process described above. The Company's NAV will be based on the net asset value of its investments, the addition of any other assets (such as cash on hand), and the deduction of any liabilities. Changes in the quarterly NAV include, without limitation, accruals of the Company's net portfolio income, interest expense, fees paid to the Manager, distributions, unrealized/realized gains and losses on assets, any applicable organization and offering costs and any expense reimbursements. Changes in the quarterly NAV may also include material non-recurring events, such as capital expenditures and material property acquisitions and dispositions occurring during the quarter. Notwithstanding anything herein to the contrary,

the Manager may in its discretion consider material market data and other information that becomes available after the end of the applicable quarter in valuing the Company's assets and liabilities and calculating the NAV for a particular quarter. On an ongoing basis, the Manager will adjust the accruals to reflect actual operating results and the outstanding receivable, payable and other account balances resulting from the accumulation of quarterly accruals for which financial information is available. At its discretion, the Manager has the right, but not the obligation, to strike intra-quarter NAV(s) and associated Unit Price(s) due to material event(s) when such action would result in a more accurate reflection of share price.

The Manager will engage an independent valuation firm to validate the Manager's quarterly NAV calculation and provide recommendation for submittal to the Board of Directors for approval. At its discretion, the Manager has the right to engage such independent valuation firm to present such recommendation to the Board of Directors. The Board of Directors is responsible for approving the NAV.

Following the aggregation of the net asset values of the Company's investments, the addition of any other assets (such as cash on hand), and the deduction of any other liabilities, the Manager then incorporates class-specific adjustments to the NAV, including additional issuances and redemptions of Series One Units. At the close of business on the date that is one business day after each record date for any declared distribution, the NAV will be reduced to reflect the accrual of the Company's liability to pay any distribution to Series One Unit Holders of record as of the record date. NAV Per Unit is calculated by dividing NAV at the end of each quarter by the number of Series One Units outstanding at the end of such quarter.

NAV less Paid-in Equity represents the value created and retained on the Company balance sheet. Equity value exceeding Paid-in Equity will be allocated approximately 75% to Series One Units and approximately 25% to Common Units, subject to clearance of the trailing 36-month ("T36") hurdle rate. If the T36 hurdle rate is not cleared, then Equity value exceeding Paid-in Equity will be allocated 100% to Series One Units and 0% to Common Units. Series One Units are entitled to receive a greater than 75% allocation in order to realize a six percent (6.0%) return on the T36. Simultaneously, Common Units are entitled to receive the balance of the allocation.

FEDERAL INCOME TAX CONSEQUENCES

The following discussion summarizes certain material U.S. federal income tax consequences of an investment in the Series One Units. Prospective investors should not view the following analysis as a substitute for careful tax planning, particularly because the income tax consequences of an investment in limited liability companies such as the Company are often uncertain and complex. Also, the tax consequences will not be the same for all taxpayers. Investors should be aware that the following discussion necessarily condenses or eliminates many details that might adversely affect some investors significantly.

General

It is not feasible to comment on all aspects of U.S. federal, state and local tax laws that may affect each owner of the Series One Units or our operations and activities. This discussion addresses only the holders of the Series One Units who hold the Series One Units as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). Also, the discussion does not address all aspects of U.S. federal income taxation that might be relevant to a particular holder of the Series One Units in light of the holder's individual circumstances or to a holder that is subject to special treatment under U.S. federal income tax laws, including without limitation (except as specifically addressed):

- a bank, insurance company or other financial institution;
- a tax-exempt organization;
- a mutual fund;
- a non-U.S. investor;
- a U.S. expatriate;
- a dealer in securities;
- a Person who holds the Series One Units as part of a hedge, straddle, constructive sale or conversion transaction;
- a Person who acquired the Series One Units in connection with the performance of services; and
- a trader in securities who elects to apply a mark-to-market method of accounting.

The following summary is based upon the existing provisions of the Code and Treasury Regulations (including Proposed and Temporary Regulations) promulgated thereunder, current official IRS published rulings and existing judicial decisions in effect as of the date of this Memorandum.

There may be a lack of judicial authority and regulations interpreting certain provisions of the Code applicable to our operations and activities and the U.S. federal income tax aspects discussed below and elsewhere in this Memorandum and, consequently, uncertainty with respect to certain provisions of the Code. In addition, there is no assurance that the present U.S. federal income tax laws applicable to the holders of the Series One Units and our operations and activities will not be changed prospectively or retroactively by further legislation, regulations, judicial decisions, or administrative interpretations, which could adversely affect the tax consequences of ownership of the Series One Units and our operations and activities. Furthermore, there is no assurance that there will not be a difference of opinion as to the interpretation or application of current U.S. federal income tax laws as discussed in this Memorandum.

There is uncertainty concerning certain of the tax aspects discussed herein, and there can be no assurance that some of the deductions claimed or positions taken by the Company or the REIT Subsidiary

will not be challenged by the IRS. An audit of the Company's or the REIT Subsidiary's information returns may result in an increase in the Company's and the REIT Subsidiary's gross income, in the disallowance of certain deductions and in an audit of the income tax returns of the Series One Unit Holders, which could result in adjustments to non-Company items of income, deduction or credit. Final disallowance of such deductions could adversely affect the Company or the REIT Subsidiary and, therefore, the Series One Unit Holders. In addition, state tax authorities may audit the Company's or the REIT Subsidiary tax returns, which could result in unfavorable adjustments for the Series One Unit Holders. Investors might be faced with substantial legal and accounting costs in resisting a challenge by the IRS to the tax treatment of an investment in the Company, even if the IRS's challenge proves unsuccessful.

Prospective investors should not purchase Series One Units solely for the purpose of obtaining tax shelter for income from sources other than the Company. The Company will not provide any such tax shelter.

Prospective investors should consult their own tax advisors as to the specific tax consequences to them of the ownership of the Series One Units in light of the investor's particular circumstances, including the applicability and effect of U.S. federal, state, local and foreign income and other tax laws.

Taxation of the Company

Partnership Classification. Treasury Regulations provide that a limited liability company will be classified as a partnership for U.S. federal income tax purposes as long as an election is not made to treat the limited partnership as an association taxable as a corporation. The Company has not made, and does not intend to make, such an election and therefore is classified as a partnership for U.S. federal income tax purposes. As a partnership, the Company's items of income, gain, loss, deduction and credit are determined and passed through to the Series One Unit Holders and reported on their respective income tax returns.

Publicly Traded Partnership. Notwithstanding the Company's classification as a partnership, the Company could be treated as a corporation for United States federal income tax purposes if it were classified as a "publicly traded partnership" ("PTP"). A partnership is classified as a PTP under Section 7704 of the Code if interests in the partnership are traded on an established securities market or are readily tradable on a secondary market or the substantial equivalent thereof. In this regard, the transferability of the Series One Units will be restricted, and will not be listed for trading on an established securities market or on a secondary market. As such, it is not anticipated that the Company will be treated as a PTP.

Allocations of Net Income and Net Loss. In accordance with the Operating Agreement, Income and Loss will be allocated between the Series One Unit Holders and the Common Unit Holders disproportionately to their respective Capital Contributions, resulting in a form of special allocation of items of income, gain, loss, and deduction. We believe that the special allocation provisions of the Operating Agreement will be respected for U.S. federal income tax purposes based primarily on these allocation provisions having "substantial economic effect". However, there is no assurance that the IRS may not challenge these special allocation provisions. If the special allocation provisions were successfully challenged by the IRS, the Series One Unit Holders may be allocated a greater share of Income than as provided in the Operating Agreement, without a corresponding increase in the amount of distributions of Funds Available for Distribution, Sales Proceeds and Liquidation Proceeds to the Series One Unit Holders.

Limitation on Deductibility of Net Loss. Each Series One Unit Holder will be required to report its allocable share of Income or Loss for U.S. federal income tax purposes subject to any passive loss or other limitations on the deductibility of losses. As a result of the Company owning all of the properties through the REIT Subsidiary, the Series One Unit Holders should not expect any allocation of Loss relating to the operation of the properties.

Passive Loss, At-Risk and Excess Business Loss Limitations. The Company's operations and activities will be characterized as passive activities with respect to the Series One Unit Holders. However, it is anticipated that all or substantially all of the Company's income will be REIT dividends or gain or loss from the sale of the REIT Subsidiary Interests. Distributions that the REIT Subsidiary makes and gain arising from the sale or exchange by a domestic Series One Unit Holder of its Series One Units will be treated as "portfolio income" rather than passive activity income. As a result, Series One Unit Holders should expect that they will not be able to apply any "passive losses" from other activities against income or gain relating to their Series One Units.

In the event of the sale, exchange or other disposition by a Series One Unit Holder of its Series One Units, the ratable portion of the gain or loss from such disposition will be treated as gain or loss from the disposition of an ownership interest in the REIT Subsidiary and any other investment in which the Company owns an interest. Such gain or loss would also be expected to be treated as portfolio income, and not income from a passive activity.

The Code imposes limits on the ability of noncorporate taxpayers to deduct "excess business losses," which generally are losses from carrying on trade or business activities in excess of a specified amount ($500,000 in the case of married individuals filing jointly). This limitation applies only after the passive loss limitations (so only affects an individual's "active" losses) and, in the case of a trade or business carried on by a partnership or S corporation, is applied at the partner or S corporation shareholder level. Further, for Series One Unit Holders taxable as individuals, trusts or estates, expenses of the Company (including fund management fees and advisory fees) may constitute "investment" expenses rather than trade or business expenses. In this case, such expenses would not be deductible for taxable years beginning before 2026. Prospective investors should consult their own advisors concerning the application of these rules.

Cash Distributions and Reduction of Liabilities. During a tax year, the cash distributions, if any, to a Series One Unit Holder may be less or more than the amount of the Series One Unit Holder's allocable share of Income.

Cash distributions to a Series One Unit Holder generally will not cause recognition of income or gain, but will reduce the adjusted tax basis of the Series One Unit Holder's Series One Units. An exception to this general rule regarding recognition of income or gain occurs when an actual or constructive cash distribution exceeds the adjusted tax basis of the Series One Unit Holder's Series One Units. A cash distribution or deemed cash distribution in excess of the adjusted tax basis of the Series One Unit Holder's Series One Units, presumably at our tax year-end, generally will be taxable as Capital Gain.

Participation in Distribution Reinvestment Plan. Series One Unit Holders may elect to reinvest all or a portion of their distributions in additional Series One Units pursuant to the distribution reinvestment plan. The income tax treatment of participating in the distribution reinvestment plan is not entirely clear. However, in general, we expect a Series One Unit Holder that elects to participate in the distribution reinvestment plan generally should be treated as having received the entire applicable cash distribution with respect to its Series One Units and then reinvested all or a portion of such amount in additional Series One Units, notwithstanding the fact that no cash was actually received by the Series One Unit Holder with respect to the reinvested amounts.

As with a regular cash distribution, the deemed distribution with respect to the reinvested amounts may result in a taxable gain to the participant to the extent such deemed distribution exceeds a Unit Holder's basis in its Series One Units held immediately before the deemed distribution. In addition, a Series One Unit Holder that participates in the distribution reinvestment plan will still be taxed on its share of any net taxable income (for example, net taxable income attributable to dividends received by the Company from its REIT Subsidiary) underlying such deemed distribution, even though such Series One Unit Holder has elected not to receive all or a portion of the distribution in cash. As a result, Series One Unit Holders

participating in the distribution reinvestment plan may have to rely solely on sources other than reinvested distributions from which to pay any taxes due with respect to the reinvested portion of such distributions.

Series One Unit Holder's Adjusted Basis. A Series One Unit Holder's tax basis in its Series One Units purchased in the primary offering will initially equal its Capital Contributions. A Series One Unit Holder's tax basis in its Series One Units acquired through the distribution reinvestment plan will initially equal the amount of the distribution that was reinvested in the Series One Units. In each case, the initial tax basis will be (a) increased by (i) the Series One Unit Holder's share of Income (including nontaxable income) and (ii) the Series One Unit Holder's share of indebtedness, and (b) reduced (but not below zero) by (i) the Series One Unit Holder's share of Loss and nondeductible expenditures not properly chargeable to a Capital Account and (ii) any cash distributions to the Series One Unit Holder (including any distributions that are reinvested under the distribution reinvestment plan).

Any reduction in a Series One Unit Holder's share of our indebtedness that was included in the adjusted tax basis of its Series One Units will be treated as a cash distribution and will reduce a Series One Unit Holder's adjusted tax basis in its Series One Units. We intend to treat the REIT Subsidiary (rather than the Company) as the borrower under all Company borrowings and indebtedness. As a result, it is not anticipated that the tax basis of the Series One Unit Holders will include any significant amounts of Company indebtedness.

20% Deduction for Qualified Business Income. Noncorporate taxpayers are generally entitled to a deduction equal to 20% of the taxpayer's domestic "qualified business income" derived from carrying on qualified businesses through partnerships, S corporations and sole proprietorships. This deduction (subject to various limitations) has the effect of reducing the maximum U.S. federal income tax rate on qualified business income from 37% to 29.6%. The deduction expires for tax years beginning after December 31, 2025. Qualified business income does not include items relating to investment activities, such as capital gains, dividends and interest income (other than interest income earned in a trade or business). In the case of a qualified business engaged through a partnership, the deduction applies at the partner level. In general, the deduction is subject to complex limitations based on wages paid with respect to each qualified trade or business and the unadjusted basis of depreciable property used in the qualified trade or business. However, "qualified REIT dividends" (ordinary REIT dividends that are not taxed at reduced rates either as qualified capital gain dividends or as qualified dividend income) are generally treated as qualified business income for purposes of this deduction, without being subject to these wage and basis limitations.

It is anticipated that (i) the Company will be classified as a partnership and (ii) substantially all income allocated to the Series One Unit Holders will be dividends from the REIT Subsidiary.[1]

Accrual Method of Accounting. The Company and the REIT Subsidiary have adopted the accrual method of accounting for U.S. federal income tax accounting purposes. Under the accrual method of accounting, the Company and the REIT Subsidiary are required to include in their income items of income and gain when all events have occurred that establish their right to receive the income and gain and the amount of income and gain can be determined with reasonable accuracy. There is no assurance that sufficient distributions of cash will be made to the Series One Unit Holders with which to pay any increased income tax resulting from the accrual method of reporting income.

[1] NTD: Given that the Company conducts all of its activities through the REIT Subsidiary, a detailed discussion of the limitations on deductions and capitalization is not necessary (since those deductions only affect the REIT income and are not passed through to investors). Therefore, we have omitted "Limitation on Deductibility of Business Interest" through "Uniform Capitalization Rules".

With respect to items of loss and deduction, under the accrual method, items of expense will not become deductible prior to the time of economic performance, which generally includes performance of the services or delivery of the property to or use of the property.[2,3]

Sale and Exchange of the Series One Units. In general, the tax consequences of the sale or exchange of the Series One Units are expected to parallel the tax consequences of the Company's disposition of its assets. On the sale or exchange of a Series One Unit, the Series One Unit Holder will realize gain or loss measured by the difference between the amount realized on the sale or exchange and the adjusted tax basis of the Series One Unit Holder's Series One Units on the date of such sale. A Series One Unit Holder's pro rata share of the Company's liabilities for which the Series One Unit Holder has received an increase in the adjusted tax basis of the Series One Units, as of the date of the sale or exchange, may be included in the amount realized by the Series One Unit Holder upon such sale or exchange. Gain or loss on the sale of a Series One Unit held by a Series One Unit Holder for more than 12 months generally will be treated as a long-term capital gain or loss, except to the extent the gain is treated as the recapture of cost recovery or depreciation deductions.

Therefore, it is possible that the gain realized on the sale or exchange of a Series One Unit may exceed the cash proceeds, and it is possible that the income taxes payable by a Series One Unit Holder, attributable to the gain from the disposition, may exceed the distribution, if any, of the cash proceeds from such sale or exchange.

Tax Elections. Upon the transfer of a Series One Unit by sale or exchange, or on the death of a Series One Unit Holder, and upon the Company's distribution of property to a Series One Unit Holder, the Company is permitted to elect to adjust the basis of its property holdings, which is generally referred to as a "Section 754 election." If the election were made, the general effect would be that, with respect only to the transferee of the Series One Unit, the basis of our assets would either be increased or decreased by the difference between the transferee's basis in its Series One Unit and its proportionate share of the adjusted basis for our property holdings. Because of the complexities of the tax accounting required, we may but are not obligated to file an election to adjust the basis of our assets and properties in the case of a transfer of a Series One Unit. In the event we do not make the Section 754 election, upon a sale of a property subsequent to a transfer of a Series One Unit, taxable gain or loss to the transferee of the Series One Unit will be measured by the difference between the transferee's share of the sales price and its share of our tax basis in the property (which, in the absence of the Section 754 election, will be unchanged by the transfer of the Series One Unit), rather than by the difference between the Series One Unit Holder's share of the sales price and the portion of the purchase price of the Series One Unit that was allocable to the particular item of property. As a consequence, the transferee will be subject to a tax upon a portion of the proceeds that represent a return of capital, if the purchase price for the Series One Unit exceeded the transferee's share of the adjusted basis for all of our properties. Thus, our failure to make the Section 754 election may increase the difficulty of a Series One Unit Holder in selling its Series One Units, because the purchaser will obtain no current tax benefit from its investment in the Series One Units to the extent that the purchaser's acquisition cost of the Series One Units exceeds its allocable share of the tax basis of our property holdings.

A partnership is required to reduce the tax basis of the partnership assets on a transfer of a partnership interest if the assignee would be allocated a net loss in excess of $250,000 upon the sale of all of the partnership assets at the time the partnership interest is transferred.

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[2] NTD: Consider deleting the bracketed text. The disclosure is unnecessary given that REITs are required to distribute all of their income.

[3] NTD: We have omitted the section titled "Sale or Other Disposition of REIT Subsidiary Property" as this concept is adequately covered in the "Tax Consequences Regarding the REIT Subsidiary" below.

We may also make various elections for U.S. federal income tax reporting purposes that could result in various items of income, gain, loss, deduction or credit being treated differently for tax purposes than for accounting purposes.

Dissolution and Liquidation. In general, upon liquidation or termination of the Company, a Series One Unit Holder will recognize gain only to the extent that the sum of cash distributed to the Series One Unit Holder and its proportionate share of our indebtedness exceeds the adjusted tax basis of the Series One Units of a Series One Unit Holder at the time of dissolution. If any property, other than cash, is distributed to a Series One Unit Holder, the tax basis of a Series One Unit Holder's share of the properties distributed will be an amount equal to the adjusted basis of the Series One Units of the Series One Unit Holder, reduced by any cash distributed to the Series One Unit Holder in the same transaction and by any decrease in the Series One Unit Holder's proportionate share of the Company's liabilities that were included within the tax basis of the Series One Units.

Taxation of the Series One Unit Holders Relating to REIT Subsidiary Distributions

So long as the REIT Subsidiary qualifies as a REIT, the distributions that the REIT Subsidiary makes to the Company out of current or accumulated earnings and profits that the REIT Subsidiary does not designate as capital gain dividends will generally be ordinary income and will not be eligible for the dividends received deduction generally applicable to corporations. With limited exceptions and subject to the deduction described below, the REIT Subsidiary's distributions are not eligible for taxation at the preferential income tax rates (i.e., the 20% maximum U.S. federal income tax rate) for qualified distributions received by individuals, trusts and estates from taxable C corporations. However, for the taxable years prior to 2026, individuals (including individuals that own their interests through a partnership) are generally allowed to deduct 20% of the aggregate amount of ordinary dividends from the REIT Subsidiary distributed by the Company, subject to certain limitations, which would reduce the maximum marginal effective tax rate for individuals on the receipt of such ordinary dividends to 29.6%.

Distributions that the REIT Subsidiary designates as capital gain dividends will generally be taxed to the Series One Unit Holders as long-term capital gains, to the extent that such distributions do not exceed the REIT Subsidiary's actual net capital gain for the taxable year, without regard to the period for which the Series One Unit Holder that receives such distribution has held its Series One Units. The REIT Subsidiary may elect to retain and pay taxes on some or all of the REIT Subsidiary's net long-term capital gains, in which case Series One Unit Holders will be treated as having received the REIT Subsidiary's undistributed capital gains, and the Series One Unit Holders will receive a corresponding credit for taxes that the REIT Subsidiary paid on such undistributed capital gains. Corporate Series One Unit Holders may be required to treat up to 20% of some capital gain distributions as ordinary income. Long-term capital gains are generally taxable at maximum federal rates of 20% in the case of Series One Unit Holders who are individuals and 21% in the case of Series One Unit Holders that are corporations.

Distributions in excess of the REIT Subsidiary's current and accumulated earnings and profits will generally represent a return of capital and will not be taxable to a Series One Unit Holder to the extent that the amount of such distributions do not exceed the adjusted basis the Company has in the REIT Subsidiary Interest. Rather, the distribution will reduce the adjusted basis of the Company's basis in the REIT Subsidiary Interest. To the extent that such distributions exceed the adjusted basis, the Series One Unit Holder's generally must include such distributions in income as long-term capital gain, or short-term capital gain if the REIT Subsidiary Interest has been held for 1 year or less.

Any net operating losses and other tax attributes generally do not pass through to the Company's stockholders, subject to special rules for certain items such as the capital gains that the Company recognizes. See "Federal Income Tax Consequences – Effect of Subsidiary Entities – Annual Distribution Requirements."

Taxation of the Subsidiary REIT

Taxation of REITs in General. As indicated above, the REIT Subsidiary's qualification and taxation as a REIT depends upon the REIT Subsidiary's ability to meet, on a continuing basis, various qualification requirements imposed upon REITs by the Code. While the REIT Subsidiary intends to operate so that it qualifies as a REIT, no assurance can be given that the IRS will not challenge the REIT Subsidiary's qualification, or that the REIT Subsidiary will be able to operate in accordance with the REIT requirements in the future.

Provided that the REIT Subsidiary qualifies as a REIT, the REIT Subsidiary will generally be entitled to a deduction for dividends paid by the REIT Subsidiary and therefore the REIT Subsidiary will not be subject to U.S. federal corporate income tax on the REIT Subsidiary's taxable income and gain that is currently distributed.

If the REIT Subsidiary qualifies as a REIT, it will nonetheless be subject to federal tax in the following circumstances:

- The REIT Subsidiary will be taxed at regular corporate rates on any undistributed taxable income, including undistributed net capital gains.

- If the REIT Subsidiary has net income from prohibited transactions, which are, in general, sales or other dispositions of inventory or property held primarily for sale to customers in the ordinary course of business, other than foreclosure property, such income will be subject to a 100% tax. See "Federal Income Tax Consequences – Prohibited Transactions" below.

- If the REIT Subsidiary should fail to satisfy the 75% gross income test or the 95% gross income test, as discussed below, but nonetheless maintains its qualification as a REIT because it satisfies other requirements, the REIT Subsidiary will be subject to a 100% tax on an amount based on the magnitude of the failure, as adjusted to reflect the profit margin associated with its gross income.

- If the REIT Subsidiary should violate the asset tests (other than certain de minimis violations) or other requirements applicable to REITs, as described below, and yet maintain its qualification as a REIT because there is reasonable cause for the failure and other applicable requirements are met, the REIT Subsidiary may be subject to an excise tax. In that case, the amount of the excise tax will be at least $50,000 per failure, and, in the case of certain asset test failures, will be determined as the amount of net income generated by the assets in question multiplied by the highest corporate tax rate (currently 21%) if that amount exceeds $50,000 per failure.

- If the REIT Subsidiary should fail to distribute (or be deemed to distribute) during each calendar year at least the sum of (a) 85% of its REIT ordinary income for such year; (b) 95% of its REIT capital gain net income for such year; and (c) any undistributed taxable income from prior periods, the REIT Subsidiary would be subject to a nondeductible 4% excise tax on the excess of the required distribution over the sum of (i) the amounts that it actually distributed and (ii) the amounts it retained and upon which it paid income tax at the corporate level.

- The REIT Subsidiary may be required to pay monetary penalties to the IRS in certain circumstances, including if it fails to meet record keeping requirements intended to monitor our compliance with rules relating to the composition of a REIT's shareholders, as described below in "Requirements for Qualification – General."

- If the REIT Subsidiary acquires appreciated assets from a corporation that is not a REIT (i.e., a corporation taxable under subchapter C of the Code) in a transaction in which the adjusted tax basis of the assets in its hands is determined by reference to the adjusted tax basis of the assets in the hands of the subchapter C corporation, the REIT Subsidiary may be subject to tax on such appreciation at the highest corporate income tax rate then applicable if the REIT Subsidiary subsequently recognizes gain on a disposition of any such assets during the five-year period following their acquisition from the subchapter C corporation.

- The net income or gain of any taxable REIT subsidiaries of the REIT Subsidiary will be subject to U.S. federal corporate income tax.

Requirements for Qualification – General. The Code defines a REIT as a corporation, trust or association:

(1) that is managed by one or more trustees or directors;

(2) the beneficial ownership of which is evidenced by transferable shares, or by transferable certificates of beneficial interest;

(3) that would be taxable as a domestic corporation but for its election to be subject to tax as a REIT;

(4) that is neither a financial institution nor an insurance company subject to specific provisions of the Code;

(5) the beneficial ownership of which is held by 100 or more persons for at least 335 days of each taxable year of 12 months or during a proportionate part of a taxable year of less than 12 months;

(6) in which, during the last half of each taxable year, not more than 50% in value of the outstanding stock is owned, directly or indirectly, by five or fewer "individuals" (as defined in the Code to include specified tax-exempt entities); and

(7) which meets other tests described below, including with respect to the nature of its income and assets.

The Code provides that conditions (1) through (4) must be met during the entire taxable year, and that condition (5) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a shorter taxable year. Conditions (5) and (6) need not be met during the REIT Subsidiary's initial tax year as a REIT. (In the REIT Subsidiary's case, the REIT Subsidiary elected to be taxed as a REIT for the REIT Subsidiary's taxable year ended December 31, 2019). The REIT Subsidiary Operating Agreement provides restrictions regarding the ownership and transfer of the REIT Subsidiary Interests, which are intended to assist the REIT Subsidiary in satisfying the ownership requirements described in conditions (5) and (6) above. The REIT Subsidiary issued preferred interests to satisfy condition (5) on January 2, 2020. When the Company next amends its Operating Agreement, it intends to incorporate certain REIT limitations.

To monitor compliance with the ownership requirements, the REIT Subsidiary generally is required to maintain records regarding the actual ownership of the REIT Subsidiary Interests. To do so, the REIT Subsidiary must demand written statements each year from the record holders which must disclose the actual owners of the REIT Subsidiary Interests (i.e., the persons required to include the REIT Subsidiary's distributions in their gross income). The REIT Subsidiary must maintain a list of those persons failing or

refusing to comply with this demand as part of its records. The REIT Subsidiary could be subject to monetary penalties if it fails to comply with these record-keeping requirements.

The Code provides relief from violations of the REIT gross income requirements, as described below under "Income Tests," in cases where a violation is due to reasonable cause and not to willful neglect, and other requirements are met, including the payment of a penalty tax that is based upon the magnitude of the violation. In addition, certain provisions of the Code extend similar relief in the case of certain violations of the REIT asset requirements (see "Federal Income Tax Consequences – Effect of Subsidiary Entities – Asset Tests" below) and other REIT requirements, again provided that the violation is due to reasonable cause and not willful neglect, and other conditions are met, including the payment of a penalty tax. If the REIT Subsidiary fails to satisfy any of the various REIT requirements, there can be no assurance that these relief provisions would be available to enable the REIT Subsidiary to maintain its qualification as a REIT, and, if such relief provisions are available, the amount of any resultant penalty tax could be substantial.

Effect of Subsidiary Entities

If the REIT Subsidiary is a partner in an entity that is treated as a partnership for U.S. federal income tax purposes, Treasury Regulations provide that the REIT Subsidiary is deemed to own its proportionate share of the partnership's assets, and to earn its proportionate share of the partnership's income, for purposes of the REIT asset and gross income tests.

If the REIT Subsidiary owns a corporate subsidiary that is a qualified REIT subsidiary, that subsidiary is generally disregarded for U.S. federal income tax purposes, and all of the subsidiary's assets, liabilities and items of income, deduction and credit are treated as the REIT Subsidiary's assets, liabilities and items of income, deduction and credit, including for purposes of the gross income and asset tests applicable to REITs. A qualified REIT subsidiary is any corporation, other than a taxable REIT subsidiary, that is directly or indirectly wholly owned by a REIT.

The REIT Subsidiary may jointly elect with any of the REIT Subsidiary's subsidiary corporations, to treat such subsidiary corporations as taxable REIT subsidiaries, or "TRSs." A domestic TRS is a fully taxable corporation that may earn income or hold assets that would not be qualifying income or assets if earned or held directly by the parent REIT. A TRS is subject to corporate income tax on its earnings, which may reduce the cash flow to the REIT Subsidiary and the REIT Subsidiary may use TRSs to conduct activities that give rise to certain categories of income such as management fees or activities that would be treated in the REIT Subsidiary's hands as prohibited transactions.

Certain restrictions imposed on TRSs are intended to ensure that such entities will be subject to appropriate levels of U.S. federal income taxation. These include the limitations on the deductibility of interest discussed herein at "Limitation on Deductibility of Business Interest". In addition, if amounts are paid to a REIT or deducted by a TRS due to transactions between the REIT and a TRS that exceed the amount that would be paid to or deducted by a party in an arm's-length transaction, the REIT generally will be subject to an excise tax equal to 100% of such excess. A 100% tax will also apply to "redetermined services income," i.e., non-arm's-length income of a REIT's TRS attributable to services provided to, or on behalf of, the REIT (other than services provided to REIT tenants, which are potentially taxed as redetermined rents). The REIT Subsidiary intends to scrutinize all of its transactions with any TRS in an effort to ensure that the REIT Subsidiary does not become subject to this excise tax; however, the REIT Subsidiary cannot assure you that the REIT Subsidiary will be successful in avoiding this excise tax.

Income Tests. In order to qualify as a REIT, the REIT Subsidiary must satisfy two gross income requirements on an annual basis.

- First, at least 75% of the REIT Subsidiary's gross income for each taxable year, excluding gross income from sales of inventory or dealer property in "prohibited transactions," generally must be derived from investments in real property or mortgages on real property or on interests in real property, including interest income derived from mortgage loans secured by real property, "rents from real property," distributions received from other REITs and gains from the sale of real estate assets, as well as specified income from temporary investments.

- Second, at least 95% of the REIT Subsidiary's gross income in each taxable year, excluding gross income from prohibited transactions and certain hedging transactions, must be derived from some combination of such income from investments in real property (i.e., income that qualifies under the 75% income test described above), as well as other dividends and interest, and gain from the sale or disposition of stock or securities, which need not have any relation to real property.

Rents received by the REIT Subsidiary will qualify as "rents from real property" in satisfying the gross income requirements described above only if several conditions are met.

- If rent is partly attributable to personal property leased in connection with a lease of real property, the portion of the rent that is attributable to the personal property will not qualify as "rents from real property" unless it constitutes 15% or less of the total rent received under the lease.

- The amount of rent must not be based in whole or in part on the income or profits of any person. Amounts received as rent, however, generally will not be excluded from rents from real property solely by reason of being based on fixed percentages of gross receipts or sales. This limitation does not apply, however, where the lessee leases substantially all of its interest in the property to tenants or subtenants to the extent that the rental income derived by the lessee would qualify as rents from real property had the REIT Subsidiary earned the income directly.

- Subject to certain exceptions, the REIT Subsidiary generally must not furnish or render services to the tenants of such property, other than through an "independent contractor" from which the REIT Subsidiary derives no revenue. The REIT Subsidiary is permitted, however, to perform services that are "usually or customarily rendered" in connection with the rental of space for occupancy only, as well as services which are not otherwise considered rendered to the occupant of the property. In addition, the REIT Subsidiary may directly or indirectly provide noncustomary services to tenants of our properties without disqualifying all of the rent from the property if the income attributable to such services does not exceed 1% of the total gross income from the property. For purposes of this test, the REIT Subsidiary is deemed to have received income from such non-customary services in an amount at least 150% of the direct cost of providing the services. Moreover, the REIT Subsidiary is generally permitted to provide services to tenants or others through a TRS without disqualifying the rental income received from tenants for purposes of the income tests.

- The REIT Subsidiary must not directly or constructively hold a 10% or greater interest, as measured by vote or value, in the lessee's equity.

A distribution from a TRS is generally treated as dividend income to the extent of the earnings and profits of the distributing corporation. Such distributions will generally constitute qualifying income for purposes of the 95% gross income test, but not for purposes of the 75% gross income test. Any distributions that the REIT Subsidiary receives from a REIT, however, will be qualifying income for purposes of both the 95% and 75% income tests.

If the REIT Subsidiary fails to satisfy one or both of the 75% or 95% gross income tests for any taxable year, it may still qualify as a REIT for such year if it is entitled to relief under applicable provisions of the Code. These relief provisions will be generally available if (1) the REIT Subsidiary's failure to meet these tests was due to reasonable cause and not due to willful neglect and (2) following the REIT Subsidiary's identification of the failure to meet the 75% or 95% gross income test for any taxable year, the REIT Subsidiary files a schedule with the IRS setting forth each item of the REIT Subsidiary's gross income for purposes of the 75% or 95% gross income test for such taxable year in accordance with Treasury Regulations yet to be issued. It is not possible to state whether the REIT Subsidiary would be entitled to the benefit of these relief provisions in all circumstances. If these relief provisions are inapplicable to a particular set of circumstances, the REIT Subsidiary will not qualify as a REIT.

Asset Tests. At the close of each calendar quarter, the REIT Subsidiary must also satisfy four tests relating to the nature of the REIT Subsidiary's assets.

- First, at least 75% of the value of the REIT Subsidiary's total assets must be represented by some combination of "real estate assets," cash, cash items, United States government securities and, under some circumstances, stock or debt instruments purchased with new capital.

- Second, no more than 25% of the REIT Subsidiary's total assets may be represented by securities other than those in the 75% asset class; provided that not more than 25% of the value of the REIT Subsidiary's assets may consist of debt instruments issued by publicly offered REITs.

- Third, of the investments included in the 25% asset class, the value of any one issuer's securities that the REIT Subsidiary owns may not exceed 5% of the value of the REIT Subsidiary's total assets. Additionally, the REIT Subsidiary may not own more than 10% of any one issuer's outstanding securities, as measured by either voting power or value. The 5% and 10% asset tests do not apply to securities of TRSs and qualified REIT subsidiaries and the 10% asset test does not apply to "straight debt" having specified characteristics and to certain other securities described below. Solely for purposes of the 10% asset test, the determination of the REIT Subsidiary's interest in the assets of a partnership or limited liability company in which the REIT Subsidiary owns an interest will be based on our proportionate interest in any securities issued by the partnership or limited liability company, excluding for this purpose certain securities described in the Code.

- Fourth, the aggregate value of all securities of taxable REIT subsidiaries that the REIT Subsidiary holds may not exceed 20% of the value of the REIT Subsidiary's total assets.

Certain relief provisions are available to REITs to satisfy the asset requirements or to maintain REIT qualification notwithstanding certain violations of the asset and other requirements.

If the REIT Subsidiary should fail to satisfy one or more of the asset tests at the end of a calendar quarter, such a failure will not cause the REIT Subsidiary to lose its REIT qualification if the REIT Subsidiary (i) satisfied the asset tests at the close of the preceding calendar quarter and (ii) the discrepancy between the value of the REIT Subsidiary's assets and the asset requirements was not wholly or partly caused by an acquisition of non-qualifying assets, but instead arose from changes in the market value of the REIT Subsidiary's assets. If the condition described in (ii) were not satisfied, the REIT Subsidiary still could avoid disqualification by eliminating any discrepancy within 30 days after the close of the calendar quarter in which it arose or by making use of relief provisions described below.

Annual Distribution Requirements. In order to qualify as a REIT, the Subsidiary is required to make distributions, other than capital gain distributions, in an amount at least equal to:

(a) the sum of

(i) 90% of the Subsidiary's "REIT taxable income," computed without regard to the Subsidiary's net capital gains and the dividends-paid deduction, and

(ii) 90% of the Subsidiary's net income, if any, (after tax) from foreclosure property (as described below), minus

(b) the sum of certain specified items of non-cash income.

The REIT Subsidiary generally must make these distributions in the taxable year to which they relate. However, if the REIT Subsidiary declares a dividend in October, November or December of a taxable year, payable to holders of record during such period, and actually pays the dividend during January of the following taxable year, the dividend will be treated, for all U.S. federal income tax purposes, as having been paid in the year declared. Additionally, if the REIT Subsidiary declares a dividend in the following taxable year, before the REIT Subsidiary timely files its tax return for the year and pays such dividend before the first regular distribution payment after such declaration, it will be treated as having been paid in the current taxable year for purposes of the 90% distribution requirement.

To the extent that the REIT Subsidiary distributes at least 90%, but less than 100%, of the REIT Subsidiary's "REIT taxable income," as adjusted, the REIT Subsidiary will be subject to tax at ordinary corporate tax rates on the retained portion. The REIT Subsidiary may elect to retain, rather than distribute, the REIT Subsidiary's net long-term capital gains and pay tax on such gains. In this case, the REIT Subsidiary could elect for the Series One Unit Holders to include their proportionate shares of such undistributed long-term capital gains in income, and to receive a corresponding credit for their share of the tax that the REIT Subsidiary paid. The Series One Unit Holders would then increase their adjusted basis by the difference between (a) the amounts of capital gain distributions that the REIT Subsidiary designated and that they include in their taxable income minus (b) the tax that the REIT Subsidiary paid on their behalf with respect to that income.

To the extent that the REIT Subsidiary may in the future have available net operating losses carried forward from prior tax years, such losses may reduce the amount of distributions that the REIT Subsidiary must make in order to comply with the REIT distribution requirements. Such losses, however, will generally not affect the character, in the hands of the REIT Subsidiary's holders, of any distributions that are actually made as ordinary dividends or capital gains. A REIT's deduction for any net operating loss carryforwards is limited to 80% of a REIT's taxable income (determined without regard to the deduction for dividends paid), and any unused portion of losses may not be carried back, but may be carried forward indefinitely.

If the REIT Subsidiary should fail to distribute (or be deemed to distribute) during any calendar year at least the sum of (i) 85% of the REIT Subsidiary's REIT ordinary income for such year; (ii) 95% of the REIT Subsidiary's REIT capital gain net income for such year; and (iii) any undistributed taxable income from prior periods, the REIT Subsidiary would be subject to a non-deductible 4% excise tax on the excess of such required distribution over the sum of (x) the amounts actually distributed plus (y) the amounts of income the REIT Subsidiary retained and on which the REIT Subsidiary has paid corporate income tax.

The REIT Subsidiary may be able to rectify a failure to meet the distribution requirements for a year by paying "deficiency dividends" in a later year, which may be included in the REIT Subsidiary's deduction for dividends paid for the earlier year.

Failure to Qualify as a REIT. If the REIT Subsidiary fails to satisfy one or more requirements for REIT qualification other than the gross income or asset tests, the REIT Subsidiary could avoid

disqualification if the REIT Subsidiary's failure is due to reasonable cause and not willful neglect and the REIT Subsidiary pays a penalty of $50,000 for each such failure. Relief provisions are available for failures of the gross income tests and asset tests, as described above in "Income Tests" and "Asset Tests."

If the REIT Subsidiary fails to qualify for taxation as a REIT in any taxable year, and the relief provisions described above do not apply, the REIT Subsidiary would be subject to tax on its taxable income at regular corporate rates and would generally be disqualified from treatment as a REIT for the four taxable years following the year of losing its REIT status.

Prohibited Transactions. Net income that the REIT Subsidiary derives from a prohibited transaction is subject to a 100% tax. The term prohibited transaction generally includes a sale or other disposition of property (other than foreclosure property, as discussed below) that is held primarily for sale to customers in the ordinary course of a trade or business. Whether property is held "primarily for sale to customers in the ordinary course of a trade or business" depends on the particular facts and circumstances. No assurance can be given that any property that the REIT Subsidiary sells will not be treated as property held for sale to customers, or that the REIT Subsidiary can comply with certain safe-harbor provisions of the Code that would prevent such treatment. The 100% tax does not apply to gains from the sale of property that is held through a TRS, although such income will generally be subject to tax in the hands of the TRS at regular corporate rates, nor does the 100% tax apply to sales that qualify for a safe harbor as described in Section 857(b)(6) of the Code, which applies if certain conditions are met, including (i) the property being held for at least two years for the production of qualifying rental income and (ii) the Subsidiary REIT making no more than seven sales of property in the year in question.

3.8% Net Investment Income Tax

With respect to a Series One Unit Holder that is subject to the passive loss rules, the Series One Unit Holder's share of our Income will constitute net earnings subject to Medicare tax of 3.8% to the extent that the Series One Unit Holder's net investment income (interest, royalty, rental or other passive income) or adjusted gross income, whichever is the lesser, exceeds $200,000 for unmarried individuals ($250,000 for a married Series One Unit Holder filing jointly or $125,000 for a married Series One Unit Holder filing a separate return) during the tax year. Net investment income generally includes dividends on the REIT Subsidiary's stock and gain from the sale of the REIT Subsidiary's stock. The temporary 20% deduction with respect to ordinary REIT dividends received by non-corporate taxpayers is likely not allowed as a deduction allocable to such dividends for purposes of determining the amount of net investment income subject to the 3.8% Medicare tax.

Tax-Exempt Entities

The Operating Agreement does not prohibit the admission of any tax-exempt entities as a Series One Unit Holder, including qualified pension trusts and individual retirement accounts. Tax-exempt entities are generally exempt from income taxation. However, the general corporate income tax is imposed to the extent of unrelated business taxable income ("UBTI"). UBTI is the gross income derived from any unrelated trade or business regularly carried on by the tax-exempt organization, less certain deductions that are directly connected with the trade or business carried on by such organization with certain modifications. If the Company (as opposed to the REIT Subsidiary) were to borrow or were treated as borrowing amounts under the Revolving Loan, a portion of the income of the Company may be UBTI under the debt-financed property rules of Section 514 of the Code. However, we intend to treat the REIT Subsidiary (rather than the Company) as the borrower under all Company borrowings and indebtedness.

Non-U.S. Persons as Series One Unit Holders

The foregoing discussion does not provide any information regarding the tax consequences that may be applicable to non-U.S. investors, and any such foreign investors should consult with their own tax advisors regarding the tax consequences of an investment in Series One Units.

Audits of Tax Returns

We are required to designate a partner, or other Person, with a substantial presence in the United States as the partnership representative ("Partnership Representative"). The Partnership Representative will have the sole authority to act on the Company's behalf for purposes of, among other things, federal income tax audits and judicial review of administrative adjustments by the IRS. If we do not make such a designation, the IRS can select any Person as the Partnership Representative. We have designated the Manager as the Partnership Representative. Further, any actions taken by the Company or by the Partnership Representative on the Company's behalf with respect to, among other things, federal income tax audits and judicial review of administrative adjustments by the IRS, will be binding on the Company and all of the Series One Unitholders and the Common Unit Holders.

Additionally, if the IRS makes audit adjustments to our income tax returns, it may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from us, unless we elect to have the Series One Unit Holders take any audit adjustment into account in accordance with their interests in us during the taxable year under audit. Similarly, for such taxable years, if the IRS makes audit adjustments to income tax returns filed by an entity in which we are a member or partner, it may assess and collect any taxes (including penalties and interest) resulting from such audit adjustment directly from such entity. Generally, we expect to elect to have the Series One Unit Holders take any such audit adjustment into account in accordance with their interests in us during the taxable year under audit, but there can be no assurance that such election will be effective in all circumstances. If we are unable to have the Series One Unit Holders take such audit adjustment into account in accordance with their interests in us during the taxable year under audit, the then current Series One Unit Holders may bear some or all of the tax liability resulting from such audit adjustment, even if such Series One Unit Holders did not own the Series One Units during the taxable year under audit. If, as a result of any such audit adjustment, we are required to make payments of taxes, penalties, and interest, our Funds Available for Distribution to the Series One Unit Holders might be substantially reduced.

Accuracy-Related Penalties and Interest

All penalties relating to the accuracy of tax returns are now consolidated into a single accuracy-related penalty equal to 20% of the portion of the underpayment to which the penalty applies. The penalty applies to any portion of any understatement that is attributable to: (i) negligence or disregard of rules or regulations, (ii) any substantial understatement of income tax or (iii) any substantial valuation misstatement. Negligence is generally any failure to make a reasonable attempt to comply with the provisions of the Code and the term "disregard" includes careless, reckless or intentional disregard.

A substantial understatement of income tax generally occurs if the amount of the understatement for the taxable year exceeds the greater of (i) 10% of the tax required to be shown on the return for the taxable year or (ii) $5,000. In the case of a C corporation, a substantial understatement of income tax generally occurs if the amount of the understatement for the taxable year exceeds the lesser of (i) 10% of the tax required to be shown on the return for the taxable year (or, if greater, $10,000) or (ii) $10,000,000.

A substantial valuation misstatement occurs if the value of any property (or the adjusted basis) is 150% or more of the amount determined to be the correct valuation or adjusted basis. The penalty doubles if the property's valuation is misstated by 200% or more. No penalty will be imposed unless the

underpayment attributable to the substantial valuation misstatement exceeds $5,000 or $10,000 in the case of a C corporation.

Except with respect to "tax shelters," an accuracy-related penalty will not be imposed on an underpayment attributable to negligence, a substantial understatement of income tax or a substantial valuation misstatement if it is shown that there was a reasonable cause for the underpayment and that the taxpayer acted in good faith. A "tax shelter" includes a partnership if a significant purpose of the partnership is the avoidance or evasion of tax.

Summary

The foregoing is only a summary of some of the important federal income tax considerations generally affecting individual taxpayers. No attempt is made to present a detailed explanation of the federal income tax treatment of investment in our operations. Moreover, the tax matters discussed above are subject to change by legislation, administrative action, or judicial decisions. No assurances are given that any deductions or other federal income tax advantages that are described herein, or that prospective investors may contemplate, will be available. The foregoing analysis of the federal income tax consequences of investment in the Series One Units is not intended as an opinion of counsel as to the matters discussed or as a substitute for careful tax planning. Accordingly, prospective investors contemplating an investment in the Series One Units are urged to consult their own tax advisers with specific reference to their specific tax situations.

State and Local Taxes

In addition to the federal income tax aspects described above, prospective investors contemplating an investment in the Series One Units should consider potential state and local tax consequences of an investment in the Company. A Series One Unit Holder's distributive share of the income or loss of the Company generally will be required to be included in determining the Series One Unit Holder's reportable income for state and local tax purposes.

This Memorandum makes no attempt to summarize the state and local tax consequences to the Series One Unit Holders. Each prospective investor is urged to consult its own tax advisor to determine whether the state in which it is a resident will impose a tax upon its share of our taxable income.

INVESTMENT BY EMPLOYEE BENEFIT PLANS AND IRAS

The provisions of ERISA and the Code that may be applicable to benefit plan investors are complex. The following discussion is general in nature and is not intended to be a thorough analysis of the applicable provisions of ERISA and the Code. Employee benefit plans subject to the ERISA or Section 4975 of the Code considering purchasing Series One Units in the Company should consult with their own employee benefits counsel regarding the application of ERISA and the Code to their purchase.

Fiduciaries Under ERISA

Any fiduciary acting on behalf of a "benefit plan investor" as defined in Section 3(42) of ERISA, which includes (i) employee benefit plans subject to ERISA (including, for example, qualified retirement plans), (ii) plans subject to Section 4975 of the Code (including, for example, an individual retirement account ("IRA")), and (iii) any entity whose underlying assets include plan assets by reason of such a plan's investment in such entity (all three kinds of plans and entities referred to collectively as "***Benefit Plans***"), is subject to certain requirements under applicable law, including, but not limited to, the fiduciary duty to act solely in the interest of, and for the exclusive purpose of providing benefits to, the participants and beneficiaries of such Benefit Plan, the fiduciary duty to act with the skill, prudence and diligence of a prudent man acting in like capacity, the fiduciary duty to diversify investments of such Benefit Plan so as to minimize the risk of large losses, and the duty to act in accordance with the Benefit Plan's governing documents.

Fiduciaries with respect to a Benefit Plan include any Persons who exercise discretionary control or authority over plan management or plan assets, exercise discretionary authority or responsibility for the administration of the Benefit Plan, provide investment advice to the Benefit Plan for compensation, or have any authority or responsibility to do so. For example, any Person who is responsible for choosing the investments for the Benefit Plan, or who is a member of a committee that is responsible for choosing such Benefit Plan's investments, is a fiduciary for that Benefit Plan. Also, for example, an investment professional whose advice will serve as one of the primary bases for such a Benefit Plan's investment decisions may be a fiduciary of the Benefit Plan.

As a condition of investing in the Company, Benefit Plans will be required to communicate and affirm to their reasonable understanding that they and the Company, and any of its affiliates, are not entering into and will not enter into any mutual agreement or arrangement whereby the Company or any of its affiliates would provide any investment advice to any Benefit Plan with respect to the value of securities or other property, including the Series One Units in the Company, nor make recommendations to any fiduciary investing on behalf of a Benefit Plan, as to the advisability of investing in the Company, and that any such Benefit Plan does not seek and will not rely upon advice from the Company or any of its affiliates as a primary basis for investment decisions with respect to any such Benefit Plan's possible investment in the Company, nor does such Benefit Plan, and such Benefit Plan will not rely upon the Company for, individualized advice regarding the needs of such Benefit Plan, and that such fiduciary or such Benefit Plan will instead only rely upon such Benefit Plan's own investment advisors and own employee benefits counsel for any and all advice as a primary basis for investment decisions with respect to investments by any such Benefit Plan in the Company. Furthermore, the Company does not provide investment advice, and nothing contained herein should be considered an investment recommendation. Any fiduciary considering investing the assets of a Benefit Plan should consult with their own advisors regarding investment in the Series One Units and compliance with ERISA and the Code.

In addition, the sale or transfer of any Series One Units to a Benefit Plan, or to a Person using assets of any Benefit Plan to effect an acquisition of any Series One Units, is in no respect a representation by the Company and its Affiliates that such an investment meets all relevant legal requirements with respect to

investments by Benefit Plans generally or any particular Benefit Plan, or that such an investment is appropriate for Benefit Plans generally or any particular Benefit Plan. It is understood and agreed, and by acquiring Series One Units or any interest therein, each Person acting on behalf of a Benefit Plan investor to make such acquisition acknowledges, that none of the Company and its Affiliates, or other Persons that provide marketing services, nor any of their Affiliates, has provided or is providing investment advice of any kind whatsoever (whether impartial or otherwise) or is giving any advice in a fiduciary or other capacity in connection with the Benefit Plan investor's acquisition of the Series One Units or any interest therein. The financial interests of the Company and its Affiliates are described in this Memorandum and each investor and Benefit Plan fiduciary should carefully review this Memorandum in its entirety. As a general matter, the Company and its Affiliates have a financial interest in Benefit Plan investors purchasing and holding Series One Units and this financial interest may conflict with the interests of such Benefit Plan investors.

Prohibited Transactions under ERISA and the Code

ERISA and the Code prohibit Benefit Plans from engaging in certain transactions involving "plan assets" with parties that are "disqualified persons" under the Code or "parties in interest" under ERISA ("disqualified persons" and "parties in interest" are collectively referred to as "***Disqualified Persons***"). Disqualified Persons include certain parties that have a relationship or other beneficial interest with respect to the plan or account that is (or because of investment by such a plan or account creates) the Benefit Plan, including fiduciaries of the Benefit Plan, officers, directors, shareholders and other owners of the company sponsoring such plan or account, persons providing services to such a plan or account, an employer with respect to which any of its employees are covered by such a plan or account, an employee organization with respect to which any of its members are covered by such a plan or account, and natural persons and legal entities sharing certain family or ownership relationships with other Disqualified Persons.

"Prohibited transactions" include any direct or indirect transfer or use of assets of a Benefit Plan to or for the benefit of a Disqualified Person, any act by a fiduciary that involves the use of a Benefit Plan's assets in the fiduciary's individual interest, or for the fiduciary's own account, and any receipt by a fiduciary of consideration for its own personal account from any party dealing with a Benefit Plan in connection with a transaction involving the assets of the Benefit Plan. Under ERISA, a Disqualified Person that engages in a prohibited transaction will be required to disgorge any profits made in connection with the prohibited transaction and will be required to compensate any plan subject to ERISA that was a party to the prohibited transaction for any losses sustained by the plan. In addition, ERISA authorizes additional penalties and further relief from such transactions. Section 4975 of the Code imposes excise taxes on a Disqualified Person that engages in a prohibited transaction with a Benefit Plan subject to ERISA or an IRA.

Plan Assets

Under ERISA and the applicable regulation promulgated thereunder (the "***Plan Assets Regulations***"), when a Benefit Plan acquires an equity interest in an entity that is neither a "publicly-offered security" nor a security issued by an investment company registered under the 1940 Act, the Benefit Plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity unless it is established that the entity qualifies as an "operating company" (the "***Operating Company Exception***"), that less than 25% of the total value of each class of equity interest in the entity is held by "benefit plan investors" as defined in Section 3(42) of ERISA (the "***25% Exception***") or that the entity qualifies for another exemption under the Plan Assets Regulations.

If the Company's assets were determined under ERISA or the Code to be "plan assets" of Benefit Plans holding the Series One Units, fiduciaries of such Benefit Plans might under certain circumstances be subject to liability for actions taken by the Company. In addition, certain of the transactions described in this Memorandum in which the Company might engage may constitute prohibited transactions under the

Code and ERISA with respect to such Benefit Plans, even if their acquisition of the Series One Units did not originally constitute a prohibited transaction. Moreover, fiduciaries with responsibilities to Benefit Plans may be deemed to have improperly delegated their fiduciary responsibilities to the Company in violation of ERISA.

Operating Company Exception

An exemption under the Plan Assets Regulations, the Operating Company Exception, applies for "operating companies," which are companies involved in the production or sale of services or goods other than the investment of capital, including so-called "real estate operating companies." For example, an investment entity can be deemed to be a "real estate operating company" if, along with certain other criteria, 50% of its assets, valued at cost, qualify as managed or developed real estate in which the entity has a right to participate in the management or development as part of its ordinary business activities. The Plan Assets Regulations indicate that a company can still qualify as a real estate operating company even if it does not manage its real estate itself but instead employs independent contractors, including independent contractors that are affiliates of a general partner or manager, to assist in such management. However, one example in the Plan Assets Regulations indicates that such an entity will not be engaged in the management or development of real estate if its properties are subject to long-term leases under which the lessee is responsible for all management and maintenance. Thus, simply assuming the risk of ownership of income-producing property is not enough to qualify for this exception.

Based on these criteria in the Plan Assets Regulations, there can be no assurance that the Company will qualify for the Operating Company Exception. As a result, Benefit Plans should not rely on the Company being deemed to be any such operating company for purposes of the Plan Assets Regulations.

25% Exception

Another exemption under the Plan Assets Regulations, the 25% Exception, applies to any entity in which equity participation by Benefit Plans is less than 25% of the total value of each class of equity interest in such entity. In general, this condition is satisfied if, immediately following the most recent acquisition of any equity interest in the entity, less than 25% of the total value of any class of equity interests in the entity is held by benefit plan investors.

The Operating Agreement prohibits the acquisition by Benefit Plans of Series One Units above the 25% threshold in order to comply with the 25% Exception, and the Manager intends to operate the Company in compliance with these requirements, including by restricting transfers and redemptions of Series One Units to the extent necessary to maintain compliance with the 25% threshold. If the Company complies with this prohibition in the Operating Agreement, and if investment in Series One Units does not exceed the 25% threshold described above, the Company should qualify for the 25% Exception, and thereby be deemed to not hold plan assets subject to ERISA and the Code. If, however, for any reason, that threshold limitation of investment by Benefit Plans is exceeded, then the fiduciary duty and prohibited transaction issued previously described will arise (unless the Company qualifies for some other exception, like those previously noted).

Non-U.S., Governmental and Church Plans

Certain employee benefit plans, including non-U.S. pension plans (as described in Section 4(b)(4) of ERISA), governmental plans established or maintained in the United States (as defined in Section 3(32) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA) (collectively, "***Non-ERISA Arrangements***"), are not subject to the fiduciary responsibility or prohibited transaction prohibitions of Section 406 of ERISA or Section 4975 of the Code but may be subject to substantially similar state, federal or non-U.S. law (each, "***Similar Laws***"). In this regard, such plans are not considered benefit plan investors

for purposes of the 25% Exception and may invest in the Series One Units without regard to such limitations. However, fiduciaries of such plans, in consultation with their advisors, should consider the impact of any relevant Similar Laws and regulations on an investment in the Company and the considerations discussed above, if applicable, and each make its own determination as to whether an investment in the Company complies with the requirements under such Similar Law.

Conclusion

EACH FIDUCIARY OF A BENEFIT PLAN OR NON-ERISA ARRANGEMENT SHOULD CONSULT ITS OWN LEGAL ADVISOR AS TO THE PROPRIETY OF AN INVESTMENT IN THE COMPANY IN LIGHT OF THE CIRCUMSTANCES AND LAWS APPLICABLE TO THAT BENEFIT PLAN OR NON-ERISA ARRANGEMENT. ACCEPTANCE OF INVESTMENT BY ANY BENEFIT PLAN OR NON-ERISA ARRANGEMENT IS IN NO RESPECT A REPRESENTATION THAT SUCH INVESTMENT MEETS THE RELEVANT LEGAL REQUIREMENTS WITH RESPECT TO THAT BENEFIT PLAN OR NON-ERISA ARRANGEMENT OR THAT THE INVESTMENT IS SUITABLE OR APPROPRIATE FOR SUCH BENEFIT PLAN OR NON-ERISA ARRANGEMENT.

IN MAKING AN INVESTMENT IN THE SERIES ONE UNITS, EACH FIDUCIARY THAT IS INVESTING ON BEHALF OF, OR OTHERWISE INVESTING THE ASSETS OF, A BENEFIT PLAN OR NON-ERISA ARRANGEMENT WILL BE DEEMED TO HAVE REPRESENTED IN ITS FIDUCIARY AND CORPORATE CAPACITY THAT SUCH INVESTMENT WILL NOT RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA, SECTION 4975 OF THE CODE OR ANY SIMILIR LAW.

REPORTS AND ACCOUNTING

Our Income and Loss will be determined in accordance with the accounting methods followed by us for federal income tax purposes. The Company's fiscal year will be the calendar year.

The Company will endeavor to provide an annual report to Series One Unit Holders within 120 days after the close of each fiscal year of the Company including (i) financial statements containing a year-end balance sheet, income statement and statement of cash flows, together with an auditor's report concerning such financial statements, if available, (ii) a report of the activities of the Company for such year, (iii) a report on payments made to the Manager, (iv) a report on the distributions made to the Unit Holders separately identifying distributions of Funds Available for Distribution, Liquidation Proceeds and any other distributions to Unit Holders, and (v) a report on cumulative distributions of Funds Available for Distribution, Liquidation Proceeds, Reserves, and any other Distributions (including distributions of Capital Contributions) to the Series One Unit Holders. The Company will also endeavor to provide a quarterly capital account statement to Series One Unit Holders including (i) a report on the total number of Series One Units purchased pursuant to the distribution reinvestment plan (including fractional Series One Units), including the price paid per Series One Unit purchased pursuant to the distribution reinvestment plan, (ii) a report on the total number and class of Units in the Unit Holder's Capital Account and (iii) a report outlining the change in value over the quarter. Likewise, the Company will prepare and distribute to the Series One Unit Holders within 120 days after the end of each fiscal year all information necessary for completion of their tax returns. The Operating Agreement does not require our financial statements to be audited, but the Company has elected to have its annual financial statements audited for each year beginning with the financial statements as of December 31, 2013 and for the year then ended, and the Company anticipates continuing to have annual audits performed. As of the date of this Memorandum, the audit of the 2023 financial statements had not yet been completed. The Company's audited financial statements for the years ended December 31, 2016, 2015, 2014 and 2013 were presented in accordance with Accounting Standard Codification 970 – Real Estate. Effective for the year ended December 31, 2017 and periods thereafter, including retrospective application as of December 31, 2016, the Company's audited financial statements have been presented at fair-value in accordance with Accounting Standard Codification 946 – Financial Services – Investment Companies.

The Unit Holders have the right under applicable law or the terms of the Operating Agreement to obtain additional information about us and may obtain a list of the names and addresses and number of Units held by all of the Unit Holders for any valid purpose.

LITIGATION

We are not a party to any material litigation, and there are no outstanding or threatened claims against us or our assets as of the date of this Memorandum.

ADDITIONAL INFORMATION

Statements made in this Memorandum as to the contents of any referenced contract or other documents are not necessarily complete, each such statement being qualified in all respects by such reference. Such statements, however, contain a fair summary of the material portions of the contract or document. We will make every effort to furnish, without cost, to you or your representative any additional information (including any or all of the documents referred to in this Memorandum) or the opportunity for inquiry concerning the terms and conditions of the Offering, including information requested to verify the accuracy of the information contained in this Memorandum or otherwise furnished to you or your representative, to the extent we possess such information or can obtain it without undue effort or expense. All such information requests should be directed to Joshua Fahrenbruck or Creed Hendrickson by telephone at (405) 228-1000, by email at joshua@humphreyscapital.com or

creed@humphreyscapital.com respectively, by mail at Humphreys Real Estate Income Fund, LLC, P.O. Box 1100, Oklahoma City, Oklahoma 73101, or by overnight delivery at Humphreys Real Estate Income Fund, LLC, 1801 Wheeler Street, Suite 300, Oklahoma City, Oklahoma 73108.

EXHIBIT A

GLOSSARY OF CERTAIN TERMS

The terms defined below have their respective meanings for purposes of this Memorandum. The terms defined are equally applicable to both the singular and plural forms of the defined term and the article, section, subsection and paragraph references are to articles, sections, subsections and paragraphs of the Operating Agreement, unless otherwise specified.

"**Act**" means Delaware Limited Liability Company Act as it may be amended from time to time, and any successor to such act.

"**Advisory Fee**" means the fee that is payable on the first business day of each quarter to the Manager equal to 0.65% of the Aggregate NAV of the Series One Units as of the end of the immediately preceding quarter.

"Affiliate" means any Person that directly or indirectly controls, is controlled by, or is under common control with, such Person. As used in this definition of "Affiliate," the term "control" means either (i) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise or (ii) a direct or indirect equity interest of 10% or more in the entity.

"**Aggregate NAV of the Series One Units**" means the aggregate NAV of all Outstanding Series One Units as of the last calendar day of the previous calendar quarter, plus proceeds from sales of Series One Units since the last calendar day of the previous calendar quarter.

"Articles of Organization" means the articles of organization of the Company, as may be amended from time to time, filed by the Company under the Act with the Secretary of State of the State of Delaware.

"Assignee" means a Person to whom one or more Units (or any fractional Unit) have been transferred, by transfer or assignment or otherwise, in a manner permitted under the Operating Agreement, and who has agreed to be bound by the terms of the Operating Agreement but who has not become a Substitute Member.

"Board of Directors" refers to those individuals elected by the Majority Vote of the Unit Holders or holders of a series of Units (as a class) or appointed by the Board of Directors, and that agree to serve as directors of the Company pursuant to and in accordance with the Operating Agreement.

"Capital Account" means each capital account maintained for a Unit Holder.

"Capital Contributions" means the sum of the total amount of cash and the total value of property contributed (or the agreed value of the property contributed) or services rendered or a promissory note, guaranty or other binding obligation to contribute cash or property or to perform services contributed to the Company by all Unit Holders or any one Unit Holder, as the case may be (or the predecessor holders of any Units of any such Unit Holder).

"Capital Gain" means the Company's allocable share of gain from the disposition by the Company of a "capital asset" as defined in the Code (including any portion of such gain treated as ordinary income).

"Code" means the Internal Revenue Code of 1986, as amended, as in effect from time to time.

"Common Unit Holders" means the Persons, firms, corporations and other entities that are the original, additional or substituted Record Holders of the Common Units; provided, however, the assignee of the Common Units will not be deemed to be the owner of any assigned or transferred Common Unit or portion thereof unless and until the transfer and assignment of the Common Unit to the transferee or assignee has been approved by the Company.

"Common Units" means the Units authorized by the Company in accordance with Section 3.02(a) of the Operating Agreement and having the relative, participating, optional or special rights, qualifications, limitations or restrictions of the Operating Agreement, each having without a par value or stated value and entitling the holder to the Company's distributions of Funds Available for Distribution, Liquidation Proceeds and other distributions, and allocations of Income and Loss and the other rights and privileges afforded the Common Units Holders in accordance with the Operating Agreement.

"Company" means Humphreys Real Estate Income Fund, LLC.

"Consent" means a prior consent required or permitted to be given pursuant to the Operating Agreement or the act of granting such consent, as the context may require.

"Debt Service" means, for any period, all amounts paid or payable by the Company on account of indebtedness owing by the Company, including the principal thereof and interest and fees thereon.

"**DOL**" means the United States Department of Labor.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, as in effect from time to time.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, as in effect from time to time.

"**Funds Available for Distribution**" means, at any point in time, all cash held by the Company minus (i) the aggregate amount of all Capital Contributions, (ii) all cash expenditures, including the Advisory Fee, and (ii) the Company's funds to be held for reinvestment, working capital or other Reserves, as determined by the Manager.

"**Hurdle Rate**" means a Total Unit Holder Return of at least 18.0% for the trailing 36-month period ending as of the last day of the month preceding the applicable Record Date.

"Income" and **"Loss"** mean an amount equal to the Company's taxable income or loss (including capital loss) for each taxable year, determined in accordance with Section 703(a) of the Code (for this purpose, all Tax Items required to be stated separately pursuant to Section 703(a)(l) of the Code will be included in taxable income or loss), with the following adjustments:

(a) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Income or Loss will be added to such Income or Loss;

(b) Any expenditures of the Company described in Section 705(a)(2)(R) of the Code or treated as Section 705(a)(2)(B) of the Code expenditures pursuant to Treasury Regulations Section l.704-l(b)(2)(iv)(i), and not otherwise taken into account in computing Income or Loss, will be subtracted from such Income or Loss; and

(c) Upon the distribution of property by the Company to a Member, gain or loss attributable to the difference between the fair market value of the property and its basis will be treated as recognized.

"Investment Advisers Act" means the Investment Advisers Act of 1940, as amended, as in effect from time to time.

"Investment Company Act" means the Investment Company Act of 1940, as amended, as in effect from time to time.

"IRS" means the Internal Revenue Service.

"Liquidation Proceeds" means the proceeds from the sale, exchange or other disposition of all or substantially all of the Company's properties and assets after payment of, or the establishment of Reserves for the payment of, the Company's debts and liabilities, as determined by the Manager.

"Majority Vote" means the affirmative vote of Record Holders of the Outstanding Units or, if applicable, Common Units (as a class), Series One Units (as a class) or any other series or class of Units (as a class) on the Record Date holding (i) 50% of the voting power of the Units entitled to be voted if more than 50% of the Record Holders of the Outstanding Units have voted on the proposed matter; or (ii) 66 2/3% of the voting power of the Units entitled to be voted if 33 1/3% to 50% of the Record Holders of the Outstanding Units have voted on the proposed matter. Notwithstanding the foregoing, the affirmative vote of 50% of the voting power of the Units entitled to be voted is required for any proposal that has not been recommended by the Board of Directors.

"Manager" means Humphreys Capital, LLC, an Oklahoma limited liability company and each Person appointed as manager of the Company in accordance with the Operating Agreement.

"Manager's Return" means the distribution of Funds Available for Distribution, Sale Proceeds and Liquidation Proceeds to the Manager to cause the Common Unit Holders to have received cumulative distributions of Funds Available for Distribution, Sale Proceeds and Liquidation Proceeds equal to $3.00 for each Outstanding Common Unit, on an accumulated accrual basis, of the total Capital Contributions of the Unit Holders following distributions of Funds Available for Distribution, Sale Proceeds and Liquidation Proceeds to the Unit Holders of an amount equal to the Preferred Return.

"Member" means any Person that is the initial holder of a Unit or transferee or assignee of a Unit and that is accepted by the Company as a Substitute Member.

"Memorandum" means the Confidential Private Placement Memorandum of the Company dated January 1, 2024, and all supplements, exhibits and amendments thereto.

"**Most Recent NAV Per Unit**" means the most recent NAV per Unit announced by the Company that has been determined pursuant to the Valuation Policy**.**

"**NAV**" means the net asset value of the Company as determined from time to time by the Board of Directors in accordance with the Valuation Policy.

"**NAV Per Unit**" means, for each class of Units, the NAV Per Unit of such class of Unit, determined from time to time by the Board of Directors in accordance with the Valuation Policy.

"Net Income" means the sum of revenues received by the REIT Subsidiary from (i) the rental and leasing of Company properties net of operating expenses directly related to Company properties, other than

Debt Service, including without limitation the costs and expenses of insurance, utilities, maintenance and property tax and assessments, plus (ii) the gain (above cost) on the sale of properties or investments, less (iii) the loss (below cost) on the sale of properties or investments, plus (iv) any miscellaneous income, including, without limitation return on investments in partnerships, interest income, dividends and other income attributable to funds held on deposit or invested in securities of any nature.

"Offered Securities" means 1,486,988.8486 Series One Units which are offered pursuant to the primary offering or the Distribution Reinvestment Plan (DRIP) at an initial price of $134.50 per Series One Unit.

"Offering" means the offering of the Offered Securities.

"Offering and Organizational Costs" means the costs and expenses incurred by the Company and its officers, directors and other Affiliates in connection with the offer and sale of Units or other securities of the Company, including attorney's fees, accountants' fees, printing costs, mailing expenses, telephone and technology expenses, registration and filing fees, direct sales expenses, marketing expenses, finder's fees, sales commissions, and costs of preparation of the offering materials and documents related the offering of the Units.

"Operating Agreement" means the Sixth Amended and Restated Operating Agreement of the Company, dated December 31, 2022, as it may be amended or supplemented from time to time, which is attached to this Memorandum as Exhibit C.

"Outstanding" means the number of Units or fraction thereof issued by the Company and shown on the Company's books and records to be outstanding.

"Person" means a natural person, partnership, domestic or foreign limited partnership, domestic or foreign limited liability company, trust, estate, association, corporation or any other form of legal entity.

"**Previous Operating Agreement**" means the Fifth Amended and Restated Operating Agreement of the Company.

"Record Date" shall mean the date established by the Board of Directors for determining (a) the identity of Unit Holders entitled to vote or (b) the identity of Record Holders entitled to receive any report, distribution or allocation in accordance with the Operating Agreement.

"Record Holder" means the Person in whose name a Unit is registered upon the books and records of the Company as of the close of business on a Record Date.

"**Redemption Cap**" means at 2.5% of the Outstanding Series One Units at the time of the Redemption Request Deadline.

"REIT Subsidiary" means HREIF REIT 01, LLC, a Delaware limited liability company.

"REIT Subsidiary Board" means the board of directors of the REIT Subsidiary.

"REIT Subsidiary Operating Agreement" means the Limited Liability Company Agreement of the REIT Subsidiary dated December 13, 2018, as amended or supplemented from time to time.

"Reserves" means, with respect to any fiscal period, funds set aside or amounts allocated during such period to reserves which may be maintained in amounts deemed sufficient in the judgment of the

Manager for working capital and to pay taxes, insurance, Debt Service, repairs, maintenance, renovations, replacements, renewals, or other anticipated needs, costs and expenses incident to the ownership of the Company properties and assets and operation of the Company's business.

"**Restricted Series One Units**" means Series One Units issued as compensation to members of the Board of Directors that are subject to vesting terms or are otherwise restricted.

"**Retained Manager Distributions**" means Funds Available for Distribution payable to Common Unit Holders that has been retained by the Manager.

"**Sale Event**" means the sale, exchange, or other disposition of all or substantially all of the Company's properties and assets.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended, as in effect from time to time.

"Series One Unit Holders" means the Persons, firms, corporations and other entities that are the original, additional or substituted Record Holders of the Series One Units; provided, however, the assignee of the Series One Units will not be deemed to be the owner of any assigned or transferred Series One Unit or portion thereof unless and until the transfer and assignment of the Series One Unit to the transferee or assignee has been approved by the Company.

"Series One Units" mean the Units authorized by the Company in accordance with Section 3.02(b), designated as the "Series One Units", and having the relative, participating, optional or special rights, qualifications, limitations or restrictions of the Operating Agreement, each entitling the holder to the Company's distributions of Funds Available for Distribution, Liquidation Proceeds and other cash distributions, and allocations of Income and Loss in accordance with the Operating Agreement.

"Subscription Agreement" means the Subscription Agreement attached as Exhibit B to this Memorandum.

"Substitute Member" means a transferee of a Unit (or fraction thereof) who is accepted by the Company as a Unit Holder and Member of the Company.

"Tax Item" means each item of income, gain, loss, deduction, or credit of the Company for federal tax purposes, as separately stated and calculated pursuant to the Code.

"**Total Unit Holder Return**" means, as of any measurement date, the figure obtained by dividing (a)(i) the percentage change in Series One NAV Per Unit over the period plus (ii) the distributions paid to Series One Unit Holders during the period divided by (b) the Series One NAV Per Unit at the beginning of the period.

"Unit" means a Common Unit, Series One Unit or a Unit of any other series or class authorized by the Board of Directors in accordance with the Operating Agreement, whether issued and outstanding or otherwise.

"Unit Holders" means the Persons that are the Record Holders of Units, either as original, additional, Assignee or substitute holders; provided, however, that the Assignee of a Unit will not be deemed to be the owner of any assigned or transferred Unit unless and until the transfer of the Unit is approved by the Company.

"**Valuation Policy**" means the written valuation policy adopted by the Board of Directors, as such procedures may be amended from time to time, that set forth the method by which the NAV Per Unit shall be calculated.

Subscription Agreement

HUMPHREYS
REAL ESTATE INCOME FUND

Humphreys Real Estate Income Fund, LLC

Name of Investor: _____

Amount of Capital Commitment: $ _____

THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR BY THE SECURITIES REGULATORY AUTHORITY OF ANY STATE, NOR HAS ANY COMMISSION OR AUTHORITY PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF ANY DISCLOSURE MADE IN CONNECTION THEREWITH. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE SECURITIES OFFERED HEREBY MAY NOT BE RESOLD WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933 AND APPLICABLE STATE SECURITIES LAWS OR EXEMPTION THEREFROM. ANY TRANSFER OF THE SECURITIES REPRESENTED BY THIS SUBSCRIPTION AGREEMENT IS FURTHER SUBJECT TO OTHER RESTRICTIONS, TERMS, AND CONDITIONS WHICH ARE SET FORTH IN THIS SUBSCRIPTION AGREEMENT AND IN THE FIFTH AMENDED AND RESTATED OPERATING AGREEMENT OF HUMPHREYS REAL ESTATE INCOME FUND, LLC.

Subscription Agreement

HUMPHREYS
REAL ESTATE INCOME FUND

This subscription agreement (this "Subscription Agreement") is made by and among Humphreys Real Estate Income Fund, LLC, a Delaware limited liability company (the "Company"), Humphreys Capital, LLC, an Oklahoma limited liability company, in its capacity as the manager of the Company (the "Manager"), and the undersigned individual or entity (the "Investor") who is hereby applying to become a Series One Unit Holder of the Company on the terms and conditions set forth in this Subscription Agreement and the Sixth Amended and Restated Operating Agreement of Humphreys Real Estate Income Fund, LLC (the "Operating Agreement").

The Investor has been provided with the Confidential Private Placement Memorandum of the Company dated January 1, 2024 (as supplemented and amended from time to time, the "Memorandum") which includes, among other things, a full copy of the Operating Agreement. Capitalized terms used but not defined in this Subscription Agreement have the meanings set forth in the Operating Agreement.

Part I: Subscription Agreement

1. Subscription. The Investor hereby irrevocably subscribes for the Series One Units of the Company (the "Series One Units") in the amount equal to the Capital Commitment set forth on the cover page of this Subscription Agreement.

2. Acceptance and Closing. The Investor acknowledges that the subscription of the Series One Units by the Investor is conditioned upon acceptance by the Manager, on behalf of the Company, of this Subscription Agreement. The Manager, on behalf of the Company, may accept or reject this Subscription Agreement for any reason or no reason, in its sole discretion. If the Manager has not accepted this Subscription Agreement within 30 days of the date that the Investor executes this Subscription Agreement, this Subscription Agreement will be deemed to be rejected by the Manager on behalf of the Company.

Part II: Representations, Warranties, and Covenants

1. Representations and Warranties of the Investor. The Investor hereby represents and warrants to the Company and the Manager that the following are true and correct as of the date hereof and will be true as of the closing date of the issuance of the Series One Units hereunder (the "Closing Date") and as of each date on which the Investor makes any additional Capital Contributions to the Company:

1.1 No View to Resell. The Investor is acquiring the Series One Units for investment purposes only, and not for the account of others. The Investor has no present intention, contract, agreement, undertaking or arrangement to assign, resell or subdivide the Series One Units.

1.2 Unregistered Securities. The Investor understands and acknowledges that the Series One Units have not been, and will not be, registered under the Securities Act of 1933, as amended (the "Securities Act") or under the laws of any other state or jurisdiction, and are being offered and sold in reliance on exemptions from the registration and qualification requirements of federal, state and foreign securities laws, and that no governmental agency has passed on the merits or risks of acquiring the Series One Units. The Investor understands and acknowledges that the Company and the Manager are relying upon the Investor's representations and warranties contained in this Subscription Agreement for the purpose of determining whether the sale of the Series One Units by the Company meets the requirements of such exemptions. The Investor will indemnify, defend and hold harmless the Company, the Manager and their respective owners, members, managers, directors, officers, employees and advisors from any and all damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees) that they may incur by reason of the Investor's untruth or inaccuracy of any of the representations, warranties or agreements contained herein or in any other documents the Investor furnishes to the Company or the Manager in connection with the acquisition of the Series One Units.

1.3 Restrictions on Transfers. The Investor understands and acknowledges that the Series One Units are not freely transferrable and may not be sold, transferred or otherwise disposed of except pursuant to the terms of the Operating Agreement (including the approval of the Manager) and in compliance with all applicable federal and state securities laws and regulations. The Investor acknowledges that the Series One Units should be considered to be a long-term investment.

1.4 Status; Due Authorization. The Investor, if an entity, is duly formed and organized, validly existing and in good standing under the laws of the state of its formation and has the power and authority to execute, deliver and perform its obligations under this Subscription Agreement and the Operating Agreement, which upon execution and delivery will be valid and binding obligations of such entity, enforceable in accordance with their terms (subject only to the application of bankruptcy, insolvency or other similar laws regarding the rights of creditors generally and the exercise of judicial discretion in equity). The execution, delivery and performance of this Subscription Agreement and the Operating Agreement by the Investor have been duly authorized, including by all necessary actions on the part of the directors, shareholders, partners, managers, members, trustees or other required persons on behalf of the Investor, as applicable, and do not require the consent or approval of any person that has not been obtained. If the Investor is an entity, the execution and delivery of this Subscription Agreement and the Operating Agreement are not in contravention of or in conflict with any term or provision of the Investor's organizational documents.

1.5 Investment Decision. The Investor acknowledges that the Investor has received, read and fully understands the Memorandum and all exhibits, supplements and attachments thereto. The Investor acknowledges that the Investor is basing its decision to invest in the Series One Units on the Memorandum and all exhibits, supplements and attachments thereto, and the Investor has relied only on the information contained in said materials and has not relied upon any representations made by any other person. The Investor understands that an investment in the Series One Units is speculative and involves substantial risks and the Investor is fully cognizant of and understands all of the risks relating to a purchase of the Series One Units, including, but not limited to, the risk of losing the entire investment in the Series One Units and those risks set forth under the heading "Risk Factors" in the Memorandum. The Investor has had the opportunity to ask questions of, and receive answers from, the Company and the Manager concerning the Company, the creation or operation of the Company, and the terms and conditions of the offering of the Series One Units, and to obtain any additional information deemed necessary. The Investor has been provided with all materials and information requested by the Investor and its agents, including any information requested to verify any information furnished to the Investor. No representations or warranties have been made to the Investor by the Company, a placement agent, the Manager or any agent, employee or representative of the foregoing, and in entering into this transaction the Investor is not relying upon any information other than that contained in the Memorandum, the Operating Agreement, this Subscription Agreement and any additional documents furnished by the Company or the Manager to the Investor and the results of the Investor's own independent investigation.

1.6 Independent Determination; Sophistication. The Investor has made an independent determination to make an investment in the Series One Units including with respect to the tax, legal and accounting aspects of acquiring the Series One Units. In making such independent determination, the Investor has relied on advice from its own counsel, advisors and accountants and acknowledges that it has not relied on the Manager or the Company for advice on such matters. The Investor has independently determined that an investment in the Series One Units is suitable and appropriate for the Investor. The Investor has the necessary knowledge and experience in financial and business matters to enable it to evaluate the risks and merits of an investment in the Series One Units.

1.7 General Solicitation. The Investor acknowledges that the sale of the Series One Units to the Investor was conducted utilizing general solicitation in reliance on Rule 506(c) of Regulation D promulgated under the Securities Act and that the Investor must provide the Company with sufficient financial information so that the Company has a reasonable basis to believe and verify that the Investor is an "accredited investor" as defined in the Regulation D. The Investor acknowledges that the Company may also verify the Investor's accredited investor status by obtaining written confirmation from certain third parties such as registered broker-dealers, investment advisors, licensed attorneys and certified public accountants that confirm they have taken reasonable steps to verify the Investor's accredited investor status within the past three months and have determined that the Investor so qualifies.

1.8 OFAC Compliance. The Investor is not (i) listed on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Asset Control, Department of the Treasury ("OFAC") pursuant to Executive Order No. 13224, 66 Fed. Reg. 49079 (September 25, 2001) and/or on any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable enabling legislation or other Executive Orders in respect thereof (such lists are collectively referred to as "Lists") or (ii) owned or controlled by, nor acting for or on behalf of, any person or entity on the Lists.

1.9 Anti-Money Laundering. The Investor will not make any Capital Contributions to the Company that were directly or indirectly derived from activities that may contravene applicable laws and regulations, including anti-money laundering laws and regulations. The Investor understands and agrees that in order to ensure compliance under applicable anti-money laundering laws and regulations,

1.10 Employee Benefit Plans. If the Investor is an employee benefit plan of any kind, including a "benefit plan investor" (as defined below) or any employee benefit plan that is not a benefit plan investor (such as a plan established by a government entity, a church or entity associated with a church, or maintained outside the U.S. primarily for the benefit of nonresident aliens), such Investor, sometimes referred to herein for convenience as the "Plan," as represented by the individual signing this Subscription Agreement on behalf of the Plan (the "Fiduciary"), represents, warrants and agrees as follows:

1.10.1 The Fiduciary is a fiduciary of the Plan who is authorized to invest Plan assets or is authorized by the Plan to invest Plan assets. The Fiduciary (i) has determined that an investment in the Series One Units is consistent with the Fiduciary's responsibilities to the Plan under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or other applicable law, and (ii) is qualified to make such investment decision.

1.10.2 The execution and delivery of this Subscription Agreement, and the investment contemplated hereby: (i) has been duly authorized by all appropriate and necessary parties pursuant to the provisions of the instrument or instruments governing the Plan and any related trust; and (ii) will not violate, and is not otherwise inconsistent with, the terms of such instrument or instruments.

1.10.3 The Fiduciary acknowledges that the assets of the Company will be invested in accordance with the investment policies and objectives described in the Memorandum. The Fiduciary has determined that an investment in the Series One Units meets all requirements of all laws and regulations applicable to the Plan. The Fiduciary has determined that an investment in the Company is prudent and in the interests of the Plan, considering, among other things: (i) the role that an investment in the Series One Units would play in the Plan's portfolio, taking into consideration whether the investment is designed reasonably to further the Plan's purposes, the risk and return factors associated with the investment, the composition of the Plan's total investment portfolio with regard to diversification, the liquidity and current return of the Plan's portfolio relative to its anticipated cash flow needs, and the projected return of the Plan's portfolio relative to its objectives, (ii) the fact that the Members may consist of a diverse group of investors (possibly including taxable and tax-exempt entities) and that the Manager necessarily will not take the investment objectives of any particular Member that are not consistent with those of the Company into account in managing Company investments, (iii) limitations on the Plan's right to redeem or transfer the Series One Units, (iv) the implications arising from whether or not the assets of the Company are treated as "plan assets" for purposes of ERISA and Section 4975 of the Code, and (v) the tax effects of an investment in the Series One Units.

1.10.4 The Plan's purchase and holding of the Series One Units will not constitute a transaction prohibited under ERISA, Section 4975 of the Code, or applicable state law, for which no exemption applies. Neither the Manager nor any of its affiliates, agents, or employees: (i) exercises any authority or control with respect to the management or disposition of assets of the Plan used to purchase the Series One Units, (ii) renders investment advice for a fee (pursuant to an agreement or understanding that such advice will serve as a primary basis for investment decisions and that such advice will be based on the particular investment needs of the Plan), with respect to such assets of the Plan, or has the authority to do so, or (iii) is an employer maintaining or contributing to, or any of whose employees are covered by, the Plan.

1.10.5 The Plan is not entering into and will not enter into any agreement or arrangement whereby the Company or any of its affiliates will (i) provide any investment advice to the Plan with respect to the value of securities or other property, including the Series One Units, or (ii) make recommendations to the Fiduciary on behalf of the Plan as to the advisability of investing in the Company. The Plan does not seek and will not rely upon advice from the Company or any of its affiliates as a primary basis for investment decisions with respect to the Plan's possible investment in the Company, nor does or will the Plan rely upon the Company for individualized advice regarding the needs of the Plan, and the Fiduciary and Plan instead will only rely upon the Plan's own investment advisors and employee benefits counsel for any and all advice as a primary basis for investment decisions with respect to investments by the Plan in the Company.

1.10.6 The Fiduciary understands the fee arrangements described in the Memorandum, including any management, performance or incentive-based compensation or allocation arrangements, and has obtained information (and has had the opportunity to request additional information) regarding such arrangements and the risks associated with them, as necessary to enable the Fiduciary to conclude that such fee arrangements are reasonable and consistent with the interests of the Plan.

1.10.7 If at any time during which the Plan holds any Series One Units, any of the representations set forth in this Section 1.10 is, or is reasonably expected to become, untrue or inaccurate, the Fiduciary shall so inform the Manager and provide in writing the necessary information immediately; provided that nothing in this sentence or the foregoing representations regarding the Investor's status and, if applicable, undertakings to provide information to the Manager shall be deemed to relieve the Investor from any liability or obligation it may have to the Manager or the Company under this Subscription Agreement or for any breach of the Investor's representations and warranties in this Subscription Agreement.

1.10.8 The Fiduciary understands and agrees that, in order to prevent the assets of the Company from being treated as "plan assets" for purposes of ERISA and Section 4975 of the Code, the Manager may, in its discretion, prohibit a plan pursuant to ERISA or Section 4975 of the Code from purchasing or acquiring the Series One Units or may require such Plan to redeem the Series One Units. The participants of the Plan do not have the power or authority to direct the investment of Plan assets in the Series One Units. The Fiduciary further agrees to provide such other information as the Manager may reasonably request from time to time in order to avoid violations of ERISA or other laws applicable to the Company.

1.11 Prohibition on "Bad Actors". The Investor is familiar with the federal securities laws prohibiting certain "bad actors" from participating in offerings made in compliance with Rule 506 of Regulation D promulgated under the Securities Act, and acknowledges that if a "bad actor" participates in the offering of the Series One Units, the Company may lose its exemption from registration of the Series One Units. The Investor represents and warrants that as of the date of this Subscription Agreement it is not a "bad actor" as that term is defined in Rule 506(d) of Regulation D promulgated under the Securities Act.

1.12 Investor Data Sheet. The Investor has separately completed and returned to the Manager an Investor Data Sheet, together with the additional items noted therein, in connection with and as a supplement to this Subscription Agreement. All information set forth in such Investor Data Sheet and related items is accurate and correct in all respects, and the Investor acknowledges and agrees that such materials are deemed to be a part of this Subscription Agreement.

1.13 Material Change. The Investor hereby agrees to notify the Company and/or the Manager immediately of any material change in any of the information provided by the Investor in this Subscription Agreement or if any of the representations set forth herein is, or is reasonably likely to become, untrue or inaccurate, between the Investor's submission of and the Company's acceptance of this Subscription Agreement.

2. Covenants of the Investor. The Investor hereby covenants and agrees as follows:

2.1 Further Assurances. The Investor agrees to provide promptly such information and execute and deliver such documents as may be necessary to comply with any and all laws and regulations to which the Company may be subject.

2.2 Compliance with Laws. The Investor covenants and agrees that it shall provide the Manager, at any time during the term of the Company, with such information as the Manager determines to be necessary or appropriate to (a) verify compliance with the anti-money laundering regulations of any applicable jurisdiction, or (b) respond to requests for information concerning the identity of the Investor from any governmental authority, self-regulatory organization or financial institution in connection with the Company's anti-money laundering compliance procedures.

2.3 OFAC Matters. The Investor understands and agrees that if any of the representations and warranties set forth in Section 1.8 or 1.9 cease to be true or if the Company no longer reasonably believes that it has satisfactory evidence as to their truth, notwithstanding any other agreement to the contrary, the Company may be obligated to freeze the Investor's investment, either by prohibiting additional investments, declining or suspending any withdrawal requests and/or segregating the assets constituting the investment in accordance with applicable regulations, or the Investor's investment may immediately be involuntarily withdrawn by the Company, and the Company may also be required to report such action and to disclose the Investor's identity to OFAC or any other authority.

2.3 OFAC Matters. The Investor understands and agrees that if any of the representations and warranties set forth in Section 1.8 or 1.9 cease to be true or if the Company no longer reasonably believes that it has satisfactory evidence as to their truth, notwithstanding any other agreement to the contrary, the Company may be obligated to freeze the Investor's investment, either by prohibiting additional investments, declining or suspending any withdrawal requests and/or segregating the assets constituting the investment in accordance with applicable regulations, or the Investor's investment may immediately be involuntarily withdrawn by the Company, and the Company may also be required to report such action and to disclose the Investor's identity to OFAC or any other authority. If the Company is required to take any of the foregoing actions, the Investor understands and agrees that it shall have no claim against the Company, the Manager or any of their respective Affiliates, members, partners, shareholders, officers, managers, directors, employees or agents for any form of damages as a result of any of the aforementioned actions.

Part III: Investor Questionnaire

1. Accredited Investor Certification. Investor hereby represents and warrants that (check as appropriate):

If a natural person (check as appropriate):

☐ That I have an individual net worth, or joint net worth with my spouse (or spousal equivalent, which means a cohabitant occupying a relationship generally equivalent to that of a spouse), of more than $1,000,000. For this purpose, I acknowledge that my net worth (i) excludes the value of my primary residence, (ii) subject to clause (iv) below, excludes the amount of any indebtedness secured by my primary residence, up to the fair market value of my primary residence, (iii) includes the amount of any indebtedness secured by my primary residence to the extent in excess of the fair market value of such residence, and (iv) notwithstanding clause (ii) above, includes the amount of any increase in the amount of indebtedness secured by my primary residence in the 60 days preceding the completion of this Subscription Agreement;

☐ That I have individual income in excess of $200,000, or joint income with my spouse or spousal equivalent in excess of $300,000, in each of the two most recent years and I have a reasonable expectation of reaching the same income level in the current year; or

☐ That I presently hold one or more of the following licenses: General Securities Representative (Series 7), Private Securities Offerings Representative (Series 82), or Investment Adviser Representative (Series 65).

If other than a natural person, Investor is (check as appropriate):

☐ A corporation, an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), a Massachusetts or similar business trust, a partnership, or a limited liability company, not formed for the specific purpose of acquiring the Series One Units, with total assets in excess of $5,000,000;

☐ A trust with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the Series One Units and whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of an investment in the Series One Units;

☐ A broker-dealer registered pursuant to section 15 of the Securities Exchange Act of 1934, as amended;

☐ An investment adviser registered pursuant to section 203 of the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act"), or registered pursuant to the laws of any state;

☐ An investment adviser relying on the exemption from registering with the Securities and Exchange Commission under section 203(l) or (m) of the Investment Advisers Act;

- ☐ An investment company registered under the Investment Company Act of 1940, as amended (the "Investment Company Act");
- ☐ A business development company (as defined in section 2(a)(48) of the Investment Company Act);
- ☐ A Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958;
- ☐ Any Rural Business Investment Company as defined in section 384A of the Consolidated Farm and Rural Development Act;
- ☐ Any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000;
- ☐ An employee benefit plan within the meaning of ERISA, if the investment decision is made by a plan fiduciary (as defined in section 3(21) of ERISA), which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons who are Accredited Investors;
- ☐ A private business development company (as defined in section 202(a)(22) of the Investment Advisers Act);
- ☐ A bank as defined in section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity;
- ☐ Any insurance company as defined in section 2(a)(13) of the Securities Act;
- ☐ An entity in which all of the equity owners are Accredited Investors (including, for this purpose, an individual retirement account owned and directed exclusively by an Accredited Investor);
- ☐ An entity of a type not listed in the preceding items, not formed for the specific purpose of investing in Series One Units and owning investments in excess of $5,000,000;
- ☐ A "family office," as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act, with assets under management in excess of $5,000,000, not formed for the specific purpose of investing in the Series One Units, and whose purchase is directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of an investment in the Series One Units;
- ☐ A "family client," as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act, of a family office meeting the requirements of the preceding item whose investment in the Series One Units is directed by such family office as provided in such preceding item; or
- ☐ A grantor revocable trust where the grantors meet the qualifications under "Natural Persons" above.

2. Benefit Plan Investor Status. The Investor: Is a "benefit plan investor"

- ☐ Is a "benefit plan investor"
- ☐ Is NOT a "benefit plan investor"

The term "benefit plan investor" is defined for this purpose by ERISA to include (i) any employee benefit plan that is subject to the fiduciary responsibility standards and prohibited transaction restrictions of part 4 of Title I of ERISA, (ii) any plan to which Section 4975 of the Code applies, including an individual retirement account, (iii) a private investment fund or other entity whose assets are treated as "plan assets" for purposes of ERISA and Section 4975 of the Code, and (iv) the general account of an insurance company if a portion of the assets of the general account are treated as "plan assets" for purposes of ERISA and Section 4975 of the Code. The Investor agrees to notify the Manager promptly if at any time the foregoing statement is no longer true and to indicate in writing the percentage of Investor's assets that are treated as "plan assets" for purposes of ERISA or Section 4975 of the Code.

Part V: Indemnification

1. Indemnification. The Investor shall indemnify and hold harmless the Company, the Manager and each officer, director, partner, member, manager, employee, Affiliate, agent or control person of the Company or the Manager ("Company Indemnitees") from and against any and all expenses, losses, claims, damages, liabilities and actions, suits or proceedings (whether civil, criminal, administrative or investigative and whether such action, suit or proceeding is brought or initiated by the Company or a third party) that are incurred by or threatened, pending or contemplated against the Company Indemnitees or any of them (including, without limitation, legal fees and expenses, judgments, fines and amounts paid in settlement) based upon, resulting from or otherwise in respect of (i) any actual or alleged misrepresentation or misstatement of facts, or omission to represent or state facts, by or on behalf of the Investor concerning the Investor, the Investor's suitability or authority to invest or the Investor's financial position in connection with the offering of the Series One Units, including, without limitation, any such misrepresentation, misstatement or omission contained in this Subscription Agreement, or (ii) the breach of any of the Investor's representations, warranties, covenants or agreements set forth in this Subscription Agreement.

2. Survival. The reimbursement and indemnity obligations of the Investor under this Part V shall survive the Closing Date and shall be in addition to any liability that the Investor may otherwise have (including, without limitation, liabilities under the Operating Agreement) and shall be binding upon and inure to the benefit of any successors, assigns, heirs or legal representatives of any Company Indemnitees and the Company.

Part VI: Miscellaneous

1. Governing Law. This Subscription Agreement shall be enforced, governed and construed in all respects in accordance with the internal laws of the state of Delaware applicable to agreements made and to be wholly performed in such state.

2. No Waiver. Failure of the Company to exercise any right or remedy under this Subscription Agreement or any other agreement between the Company and the Investor, or otherwise, or delay by the Company in exercising such right or remedy, will not operate as a waiver thereof.

3. Entire Agreement. This Subscription Agreement and other agreements or documents referred to herein or in the Operating Agreement contain the entire agreement of the parties with respect to the subject matter hereof. There are no representations, warranties, covenants or other agreements except as stated or referred to herein and in such other agreements or documents.

4. Counterparts. This Subscription Agreement may be executed in counterparts (including, without limitation, by counterparts executed or otherwise acknowledged and transmitted in electronic form) with the same effect as if the parties executing the counterparts had all executed one agreement.

5. Amendments. Neither this Subscription Agreement nor any provisions hereof shall be waived, modified, discharged or terminated except by an instrument in writing signed by the party against whom any waiver, modification, discharge or termination is sought.

6. Binding Agreement. Except as otherwise provided herein, this Subscription Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. If the Investor is more than one person, the obligations of the Investor shall be joint and several, and the representations, warranties, covenants, agreements and acknowledgments herein contained shall be deemed to be made by and be binding upon each such person and its successors and permitted assigns.

7. Disclosure of Information. The Investor acknowledges and agrees that the information provided in this Subscription Agreement and the Investor Data Sheet may be disclosed by the Company to auditors, counsel, regulators and other third parties that provide services to the Company and that such disclosure may require the transmission of confidential information relating to the Investor across international borders.

8. Receipt of Electronic Communications. The Investor hereby consents to receipt of notices, reports and other communications from the Company and/or the Manager by electronic mail to the Investor's account described on the accompanying Investor Data Sheet.

[Signature Page Follows]

Part VII: Signatures

This page constitutes the signature page to this Subscription Agreement, including the Power of Attorney contained therein, and the Operating Agreement. By signing below, the undersigned agrees to be bound by the terms of this Subscription Agreement, including all representations and warranties made herein, and the undersigned acknowledges and agrees that execution of this Subscription Agreement will serve as the undersigned's execution of the Operating Agreement and the undersigned will be bound by the terms of the Operating Agreement.

If a Natural Person:

Signature: _____

Name (Print): _____

Date: _____

Signature (of spouse or second investor):

_____

Name (Print): _____

Date: _____

If other than a Natural Person (i.e. Trust, LLC, Partnership, Corporation, IRA):

Name of Entity (include both Custodian and Beneficiary of IRA):

_____

Signature (by Custodian for IRA): _____

Signatory Name (Print): _____

Signatory Title: _____

Date: _____

ACCEPTED:
Humphreys Real Estate Income Fund, LLC,
a Delaware limited liability company

By: Humphreys Capital, LLC, an Oklahoma limited liability company, its Manager

By: _____

Name: _____

Title: _____

Date: _____

DRIP Enrollment

HUMPHREYS
REAL ESTATE INCOME FUND

You will automatically receive cash distributions unless you elect to enroll in the Company's Distribution Reinvestment Plan ("DRIP"). If you elect to enroll in the DRIP, in lieu of receiving cash distributions, distributions attributable to the Series One Units you hold will be automatically reinvested in additional Series One Units at the Most Recent NAV Per Unit in effect on the distribution date. Members electing to participate in the Plan may select full distribution reinvestment or partial distribution reinvestment.

If you elect to enroll in the full DRIP, you are authorizing the Company to purchase additional Series One Units on your behalf by reinvesting all of the cash distributions declared and paid in respect of the Series One Units that you hold, including distributions paid with respect to any full or fractional Series One Units acquired under the DRIP.

If you elect to enroll in the partial DRIP, you are authorizing the Company to purchase additional Series One Units on your behalf by reinvesting a portion of your distributions. If you elect to partially enroll in the DRIP, you must specify the percentage of your cash distributions that you wish to enroll in the DRIP. The portion of distributions on your Series One Units that are not enrolled in the Plan will be paid to you in cash.

An investor participating in the DRIP may amend the terms of their participation or terminate participation at any time, without penalty, by delivering to the Company the appropriate authorization form provided by the Company. Such form of notice must be received by the Company prior to the Record Date for a distribution in order for a participant's amendment or termination to be effective for such distribution.

If investors participating in the DRIP experience a material adverse change in their financial condition or can no longer make the representations or warranties set forth in the Subscription Agreement regarding their status as an "accredited investor," they are asked to promptly notify the Company in writing. The investor's Broker-Dealer, Registered Investment Advisor, licensed attorney, or certified public accountant may notify the Company in writing if the investor participating in the DRIP can no longer make the representations or warranties set forth in the Subscription Agreement regarding their status as an "accredited investor," provided that the investor has granted their Broker-Dealer, Registered Investment Advisor, licensed attorney, or certified public accountant discretionary authority to do so, and the Company may rely on such written notification to terminate such Subscriber's participation in the DRIP.

Following any termination of the DRIP, all subsequent distributions to Unit Holders would be made in cash.

Enrollment Status

I am currently enrolled in the DRIP and wish to:

- ☐ Update my distribution reinvestment percentage from partial allocation to full allocation
- ☐ Update my distribution reinvestment percentage from ____% to ____%
- ☐ Terminate my participation in the DRIP

I am not currently enrolled in the DRIP and wish to:

- ☐ Elect full distribution reinvestment
- ☐ Elect partial distribution reinvestment. The percentage of cash distributions that I wish to reinvest is ____%

SIXTH AMENDED AND RESTATED OPERATING AGREEMENT OF HUMPHREYS REAL ESTATE INCOME FUND, LLC

This Sixth Amended and Restated Operating Agreement effective December 31, 2022 (this "Agreement"), amends and restates the Operating Agreement of Humphreys Real Estate Income Fund, LLC (formerly known as Humphreys Fund I, LLC). The Operating Agreement became effective on May 21, 2012, the date on which the Articles of Organization of Humphreys Real Estate Income Fund, LLC were filed with the office of Secretary of State of the State of Oklahoma, and has previously been amended and restated on November 30, 2013, August 31, 2014, August 1, 2015, March 31, 2017, and November 15, 2021.

ARTICLE I

FORMATION OF LIMITED LIABILITY COMPANY

Section 1.01 Formation, Name and Purpose. Pursuant to the Delaware Limited Liability Company Act (the "Act"), the Unit Holders formed a limited liability company known as HUMPHREYS REAL ESTATE INCOME FUND, LLC (the "Company"). The nature of the business or purposes to be conducted or promoted by the Company is, including, without limitation, the acquisition, development and leasing of income-producing real estate properties directly or through joint venture entities, to engage in any lawful act or activity for which a limited liability company may be organized under the Act, and in general, to possess and exercise all the powers and privileges granted by the Act or by any other law of Delaware or by the Company's Articles of Organization and this Agreement together with any powers incidental thereto, so far as such powers and privileges are necessary or convenient to the conduct, promotion or attainment of the businesses or purposes of the Company. The Company shall take all other necessary or appropriate actions, including the execution and filing of all articles, amendments, certificates and other instruments as may be required from time to time to comply with the Act and with all other laws governing the formation, operation, and continuation of the Company in all jurisdictions where the Company conducts business.

Section 1.02 Name. The name of the Company shall be "**Humphreys Real Estate Income Fund, LLC**" and the Company shall be authorized to do business in any other names as may be determined and approved by the Board of Directors.

Section 1.03 Registered Office and Resident Agent. The address of the registered office of the Company in the State of Delaware is: c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, New Castle County. The name of the registered agent of the LLC in the State of Delaware is Corporation Service Company. The registered agent may be changed from time to time upon the filing of the name and address of a new registered agent with the Delaware Secretary of State pursuant to the Act.

Section 1.04 Term. The Company shall be perpetual.

ARTICLE II
DEFINITIONS

Section 2.01 Definitions. For purposes of this Agreement, the following terms shall have the following meanings.

"**Act**" means Delaware Limited Liability Company Act as it may be amended from time to time, and any successor to such act.

"**Adjustment Year**" has the meaning set forth in Section 6225(d)(2) of the Code, effective for partnership tax years beginning after December 31, 2017.

"**Advisory Fee**" means the fee that is payable on the first business day of each quarter to the Manager equal to 0.65% of the Aggregate NAV of the Series One Units as of the end of the immediately preceding quarter.

"**Advisory Fee Distribution Reduction Date**" means the date on which distributions payable to Common Unit Holders have been reduced by the full amount of the most recently paid Advisory Fee in accordance with Article IV.

"**Affiliate**" means any Person that directly or indirectly controls, is controlled by, or is under common control with, such Person. As used in this definition of "Affiliate," the term "control" means either (i) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise or (ii) a direct or indirect equity interest of 10% or more in the entity.

"**Agreement**" means this Operating Agreement, as it may be amended or supplemented from time to time.

"**Aggregate NAV of the Series One Units**" means the aggregate NAV of all outstanding Series One Units as of the last calendar day of the previous calendar quarter, plus proceeds from sales of Series One Units since the last calendar day of the previous calendar quarter.

"**Articles of Organization**" means the articles of organization, as amended from time to time, filed by the Company under the Act and with the Secretary of State of the State of Delaware.

"**Assignee**" means a Person to whom one or more Units (or any fractional Unit) have been transferred, by transfer or assignment or otherwise, in a manner permitted under this Agreement, and who has agreed to be bound by the terms of this Agreement but who has not become a Substitute Member.

"**Board of Directors**" shall refer to those individuals elected by the Majority Vote of the Unit Holders or holders of a series of Units (as a class), or appointed by the Board of Directors or the Manager with approval of the Board of Directors, and that agree to serve as directors of the Company pursuant to and in accordance with this Agreement.

"**Capital Account**" means each capital account maintained for a Unit Holder.

"**Capital Contributions**" means the sum of the total amount of cash and the total value of property contributed (or the agreed value of the property contributed) or services rendered or a promissory note, guaranty or other binding obligation to contribute cash or property or to perform services contributed to the Company by all Unit Holders or any one Unit Holder, as the case may be (or the predecessor holders of any Unit of any such Unit Holder).

"**Code**" means the Internal Revenue Code of 1986, as amended, as in effect from time to time.

"**Common Unit Holder**" shall mean a Person that is the original, additional or substituted Record Holder of one or more Common Units; provided, however, an assignee of one or more Common Units shall not be deemed to be the owner of any assigned or transferred Common Unit or portion thereof unless and until the transfer and assignment of such Common Unit to the transferee or assignee has been approved by the Company.

"**Common Units**" means the Units authorized by the Company in accordance with Section 3.02(a) and having the relative, participating, optional or special rights, qualifications, limitations or restrictions set forth in this Agreement, each having without a par value or stated value and entitling the holder to the Company's distributions of Funds Available for Distribution, Liquidation Proceeds and other distributions, and allocations of Income and Loss and the other rights and privileges afforded the Common Unit Holders in accordance with this Agreement.

"**Company**" means Humphreys Real Estate Income Fund, LLC.

"**Consent**" shall mean a prior consent required or permitted to be given pursuant to this Agreement or the act of granting such consent, as the context may require.

"**Debt Service**" shall mean, for any period, all amounts paid or payable by the Company on account of indebtedness owing by the Company, including the principal thereof and interest and fees thereon.

"**ERISA**" means the United States Employment Retirement Income Security Act of 1974, as amended, including the regulations promulgated thereunder.

"**ERISA Member**" means any Series One Unit Holder which is, and has so indicated in its subscription agreement (i) an employee benefit plan subject to Part 4 of Subtitle B of Title I of ERISA or Section 4975 of the Code or (ii) an entity whose underlying property are considered "plan assets" of an employee benefit plan which is subject to Part 4 of Subtitle B of Title I of ERISA or Section 4975 of the Code and which invested in such entity.

"**Funds Available for Distribution**" means, at any point in time, all cash held by the Company minus (i) the aggregate amount of all Capital Contributions, (ii) all cash expenditures, including the Advisory Fee, and (ii) the Company's funds to be held for reinvestment, working capital or other Reserves, as determined by the Manager.

"**Hurdle Rate**" has the meaning set forth in Section 4.01(i).

"**Imputed Underpayment**" has the meaning set forth in Section 8.07(c)(i).

"**Income**" and "**Loss**" mean an amount equal to the Company's taxable income or loss (including capital loss), respectively, for each taxable year, determined in accordance with Section 703(a) of the Code (for this purpose, all Tax Items required to be stated separately pursuant to Section 703(a)(l) of the Code shall be included in taxable income or loss), with the following adjustments:

A. Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Income or Loss shall be added to such Income or Loss;

B. Any expenditures of the Company described in Section 705(a)(2)(R) of the Code or treated as Section 705(a)(2)(B) of the Code expenditures pursuant to Treasury Regulations Section l. 704- l(b)(2)(iv)(i), and not otherwise taken into account in computing Income or Loss, shall be subtracted from such Income or Loss; and

C. Upon the distribution of property by the Company to a Member, gain or loss attributable to the difference between the fair market value of the property and its basis shall be treated as recognized.

"**IRS**" means the Internal Revenue Service.

"**Liquidation Proceeds**" means the proceeds from the sale, exchange or other disposition of all or substantially all of the Company's properties and assets after payment of, or the establishment of Reserves for the payment of, the Company's debts and liabilities, as determined by the Manager.

"**Majority Vote**" means the affirmative vote of Record Holders of the Outstanding Units or, if applicable, Common Units (as a class), Series One Units (as a class) or any other series or class of Units (as a class) on the Record Date holding (i) 50% of the voting power of the Units entitled to be voted if more than 50% of the Record Holders of the Outstanding Units have voted on the proposed matter; or (ii) 66 2/3% of the voting power of the Units entitled to be voted if 33 1/3% to 50% of the Record Holders of the Outstanding Units have voted on the proposed matter. Notwithstanding the foregoing, the affirmative vote of 50% of the voting power of the Units entitled to be voted is required for any proposal that has not been recommended by the Board of Directors.

"**Manager**" means Humphreys Capital, LLC, an Oklahoma limited liability company, and shall also refer to each Person appointed as a successor or additional manager of the Company in accordance with this Agreement.

"**Mandatory Provisions of the Act**" means those provisions of the Act which may not be modified or waived by the Members acting unanimously or otherwise.

"**Member**" means any Person that is the initial holder of a Unit or transferee or assignee of a Unit and that is accepted by the Company as a Substitute Member.

"**Most Recent NAV Per Unit**" means the most recent NAV per Unit announced by the Company that has been determined pursuant to the Valuation Policy.

"**NAV**" means the net asset value of the Company as determined from time to time by the Board of Directors in accordance with the Valuation Policy.

"**NAV Per Unit**" means, for each class of Units, the NAV Per Unit of such class of Unit, determined from time to time by the Board of Directors in accordance with the Valuation Policy.

"**Net Income**" means the sum of revenues received by the Company from (i) the rental and leasing of Company properties net of operating expenses directly related to Company properties, other than Debt Service, including without limitation the costs and expenses of insurance, utilities, maintenance, and property tax and assessments, plus (ii) the gain (above cost) on the sale of properties or investments, less (iii) the loss (below cost) on the sale of properties or investments, plus (iv) any miscellaneous income, including without limitation return on investments in partnerships, interest income, dividends, and other income attributable to funds held on deposit or the invested in securities of any nature.

"**Offering and Organizational Costs**" means the costs and expenses incurred by the Company and its officers, directors and other Affiliates in connection with the offer and sale of Units or other securities of the Company, including attorney's fees, accountants' fees, printing costs, mailing expenses, telephone and technology expenses, registration and filing fees, direct sales expenses, marketing expenses, finder's fees, sales commissions, and costs of preparation of the offering materials and documents related the offering of the Units.

"**Opinion of Counsel**" means a written opinion of legal counsel acceptable to the Company.

"**Outstanding**" means the number of Units or fraction thereof issued by the Company of each series of Units and shown on the Company's books and records to be outstanding.

"**Person**" means a natural person, partnership, domestic or foreign limited partnership, domestic or foreign limited liability company, trust, estate, association, corporation or any other form of legal entity.

"**Record Date**" shall mean the date established by the Board of Directors for determining (a) the identity of Unit Holders entitled to vote or (b) the identity of Record Holders entitled to receive any report, distribution or allocation in accordance with this Agreement.

"**Record Holder**" means the Person in whose name a Unit is registered upon the books and records of the Company as of the close of business on a Record Date.

"**Redemption Cap**" has the meaning set forth in Section 9.04(i).

"**Reserves**" means, with respect to any fiscal period, funds set aside or amounts allocated during such period to reserves which may be maintained in amounts deemed sufficient in the judgment of the Manager for working capital and to pay taxes, insurance, Debt Service, repairs, maintenance, renovations, replacements, renewals, or other anticipated needs, costs and expenses incident to the ownership of the Company properties and assets and operation of the Company's business.

"**Restricted Series One Units**" has the meaning set forth in Section 3.02(b)(iv).

"**Retained Manager Distributions**" has the meaning set forth in Section 4.01.

"**Reviewed Year**" has the meaning set forth in Section 6225(d)(1) of the Code, effective for partnership tax years beginning after December 31, 2017.

"**Series One Unit Holder**" shall mean the Person that is the original, additional or substituted Record Holder of one or more Series One Units; provided, however, the assignee of a Series One Unit shall not be deemed to be the owner of such assigned or transferred Series One Unit or portion thereof unless and until the transfer and assignment of such Series One Unit to the transferee or assignee has been approved by the Company.

"**Series One Units**" mean the Units authorized by the Company in accordance with Section 3.02(b), designated as the "Series One Units", and having the relative, participating, optional or special rights, qualifications, limitations or restrictions of this Agreement, each entitling the holder to the Company's distributions of Funds Available for Distribution, Liquidation Proceeds and other cash distributions, and allocations of Income and Loss in accordance with this Agreement.

"**Substitute Member**" means a transferee of a Unit (or fraction thereof) who is accepted by the Company as a Unit Holder and Member to the Company.

"**Tax Item**" means each item of income, gain, loss, deduction, or credit of the Company for federal tax purposes, as separately stated and calculated pursuant to the Code.

"**Tax Payment**" means a payment required (as determined by the Manager) to be made by the Company with respect to any Member to discharge any legal obligation of the Company or the Manager to make payments to any governmental authority with respect to any federal, foreign, state or local tax liability of such Member arising as a result of such Member's interest in the Company with respect to such Member's proportionate share of an Imputed Underpayment under Section 8.07(c)(i).

"**Total Unit Holder Return**" means, as of any measurement date, the figure obtained by dividing (a)(i) the percentage change in Series One NAV Per Unit over the period plus (ii) the distributions paid to Series One Unit Holders during the period divided by (b) the Series One NAV Per Unit at the beginning of the period.

"**Unit**" means a Common Unit, Series One Unit or a Unit of any other series or class authorized by the Board of Directors in accordance with this Agreement, whether issued and outstanding or otherwise.

"**Unit Holders**" means the Persons that are the Record Holders of Units, either as original, additional, Assignee or substitute holders; provided, however, that the Assignee of a Unit shall not be deemed to be the owner of any assigned or transferred Unit unless and until the transfer of the Unit shall be approved by the Company.

"**Valuation Policy**" means the written valuation policy adopted by the Board of Directors, as such procedures may be amended from time to time, that set forth the method by which the NAV Per Unit shall be calculated.

Section 2.02 Interpretation. The meanings given to each term defined in Section 2.01 shall be equally applicable to both the singular and plural forms of the defined term. The words "hereof," "herein" and "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Article, section, subsection and paragraph references in this Agreement are to articles, sections, subsections and paragraphs of this Agreement, unless otherwise specified. The article, section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement. All exhibits, schedules, appendices, addendums and attachments referred to in this Agreement are annexed hereto and incorporated herein by reference.

ARTICLE III
CAPITAL CONTRIBUTIONS

Section 3.01 Authorized Units. The authorized Units shall be unlimited. The Company shall keep a ledger of all Outstanding Units. The Board of Directors, or a committee thereof, shall have sole discretion in granting any Unit Holder's request for access to the ledger. The Units may be issued from time to time in one or more series as determined by the Board of Directors and (a) may have such voting powers, full or limited, or may be without voting powers; (b) may be subject to redemption at such time or times and at any prices; (c) may be entitled to distributions of Funds Available for Distribution, Liquidation Proceeds and any other cash or property distributions (that may be cumulative or non-cumulative) at such rate or rates, in such amount or amounts, on such conditions, and at such times, and payable in preference to, or in such relation to, the cash and property distributions payable on any other class or classes or series of Units; (d) may have such rights upon the dissolution of, or upon any distribution of the assets of, the Company; (e) may be made convertible into, or exchangeable for, Units of any other class or classes or of any other series of the same or any other class or classes of Units of the Company, at such price or prices or at such rates of exchange, and with adjustments thereto; and (f) shall have such other relative, participating, optional or special rights, qualifications, limitations or restrictions thereof all as shall hereafter be stated and expressed in a designation of rights and privileges providing for the issuance of such Units from time to time adopted by the Board of Directors pursuant to authority so to do which is hereby vested in the Board of Directors. Such designation of rights and privileges of the Units shall constitute an amendment of this Agreement to the extent the provisions of the designation of rights and privileges are inconsistent with the provisions of this Agreement and this Agreement may be restated to give effect to such amendment.

At any time and from time to time when authorized by resolution of the Board of Directors and without any action by the Unit Holders, the Company may issue or sell any Units of any class or series; whether or not the class or series of Units so created, issued or sold shall confer upon the holders thereof the right to exchange or convert such Units for or into other Units of the Company of any class or classes or any series thereof. When similarly authorized, but without any action by the Unit Holders, the Company may issue or grant rights, warrants or options, in bearer or registered or such other form as the Board of Directors may determine, for the purchase of Units of any class or series of the Company within such period of time, or without limit as to time, to such aggregate number of units, and at such price or NAV or both per Unit, as the Board of Directors may determine. Such rights, warrants or options may be issued or granted separately or in connection with the issue of any bonds, debentures, notes, obligations or other evidences of indebtedness or Units of any class or series of the Company and for such consideration and on

such terms and conditions as the Board of Directors, in its sole discretion, may determine. In each case, the consideration to be received by the Company for any such Units so issued or sold shall be such as shall be fixed from time to time by the Board of Directors.

Notwithstanding anything to the contrary in this Agreement, the Company will not sell 25% or more of the Series One Units to ERISA Members.

Section 3.02 Authorization of Series of Units.

Section 3.02 (a) Authorization of Common Units. The series of Common Units shall consist of one Common Unit for each lot of three Series One Units outstanding and shall have no stated or par value per Common Unit and shall have the rights and privileges set forth in this Agreement, including the following relative, participating, optional or special rights, qualifications, limitations, or restrictions:

(i) Each Common Unit Holder shall be entitled one vote per Common Unit, in person or by proxy, on any matter upon which Common Unit Holders, as a class or otherwise, are entitled to vote.

(ii) The Common Units (as a class) shall be entitled to share in the allocations of Income and Loss and receive distributions of Funds Available for Distribution, Liquidation Proceeds or other cash distributions as set forth in Article IV in proportion to the number of Outstanding Common Units held of record on the Record Date during the applicable tax year with respect to Income and Loss and on the applicable Record Date of the distributions of Funds Available for Distribution and Liquidation Proceeds.

(iii) When Series One Units are issued by the Company, for each lot of three Series One Units issued, the Company shall issue one Common Unit to the Manager For each lot of Series One Units that are redeemed by the Company, one Common Unit held by the Manager shall be cancelled. Common Units may be issued in fractions of a Unit which shall entitle the Unit Holder, in proportion to such Unit Holder's fractional Units, to exercise voting rights, share in allocations, and to have the benefit of all other rights of Unit Holders of Common Units.

Section 3.02 (b) Authorization of Series One Units. The Series One Units shall be the initial series and class of Units (the "Series One Units"). The Series One Units shall be valued in accordance with the Valuation Policy. The Series One Units shall have the rights and privileges set forth in this Agreement, including the following relative, participating, optional or special rights, qualifications, limitations or restrictions:

(i) Each Holder shall be entitled to one vote per Series One Unit, in person or by proxy, on any matter upon which Series One Unit Holders, as a class or otherwise, are entitled to vote.

(ii) Each Series One Unit shall not be subject to redemption, except as provided in Section 9.04 of this Agreement.

(iii) The Series One Units (as a class) shall be entitled to share in the allocations of Income and Loss and receive distributions of Funds Available for Distribution and Liquidation Proceeds as set forth in Article IV in proportion to the number of Outstanding Series One Units held of record on the applicable Record Date during the applicable tax year with respect to Income and Loss and on the Record Date of the distributions of Funds Available for Distribution and Liquidation Proceeds.

(iv) A number of Series One Units may be issued as compensation to members of the Board of Directors, and such Series One Units may be subject to vesting terms or otherwise restricted (such Series One Units, "Restricted Series One Units").

(v) Series One Units may be issued in fractions of a Unit which shall entitle the Unit Holder, in proportion to such Unit Holder's fractional Units, to exercise voting rights, share in allocations, and to have the benefit of all other rights of Unit Holders of Series One Units.

Section 3.03 Preemptive Rights. Except as may be provided in a designation of rights and privileges of a series or class of Units, no Unit Holder shall have any preemptive right with respect to (a) additional Capital Contributions, (b) issuance or sale of Units, whether unissued, held in the treasury or hereafter created, (c) issuance of any obligations, evidences of indebtedness or other securities of the Company convertible into or exchangeable for, or carrying or accompanied by any rights to receive or purchase any unissued Units or held in treasury, (d) issuance of any right of, subscription to or right to receive, or any warrant or option for the purchase of, any of the foregoing securities, or (e) issuance or sale of any other securities that may be issued or sold by the Company.

Section 3.04 Capital Contributions by Unit Holders. Other than the contribution of property or payment of the Capital Contribution of the Unit Holders, the Unit Holders shall not be obligated to make any Capital Contributions to the Company. However, the Unit Holders and their Affiliates may, but without obligation, make such additional Capital Contributions to the Company from time to time, as they may determine in their sole discretion, provided that the Company, in the sole discretion of the Company, elects to accept such additional Capital Contributions.

Section 3.05 Interest and Return of Capital Contributions. Except as otherwise provided in this Agreement or any amendment of this Agreement, a Unit Holder shall not be entitled to receive interest on its Capital Contributions. No Unit Holder shall have the right to withdraw or receive any return of its Capital Contributions, without the Consent of the Company.

Section 3.06 Liability of Unit Holders. A Unit Holder shall not be liable for the debts, liabilities, contracts or any other obligations of the Company, unless the Unit Holder is a signatory party to and obligated under the terms of the applicable agreement or instrument creating such debt, liability, contract or other obligation. Except as otherwise specifically provided in this Agreement, a Unit Holder shall be liable only to make its Capital Contribution as provided in this Agreement, and shall not be required to (i) lend any funds to the Company, (ii) make any additional Capital Contributions to the Company, or (iii) to repay to the Company, any Unit Holder, or any

creditor of the Company any portion or all of any negative (debit) balance in such Unit Holder's Capital Account.

In accordance with the Act, a Unit Holder may, under certain circumstances be required to return to the Company, for the benefit of Company creditors, amounts previously distributed to the Unit Holder as a return of capital. It is the intent of the Unit Holders that (i) no cash distribution to any Unit Holder pursuant to Article IV shall be deemed a return or withdrawal of capital for purposes of this Agreement, even if such distribution represents, for federal income tax purposes or otherwise (in full or in part), a return of capital, unless so designated by the Company, and (ii) no Unit Holder shall be obligated to pay any such amount to or for the account of the Company or any creditor of the Company. However, if any court of competent jurisdiction holds that, notwithstanding the provisions of this Agreement, any Unit Holder is obligated to make any such payment, such obligation shall be the obligation of the Unit Holder and no other Unit Holder (including the officers and directors of the Company and their Affiliates).

The Company and its officers, directors, employees, agents, Affiliates and the Unit Holders shall not have any personal liability for the repayment of the Capital Contribution of any Unit Holder made pursuant to this Agreement or any amendment of this Agreement.

ARTICLE IV
DISTRIBUTIONS OF CASH; ALLOCATION OF NET INCOME AND NET LOSS

Section 4.01 **Distributions of Funds Available for Distribution**. Distributions of Funds Available for Distribution and any other cash or property distribution shall be subject to the designations and the powers, preferences and rights, and the qualifications, limitations or restrictions of the outstanding Units, and the variations in the relative rights and preferences between the Units of each series of Units so far as the same have been fixed and determined in this Agreement or any amendment to this Agreement, including the relative rights and preferences of subsequent series of Units as fixed and determined by the Board of Directors. Distributions of the Funds Available for Distribution shall be made from time to time as determined in the sole discretion of the Board of Directors. For purposes of distributions of Funds Available for Distribution and any other distribution of cash or property (other than Liquidation Proceeds), the Record Date of payment of such distribution shall be determined by the Board of Directors. Funds Available for Distribution shall be distributed in accordance with the following priorities:

(i) If a Total Unit Holder Return of at least 18.0% for the trailing 36-month period ending as of the last day of the month preceding the applicable Record Date (the "**Hurdle Rate**") has not been achieved, 100% of Funds Available for Distribution shall be distributed to the Series One Unit Holders;

(ii) If the Hurdle Rate has been achieved, (a) for distributions prior to any Advisory Fee Distribution Reduction Date, 25% of Funds Available for Distribution, less the amount of the most-recently paid Advisory Fee, shall be distributed to the Common Unit Holders and the remainder of the Funds Available for Distribution shall be distributed to the Series One Unit Holders and (b) for distributions after any Advisory Fee Distribution

Reduction Date, 25% of Funds Available for Distribution, shall be distributed to the Common Unit Holders and the remainder of the Funds Available for Distribution shall be distributed to the Series One Unit Holders.

The Manager may, in its sole discretion, cause the Company to retain any Funds Available for Distribution payable to Common Unit Holders in accordance with the foregoing paragraph ("**Retained Manager Distributions**"). For the avoidance of doubt, any Retained Manager Distributions may be deemed Funds Available for Distribution for purposes of future distributions under this Section 4.01.

Section 4.02 Distribution of Liquidation Proceeds. Distribution of Liquidation Proceeds shall be subject to the designations and the powers, preferences and rights, and the qualifications, limitations or restrictions of the outstanding Units, and the variations in the relative rights and preferences between the Units of each series of Units so far as the same have been fixed and determined in this Agreement or any amendment to this Agreement, including the relative rights and preferences of subsequent series of Units fixed and determined. For purposes of establishing the Record Date for the distribution Liquidation Proceeds, the Record Date shall be the date on which the Liquidation Proceeds are deemed received by the Company for federal income tax purposes. All Liquidation Proceeds shall be distributed or deemed distributed to the Series One Unit Holders and Common Unit Holders on the applicable Record Date. Any such Liquidation Proceeds shall be distributed in accordance with the following priorities:

(i) If the Hurdle Rate has not been achieved, 100% of the Liquidation Proceeds to the Series One Unit Holders;

(ii) If the Hurdle Rate has been achieved, (a) for distributions prior to any Advisory Fee Distribution Reduction Date, 25% of the Liquidation Proceeds less the amount of the most-recently paid Advisory Fee, shall be distributed to the Common Unit Holders and the remainder of the Liquidation Proceeds shall be distributed to the Series One Unit Holders and (b) for distributions after any Advisory Fee Distribution Reduction Date, 25% of the Liquidation Proceeds shall be distributed to the Common Unit Holders and the remainder of the Liquidation Proceeds shall be distributed to the Series One Unit Holders.

The distributions of Liquidation Proceeds, as may be applicable, will be made on or before the last day of the month following the quarter during which all or any portion of the Liquidation Proceeds are received by the Company and to the extent such Liquidation Proceeds become available for distribution.

Section 4.03 Allocation of Income and Loss.

(a) Income Allocation. Except as otherwise provided in this Article IV, Income shall be allocated to the holders of the Units in the ratio that Funds Available for Distribution and Liquidation Proceeds, as may be applicable, were distributed during the applicable tax year; provided, however, that in the event no distributions of Funds Available for

Distribution, Liquidation Proceeds or cash and other property were made during the applicable tax year, Income shall be allocated as follows:

(i) If the Hurdle Rate is not achieved, Income shall be allocated to the Series One Unit Holders in proportion to the number of outstanding Series One Units owned by the Series One Unit Holders during the applicable tax year; and

(ii) If the Hurdle Rate is achieved, 75% to the Series One Unit Holders in proportion to the number of outstanding Series One Units owned by the Series One Unit Holders during the applicable tax year and 25% to the Common Unit Holders in proportion to the number of outstanding Common Units owned by the Common Unit Holders during the applicable tax year.

(b) Loss Allocation. Except as otherwise provided in this Article IV, Loss shall be allocated as follows:

(iii) 100% to the Series One Unit Holders on a per Series One Unit basis in proportion to the number of outstanding Series One Units owned by the Series One Unit Holders during the applicable tax year until the cumulative Losses allocated to the Series One Unit Holders equal the Most Recent Per Unit NAV of the Series One Units on a per Series One Unit basis; and

(iv) The remaining amount of the Loss shall be allocated 75% to the Series One Unit Holders in proportion to the number of outstanding Series One Units owned by the Series One Unit Holders during the applicable tax year and 25% to the Common Unit Holders in proportion to the number of outstanding Common Units owed by the Common Unit Holders during the applicable tax year.

(c) Allocation Among Unit Holders' Capital Accounts. For purposes hereof, based upon information available to the Board of Directors at tax year end, the Capital Account of each Unit Holder shall be debited (i) for any future distributions that are reasonably expected to be made to such Unit Holder to the extent such distributions are reasonably expected to exceed future credits to such Unit Holder's Capital Account during the tax year or future tax years in which such distributions are reasonably expected to occur and (ii) allocations reasonably expected to be made such Unit Holder as described in Treasury Regulation 1.704-1(b)(2)(ii)(d). A Unit Holder who receives unanticipated debits and/or credits to its Capital Account that are not reasonably expected and considered hereinabove which cause such Unit Holder's negative (debit) Capital Account balance to exceed the sum of (i) such Unit Holder's share of Minimum Gain (as hereinafter defined) and (ii) such Unit Holder's share of recourse borrowings to the extent such Unit Holder is personally and primarily liable at tax year end ("Recourse Borrowings") shall be allocated Net Income in an amount and manner sufficient to eliminate such negative (debit) balance as soon as reasonably practicable.

Section 4.04 Allocations and Elections for Tax Purposes.

(i) All items of income, gain, loss, deduction, credit and basis allocation recognized by the Company for federal income tax purposes and allocated to the Unit Holders in accordance with provisions of this Article IV shall be determined without regard to any election under Section 754 of the Code which may be made by the Company; provided, however, such allocations, once made, shall be adjusted as necessary or appropriate to take into account those adjustments permitted or required by Sections 734 and7 43 of the Code and, where appropriate, to provide only Unit Holders recognizing gain on Company distributions covered by Section 734 of the Code with the federal income tax benefits attributable to the increased basis in the Company's properties and assets resulting from any election under Section 754 of the Code.

(ii) Each Tax Item of Company shall, for federal income tax purposes, be determined on a monthly interim-closing-of-the-books basis and shall be allocated to the Record Holders of the Outstanding Units as of the close of business on the last day of the month. The Board of Directors may revise, alter or otherwise modify such method of determination and allocation as it determines necessary to comply with Section 704 of the Code and regulations or rulings promulgated thereunder.

(iii) If any fees deducted for federal income tax purposes by the Company are re- characterized by a final determination of the IRS, as nondeductible distributions to the holders of Units, then, notwithstanding all other allocation provisions, Income shall be allocated to the holders of those Units (for the year(s) of adjustment) in an amount equal to the fees re-characterized.

(iv) Income and Loss shall be allocated in accordance with the same methods as provided in this Article IV. All Tax Items of special tax significance, whether or not entering into Income or Loss, including, but not limited to Section 1231 gains and losses and tax credits, shall be allocated among the Unit Holders according to their respective interests in Income or Loss (as defined in Section 702(a)(8) of the Code) for the tax year and such Unit Holders shall be entitled to such Tax Items in computing taxable income or tax liabilities to the exclusion of any other Unit Holder.

(v) In the event it is determined that any taxable income results to a Unit Holder by reason of its entitlement to a share of Company distributions before such taxable income has been realized by the Company, the resulting deduction, as well as any resulting gain, shall not enter into Income or Loss but shall be separately allocated to such Unit Holder.

(vi) No election shall be made by the Company or any Unit Holder for the Company to be excluded from the application of the provisions of Subchapter K of the Code and become taxed as a corporation for federal income tax purposes.

(vii) Notwithstanding any other provision of this Agreement, in accordance with Code Section 704(c) and the applicable Treasury Regulations thereunder, the Tax Items with respect to any property contributed to the Company shall, solely for tax purposes, be allocated among the Unit Holders that contributed the property so as to take into account any variation between the adjusted basis of such contributed property for federal income tax purposes and its fair market value on the date of contribution, and to the extent possible curative allocations of Tax Items in accordance with Treasury Regulation Section 1.704-3(c) shall be made as determined by our Manager pursuant to Section 4.10.

Section 4.05 Definition of Minimum Gain, Nonrecourse Debt and Nonrecourse Deductions. For purposes of this Agreement, the following terms shall have the meanings as follows:

(i) "Minimum Gain" shall mean the aggregate amount of sales proceeds in excess of a property's adjusted tax basis allocable to Nonrecourse Debt that would be recognized by the Company if the property securing the Nonrecourse were sold or disposed of in a fully taxable transaction in full satisfaction of such Nonrecourse Debt. For purposes of determining the amount of Minimum Gain (A) the adjusted basis of the Company property subject to one or more liabilities of equal priority under the applicable state law shall be allocated among the liabilities that such property secures in proportion to the outstanding principal balance of such liabilities, and (B) the adjusted basis of property subject to two or more of such liabilities of unequal priority shall be allocated to such liabilities in the order in which the outstanding principal amounts of such liabilities have priority of claim under the applicable state law. In the event the property subject to the Nonrecourse Debts properly reflected on the books of the Company at a book value that differs from the adjusted tax basis of such property for federal income tax purposes, the determination of a Unit Holder's distributive share of Minimum Gain shall be made with reference to such book value. For purposes of allocating Minimum Gain among the Unit Holders, a Unit Holder's share of Minimum Gain at the end of any Company tax year shall equal the aggregate Nonrecourse Deductions allocated to such Unit Holder (and such Unit Holder's predecessors in interest) at such tax year end, less such Unit Holder's (and such predecessors') aggregate share of the net deceases in Minimum Gain at such tax year end.

(ii) "Nonrecourse Debt" shall mean loss, deduction or nondeductible Company expenditures which are not capital expenditures or item thereof ("nondeductible expenditures") of the Company attributable to Nonrecourse Debt. The amount of Nonrecourse Deductions for the Company's tax year shall equal the net increase, if any, in the amount of Minimum Gain during such tax year. In determining such net increase for a Company tax year in which the Capital Accounts of the Unit Holders are

increased to reflect, a revaluation of Company, properties (pursuant to Section 4.07) subject to Nonrecourse Debt, any decrease in Company Minimum Gain attributable to such revaluation shall be added back to the net increase or decrease otherwise determined. Nonrecourse Deductions of the Company shall consist first of depreciation or cost recovery deductions with respect to items of Company property subject to Nonrecourse Debt to the extent of the increase in Minimum Gain attributable to such Nonrecourse Debt with the remainder of the Nonrecourse Deductions, if any, being comprised of a pro rata portion of the Company's other items of deduction, loss and expenditure for the tax year. If, however, such depreciation or cost recovery deductions exceed the net increase in Minimum Gain, a proportionate share of each such deduction shall constitute a Nonrecourse Deduction. In addition, if the net increase in Minimum Gain, during the Company's tax year exceeds the total amount of items of Company loss, deduction and nondeductible expenditures for such year, then an amount of Company loss, deduction and nondeductible expenditures for the Company's next succeeding tax year or years equal to such excess shall constitute Nonrecourse Deductions, as if there had been a net increase in Minimum Gain during such succeeding tax year or years in the amount of such excess.

Notwithstanding any other provisions contained in this Agreement, in the event the Company assumes any liability (as defined in Section 1.752-7 of the Treasury Regulations promulgated under Section 752 of the Code) of a Unit Holder in connection with the contribution of property to the Company or otherwise, such liability shall be treated as a nonrecourse liability and any built-in loss (within the mean of Section 1.752-7 of the Treasury Regulations promulgated under Section 752 of the Code) shall be allocated to such Unit Holder to the exclusion of any other Unit Holder.

Section 4.06 **Minimum Gain Chargeback**. Notwithstanding anything contained herein, if, during a tax year there is a net decrease in Minimum Gain, Unit Holders with negative (debit) Capital Account balances at the end of such tax year shall be allocated before any other allocation is made hereunder, Net Income for such tax year (and, if necessary, subsequent years) in the amount and in the proportions needed to eliminate any negative (debit) balance. For purposes of the preceding sentence, a Unit Holder's Capital Account shall be reduced for (i) any distribution that, as of the end of such tax year, is reasonably expected to be made to such Unit Holder to the extent such distribution exceeds offsetting increases to such Unit Holder's Capital Account that reasonably are expected to occur during (or prior to) the Company's tax years in which such distribution reasonably is expected to be made, and (ii) allocations that, as of the end of such tax year, reasonably are expected to be made as described in Treasury Regulation 1.704-l(b)(2)(ii)(d). For purposes of this Section 4.06; the amount of a Unit Holder's Minimum Gain shall be added to the amount, if any, of the negative (debit) balance in such Unit Holder's Capital Account that such Unit Holder is obligated to contribute to the Company upon liquidation of the Company to determine if such Unit Holder has an excessive negative (debit) Capital Account balance. For purposes hereof, a Unit Holder's allocable share of Minimum Gain and Recourse Borrowings shall be included in the amount a Unit Holder is obligated to contribute to the Company upon liquidation.

The Minimum Gain chargeback allocated in any tax year shall consist first of the decrease in Minimum Gain attributable to the sale or disposition of such items of property during the tax year with the remainder of such Minimum Gain chargeback, if any, being comprised of a pro rata portion of the Company's Net Income for such tax year. If, however, such gains exceed the amount of the Minimum Gain chargeback, a proportionate share of Net Income shall constitute a part of the Minimum Gain chargeback.

Any net decrease in Minimum Gain during the Company tax year shall be allocated and shared by the Unit Holders in the ratio that Minimum Gain was allocated and shared at the end of the prior Company tax year and the Unit Holder's Capital Accounts were increased to reflect such adjustment, then at such time that the Capital Accounts were adjusted. In the event a decrease in Minimum Gain occurs during a tax year as a result of the revaluation of Company property securing Nonrecourse Debt, a Unit Holder's allocable share of Minimum Gain at the time, of such revaluation shall be reduced by the amount of increase in such Unit Holder's Capital Account shall not include Net Income that is expected to be allocated to such Unit Holder pursuant to the Minimum Gain chargeback.

Section 4.07 **Capital Accounts**. A Capital Account shall be maintained for each Unit Holder which shall be credited with (i) the amount of money contributed by the Unit Holder to the Company, (ii) the fair market value of property contributed to the Company by the Unit Holder (net of liabilities secured by such property that are assumed by the Company or to which such property is subject) and (iii) such Unit Holder's allocable share of Net Income and any income and gain exempt from tax; and shall be debited with, (iv) the amount of money distributed to such Unit Holder by the Company, (v) the fair market value of property distributed to such Unit Holder by the Company (net of liabilities secured by such property which are assumed by such Unit Holder or to which such property is subject), (vi) such Unit Holder's allocable share of nondeductible Company expenditures which are not capital expenditures, including such Unit Holders allocable share of the organization expenses (but excluding those organization expenses that qualify for and upon election by the Company are amortized over 60 months pursuant to Section 709(b)(1) of the Code), (vii) any loss disallowed to the Company under Section 267(a)(1) or Section 707(b) of the Code, and (viii) any liability as defined under Section assumed by the Company that exceeds the fair market value of property contributed to the Company, if any, by the Unit Holder.

In the event Company property is reflected in the Unit Holders' Capital Accounts and on the books of the Company at a value that differs from the adjusted tax basis of such property as a result of:

(i) contribution of such property to the Company as consideration for an equity capital ownership interest in the Company; or

(ii) revaluation of such property (A) in connection with liquidation of the Company or a distribution of money or other property to a retiring or continuing Unit Holder as consideration for an equity capital ownership interest in the Company or (B) under generally accepted industry accounting practices provided substantially all of the Company's property (excluding money) consists of stock, securities, commodities, options, warrants, futures, or similar instruments that are readily tradable on a

securities market or (C) the conversion of a net profits interest in the Company to any equity capital ownership interest in the Company,

then and in any such event and at the sole discretion of the Board of Directors, the book items of depreciation, depletion, amortization and gain or loss shall be utilized for purposes of adjusting the Unit Holders' Capital Accounts and the Unit Holders' shares of corresponding tax items shall not be independently reflected by further adjustments to the Unit Holders' Capital Accounts. Furthermore, the amount of book depreciation, depletion or amortization for a Company tax year with respect to such Company property shall be the amount that bears the same relationship to the book value of such property as the depreciation or cost recovery deduction, depletion or amortization computed for tax purposes with respect to such property for such tax year bears to the adjusted tax basis of such property and, if such property has a zero adjusted tax basis, the book depreciation, depletion or amortization shall be determined under such reasonable method as selected by the Company. For purposes of reflecting the value of property in the Capital Accounts and on the books of the Company at values other than the adjusted tax basis of such property, the fair market value of such property on the date of contribution or the date of revaluation as determined by the Board of Directors shall be used for the purposes of crediting and debiting the Unit Holders' Capital Accounts. Payments to a Unit Holder qualifying under Section 707(c) of the Code as guaranteed payments shall only result in adjustment of the Capital Account of the receiving Unit Holder to the extent of such Unit Holders distributive share of Net Income or Net Loss.

Adjustments of tax basis of Company property provided for under Section 734 and 743 of the Code resulting from an election under, Section 754 of the Code shall not affect the Capital Accounts of the Unit Holders, and the Capital Accounts shall be debited or credited as if no such election had been made.

For Capital Account purposes, loans or advances by any Unit Holder to the Company shall not be considered Capital Contributions to the Company, but shall be considered Company liabilities.

The Board of Directors shall have the right, exercisable in its sole discretion, to establish and revise the Valuation Policy. Any establishment of a revised Valuation Policy as provided herein shall not require a separate amendment to this Agreement. The Company shall disclose any revisions to the Valuation Policy and make a copy of such procedures available to Unit Holders upon request. The Company shall promptly provide the holders of Units with the Most Recent Per Unit NAV after it is determined by the Board of Directors.

Section 4.08 Liquidation Value Election Amendment. The Board of Directors shall have the right, exercisable in its sole discretion, to amend this Agreement at any time and from time to time as may be necessary to allow for the making of a liquidation value election in accordance with Section 704 and the Treasury Regulations promulgated and adopted thereunder. Any amendment of this Agreement pursuant to this Section shall not require the approval of the Unit Holders to become effective and binding upon the Unit Holders.

Section 4.09 Special Allocation; Economic Sharing Arrangement. Notwithstanding anything to the contrary in this Article IV, the Unit Holders acknowledge and agree that the manner

in which Income and Loss are allocated pursuant to Section 4.03 and the distributions of Funds Available for Distribution and Liquidation Proceeds pursuant to Sections 4.01 and 4.02 correctly reflect the Unit Holders' economic sharing arrangement in the Company. To the extent that allocations of items of income, gain, loss, and deduction set forth in Section 4.04 or other Sections of this Article IV (the "Regulatory Allocations") may produce an economic sharing arrangement among the Unit Holders different than that described in Sections 4.01, 4.02 and 4.03, then the Company shall specially allocate items of gross income, gain, loss, and deduction among the Unit Holders in any manner that may be required to cause the allocations of items of income, gain, loss, and deduction described in the Regulatory Allocations to be consistent with the economic sharing arrangement described in Sections 4.01, 4.02 and 4.03.

Section 4.10 Curative Allocations. The allocations set forth in the Regulatory Allocations are intended to comply with certain requirements of the Treasury Regulations. It is the intent of the Unit Holders that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of income, gain, loss, or deduction pursuant to this Section 4.10. Therefore, notwithstanding any other provisions of Article IV (other than the Regulatory Allocations), the Manager shall make such offsetting special allocations of income, gain, loss, or deduction in whatever manner it determines appropriate so that, after such offsetting allocations are made, each Unit Holder's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Unit Holder would have had if the Regulatory Allocations were not part of this Agreement and all Company items were allocated pursuant to Sections 4.01, 4.02 and 4.03. In exercising its discretion under this Section 4.10, the Manager shall take into account future Regulatory Allocations under the Regulatory Allocations that, although not yet made, are likely to offset other Regulatory Allocations previously made under the Regulatory Allocations.

ARTICLE V
RIGHT, POWERS AND DUTIES OF THE MANAGER

Section 5.01 Management. The Manager shall be appointed and designated by the Board of Directors and shall serve until the Manager is removed, withdraws or resigns. The Manager may only be removed following (i) an action of the Board of Directors approving the removal of the Manager and recommendation to the Unit Holders that the Manager be removed and (ii) a Majority Vote of all Outstanding Units approving such removal. The Manager shall conduct the business of the Company and shall devote to the Company as much of time of its personnel as shall be necessary or required for the effective conduct and operation of the Company to the extent deemed advisable. The Manager shall be entitled to the Advisory Fee.

Section 5.02 Powers of the Manager. Subject to the policies determined by the Board of Directors and subject to any express limitation set forth in this Agreement, the Manager shall have full charge of overall management, conduct, and operation of the Company in all respects and in all matters, and shall have the exclusive authority to act on behalf of the Company in all matters respecting the Company, its business and its property, and, without limiting in any manner the foregoing, the following authority:

(i) To deal in any Company assets, whether real or personal property, including, but not by way of limitation, exercise of the right to purchase,

sell, lease or exchange, any property which may be acquired by the Company; to enter into general or limited partnerships, joint ventures, limited liability companies and operating agreements; borrow money and as security therefor, encumber all or any part of the Company's assets to obtain financing secured by the Company assets or repay such financing in whole or in part and to increase, modify, consolidate, or extend any financing.

(ii) To engage on behalf of the Company third parties, including Affiliates of the Company, to render the type of services generally needed to accomplish the Company's purposes, including but not limited to, salesmen, managers, accountants, engineers, architects, appraisers and attorneys, on such terms and or such reasonable compensation as are in accordance with generally accepted business practices, provided that the compensation paid to any such Person that is an Affiliate of the Company is not in excess of the compensation that the Company would be required to pay to Persons not affiliated with the Company for comparable services which reasonably could be made available to the Company and, provided, further, that any such arrangement with an Affiliate of the Company is approved in accordance with Section 6.01 hereof.

(iii) To possess and exercise, as may be required, all of the rights and powers of a Manager as more particularly provided by the Act, except to the extent that any of such rights may be limited or restricted by the express provisions of this Agreement.

(iv) To exercise its fiduciary duty for the safekeeping and use of all funds and assets of the Company, whether or not in its immediate possession or control; provided that the Manager shall not employ, or permit another to employ, such funds or assets in any manner except for the exclusive benefit of the Company.

(v) Subject to restrictions imposed by this Agreement, to purchase or obtain contracts of liability, casualty, or other insurance that the Manager deems appropriate or convenient for the protection of the Company or its assets or required by this Agreement.

(vi) To prepare or cause to be prepared all necessary federal and state tax returns, and select and retain counsel to defend the Company's position regarding income tax consequences of an investment in the Company or other matters.

(vii) To amend this Agreement, without the Consent of the Unit Holders, subject to Section 17.03. Amendments to this Agreement giving effect to the admission of substituted or additional Unit Holders shall be made as required by law. In addition to any amendments otherwise authorized herein, amendments may be made to this Agreement from time to time by

the Company, without the Consent of any Unit Holder (A) to add to the representations, duties or obligations of the Manager or surrender any right or power granted to the Manager herein, for the benefit of the Unit Holders, (B) to cure any ambiguity, (C) to correct or supplement any provision herein that may be inconsistent with any other provision herein, or (D) to add any other provisions with respect to matters or questions arising under this Agreement which will not be inconsistent with the provisions of this Agreement.

(viii) With the approval of the Board of Directors, to designate at any time one or more Persons to be successors to itself or any additional Manager. Each Unit Holder hereby Consents to the admission of any additional or successor Manager pursuant to this subsection (viii), and no further consent or approval of the Unit Holders shall be required.

(ix) To execute, acknowledge, and deliver any and all instruments and take such other steps as are necessary to effectuate the foregoing.

Section 5.03 Restrictions on Powers of the Manager. Except as otherwise provided in this Agreement, the Manager and the Board of Directors shall have no authority to do any of the following without the Consent by a Majority Vote of the Unit Holders entitled to vote at the time in question:

(i) do any act in contravention of this Agreement;

(ii) do any act that would make it impossible to carry on the ordinary business of the Company;

(iii) execute or deliver any general assignment for the benefit of the creditors of the Company;

(iv) possess Company property or assign the rights of the Company in specific property for other than a Company purpose or in accordance with the provisions of this Agreement;

(v) commingle Company funds with the funds of the Manager or any other Person; or

Section 5.04 Duties of the Manager. The Manager shall perform, or cause to be performed at the expense of the Company, the following services:

(i) establish books of account, records, and payment procedures including individual Capital Accounts of the Unit Holders;

(ii) provide bookkeeping and other related services for the Company;

(iii) utilize the cash Capital Contributions of the Unit Holders for the purposes set forth in this Agreement;

(iv) provide overall management, financial, and business planning services to the Company;

(v) disburse all receipts and make all necessary payments and expenditures in accordance with the terms of this Agreement; and

(vi) make all reports to the Unit Holders required by this Agreement or by law.

Section 5.05 Expenses and Fees of Manager and Board of Directors. The Manager (or its designated Affiliate) will be paid the Advisory Fee by the Company in consideration of advisory and management services provided to the Company. The Advisory Fee will be paid quarterly on the first business day of each quarter. Except as otherwise specifically provided by this Agreement, all expenses of the Company shall be billed directly to, and paid and borne by the Company, except to the extent such expenses are to be paid from the Advisory Fee. To the extent that the Manager incurs Offering and Organizational Costs or any direct fees or expenses for services performed on behalf of the Company, the Manager shall have the right to reimbursement from the Company for such costs. Persons who are employed on behalf of the Company and who may also be employed from time to time by the Company's Affiliates, including other companies or entities organized by a Company Affiliate, may be employed by an entity that is an Affiliate of the Company organized principally to act as the entity through which such Persons are employed. The Company will pay such entity for the cost of services performed on behalf of the Company. Direct expenses incurred by the Company in defending the Company's position regarding tax consequences of an investment of the Company shall be borne by the Company.

Section 5.06 Indemnification of the Manager, Officers and Directors. The Company shall indemnify and hold harmless its Manager, officers, directors, employees and Affiliates ("Indemnitee") from any loss, liability, or, damage incurred or suffered by the Indemnitee in connection with the business of the Company, including attorneys' fees incurred in connection with the defense of any claim or action based on any such act or omission, which attorneys' fees may be paid as incurred, except to the extent indemnification is prohibited by law; provided, however, that such indemnification shall not cover liabilities arising under the Securities Act of 1933, as amended, or the securities laws of state jurisdictions in which Units are offered and sold, except attorneys' fees and costs regarding the successful defense of any such actions. All judgments or other assessments against the Company wherein the Indemnitee is entitled to indemnification pursuant to this Section 5.06 shall be first satisfied from Company assets before the Indemnitee shall be required to satisfy such liability or obligation; provided, however, that such indemnification or agreement to hold harmless shall be recoverable only out of Company assets and not from the Unit Holders. Any indemnification required herein to be made by the Company shall be made promptly following the fixing of the loss, liability, or damage incurred or suffered by a final judgment of any court, settlement, contract or otherwise. The Indemnitee (i) shall be entitled to the foregoing indemnification, and (ii) shall not be liable to the Company or any Unit Holder for any loss, liability, or damage suffered or incurred by the Company, directly or indirectly, in connection with their activities provided that no Person whose action or omission to act caused the loss, liability, or damage incurred or suffered may receive indemnification or avoid liability by virtue of this Section 5.06, unless it is determined that such Person reasonably believed that such course of conduct was in the best interest of the Company. The Company shall not pay for any insurance covering liabilities of the Indemnitee for actions or omissions for which

indemnification is not permitted hereunder; provided, however, that nothing contained herein shall preclude the Company from purchasing and paying for such types of insurance, including extended coverage liability and casualty and workmen's compensation, as would be customary for any Person owning comparable property and engaged in a similar business, or from naming the Indemnitee as additional insured parties thereunder. Nothing contained herein shall constitute a waiver by any Unit Holder of any right that such Unit Holder may have against any Person under federal or state securities laws. If, at any time, the Company has insufficient funds to furnish indemnification as herein provided, it shall provide such indemnification when, as, and if the Company were to generate sufficient funds and prior to any cash distributions to the Unit Holders.

Section 5.07 Right to Rely upon Apparent Authority. Persons dealing with the Company may rely upon the representation of the Manager that the Manager has the authority to make any commitment or undertaking on behalf of the Company. No Person dealing with the Manager shall be required to determine the authority of the Manager to make any such commitment or understanding, or to determine whether any other Person concurs in the commitment or undertaking, any other fact or circumstance bearing upon the existence of its authority. In addition, no purchaser of any asset or interest therein owned by the Company shall be required to determine the sole and exclusive authority of the Manager to sign and deliver on behalf of the Company any instrument of transfer with respect thereto or to see the application or distribution of revenue or proceeds paid or credited in connection therewith, unless such purchasers shall have received written notice from the Company affecting the same.

Section 5.08 Fiduciary Duty of Officers, Directors and Unit Holders. The Manager, directors and Unit Holders shall have fiduciary responsibility for the safekeeping and use of all funds and assets of the Company, whether or not in the possession or control of the Manager, director or Unit Holder, and the Manager, directors and Unit Holders shall not employ, or consent to permit another Person to employ the Company's funds or assets in, any manner except for the exclusive benefit of the Company and the Unit Holders.

Section 5.09 Rebates, Give-ups, and Reciprocal Arrangements. The Company's Manager, directors, employees, and agents shall not (i) receive or give any rebates, give-ups or kickbacks and (ii) participate in any reciprocal business arrangement that circumvent the provisions of this Agreement or are illegal or prohibited.

ARTICLE VI
TRANSACTIONS BETWEEN THE MANAGER, ITS AFFILIATES AND THE COMPANY

Section 6.01 Affiliate Transactions. The shall not engage in a transaction or arrangement with any officer, director, any of their respective Affiliates or other Affiliate of the Company unless such is approved and authorized by a majority of the members of the Board of Directors disinterested in such potential transaction or arrangement.

Section 6.02 Loans. No loans may be made by the Company to the Company's officers, directors or their Affiliates or Unit Holders.

ARTICLE VII
INDEPENDENT ACTIVITIES OF AFFILIATES

The officers, directors and other Affiliates of the Company and the Unit Holders may engage in or possess an interest in other business ventures of every nature and description, independently or with others without limitation, in competition or otherwise with the Company, and neither the Company nor any of the Unit Holders shall have any right by virtue of this Agreement in and to such independent ventures or to the income or profits derived therefrom.

ARTICLE VIII
BOOKS, REPORTS, AND FISCAL MATTERS

Section 8.01 **Books**. The Company shall maintain full and complete books and records at its principal office, and Unit Holders and their designated representatives shall have the right to inspect and copy the books and records at their expense during the normal business hours. The books of account shall be kept on the cash basis for income tax purposes (unless the Company is required to adopt the accrual basis of accounting for federal income tax purposes) and for purposes of preparing quarterly, semiannual, and annual financial statements and reports. If the books and records of the Company are to be kept at any place other than at the principal office of the Company, then the Unit Holders shall be immediately notified in writing.

Section 8.02 **Reports**. The Company shall cause to be prepared, at the expense of the Company, the reports described in clauses (i) and (ii) of this Section 8.02.

(i) Within 120 days after the end of each fiscal year an annual report shall be prepared and distributed to the Unit Holders which shall include (A) a balance sheet as of the end of such fiscal year, together with statements of income, Unit Holders' equity, and changes in financial position, and/or cash flows, which financial statements (except the statement of cash flow) shall be prepared in accordance with generally accepted accounting principles and that may, but is not required to be, accompanied by an auditor's report containing an opinion of independent certified public accountants, and (B) a report of the activities of the Company for such year, and (C) a report on payments to the Manager and (D) a report on distributions to the Unit Holders for such period separately identifying distributions of Funds Available for Distribution and Liquidation Proceeds, or any other distributions (including distributions of Capital Contributions) and Reserves during such period and (E) report on cumulative distributions of Funds Available for Distribution, Liquidation Proceeds, Reserves, and any other distributions (including distributions of Capital Contributions) to the Unit Holders. Such annual report shall also include other information as deemed reasonably necessary by the Board of Directors to advise the Unit Holders of the affairs of the Company.

(ii) Within 120 days after the end of each fiscal year, the Company shall prepare or cause to be prepared, and distribute to the Unit Holders all information necessary for the preparation of each Unit Holder's federal income tax

return and state income and other tax returns with regard to the jurisdiction where the Company's assets are located.

Section 8.03 Bank Accounts. The cash funds of the Company shall be deposited in a commercial account at such banks, savings and loan associations, or other institutions, as the Manager shall determine.

Section 8.04 Insurance. The Company shall maintain such insurance as deemed suitable by the Manager.

Section 8.05 Taxation as a Partnership. The Company shall use its best efforts to cause the Company to be classified as a partnership for federal income tax purposes.

Section 8.06 Fiscal Year. The fiscal year of the Company shall end on December 31 of each calendar year.

Section 8.07 Partnership Audit Rules.

(a) The Manager shall be (i) the "tax matters partner" of the Company for purposes of Section 6231(a)(7) of the Code (as in effect before the effective date of the Bipartisan Budget Act of 2015), and (ii) the "partnership representative" for purposes of Section 6223 and 6231 of the Code, as amended by Section 1101 of the Bipartisan Budget Act of 2015, and shall, at the Company's expense, cause to be prepared and timely filed after the end of each taxable year of the Company all federal and state income tax returns required of the Company for such taxable year. If any state or local tax law provides for a partnership representative or Person having similar rights, powers, authority or obligations, the Manager shall also serve in such capacity. The Company shall make such elections pursuant to the provisions of the Code as the Manager, in its sole discretion, deems appropriate (including, in the Manager's sole discretion, an election under Section 754 of the Code or an election to have the Company treated as an "electing investment partnership" for purposes of Section 743 of the Code).

(b) The Manager shall apply the provisions of subchapter C of Chapter 63 of the Code, or similar provisions of state, local or foreign law, with respect to the Company or the Members in its sole discretion. The Members shall have no claim against the Company or the Manager for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Company in order to comply with the rules under subchapter C of Chapter 63 of the Code, or similar provisions of state, local or foreign law.

(c) If any audit adjustment results in an underpayment of tax that is imputed to the Company and would be assessed and collected at the Company level in the period that the adjustment becomes final, the Company may, in the sole discretion of the Manager, elect:

(i) to pay an imputed underpayment as calculated under Section 6225(b) of the Code with respect to such adjustment, including interest, penalties and related tax ("Imputed Underpayment") in the Adjustment Year or otherwise take the IRS adjustment into account in the Adjustment Year. The Manager shall use commercially reasonable efforts to reduce the amount of such Imputed Underpayment on account of the tax-exempt

status (as defined in Section 168(h)(2) of the Code) of any Members as provided in Section 6225(c)(3) of the Code. Each Member agrees to indemnify and hold harmless the Company and the Manager from and against any liability with respect to the Member's proportionate share of any Imputed Underpayment, regardless of whether such Member is a Member in the Adjustment Year, and to promptly pay its proportionate share of any Imputed Underpayment to the Company within 15 days following the Manager's request for payment and any amount that is not funded shall be treated as a Tax Payment. Each Member's proportionate share shall be determined by the Manager in good faith taking into account each Member's (or former Member's) particular status, including its tax-exempt or non-United States status, its interest in the Company in the Reviewed Year, and its timely provision of information necessary to reduce the amount of Imputed Underpayment set forth in Section 6225(c) of the Code; or

(ii) under Section 6226(a) of the Code, as amended by the Bipartisan Act of 2015, to cause the Company to issue adjusted Schedule K-1s or any other similar statement prescribed by the Code, Treasury Regulations or other administrative guidance published by the IRS or other taxing authority to each applicable Member for the Reviewed Year, who will then be required to pay their allocable share of tax otherwise attributable to the Company. Each Member hereby agrees and consents to such election and agrees to take any action, and furnish the Manager with any information necessary to give effect to such election, as required by such Code Section and applicable Treasury Regulations or other administrative guidance published by the IRS or other taxing authority.

ARTICLE IX
POWERS OF THE UNIT HOLDERS

Section 9.01 Powers of the Unit Holders. The Unit Holders, by a Majority Vote of the Unit Holders, shall have the right to (i) amend this Agreement subject to Section 17.03, and (ii) dissolve the Company; provided, however, that the rights and privileges of a series of issued and Outstanding Units shall only be subject to amendment by the Majority Vote of the holders of the Outstanding Units of such series of Units (as a class), except as otherwise provided in this Agreement.

Section 9.02 Restrictions on Power to Amend. Notwithstanding Section 9.01 of this Agreement, the Unit Holders shall not have the right, without the Majority Vote of the Unit Holders, to (i) remove the Unit Holders' power and right to dissolve the Company as provided in Section 9.01 of this Agreement, (ii) diminish the rights of any Unit Holder with respect to its Units as described in Articles III and IV of this Agreement, or other rights and privileges to which the Unit Holder is entitled under the provisions of this Agreement, or (iii) change any provision in this Agreement that requires the approval of Unit Holders, whether as the holders of a series of Units or otherwise.

Section 9.03 **Meetings of, or Actions by the Unit Holders**.

(i) Meetings of the Unit Holders to vote upon any matters as to which the Unit Holders are authorized to take action under this Agreement or the Act may be called at any time by the Board of Directors or by one or more Unit Holders or holders of a series of Units that are the record owners of 10% or more of the Outstanding Units by delivering written notice, either in person or by registered mail, of such call to the Board of Directors. Within 10 days following receipt of such request, the Board of Directors shall cause a written notice to be given, either personally or by first class mail, to the Record Holders of the Outstanding Units on the Record Date entitled to vote at such meeting to the effect that a meeting will be held at a time and place fixed by the Board of Directors, convenient to the Unit Holders, that shall be not less than15 days nor more than 60 days after the date of the meeting notice. The Company agrees to use its best efforts to obtain such qualification and clearances. Included with the notice of a meeting shall be a detailed statement of the action proposed, including a verbatim statement of the wording of any resolution proposed for adoption by the Unit Holders or the holders of the applicable series of Units and of any proposed amendment to this Agreement requiring approval of the Unit Holders. The Record Date for purposes of providing notice of any meeting of the Unit Holders shall be determined by the Board of Directors. All reasonable expenses of the meeting and notification (except travel and lodging and other expenses incurred by Unit Holders) shall be borne by the Company.

(ii) Except as otherwise provided in this Agreement, Unit Holders shall be entitled to one vote or fraction thereof for each Outstanding Unit or fractional Outstanding Unit. Record Holders of Outstanding Units holding in excess of 33 1/3% of such Outstanding Units held by the Unit Holders shall constitute a quorum at any meeting. Attendance by a Unit Holder at any meeting and voting in person shall revoke any written proxy submitted with respect to any proposed action to be taken at such meeting.

(iii) The Board of Directors shall be responsible for enacting all needed rules of order for conducting all meetings and shall keep, or cause to be kept, at the expense of the Company, an accurate record of all matters discussed and action taken at all meetings or by written Consent. The records of all such meetings and written Consents shall be maintained at the principal place of business of the Company and shall be available for inspection by any Unit Holder at reasonable times.

Section 9.04 **Redemption Rights**. On or after the first anniversary of becoming a Series One Unit Holder (the "Anniversary Date"), the Company may, in the sole discretion of the Manager and upon the request of such Series One Unit Holder, redeem all or a portion the Series One Units held by such Series One Unit Holder. Notwithstanding the previous sentence, holders of Restricted Series One Units shall not be permitted to present such Restricted Series One Units for redemption unless and until they are permitted to do so in accordance with the terms of the

plan, award or agreement pursuant to which they received such Restricted Series One Units. The Manager may consider redemption requests prior to the first anniversary in its sole discretion. A Series One Unit Holder desiring to have Series One Units redeemed must provide written notice of the redemption request and any other information related to the redemption request as reasonably required by the Manager no later than 60 days before a calendar-quarter end (the "Redemption Request Deadline"). Each quarter, if the Manager determines to have the Company redeem Series One Units, any such redemptions will be processed in accordance with the following limitations:

(i) The Series One Units redeemed for the applicable quarter pursuant to this Section 9.04(i) will be capped at 2.5% of the Outstanding Series One Units at the time of the Redemption Request Deadline (the "Redemption Cap"). To the extent redemption requests for any quarter exceed the Redemption Cap, Series One Units tendered for redemption will be redeemed on a pro rata basis.

(ii) All Series One Unit Holders requesting redemption will be notified of the status of their redemption request no later than 15 days before a calendar-quarter end.

(iii) A Series One Unit Holder may withdraw its redemption request by notifying the Company by 5:00 p.m. (Central Time) five business days before the end of the calendar quarter with respect to which the redemption request was submitted.

(iv) The redemption price per Unit shall be the Most Recent Per Unit NAV disclosed by the Company at the time a Unit Holder submits a redemption request.

(v) The redemption prices of the Series One Units will be paid on the first business day following the end of the calendar quarter in which the redemption request was timely made All Series One Units redeemed by the Company pursuant to this Section 9.04 shall be promptly cancelled and the Series One Unit Holder shall no longer receive any distributions with respect to such Series One Units.

(vi) Notwithstanding the above, the Company shall not redeem more than 10% in the aggregate of the total Outstanding Series One Units of the Company per calendar year, reduced by the percentage of any transfers made under Treasury Regulation Sections 1.7704-1(g) or transfers that do not qualify for safe harbor treatment under the Treasury Regulations (which excludes private transfers described in Treasury Regulation Section 1.7704-1(e)).

(vii) The Company shall not redeem any Series One Units that are subject to liens or other encumbrances until such time as the Series One Unit Holder provides evidence satisfactory to the Manager in its sole discretion that such liens or other encumbrances have been removed.

(viii) All redemptions of Series One Units shall be subject to the restriction set forth in Section 11.01(vi). The Manager, with advice of counsel, must determine that any redemption will not jeopardize the applicability of the exemptions from the registration requirements under the Securities Act and registration or qualification under state securities laws relied upon by the Company and Manager in offering and selling the Series One Units or otherwise violate any federal or state securities laws.

ARTICLE X
BOARD OF DIRECTORS

Section 10.01 Powers of Board of Directors. The powers of the Company shall be exercised, its business conducted and its property controlled by the Board of Directors, except as may be otherwise provided by this Agreement or the Act.

Section 10.02 Number of Directors. The number of directors which shall constitute the whole Board of Directors shall be determined from time to time by the Board of Directors (provided that no decrease in the number of directors which would have the effect of shortening the term of an incumbent director may be made by the Board of Directors), and further provided that the number of directors shall not be less than one nor greater than 15.

Section 10.03 Terms. Term of directors shall be for a period of three years. The terms of the directors may be staggered, as determined by the Board of Directors.

Section 10.04 Election of Successor Directors. At the expiration of a director's term, the Board of Directors shall select a nominee for election as director for a new three-year term, subject to ratification by a Majority Vote of the Unit Holders. Directors may be nominated and elected for an unlimited number of consecutive terms.

Section 10.05 Vacancies. Vacancies occurring on the Board of Directors for any reason may be filled by vote of a majority of the remaining members of the Board of Directors, although less than a quorum, at any meeting of the Board of Directors, or by a sole remaining director. Each director so elected shall hold office for the unexpired portion of the term of the director whose place shall be vacant and until his or her successor shall have been duly elected and qualified or until such director's earlier death, resignation or due removal. A vacancy in the Board of Directors shall be deemed to exist under this Section 10.05 in the case of the death, removal or resignation of any director, or if the Unit Holders fail at any meeting of Unit Holders at which directors are to be elected to elect the number of directors then constituting the whole Board of Directors.

Section 10.06 Resignation. Any director may resign at any time by delivering his or her written resignation to the Chairman of the Board, such resignation to specify whether it will be effective at a particular time. If no such specification is made, it shall be deemed effective at the pleasure of the Board of Directors. When one or more directors shall resign from the Board of Directors, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall

hold office for the unexpired portion of the term of the director whose place shall be vacated and until his successor shall have been duly elected and qualified.

Section 10.07 Removal. At a special meeting of Unit Holders called for such purpose and in the manner provided herein, subject to any limitations imposed by law or this Agreement, the Board of Directors, or any individual director, may only be removed from office for cause, and a new director or directors shall be elected by a vote of the Unit Holders holding a majority of the outstanding Units entitled to vote at an election of directors.

Section 10.08 Board Meetings. Unless otherwise restricted by this Agreement, regular meetings of the Board of Directors may be held virtually or in-person at such time and in such place which has been designated by the Chair of the Board of Directors upon at least 48 hours written notice to the other members of the Board of Directors and the Manager. Notice of any meeting may be waived in writing at any time before or after the meeting and will be deemed waived by any director by attendance thereat except when the director attends the meeting solely for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

(i) **Special Meetings**. Unless otherwise restricted by this Agreement, and subject to the notice requirements contained herein, special meetings of the Board of Directors may be held at any time and place within the State of Oklahoma whenever called by any two of the Directors. Written notice of the time and place of all special meetings of the Board of Directors shall be given to all directors and the Manager at least 48 hours before the time of the meeting. Such notice shall state the purpose or purposes of the special meeting. Notice of any special meeting may be waived in writing at any time before or after the meeting and will be deemed waived by any director by attendance thereat except when the director attends the special meeting solely for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

(ii) **Telephone or Video Conference Meetings**. Any member of the Board of Directors may participate in a meeting by means of conference telephone, video conference or similar communications equipment whereby all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

(iii) **Waiver of Notice**. The transaction of all business at any meeting of the Board of Directors, however called or noticed, or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present and if, either before or after the meeting each of the directors not present shall sign a written waiver of notice, or a Consent to holding such meeting, or an approval of the minutes thereof. All such waivers, Consents or approvals shall be filed with the Company records or made a part of the minutes of the meeting.

(iv) **Board Quorum and Director Voting**. Unless this Agreement requires a greater number, a quorum of the Board of Directors shall consist of a majority of the exact number of directors fixed from time to time in accordance with Section 10.02; provided, however, at any meeting whether a quorum be present or otherwise, a majority of the directors present may adjourn from time to time until the time fixed for the next regular meeting of the Board of Directors, without notice other than by announcement at the meeting. At each meeting of the Board of Directors at which a quorum is present, all questions and business shall be determined by a vote of the majority of the directors present, unless a different vote is required by this Agreement.

Section 10.09 Committees. The Board of Directors may establish and delegate to committees any of the powers of the Board of Directors, except as prohibited by law.

Section 10.10 Action Without Meeting. Unless otherwise restricted by this Agreement, all action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if all members of the Board of Directors Consent thereto in writing, and such writing or writings are filed with the minutes of proceedings of the Board of Directors.

Section 10.11 Directors Fees and Compensation. Directors shall be entitled to such compensation for their services as may be approved by the Board of Directors, including if so approved, by resolution of the Board of Directors, a fixed sum, expenses of attendance, if any, for attendance at each regular or special meeting of the Board of Directors, and grants of equity awards, including Restricted Series One Units. Nothing contained in this Agreement shall be construed to preclude any Director from serving the Company in any other capacity as Manager or as an officer, agent, employee, or otherwise and receiving compensation therefor.

Section 10.12 Board Organization. The Chairman of the Board shall preside at every meeting of the Board of Directors, if present. In the case of any meeting, if there is no Chairman of the Board or if the Chairman is not present, the Lead Director shall preside, or if there be no Lead Director or if the Lead Director is not present, a chairman chosen by a majority of the directors present shall act as chairman of such meeting. The Chairman shall appoint an individual to act as secretary of the meeting.

Section 10.13 Limited Personal Liability of Managers, Officers and Directors. In addition to any indemnification provisions of this Agreement or adopted by resolution of the Unit Holders or directors of the Company, no Manager, director or officer of the Company shall be personally liable to the Company or its Unit Holders for monetary damages for breach of fiduciary duty as a Manager, director or officer; provided, however, that this provision shall not eliminate or limit the liability of a Manager, director or officer for any breach of the Manager's, director's or officer's duty of loyalty to the Company or the Unit Holders, for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or payment of any unlawful dividend or for any unlawful stock purchase or redemption, or for any transaction from which the Manager, director or officer derived an improper personal benefit.

ARTICLE XI
TRANSFERABILITY OF UNITS

Section 11.01 Transfer of Units. Except as otherwise provided herein, the Units shall not be transferable except pursuant to operation of law or in compliance with the following procedures:

(i) Receipt of the written Consent of the Company, which Consent shall not be unreasonably withheld, and the transferor to the transfer and to the substitution of the transferee as a substituted Unit Holder;

(ii) There shall have been filed with the Company a duly executed and acknowledged counterpart of the instrument making such assignment, signed by the transferor and the transferee. Furthermore, such instrument shall evidence the written acceptance by the transferee of all of the terms and provisions of this Agreement and shall represent that such assignment was made in accordance with all applicable laws and regulations and such instrument shall contain the representations set forth in Article XIV of this Agreement;

(iii) Upon the request of the Manager, receipt of an Opinion of Counsel that the transfer or assignment (A) is exempt from the registration requirements under the Securities Act of 1933, as amended, and (B) is not in violation of any applicable state securities or "Blue Sky" laws;

(iv) The transferee shall represent that he will not sell, assign, or otherwise transfer the Units to any Person who does not similarly represent and warrant and similarly agree not to sell, assign or transfer such Units to any Person who does not also make the same representations, warranties and agreement;

(v) The transferee or transferor shall have paid all reasonable legal fees and billing costs in connection with such transfer and the transferee's substitution as a substituted Unit Holder; and

(vi) The transfer will not result in ERISA Members owning 25% or more of the Series One Units.

Failure by the Company to notify the transferring Unit Holder of an objection to any proposed or completed transfer of the transferor's Units within 30 days following the receipt of notice thereof shall conclusively serve as Consent to such transfer. The Company shall have the right, in its sole and absolute discretion, to suspend the transfer of Units in the event such additional transfers of Units would result in constructive termination of the Company for federal income tax purposes.

Notwithstanding the foregoing, a substituted Unit Holder shall be recognized as the successor in interest to the Units of a transferring Unit Holder as of the first day of the month following the month in which the Company receives the instrument of assignment provided herein, and all conditions of transfer as set forth herein have been satisfied. Notwithstanding the foregoing,

the rights of a transferee who does not become a substituted Unit Holder by reason of the non-consent thereto by the Company shall be limited to receipt of its share of cash distributions and the allocations as determined under Article IV of this Agreement.

Furthermore, no such transfer, including a transfer of less than all of a Unit Holder's Units or the transfer of Units to more than one party, shall relieve the transferor of its responsibility for its proportionate part of any expenses, obligations and liabilities hereunder related to the Units transferred, whether arising prior or subsequent to such transfer, nor shall any such transfer require an accounting by the Company or the granting of rights hereunder as between it and the transferring Unit Holder, including the exercise of any elections hereunder, to more than one party unanimously designated by the transferees, and if it should have retained an interest hereunder, the transferor. Until the Company receives a proper, acceptable designation, the Company shall continue to account only to the Person to whom it was furnishing notices prior to such time, and such Unit Holder shall continue to exercise all rights applicable to the entire Units previously owned by the transferor.

ARTICLE XII
LOANS TO COMPANY

Section 12.01 Authority to Borrow. The Company may from time to time borrow such amounts from such Persons (including any Unit Holder) on such security and payable on such terms as the Manager may determine, subject to the policies of the Board of Directors and further subject to this Agreement.

Section 12.02 Loans from Unit Holders. In the event any Unit Holder or its Affiliate shall make any loan or loans to the Company or advance money on its behalf, the amount of any such loan or advance shall not be an increase in the Capital Account of the lending Unit Holder or entitle such lending Unit Holder to an increase in its share of the distributions of the Company, or subject such Unit Holder to any greater proportion of the losses that the Company may sustain. The amount of any such loan or advance shall be a debt due from the Company to such lending Unit Holder or Affiliate, repayable upon such terms and conditions and bearing interest at such rates as shall be mutually agreed upon by the lending Unit Holder or Affiliate and the Company. Notwithstanding the foregoing, no Unit Holder or its Affiliate shall be under any obligation whatsoever to make any such loan or advance to the Company.

ARTICLE XIII
REPRESENTATIONS OF THE SERIES ONE UNIT HOLDERS

Each Series One Unit Holder represents that (i) such Series One Unit Holder (if a natural Person) has reached the age of majority in his or her state of residence, (ii) such Series One Unit Holder is sufficiently experienced in business matters to recognize that an investment in the Company is a speculative venture, (iii) such Series One Unit Holder has carefully reviewed this Agreement and all reports issued and disclosure documents provided by the Company, and in making the decision to acquire Units, relied solely on its independent investigation and upon independent tax and legal counsel, and (iv) such Series One Unit Holder acquired the Series One Units for economic profit determined without regard to possible tax benefits that may be received in connection with the ownership of the Series One Units acquired.

ARTICLE XIV
CERTIFICATES AND OTHER DOCUMENTS

Section 14.01 Manager as Attorney for Unit Holders. Each Unit Holder, by becoming a Unit Holder, constitutes and appoints the Manager its true and lawful attorney, with full power of substitution, in its name, place and stead, from time to time:

(i) to execute, acknowledge, file, and/or record all agreements amending this Agreement, as now and hereafter amended, that may be appropriate to reflect (A) a change of the name or the, location of the principal place of business of the Company, (B) the disposal by any Unit Holder of its Units in any manner permitted by this Agreement, and any return of the Capital Contribution of any Unit Holder (or any part thereof) or the withdrawal or admission of any Unit Holder provided for by this Agreement, to all of which Consent is hereby given, (C) a Person becoming a Unit Holder as permitted by this Agreement, (D) a change in any provision of this Agreement or the exercise by any Person of any right or rights hereunder not requiring the Consent of said Unit Holder, and (E) any other amendment to this Agreement requiring approval by the Unit Holders that has been so approved;

(ii) to execute, acknowledge, file and/or record such certificates, instruments, and documents as may be required by, or may be appropriate under the laws of any state or other jurisdiction in which the Company is doing or intends to do business;

(iii) to execute, acknowledge, file, and/or record such certificates, instruments, and documents as may be required of the Unit Holders by the laws of any state or other jurisdiction, or as may be appropriate for the Unit Holders to execute, acknowledge, file and/or record to reflect (A) a change of address of a Unit Holder, (B) any changes in or amendments of this Agreement, or pertaining to the Company, of any kind, or (C) any other changes in, or amendments of, this Agreement made in accordance with this Agreement; and

(iv) to create, prepare, complete, execute, file, swear to, deliver, endorse and record any and all instruments, assignments, security agreements, financing statement and writings as may be necessary from time to time to implement the borrowing powers granted under this Agreement.

Each of these agreements, certificates, instruments, and documents shall be in such form as said attorney and the legal counsel for the Company shall deem appropriate. The powers conferred by this Article XIV with respect to agreements, certificates, instruments, and documents shall be deemed to include the powers to sign, execute, acknowledge, swear to, verify, deliver, file, record, and publish the same. Each Unit Holder hereby authorizes said attorney to take any further action that said attorney shall consider necessary or convenient in connection with any of the foregoing, hereby giving said attorney full power and authority to do and perform each and every

act and thing whatsoever requisite, necessary or convenient to be done in and about the foregoing as fully as said Unit Holder might or could do if personally present and hereby ratifying and confirming all that said attorney shall lawfully do or cause to be done by virtue hereof. The powers hereby conferred shall continue from the date a Unit Holder becomes a Unit Holder in the Company until such Unit Holder shall cease to be such a Unit Holder and, being coupled with an interest, shall be irrevocable.

Section 14.02 Making, Filing, Etc. of Certificates, Documents and Instruments. The Manager agrees, when authorized by the Board of Directors, to make, file, or record with the appropriate public authority and, if required, to, publish this Agreement, any amendments thereof and such other certificates, instruments, and documents as may be required or appropriate in connection with the business and affairs of the Company.

Section 14.03 Required Signatures. Any writing to amend this Agreement to reflect the substitution or addition of a Unit Holder need be signed only by the Manager, by the Unit Holder who is disposing of its Units, if any, and by the Person to be substituted or added as a Unit Holder. The Manager may sign for either or both of such Unit Holders as their attorney-in-fact pursuant to Section 14.01 hereof.

ARTICLE XV
DISSOLUTION OF THE COMPANY

Section 15.01 Dissolution. Except as otherwise provided in this Agreement, no Unit Holder shall have the right to cause dissolution of the Company. The Company shall not be dissolved or terminated by the admission of a new Unit Holder or by the retirement, withdrawal, expulsion, dissolution, death, incapacity, insolvency, bankruptcy, or other disability of a Unit Holder or the Manager.

Section 15.02 Adjustment of Capital Accounts. At the time of a distribution of Company assets pursuant to Article XVI, termination of the Company for federal income tax purposes pursuant to Section 708(b)(1)(B) of the Code, or termination and dissolution of this Company pursuant to Section 15.01 of this Agreement, each Unit Holder's Capital Account shall be adjusted in accordance with Section 4.07 of this Agreement with respect to all Company operations and any sales or dispositions or distributions occurring prior to and in connection with the termination and dissolution of the Company. Furthermore, at such time each Unit Holder's Capital Account shall be adjusted to give effect to the sale or assumed of all Company assets in accordance with Section 16.01 of this Agreement, in the manner established by Section 4.07 of this Agreement.

ARTICLE XVI
DISTRIBUTION ON TERMINATION OF COMPANY

Section 16.01 Liquidation Distribution. Upon dissolution and final termination of the Company, the Manager, any other Person selected by a Majority Vote of the Unit Holders (a "Liquidator"), shall take account of the Company assets and liabilities, and the properties and assets of the Company shall be liquidated as promptly as is consistent with obtaining the fair market value thereof, and the proceeds therefrom (which dissolution and liquidation may be

accomplished over a period spanning two or more tax years in the sole discretion of the Liquidator), to the extent sufficient therefor, together with assets distributed in kind, shall be applied and distributed in the following order:

(i) to the payment of debts and liabilities of the Company to creditors in the order of priority provided by law, including any debt owed to a Manager or a former Manager (other than any loans or advances that may have been made by any of the Unit Holders to the Company) and the expenses of liquidation;

(ii) to the establishment of any Reserves that the Manager or Liquidator deems reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company or of the Manager arising out of or in connection with the Company; such Reserves shall be paid to a trust to be held for the purpose of disbursing such Reserves in payment of any of the aforementioned contingencies, and, at the expiration of such period as the Manager or Liquidator deems advisable, to distribute the balance thereafter remaining in the manner hereinafter provided by this Section 16.01;

(iii) to the repayment of any loans or advances that may have been made by any of the Unit Holders to the Company, but if the amount available for such repayment shall be insufficient, then pro rata on account thereof; and

(iv) to the payment of cash distributions to the Unit Holders in accordance Article IV of this Agreement.

Distributions pursuant to this Section 16.01 may be made in cash or kind or a combination thereof as the Manager or Liquidator in its sole discretion shall determine. The Unit Holders' Capital Account Balances shall be appropriately adjusted before any distributions pursuant to this Section 16.01 to reflect (i) Sales or other dispositions by the Company giving rise to Capital Account adjustments, and (ii) the Capital Account adjustments that would have occurred had any property to be distributed in kind to the Unit Holders been sold for fair market value by the Company prior to distribution.

Section 16.02 Powers of the Liquidator. A Liquidator elected as provided in Section 16.01 shall receive such compensation for liquidation services (which shall be a Company expense) as may be agreed by the Liquidator and a Majority Vote of the Unit Holders and may be removed at any time by a written notice of removal signed by a Majority Vote of the Unit Holders. Upon the removal or resignation of the Liquidator, a successor and substitute Liquidator (who shall have and succeed to all the rights, powers, and duties of the original Liquidator) shall promptly thereafter, subject to Section 9.03 of this Agreement, be appointed by a Majority Vote of the Unit Holders evidenced by written appointment and acceptance. The right to appoint a successor or substitute Liquidator in the manner provided herein shall be recurring and continuing for so long as the functions and services of the Liquidator are authorized to continue under the provisions hereof, and every reference herein to the Liquidator shall be deemed to refer also to any such successor or substitute Liquidator appointed in the manner herein provided. Except as expressly provided in this Section 16.02, the Liquidator appointed in the manner provided herein shall have

and may exercise, without further authorization or Consent of any of the Unit Holders or their legal representatives or successors in interest, all of the power conferred upon the Manager under the terms of this Agreement to the extent necessary or desirable in the good faith judgment of the Liquidator to carry out the duties and functions of the Liquidator under this Agreement for and during such period of time as shall be reasonably required in the good faith judgment of the Liquidator to complete the liquidation and dissolution of the Company as provided in this Agreement, including, without limiting the generality of the foregoing specific powers:

(i) The power to continue to manage and operate any business of the Company during the period of such liquidation or dissolution proceedings, including also the power to make and enter into contracts with Persons unaffiliated with the Liquidator that may extend beyond the period of liquidation and dissolution;

(ii) The power to make sales with Persons unaffiliated with the Liquidator and incident thereto to make deeds, bills of sale, assignments, and transfers of Company assets provided that the Liquidator may not impose personal liability upon any of the Unit Holders under any warranty of title contained in any such instrument;

(iii) The power to borrow funds as may, in the good faith judgment of the Liquidator, be reasonable to pay debts, obligations and expenses of the Company, and to grant deeds of trust, mortgages, security agreements, pledges, and collateral

assignments upon and encumbering any of the assets of the Company as security for repayment of such loans or as security for payment of any other indebtedness of the Company; provided that the Liquidator shall not have the power to create any personal obligations on any of the Unit Holders to repay such Loans or indebtedness other than out of available proceeds of foreclosure or sales of the property or assets as to which a lien or liens are granted as security for payment thereof;

(iv) The power to settle, compromise, or adjust any claims asserted to be owing by or to the Company, and the right to file, prosecute, or defend lawsuits and legal proceedings in connection with any such matters; and

(v) The power to make deeds, bills of sale, assignments, and transfers to the respective Unit Holders and their successors in interest incident to final distribution of the remaining assets of the Company (if any) as provided in this Agreement; provided that the Liquidator may not impose Personal liability upon any of the Unit Holders or their successors in interest under any warranty of title contained in any such instrument.

Section 16.03 Time of Liquidation. A reasonable time shall be allowed for the orderly liquidation of the assets of the Company and the discharge of liabilities to creditors so as to enable the Liquidator to minimize the losses attendant upon liquidation. If the Liquidator determines that an immediate sale of part or all of the Company's assets would cause undue loss to the Unit Holders, the Liquidator may, after having given notice to all the Unit Holders to the extent not then

prohibited by an applicable law of any jurisdiction in which the Company is then formed or qualified, either: (i) defer liquidation of and withhold from distribution for a reasonable time any assets of the Company except those necessary to satisfy the Company's debts and obligations, or (ii) distribute any assets to the Unit Holders in kind. If any assets are to be distributed in kind, such assets shall be distributed on the basis of the fair market value thereof and any Unit Holder entitled to any interest in such assets shall receive such interest therein as a tenant-in-common with all other Unit Holders so entitled. An independent qualified appraiser selected by the Liquidator shall determine the fair market value of such assets.

Section 16.04 Liquidation Statement. Each Unit Holder shall be furnished with a statement prepared by or on behalf of the Liquidator that shall set forth the assets and liabilities of the Company as of the date of complete liquidation. Upon the Liquidator complying with the foregoing distribution plan, the Unit Holders shall cease to be such, and the Liquidator shall cause to be filed a cancellation of the Articles of Organization of the Company.

Section 16.05 No Liability for Return of Capital. Neither the Manager nor any Unit Holder shall be personally liable for the return of all or any part of the Capital Contributions of any Unit Holder. Any such return shall be made solely from Company assets.

Section 16.06 No Right of Partition. The Unit Holders shall have no right to receive Company property in kind, whether or not upon dissolution and termination of the Company, except as otherwise provided in this Agreement.

ARTICLE XVII
GENERAL PROVISIONS

Section 17.01 Notices. Except as otherwise provided herein, any notice, payment, distribution, or other communication which shall be required to be given to any Person in connection with the business of the Company shall be duly given if in writing and delivered personally to the Person to whom it is authorized to be given at the time of such delivery, or if sent by mail or telegraph, to the address set forth herein.

Section 17.02 Survival of Rights. Except as expressly provided in this Agreement, this Agreement shall be binding upon and inure to the benefit of the Unit Holders, the Manager, and their respective heirs, legatees, legal representatives, successors, and assigns.

Section 17.03 Amendment. The Manager's consent shall be required for any amendment to this Agreement. The Manager, without the Consent of the Unit Holders, may amend this Agreement in any respect, provided however, that the following amendments shall require a Majority Vote of the Unit Holders:

(i) any amendment that would adversely affect the rights of the Unit Holders under this Agreement;

(ii) any amendment that would adversely affect the rights of the Unit Holders to receive the distributions payable to them hereunder;

(iii) any amendment that would alter the Company's allocations of profit and loss to the Unit Holders, other than with respect to the issuance of additional Units pursuant to this Agreement; or

(iv) any amendment that would impose on the Unit Holders any obligation to purchase additional Units.

Section 17.04 Headings. The captions of the articles and sections of this Agreement are for convenience only and shall not be deemed to be part of the text of this Agreement or to modify, limit, or interpret its terms.

Section 17.05 Agreement in Counterparts. This Agreement, or any amendment hereto, may be executed in multiple counterparts, each of which shall be deemed an original Agreement and all of which shall constitute one agreement, by each of the Unit Holders on the dates respectively indicated in the acknowledgments of such Unit Holders.

Section 17.06 Governing Law. This Agreement shall be governed and construed according to the laws of the State of Delaware.

Section 17.07 Additional Documents. Each Unit Holder, upon the request of the Manager, agrees to perform any further acts and execute and deliver any documents that may be reasonably necessary to carry out the provisions of this Agreement.

Section 17.08 Limitation on Creditors' Interests. No creditor who makes a non-recourse loan to the Company shall have or acquire at any time, as result of making such loan, any direct or indirect interest in the profits, capital, or property of the Company, other than as a secured creditor.

Section 17.09 Income Tax Matters. Should there be any controversy arising with the IRS or other taxing authority involving the Company or any parties to this Agreement, the outcome of which may adversely impact upon the Company, either directly or indirectly, the Company is authorized to incur expenses that it deems necessary and advisable and in the interest of the Company to oppose such proposed deficiency, including, without being limited hereby, attorneys' fees and accountants' fees and the costs of appeal of selected test cases to the extent deemed appropriate.

Section 17.10 Validity. Should any portion of this Agreement be declared invalid and unenforceable, then such portion shall be deemed to be severable from this Agreement and shall not affect the remainder of this Agreement. In lieu of such invalid or unenforceable provision, there shall be added automatically a provision as similar in terms and effect to the former provision as may be valid and enforceable.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Sixth Amended and Restated Operating Agreement on this 18th day of November, 2022.

MANAGER:

HUMPHREYS CAPITAL, LLC

By: _____

Blair Humphreys
Chief Executive Officer

HUMPHREYS REAL ESTATE INCOME FUND, LLC
DISTRIBUTION REINVESTMENT PLAN

This DISTRIBUTION REINVESTMENT PLAN (the "Plan") is adopted by Humphreys Real Estate Income Fund, LLC, a Delaware limited liability company (the "Company"), pursuant to the Sixth Amended and Restated Operating Agreement (as amended, restated or otherwise modified from time to time, the "Operating Agreement"). Unless otherwise defined herein, capitalized terms shall have the same meaning as set forth in the Operating Agreement.

1. *Distribution Reinvestment.* Members of the Company (the "Members") who elect to participate in the Plan can choose to reinvest all or a portion of the cash distributions declared and paid in respect of the Company's Series One Units (the "Series One Units") that such participating Member holds (the "Distributions"), including Distributions paid with respect to any full or fractional Series One Units acquired under the Plan, to the purchase of additional Series One Units for such participating Member to which the Distributions are attributable. Members electing to participate in the Plan may select full distribution reinvestment or partial distribution reinvestment.

    a. *Full Distribution Reinvestment*. If a Member selects full distribution reinvestment, the Company, as agent for the Members electing to participate in the Plan, will apply all of the participating Member's Distributions to the purchase of additional Series One Units.

    b. *Partial Distribution Reinvestment*. If a Member selects partial distribution reinvestment, the Company, as agent for the Members electing to participate in the Plan, will apply a portion of the participating Member's Distributions to the purchase of additional Series One Units, with the remaining portion of such participating Member's Distributions to be paid to the Member in cash. Members who elect to partially enroll in the Plan must specify on the appropriate form provided by the Company the percentage of their Distributions that they wish to enroll in the Plan.

2. *Effective Date.* The effective date of this Plan is January 1, 2024.

3. *Procedure for Participation.* Any Member who has received a copy of the Company's most recent confidential private placement memorandum (as amended and supplemented from time to time, the "PPM") on or after the effective date of the Plan and purchases Series One Units in the Company's offering after the effective date of the Plan will become a participant in the Plan (a "Participant") by noting such election on the appropriate form provided by the Company. Any Member who has received the PPM and either was a Member prior to the effective date of the Plan or initially elected not to be a Participant may elect to become a Participant by completing and executing the appropriate authorization form as made available by the Company. Participation in the Plan will begin with the next Distribution payable after acceptance of a Participant's subscription, enrollment or authorization. Series One Units will be purchased under the Plan on the date that Distributions are paid by the Company. The Company may elect to deny participation in the Plan with respect to a Member that resides in a jurisdiction or foreign country where, in the Company's sole judgment, the burden or expense of compliance with applicable securities laws makes participation impracticable or inadvisable.

4. *Suitability.* Each Participant is requested to promptly notify the Company in writing if the Participant experiences a material change in his, her or its financial condition, including the failure to meet the income, net worth and any other investor qualifications set forth in the PPM.

5. *Purchase of Series One Units.* Participants will acquire Series One Units under the Plan from the Company at a price equal to the Most Recent NAV Per Unit announced by the Company on the date that the Distribution is payable. The Manager periodically, assumed to be quarterly but no less than annually, values the Company's real estate investments in accordance with the Valuation Policy. Given the lag in time between valuations, there can be no assurances that the actual NAV Per Unit on the date of issuance is equal to the Most Recent NAV Per Unit. In cases where the Manager believes there has been a material change (positive or negative) to its NAV Per Unit relative to the Most Recent NAV Per Unit, the Manager, in its sole discretion, may suspend the Plan until a new NAV Per Unit has been announced that incorporates such material change. No selling commissions will be payable with respect to Series One Units purchased pursuant to the Plan. Participants in the Plan may purchase fractional Series One Units so that 100% of the Participant's elected percentage of Distributions will be used to acquire Series One Units.

6. *Distributions in Cash.* Notwithstanding anything herein to the contrary, the Company's board of directors, in its sole discretion, may elect to have any particular Distribution paid in cash, without notice to Participants, without suspending the Plan and without affecting the future operation of the Plan with respect to Participants.

7. *Taxes.* It is understood that reinvestment of distributions does not relieve a participant of any income tax liability which may be payable on the distributions. Additional information regarding potential participant income tax liability may be found in the PPM.

8. *Certificates.* The ownership of the Series One Units purchased through the Plan will be in book-entry form unless and until the Company issues certificates for its outstanding Series One Units.

9. *Reports*. Within 120 days after the end of each fiscal year, the Company shall provide, or cause to be provided, to each Member an annual report on his or her investment, including (i) Distributions to the Series One Unit Holders for such period separately identifying Distributions of Funds Available for Distribution and Liquidation Proceeds, or any other Distributions (including distributions of Capital Contributions) and Reserves during such period, (ii) total number of Series One Units purchased pursuant to the Plan (including fractional Series One Units) and the dates of such purchases, (iii) price paid per Series One Unit purchased pursuant to the Plan, (iv) cumulative Distributions of Funds Available for Distribution, Liquidation Proceeds, Reserves, and any other Distributions (including distributions of Capital Contributions) to the Series One Unit Holders and (v) total number and class of Units in the Member's Capital Account.

10. *Amendment or Termination by Participant.* A Participant may amend the terms of their participation or terminate participation in the Plan at any time, without penalty, by providing prior written notice of such election to amend or withdraw in a form acceptable to the Company. Such notice must be received by the Company prior to the Record Date for a Distribution in order for a Participant's amendment or termination to be effective for such Distribution (i.e., a timely amendment or termination notice will be effective the day after it is received and will not affect participation in the Plan for any prior date). Any transfer of Series One Units by a Participant to a non-Participant will terminate participation in the Plan with respect to the transferred Series One Units. There are no fees associated with a Participant's amendment or termination of his or her participation in the Plan. A Member that terminates their participation in the Plan will be allowed to participate in the Plan again by notifying the Company, satisfying the eligibility requirements for participation in the Plan and completing any required forms, including an acknowledgment that the then-current version of the PPM has been delivered or made available to the Participant. From

and after the effectiveness of a Member's termination of participation in the Plan for any reason, Distributions will be distributed to the Member in cash.

11. *Amendment or Termination of Plan by the Company.* The Board of Directors may amend the Plan; provided that notice of any material amendment must be provided to Participants at least 10 days prior to the Record Date for a Distribution in order for that amendment to be effective for such Distribution. The Company may suspend or terminate the Plan for any reason or no reason upon 10 days' notice to the Participants.

12. *Liability of the Company.* The Company shall not be liable for any act done in good faith, or for any good faith omission to act, including, without limitation, any claims or liability (i) arising out of failure to terminate a Participant's account upon such Participant's death prior to timely receipt of notice in writing of such death or (ii) with respect to the time and the prices at which Series One Units are purchased or sold for a Participant's account. To the extent that indemnification may apply to liabilities arising under the Securities Act, or the securities laws of a particular state, the Company has been advised that, in the opinion of the U.S. Securities and Exchange Commission and certain state securities commissioners, such indemnification is contrary to public policy and, therefore, unenforceable.

13. *Governing Law.* The terms and conditions of the Plan and its operation are governed by the laws of the State of Delaware without reference to its conflict of laws principles.

EXHIBIT E

AUDITED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

FORVIS, LLP, our independent auditor, has not been engaged to perform, and has not performed, since the date of the reports included herein, any procedures on the financial statements addressed in the reports. FORVIS, LLP, also has not performed any procedures relating to this Memorandum.

Humphreys Real Estate Income Fund, LLC

Financial Statements
and
Independent Auditor's Report

December 31, 2022

Humphreys Real Estate Income Fund, LLC

Table of Contents

FORVIS

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Independent Auditor's Report

Members
Humphreys Real Estate Income Fund, LLC
Oklahoma City, Oklahoma

Opinion

We have audited the financial statements of Humphreys Real Estate Income Fund, LLC, which comprise the statement of assets, liabilities and members' equity and schedule of investments as of December 31, 2022, and the related statements of operations, changes in members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Humphreys Real Estate Income Fund, LLC as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of Humphreys Real Estate Income Fund, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Humphreys Real Estate Income Fund, LLC's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Humphreys Real Estate Income Fund, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Humphreys Real Estate Income Fund, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

FORVIS, LLP

Dallas, Texas
April 25, 2023

Humphreys Real Estate Income Fund, LLC

Statement of Assets, Liabilities and Members' Equity

December 31, 2022

Assets	
Investment in private company, at fair value (cost $455,960,364)	$ 544,631,711
Cash and cash equivalents	41,508
Deferred offering costs, net	6,180
Total assets	$ 544,679,399
Liabilities and members' equity	
Accounts payable and accrued expenses	$ 26,934
Due to affiliate	14,486
Total liabilities	41,420
Members' equity	$ 544,637,979
Total liabilties and members' equity	$ 544,679,399

See accompanying notes to financial statements.

Humphreys Real Estate Income Fund, LLC

Statement of Operations

For the Twelve Months Ended December 31, 2022

Investment income	
Income from investment in private companies	$ 38,763,572
Total investment income	38,763,572
Expenses	
Stock-based compensation	2,886,161
Marketing	438,564
Professional and advisory fees	321,137
Other expenses	106,763
Total expenses	3,752,625
Net investment income	35,010,947
Realized and unrealized gain (loss) on investments	
Net change in unrealized gain on investment from investment in private company	(28,450,606)
Net loss on investments	(28,450,606)
Net income	$ 6,560,341

Humphreys Real Estate Income Fund, LLC

Statement of Changes in Members' Equity

For the Twelve Months Ended December 31, 2022

	Common Units	Series One Units	Total
Members' equity, December 31, 2021	$ 31,984,639	$ 396,682,730	$ 428,667,369
Capital contributions	-	158,851,817	158,851,817
Redemptions	-	(4,095,581)	(4,095,581)
Distributions to members	(12,983,161)	(35,248,967)	(48,232,128)
Stock-based compensation	-	2,886,161	2,886,161
Allocation of net income			
Net investment income	9,424,273	25,586,674	35,010,947
Unrealized loss on investments	(7,658,356)	(20,792,250)	(28,450,606)
Decrease in stated value	20,776,417	(20,776,417)	-
Carried interest from common unit holders	(27,568,382)	27,568,382	-
Net income	(5,026,048)	11,586,389	6,560,341
Members' equity, December 31, 2022	$ 13,975,430	$ 530,662,549	$ 544,637,979

See accompanying notes to financial statements.

Humphreys Real Estate Income Fund, LLC

Statement of Cash Flows

For the Twelve Months Ended December 31, 2022

Cash flows from operating activities	
Net income	$ 6,560,341
Adjustments to reconcile net income to net cash used in operating activities	
Changes in unrealized gain on investments from investment in private company	28,450,606
Purchases of investments in private company	(152,583,952)
Proceeds from equity returned on investment in private company	8,102,053
Amortization of deferred offering costs	64,278
Stock-based compensation	2,886,161
Changes in operating assets and liabilities	
Deferred offering costs	(21,562)
Accounts payable, accrued expenses and other current liabilities	(8,754)
Net cash used in operating activities	(106,550,829)
Cash flows from financing activities	
Proceeds from capital contributions	158,851,817
Payments of contributions in advance	(1,898,000)
Redemptions of units	(4,095,581)
Distributions to members	(48,232,128)
Net cash provided by financing activities	104,626,108
Net decrease in cash and cash equivalents	(1,924,721)
Cash and cash equivalents, beginning of year	1,966,229
Cash and cash equivalents, end of year	$ 41,508

Humphreys Real Estate Income Fund, LLC
Schedule of Investments
December 31, 2022

Investments	Percentage of Members' Equity	Costs	Fair Value	Unrealized Appreciation/ (Depreciation)
Investment in Private Company [1]				
United States				
HREIF REIT 01, LLC	100.00 %	$ 455,960,364	$ 544,631,711	$ 88,671,347
Total Investment in Private Companies	100.00	455,960,364	544,631,711	88,671,347
Total Investment	100.00 %	$ 455,960,364	$ 544,631,711	$ 88,671,347

[1] The Humphreys Real Estate Income Fund, LLC invests in specific real estate properties and real estate entities through its investment in HREIF REIT 01, LLC. Investments of HREIF REIT 01, LLC that exceed 5% of Humphreys Real Estate Income Fund LLC's net asset values are as follows:

Investments in HREIF REIT 01, LLC exceeding 5% of Humphreys Real Estate Income Fund, LLC net asset value

	Percentage of Members' Equity	Costs	Fair Value	Unrealized Appreciation
Investments in Real Estate Entities				
United States				
KV West 7th Holdings LP	5.52 %	$ 24,000,000	$ 30,048,587	$ 6,048,587
Investments in Real Estate Properties				
United States				
HF1-D Phoenix 2207, LLC	11.33	63,468,383	61,700,000	(1,768,383)
Investments exceeding 5% of net asset value	16.85 %	$ 87,468,383	$ 91,748,587	$ 4,280,204

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Humphreys Real Estate Income Fund, LLC (the "Fund") is a Delaware limited liability company organized on May 21, 2012 (Inception) pursuant to the Delaware Limited Liability Company Act (the "Act"). The LLC changed its name to Humphreys Real Estate Income Fund, LLC on October 15, 2020 from Humphreys Fund I, LLC subsequent to the name change from The Humphreys Fund, LLC on March 31, 2017. The primary purpose of the Fund is to achieve investment income and capital appreciation through the acquisition and development of income-producing real estate properties and real estate entities through HREIF REIT 01, LLC, a Delaware limited liability company (the "REIT" subsidiary). The Fund transferred control of all its real estate properties and joint venture interests to the REIT subsidiary during 2019. Effective January 1, 2019, the REIT elected to be taxed as a corporation and qualified as a real estate investment trust or REIT beginning with the 2019 year. Humphreys Capital, LLC is the Manager of the Fund (the "Manager").

Pursuant to the Sixth Amended and Restated Operating Agreement (the "Operating Agreement"), the Fund was re-domesticated in Delaware from Oklahoma. The Sixth Amended and Restated Operating Agreement was ratified on November 18, 2022 by the majority of unitholders. The Operating Agreement was effective December 31, 2022.

The term of the Fund shall be perpetual. The Fund may be dissolved by a majority vote of the members.

Basis of Presentation

The Fund's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Fund is considered to be an investment company in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 946, "Financial Services – Investment Companies" ("ASC 946"), and is following the accounting and reporting guidance found within ASC 946.

Cash, Cash Equivalents and Restricted Cash

Cash represents cash on hand and demand deposits held at financial institutions. Cash equivalents include short-term highly liquid investments of sufficient credit quality that are readily convertible to known amounts of cash and have original maturities of three months or less. Cash equivalents are carried at cost, plus accrued interest, which approximates fair value. Cash equivalents are held to meet short-term liquidity requirements rather than for investment purposes. Cash and cash equivalents held in financial institutions, at times, may exceed federal insured limits. As of December 31, 2022, cash accounts did not exceed federally insured limits. The Fund did not have any cash equivalents as of December 31, 2022.

Deferred Offering Costs

Offering fees and costs related to the Fund's annual offering are deferred, capitalized, and amortized to expense on a straight-line basis over the twelve-month offering period. Deferred offering costs consist of legal, marketing, printing, and filing fees.

Investment Transactions

Investment transactions are accounted for on a trade date basis. Dividend income is recognized on the

ex-dividend date and interest income is recorded on the accrual basis. Distributions that represent returns of capital in excess of cumulative profits are credited to investment cost rather than investment income.

Fair Value – Definition and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. ASC 820, Fair Value Measurement and Disclosures, clarifies that transaction costs should be excluded from the fair value measurement. As a quoted market exchange generally does not exist for the company's investment, the fair value is based on management's estimate of the fair value in the most advantageous exit market.

In determining fair value, the Fund uses various valuation approaches. A fair value hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs are to be used when available. The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 – Valuations based on quoted prices (unadjusted) are available in active markets for identical investments as of the reporting date.

- Level 2 – Valuations based on inputs, other than quoted prices included in Level 1 that are observable either directly or indirectly.

- Level 3 – Valuations based on inputs are generally less observable or unobservable and significant to the overall fair value measurement. The availability of valuation techniques and observable inputs can vary from investment to investment and are affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these investments existed.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Fair Value – Valuation Techniques and Inputs

The Fund invests in real estate properties and real estate entities through a real estate investment trust "REIT". The transaction price, excluding transaction costs, is typically the Fund's best estimate of fair value at acquisition. At each subsequent measurement date, the Fund values the private investment company using the net asset values provided by the underlying private investment company as a practical expedient which are provided at fair value. The Fund applies the practical expedient to private investment companies on an investment-by-investment basis and consistently with the Fund's entire position in a particular investment.

Income Taxes

The Fund is not subject to United States federal income taxes. Each member takes into account separately on their tax return their share of the taxable income, gains, losses, deductions or credits for the Fund's taxable year whether or not any distribution is made to the member. Accordingly, no provision has

been made in the accompanying financial statements for income taxes. Management evaluates tax positions taken or expected to be taken in the course of preparing the Fund's financial statements to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions with respect to tax at the Fund level not deemed to meet the "more-likely-than-not" threshold would be recorded as a tax benefit or expense in the current year. Based on its analysis, the Fund has determined that it has not incurred any liability for unrecognized tax benefits as of December 31, 2022. The Fund does not expect that its assessment regarding unrecognized tax benefits will materially change over the next twelve months. However, management's conclusions may be subject to review and adjustment at a later date based on factors including, but not limited to, on-going analyses of tax laws, regulations and interpretations thereof. The Fund files an income tax return in the US federal jurisdiction and may file income tax returns in various US states.

Organizational Costs

Organizational costs are expensed as incurred.

Income Recognition

The Fund recognizes distributions received from its investments as income when received or declared unless such distributions are a return of capital representing an excess of cumulative earnings earned by an investment. Undistributed income from investments is considered in the valuation of the investment.

Use of Estimates

The preparation of the accompanying financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 – FAIR VALUE MEASUREMENT

Fair Value Hierarchy

The Fund's assets recorded at fair value have been categorized based on a fair value hierarchy as described in the Fund's significant accounting policies in Note 1. The following table presents information about the Fund's assets measured at fair value as of December 31, 2022:

Investment, at fair value	Level 1	Level 2	Level 3	Investments measured at net asset value	Total
Private investment company	$ -	$ -	$ -	$ 544,631,711	$ 544,631,711

Purchases of investments measured at net asset value for the year ended December 31, 2022 in private investment company were $152,583,952. For the year ended December 31, 2022, equity returned on the

Fund's investment in private company was $8,102,053.

The Fund had no transfers between Level 1, Level 2, or Level 3 for the year ended December 31, 2022.

The following discloses the Fund's proportionate interest in the underlying December 31, 2022 investments of HREIF REIT 01, LLC's assets by industry.

Investments by industry, at fair value	**HREIF REIT 01, LLC Fair Value**
Investments in real estate entities	
United States	
Multi-family	$ 323,915,186
Self-Storage	26,093,267
Industrial	25,046,925
Office	18,009,880
Hospitality	14,916,811
Retail	1,314,692
Total investment in real estate entitiles	409,296,761
Investments in real estate properties	
United States	
Convenience store	117,920,000
Office	70,490,000
Restaurant	4,840,000
Retail	4,150,000
Total investment in real estate properties	197,400,000
Working capital of real estate enitites and real estate properties	9,928,637
Fair value of debt	(71,968,504)
Minority interest - preferred units	(25,183)
	$ 544,631,711

The following table summarizes the Fund's investments in other private investment companies as of December 31, 2022.

Investment Strategy	Redemptions Permitted	Liquidity Restrictions
Private equity – real estate investment trust "REIT"		
HREIF REIT 01, LLC	Yes	None

(1) The REIT achieves investment income and appreciation through the acquisition, development, and operation of income-producing properties.

Valuation Processes

The Fund establishes valuation processes and procedures to ensure that the valuation techniques are fair and consistent, and valuation inputs are supportable. The Manager of the Fund oversees the entire valuation process of the Fund's investments. The Manager is responsible for developing the Fund's written valuation processes and procedures, conducting periodic reviews of the valuation policies, and evaluating the overall fairness and consistent application of the valuation policies. The Fund values private investment companies using the net asset values provided by the underlying private investment company as a practical expedient. The transaction price, excluding transaction costs, is typically the Fund's best estimate of fair value at acquisition. The fund establishes a new NAV per Unit on a quarterly basis, determined by the valuations of the Fund's Investments measured at net asset value.

Note 3 – CONCENTRATION OF CREDIT RISK

In the normal course of business, the Fund maintains its cash balances in financial institutions, which at times may exceed federally insured limits. The Fund is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. The Fund monitors the financial condition of such financial institutions and does not anticipate any losses from these counterparties.

Note 4 – PARTNERS' CAPITAL

Units Issuance and Distributions

Pursuant to the Sixth Amended and Restated Operating Agreement (the "Operating Agreement"), units may be issued from time to time in one or more series as determined by the Board of Directors. The Fund authorized unlimited Series One Units (Series One Units) and Common Units (Common Units). The series of Common Units shall consist of one Common Unit to the Manager for each lot of three Series One Units outstanding and shall have no stated or par value per Common Unit. Common Units as a class shall entitle the Manager to one vote per Common Unit. Series One Units as a class shall entitle each holder to one vote per Series One Unit. Common Units and Series One Units as a class shall be entitled to share in the Allocation of Income and Loss, and receive distributions of Cash Available for Distribution, Sale Proceeds, and Liquidation Proceeds in accordance with the following priorities as set forth in Article IV, Section 4.01 and Section 4.02 of the Operating Agreement:

(i) If a Total Unit Holder Return of at least 18.0% for the trailing 36-month period ending as of the last day of the month preceding the applicable Record Date (the "Hurdle Rate") has not been achieved, 100% of Funds Available for Distribution shall be distributed to the Series One Unit Holders;

(ii) If the Hurdle Rate has been achieved, (a) for distributions prior to any Advisory Fee Distribution Reduction Date, 25% of Funds Available for Distribution, less the amount of the most-recently paid Advisory Fee, shall be distributed to the Common Unit Holders and the remainder of the Funds Available for Distribution shall be distributed to the Series One Unit Holders and (b) for distributions after any Advisory Fee Distribution Reduction Date, 25% of Funds Available for Distribution, shall be distributed to the Common Unit Holders and the remainder of the Funds Available for Distribution shall be distributed to the Series One Unit Holders.

Effective December 31, 2022, the Operating Agreement replaced the Fifth Amended and Restated Operating Agreement, which had allocated distributions in the below order:

(i) That portion of the distribution of Sale Proceeds or Liquidation Proceeds respecting the Series One Units plus prior distributions of Cash Available for Distribution, Sale Proceeds and Liquidation Proceeds, as may be applicable, in payment of the Preferred Distribution to cause or in payment of the Preferred Return ($8.00 to each Series One Unit on a per annum and on an accumulated accrual basis) respecting the Series One Units;

(ii) That portion of the distribution of Sale Proceeds or Liquidation Proceeds, as may be applicable, to cause or in payment of Investment Recoupment. For purposes of determining the Investment Recoupment, the Stated Value of each Series One Unit will be adjusted to the most recent offering price of the Series One Units unless otherwise determined by the Board of Directors. The stated value of the Series One Unit was determined by the board to be $141.25 per unit as of December 31, 2022;

(iii) That portion of the distribution of Sale Proceeds or Liquidation Proceeds plus prior distributions of Cash Available for Distribution, Sale Proceeds and Liquidation Proceeds, as may be applicable, in payment of the Manager's Return ($3.00 to each Common Unit on a per annum and on an accumulative accrual basis) to cause or in payment of the Manager's Return;

(iv) That portion of the distribution of Sale Proceeds or Liquidation Proceeds respecting the Series One Units plus prior distributions of Cash Available for Distribution, Sale Proceeds and Liquidation Proceeds, as may be applicable, in payment of the Second Preferred Distribution to cause or in payment of the Second Preferred Return ($10.00, including Preferred Return, to each Series One Unit on a per annum and on an accumulative accrual basis) respecting the Series One Units;

(v) That portion of the distribution of Sale Proceeds or Liquidation Proceeds plus prior distributions of Cash Available for Distribution, Sale Proceeds and Liquidation Proceeds, as may be applicable, in payment of the Second Manager's Return to cause or in payment of the Second Manager's Return; and

(vi) Following the Preferred Return, the Manager's Return, the Second Preferred Return and the Second Manager's Return, 75% of Sale Proceeds or Liquidation Proceeds shall be made to the Series One Unit Holders and 25% to the holders of the Common Units.

Allocation of Income and Loss

Income shall be allocated to the holders of the Units in the ratio that Cash Available for Distribution, Sale Proceeds and Liquidation Proceeds, as may be applicable, were distributed during the applicable year; provided, however, that in the event no distributions of Cash Available for Distribution, Sale Proceeds, Liquidation Proceeds or cash and other property were made during the applicable year, income of the Fund shall be allocated as follows:

(i) If the Hurdle Rate is not achieved, Income shall be allocated to the Series One Unit Holders in proportion to the number of outstanding Series One Units owned by the Series One Unit Holders during the applicable tax year; and

(ii) If the Hurdle Rate is achieved, 75% to the Series One Unit Holders in proportion to the number of outstanding Series One Units owned by the Series One Unit Holders during the applicable tax year and 25% to the Common Unit Holders in proportion to the number of outstanding Common Units owned by the Common Unit Holders during the applicable tax year.

Loss of the Fund shall be allocated as follows:

(i) 100% to the Series One Unit Holders on a per Series One Unit basis in proportion to the number of outstanding Series One Units owned by the Series One Unit Holders during the applicable tax year until the cumulative Losses allocated to the Series One Unit Holders equal the Most Recent Per Unit NAV of the Series One Units on a per Series One Unit basis; and

(ii) The remaining amount of the Loss shall be allocated 75% to the Series One Unit Holders in proportion to the number of outstanding Series One Units owned by the Series One Unit Holders during the applicable tax year and 25% to the Common Unit Holders in proportion to the number of outstanding Common Units owed by the Common Unit Holders during the applicable tax year.

Effective December 31, 2022, the Operating Agreement replaced the Fifth Amended and Restated Operating Agreement, which had allocated income in the below order:

(i) Before the Preferred Return, income in an amount equal of the cumulative unpaid Preferred Return shall be allocated to the Series One Unit Holders in proportion to the number of outstanding Series One Units owned by the Series One Unit Holders;

(ii) The remaining amount of the income shall be allocated, 75% to the Series One Unit Holders in proportion to the number of outstanding Series One Units and 25% to the Common Unit Holders in

(iii) proportion to the number of outstanding Common Units.

Loss of the Fund had been allocated as follows:

(i) 100% to the Series One Unit Holders on a per Series One Unit basis in proportion to the number of outstanding Series One Units until the cumulative losses allocated to the Series One Unit Holders equal the Stated Value of the Series One Units on a per Series One Unit basis; and

(ii) The remaining amount of the loss shall be allocated 75% to the Series One Unit Holders in proportion to the number of outstanding Series One Units and 25% to the Common Unit Holders in proportion to the number of outstanding Common Units.

Note 5 – RELATED PARTY TRANSACTIONS

Pursuant to the Sixth Amended and Restated Operating Agreement (the "Operating Agreement"), the Manager (or its designated Affiliate) will be paid the Advisory Fee by the Company in consideration of advisory and management services provided to the Company. The Advisory Fee will be paid quarterly on the first business day of each quarter and is equal to 0.65% of the Aggregate NAV of the Series One Units as of the end of the immediately preceding quarter.

Effective December 31, 2022, the Operating Agreement replaced the Fifth Amended and Restated Operating Agreement, which had entitled the Manager to receive an annual management fee, payable monthly, equal to 1% of the Fund's Net Income. The Manager elected not to receive the monthly management fee as defined in Section 5.01 of the operating agreement from the Fund. A management fee was paid to the manager by the REIT in lieu of payment from the Fund.

Note 6 – LONG-TERM INCENTIVE PLAN

Pursuant to the Fifth Amended and Restated Operating Agreement and the previous LTI Program, the Fund Manager issued 20,433 cumulative Common Units to members of its Board of Directors. No Common Units were redeemed in 2022.

Pursuant to the Sixth Amended and Restated Operating Agreement (the "Operating Agreement"), Directors shall be entitled to such compensation for their services as may be approved by the Board of Directors, including if so approved, by resolution of the Board of Directors, a fixed sum, expenses of attendance, if any, for attendance at each regular or special meeting of the Board of Directors, and grants of equity awards, including Restricted Series One Units. Effective December 31, 2022, the Board determined to issue Restricted Units to the Board, subject to assignment of all Common Units held by each director to Humphreys Capital or The Humphreys Company. Effective upon the assignment of Common Units by each director, Awards of Restricted Units to each directors were fully vested as of the date of grant. One Restricted Unit shall be granted under the Plan for each lot of one hundred and fifty (150) Series One Units that are issued by the Company, granted equally to all serving Board members participating in the plan. All Restricted Units shall vest as of the first anniversary of the Vesting Start Date or, to the extent determined by the Administrator, at the end of a Participant's term of service as a member of the Board. Each Restricted Unit granted under the Plan represents the right to receive a cash amount equal to the Most Recent Per Unit NAV of one Series One Unit of the Company at such time as the Restricted Unit is settled in accordance with the Plan or the applicable Award Agreement. For all vested Restricted Units settled, such Restricted Units shall be settled in accordance with the following schedule:

(i) One-third of the Restricted Units held by such Participant shall be settled on the first anniversary of the termination of the Participant's Service

(ii) One-third of the Restricted Units held by such Participant shall be settled on the second anniversary of the termination of the Participant's Service

(iii) One-third of the Restricted Units held by such Participant shall be settled on the third anniversary of the termination of the Participant's Service

As part of the assignment of Common Units held by each director and issuance of Restricted Units to the Directors, the Fund recognized a compensation cost of $2,886,161. The Fund estimated the fair value of the Restricted Units using the practical expedient outlined in ASU 2021-07. As the Restricted Units granted represents the right to receive a cash amount equal to the Most Recent Per Unit NAV of one Series One

Unit of the Company, the Fund valued the Restricted Units at the December 31, 2022 Series One unit price of $141.25. The net cash flow effect of the award grant was zero. At December 31, 2022, there were 20,433 outstanding Restricted Units. All outstanding units were fully vested. No Restricted Units were redeemed during 2022.

Note 7 – FINANCIAL HIGHLIGHTS

Financial highlights for the year ended December 31, 2022 are as follows:

Total return	
Total return before carried interest to holders of Common Unit	1.97%
Carried interest from holders of Common Unit [(1)]	6.01%
Total return after carried interest to holders of Common Unit	7.97%
Ratios to average Series One Unit Holders' equity	
Expenses before management fee waiver and carried interest to holders of Common Unit	0.58%
Management fee waived	-0.04%
Expenses before carried interest holders of Common Unit	0.54%
Carried interest from holders of Common Unit [(1)]	-6.01%
Expenses and carried interest benefit to holders of Common Unit	-4.93%
Net investment income	4.73%

(1) The amounts allocated to the Common Units for the Manger's Return and the Second Manager's Return are considered a carried interest for the purpose of the financial highlight calculation.

Financial highlights are calculated for the Series One Unit Holders taken as a whole. An individual member's return and ratios may vary based on different agreement.

Note 8 – COMMITMENTS AND CONTINGENCIES

Accounting Standards Codification topic 460, Guarantees ("ASC 460"), specifies the accounting for and disclosures to be made regarding obligations under certain guarantees. The Fund may issue loan guarantees to obtain financing agreements and/or preferred terms related to its investments. These guarantees include mortgage loans and may cover payments of principal and/or interest. These guarantees may have fixed termination dates and become liabilities of the Fund in the event the borrower is unable to meet the obligations specified in the guarantee agreement. The Fund may also be liable under certain of these guarantees in the event of fraud, misappropriation, environmental liabilities, and certain other matters involving the borrower.

As of December 31, 2022, the Fund is jointly and severally liable for a credit facility with local financial institutions assigned to Humphreys Fund I REIT, LLC on December 31, 2018 and amended and restated on June 18, 2021. The assumed debt facility includes a revolving line of credit. Total commitments for the revolving line of credit are $125,000,000. As of December 31, 2022, the outstanding revolving line of credit maturing on June 1, 2023 was $73,578,303. Subject to completion, to the satisfaction of the lenders, of the renewal condition as of each June 1 through the final maturity date of June 1, 2025, the maturity date will automatically renew on a year-to-year basis until the final maturity date. The credit facility requires certain

financial ratios to be met at the end of each quarter. For the year ended December 31, 2022, the assumed credit facilities were in compliance with the financial covenant.

In the normal course of business, the Manager, on behalf of the Fund, enters into contracts that contain a variety of representations and warranties and which provide general indemnification. The Fund's maximum exposure under these arrangements is unknown as this would include future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Manager expects the risk of loss at December 31, 2022 to be remote.

Note 9 – SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Fund through April 25, 2023 (the date the financial statements were able to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to financial statements, except as discussed below.

Subsequent to December 31, 2022, the Fund received additional capital contributions of $29,493,637, distributed $17,050,553 to the members, and paid redemptions in the amount of $8,675,523. Redemptions pending or payable as of April 25, 2023 were $1,358,230.

Humphreys Real Estate Income Fund, LLC

Financial Statements
and
Independent Auditor's Report

December 31, 2021

Humphreys Real Estate Income Fund, LLC

Table of Contents

BKD
CPAs & Advisors

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Independent Auditor's Report

Members
Humphreys Real Estate Income Fund, LLC
Oklahoma City, Oklahoma

Opinion

We have audited the accompanying financial statements of Humphreys Real Estate Income Fund, LLC, which comprise the statement of assets, liabilities, and members' capital, and schedule of investments as of December 31, 2021, and the related statements of operations, changes in members' capital and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Humphreys Real Estate Income Fund, LLC as of December 31, 2021, and the results of its operations, and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of Humphreys Real Estate Income Fund, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Humphreys Real Estate Income Fund, LLC's ability to continue as a going concern within one year after the date that these financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Humphreys Real Estate Income Fund, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Humphreys Real Estate Income Fund, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BKD, LLP

Dallas, Texas
April 29, 2022

Humphreys Real Estate Income Fund, LLC

Statement of Assets, Liabilities and Members' Equity

December 31, 2021

Assets	
Investment in private company, at fair value (cost $311,478,554)	$ 428,600,418
Cash and cash equivalents	1,966,229
Deferred offering costs, net	48,896
Total assets	$ 430,615,543
Liabilities and members' equity	
Accounts payable and accrued expenses	$ 49,575
Contributions in advance	1,898,000
Due to affiliate	599
Total liabilities	1,948,174
Members' equity	$ 428,667,369
Total liabilties and members' equity	$ 430,615,543

See accompanying notes to financial statements.

Humphreys Real Estate Income Fund, LLC

Statement of Operations

For the Year Ended December 31, 2021

Investment income	
Income from investment in private company	$ 52,600,000
Total investment income	52,600,000
Expenses	
Professional and advisory fees	122,472
Marketing	133,693
Other expenses	3,353
Total expenses	259,518
Net investment income	52,340,482
Realized and unrealized gain on investments	
Net change in unrealized gain on investment from investment in private company	25,823,398
Net gain on investments	25,823,398
Net income	$ 78,163,880

Humphreys Real Estate Income Fund, LLC

Statement of Changes in Members' Equity

For the Year Ended December 31, 2021

	Common Units	Series One Units	Total
Members' equity, December 31, 2020	$ 4,902,806	$ 310,747,920	$ 315,650,726
Capital contributions	-	70,000,000	70,000,000
Redemptions	-	(367,220)	(367,220)
Distributions to members	(8,734,206)	(26,045,811)	(34,780,017)
Allocation of net income			
Net investment income	13,144,115	39,196,367	52,340,482
Unrealized gain on investments	6,484,956	19,338,442	25,823,398
Increase in stated value	(16,302,030)	16,302,030	-
Carried interest to common unit holders	32,488,998	(32,488,998)	-
Net income	35,816,039	42,347,841	78,163,880
Members' equity, December 31, 2021	$ 31,984,639	$ 396,682,730	$ 428,667,369

See accompanying notes to financial statements.

Humphreys Real Estate Income Fund, LLC
Statement of Cash Flows
For the Year Ended December 31, 2021

Cash flows from operating activities	
Net income	$ 78,163,880
Adjustments to reconcile net income to net cash provided by operating activities:	
Consent dividend	(18,870,000)
Changes in unrealized gain on investments from investment in private company	(25,823,398)
Purchases of investments in private company	(68,275,000)
Changes in operating assets and liabilities:	
Deferred offering costs	(48,896)
Accounts payable, accrued expenses and other current liabilities	39,807
Net cash used in operating activities	(34,813,607)
Cash flows from financing activities	
Proceeds from capital contributions	70,000,000
Proceeds from contributions in advance	1,898,000
Payments of contributions in advance	(5,000,000)
Redemptions of units	(367,220)
Distributions to members	(34,780,017)
Net cash provided by financing activities	31,750,763
Net decrease in cash and cash equivalents	(3,062,844)
Cash and cash equivalents, beginning of year	5,029,073
Cash and cash equivalents, end of year	$ 1,966,229

Humphreys Real Estate Income Fund, LLC
Schedule of Investments
December 31, 2021

Investments	Percentage of Members' Equity	Costs	Fair Value	Unrealized Appreciation
Investment in Private Company [(1)]				
United States				
Humphreys Fund I REIT, LLC	99.98 %	$ 311,478,554	$ 428,600,418	$ 117,121,864
Total Investment in Private Company	99.98	311,478,554	428,600,418	117,121,864
Total Investment	99.98 %	$ 311,478,554	$ 428,600,418	$ 117,121,864

[(1)] The Humphreys Real Estate Income Fund, LLC invests in specific real estate properties and real estate entities through its investment in Humphreys Fund I REIT, LLC. Investments of Humphreys Fund I REIT, LLC that exceed 5% of Humphreys Real Estate Income Fund LLC's net asset values are as follows:

Investments in Humphreys Fund I REIT, LLC exceeding 5% of Humphreys Real Estate Income Fund, LLC net asset value

	Percentage of Members' Equity	Costs	Fair Value	Unrealized Appreciation
Investments in Real Estate Entities				
United States				
Cornestone Business Park, LLC	6.02 %	$ 14,539,608	$ 25,812,103	$ 11,272,495
KV West 7th Holdings LP	5.60	24,000,000	24,000,000	-
Investments in Real Estate Properties				
United States				
HFI-D Phoenix 1706, LLC	5.76	20,439,399	24,700,000	4,260,601
Investments exceeding 5% of net asset value	17.38 %	$ 58,979,007	$ 74,512,103	$ 15,533,096

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Humphreys Real Estate Income Fund, LLC (the "Fund") is an Oklahoma limited liability company organized on May 21, 2012 (Inception) pursuant to the Oklahoma Limited Liability Company Act (the "Act"). The LLC changed its name to Humphreys Real Estate Income Fund, LLC on October 15, 2020 from Humphreys Fund I, LLC subsequent to the name change from The Humphreys Fund, LLC on March 31, 2017. The primary purpose of the Fund is to achieve investment income and capital appreciation through the acquisition and development of income-producing real estate properties and real estate entities through Humphreys Fund I REIT, LLC, a Delaware limited liability company (the "REIT" subsidiary). The Fund transferred control all of its real estate properties and joint venture interests to the REIT subsidiary during 2019. Effective January 1, 2019, the REIT elected to be taxed as a corporation and qualified as a real estate investment trust or REIT beginning with the 2019 year. Humphreys Capital, LLC is the Manager of the Fund (the "Manager").

The term of the Fund shall be perpetual. The Fund may be dissolved by a majority vote of the members.

Basis of Presentation

The Fund's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Fund is considered to be an investment company in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 946, "Financial Services – Investment Companies" ("ASC 946"), and is following the accounting and reporting guidance found within ASC 946.

Cash, Cash Equivalents and Restricted Cash

Cash represents cash on hand and demand deposits held at financial institutions. Cash equivalents include short-term highly liquid investments of sufficient credit quality that are readily convertible to known amounts of cash and have original maturities of three months or less. Cash equivalents are carried at cost, plus accrued interest, which approximates fair value. Cash equivalents are held to meet short-term liquidity requirements rather than for investment purposes. Cash and cash equivalents held in financial institutions, at times, may exceed federal insured limits. As of December 31, 2021, cash accounts exceeded federally insured limits by approximately $1,716,000. The Fund did not have any cash equivalents as of December 31, 2021.

Deferred Offering Costs

Offering fees and costs related to the Fund's annual offering are deferred, capitalized, and amortized to expense on a straight-line basis over the twelve-month offering period. Deferred offering costs consist of legal, marketing, printing, and filing fees.

Investment Transactions

Investment transactions are accounted for on a trade date basis. Dividend income is recognized on the ex-dividend date and interest income is recorded on the accrual basis. Distributions that represent returns of capital in excess of cumulative profits and losses are credited to investment cost rather than investment income.

Fair Value – Definition and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. ASC 820, Fair Value Measurement and Disclosures, clarifies that transaction costs should be excluded from the fair value measurement. As a quoted market exchange generally does not exist for the company's investment, the fair value is based on management's estimate of the fair value in the most advantageous exit market.

In determining fair value, the Fund uses various valuation approaches. A fair value hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs are to be used when available. The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 – Valuations based on quoted prices (unadjusted) are available in active markets for identical investments as of the reporting date.

- Level 2 – Valuations based on inputs, other than quoted prices included in Level 1 that are observable either directly or indirectly.

- Level 3 – Valuations based on inputs are generally less observable or unobservable and significant to the overall fair value measurement. The availability of valuation techniques and observable inputs can vary from investment to investment and are affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these investments existed.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Fair Value – Valuation Techniques and Inputs

The Fund invests in real estate properties and real estate entities through a real estate investment trust "REIT". The transaction price, excluding transaction costs, is typically the Fund's best estimate of fair value at acquisition. At each subsequent measurement date, the Fund values the private investment company using the net asset values provided by the underlying private investment company as a practical expedient which are provided at fair value. The Fund applies the practical expedient to private investment companies on an investment-by-investment basis and consistently with the Fund's entire position in a particular investment.

Income Taxes

The Fund is not subject to United States federal income taxes. Each member takes into account separately on their tax return their share of the taxable income, gains, losses, deductions or credits for the Fund's taxable year whether or not any distribution is made to the member. Accordingly, no provision has been made in the accompanying financial statements for income taxes. Management evaluates tax positions taken or expected to be taken in the course of preparing the Fund's financial statements to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions with respect to tax at the Fund level not deemed to meet the "more-likely-than-

not" threshold would be recorded as a tax benefit or expense in the current year. Based on its analysis, the Fund has determined that it has not incurred any liability for unrecognized tax benefits as of December 31, 2021. The Fund does not expect that its assessment regarding unrecognized tax benefits will materially change over the next twelve months. However, management's conclusions may be subject to review and adjustment at a later date based on factors including, but not limited to, on-going analyses of tax laws, regulations and interpretations thereof. The Fund files an income tax return in the US federal jurisdiction and may file income tax returns in various US states.

Organizational Costs

Organizational costs are expensed as incurred.

Income Recognition

The Fund recognizes distributions received from its investments as income when received or declared unless such distributions are a return of capital representing an excess of cumulative earnings earned by an investment. Undistributed income from investments is considered in the valuation of the investment.

Use of Estimates

The preparation of the accompanying financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risk Factors

Certain impacts from the COVID-19 outbreak may have a negative impact on the Fund's operations and performance. These circumstances may continue for an extended period of time and may have an impact on economic and market conditions. The ultimate economic fallout from the pandemic and the long-term impact on economies, markets, industries, and individual companies are not known. The extent of the impact to the financial performance and the operations of the Fund will depend on future developments which are uncertain and cannot be predicted.

Note 2 – FAIR VALUE MEASUREMENT

Fair Value Hierarchy

The Fund's assets recorded at fair value have been categorized based on a fair value hierarchy as described in the Fund's significant accounting policies in Note 1. The following table presents information about the Fund's assets measured at fair value as of December 31, 2021:

Investment, at fair value	Level 1	Level 2	Level 3	Investments measured at net asset value	Total
Private investment company	$ -	$ -	$ -	$ 428,600,418	$ 428,600,418

Purchases of investments measured at net asset value for the year ended December 31, 2021 in private investment company were $87,145,000. No equity was returned on the Fund's investment in private company during 2021.

The Fund had no transfers between Level 1, Level 2, or Level 3 for the year ended December 31, 2021.

The following discloses the Fund's proportionate interest in the underlying December 31, 2021 investments of Humphreys Fund I REIT, LLC's assets by industry.

Investments by industry, at fair value	**Humphreys Fund I REIT, LLC Fair Value**
Investments in real estate entities	
United States	
Multi-family	$ 227,224,825
Industrial	44,948,980
Self-Storage	16,813,287
Office	16,941,398
Senior Living	297,839
Retail	844,472
Hospitality	2,000,000
Total investment in real estate entitiles	309,070,801
Investments in real estate properties	
United States	
Convenience store	124,160,000
Industrial	-
Office	32,880,000
Restaurant	8,840,000
Retail	3,290,000
Total investment in real estate properties	169,170,000
Working capital of real estate enitites and real estate properties	19,550,965
Fair value of debt	(69,160,315)
Non-controlling interest - preferred units	(31,033)
	$ 428,600,418

The following table summarizes the Fund's investments in other private investment companies as of December 31, 2021.

Investment Strategy	Redemptions Permitted	Liquidity Restrictions
Private equity – real estate investment trust "REIT"		
Humphreys Fund I REIT, LLC	Yes	None

(1) The REIT achieves investment income and appreciation through the acquisition and development of income-producing properties.

Valuation Processes

The Fund establishes valuation processes and procedures to ensure that the valuation techniques are fair and consistent, and valuation inputs are supportable. The Valuation Committee of the Fund oversees the entire valuation process of the Fund's investments. The Valuation Committee is responsible for developing the Fund's written valuation processes and procedures, conducting periodic reviews of the valuation policies, and evaluating the overall fairness and consistent application of the valuation policies. The Fund values private investment companies using the net asset values provided by the underlying private investment company as a practical expedient. The transaction price, excluding transaction costs, is typically the Fund's best estimate of fair value at acquisition. The Valuation Committee meets on a quarterly basis, or more frequently as needed, to determine the valuations of the Fund's Investments measured at net asset value and the Fund's Level 3 investments.

Note 3 – CONCENTRATION OF CREDIT RISK

In the normal course of business, the Fund maintains its cash balances in financial institutions, which at times may exceed federally insured limits. The Fund is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. The Fund monitors the financial condition of such financial institutions and does not anticipate any losses from these counterparties.

Note 4 – PARTNERS' CAPITAL

Units Issuance and Distributions

Pursuant to the Fifth Amended and Restated Operating Agreement (the "Operating Agreement"), units may be issued from time to time in one or more series as determined by the Board of Directors. The Fund authorized unlimited Series One Units (Series One Units) and Common Units (Common Units). The series of Common Units shall consist of one Common Unit to the Manager for each lot of three Series One Units outstanding and shall have no stated or par value per Common Unit. Common Units as a class shall entitle the Manager to one vote per Common Unit. Series One Units as a class shall entitle each holder to one vote per Series One Unit. Common Units and Series One Units as a class shall be entitled to share in the Allocation of Income and Loss, and receive distributions of Cash Available for Distribution, Sale Proceeds, and Liquidation Proceeds in accordance with the following priorities as set forth in Article IV, Section 4.01 and Section 4.02 of the Operating Agreement:

(i) That portion of the distribution of Sale Proceeds or Liquidation Proceeds respecting the Series One

Units plus prior distributions of Cash Available for Distribution, Sale Proceeds and Liquidation Proceeds, as may be applicable, in payment of the Preferred Distribution to cause or in payment of the Preferred Return ($8.00 to each Series One Unit on a per annum and on an accumulated accrual basis) respecting the Series One Units;

(ii) That portion of the distribution of Sale Proceeds or Liquidation Proceeds, as may be applicable, to cause or in payment of Investment Recoupment. For purposes of determining the Investment Recoupment, the Stated Value of each Series One Unit will be adjusted to the most recent offering price of the Series One Units unless otherwise determined by the Board of Directors. The stated value of the Series One Unit was determined by the board to be $146 per unit as of December 31, 2021;

(iii) That portion of the distribution of Sale Proceeds or Liquidation Proceeds plus prior distributions of Cash Available for Distribution, Sale Proceeds and Liquidation Proceeds, as may be applicable, in payment of the Manager's Return ($3.00 to each Common Unit on a per annum and on an accumulative accrual basis) to cause or in payment of the Manager's Return;

(iv) That portion of the distribution of Sale Proceeds or Liquidation Proceeds respecting the Series One Units plus prior distributions of Cash Available for Distribution, Sale Proceeds and Liquidation Proceeds, as may be applicable, in payment of the Second Preferred Distribution to cause or in payment of the Second Preferred Return ($10.00, including Preferred Return, to each Series One Unit on a per annum and on an accumulative accrual basis) respecting the Series One Units;

(v) That portion of the distribution of Sale Proceeds or Liquidation Proceeds plus prior distributions of Cash Available for Distribution, Sale Proceeds and Liquidation Proceeds, as may be applicable, in payment of the Second Manager's Return to cause or in payment of the Second Manager's Return; and

(vi) Following the Preferred Return, the Manager's Return, the Second Preferred Return and the Second Manager's Return, 75% of Sale Proceeds or Liquidation Proceeds shall be made to the Series One Unit Holders and 25% to the holders of the Common Units.

Allocation of Income and Loss

Income shall be allocated to the holders of the Units in the ratio that Cash Available for Distribution, Sale Proceeds and Liquidation Proceeds, as may be applicable, were distributed during the applicable year; provided, however, that in the event no distributions of Cash Available for Distribution, Sale Proceeds, Liquidation Proceeds or cash and other property were made during the applicable year, income of the Fund shall be allocated as follows:

(i) Before the Preferred Return, income in an amount equal of the cumulative unpaid Preferred Return shall be allocated to the Series One Unit Holders in proportion to the number of outstanding Series One Units owned by the Series One Unit Holders;

(ii) The remaining amount of the income shall be allocated, 75% to the Series One Unit Holders in proportion to the number of outstanding Series One Units and 25% to the Common Unit Holders in

(iii) proportion to the number of outstanding Common Units.

Loss of the Fund shall be allocated as follows:

(i) 100% to the Series One Unit Holders on a per Series One Unit basis in proportion to the number of outstanding Series One Units until the cumulative losses allocated to the Series One Unit Holders equal the Stated Value of the Series One Units on a per Series One Unit basis; and

(ii) The remaining amount of the loss shall be allocated 75% to the Series One Unit Holders in proportion to the number of outstanding Series One Units and 25% to the Common Unit Holders in proportion to the number of outstanding Common Units.

Note 5 – RELATED PARTY TRANSACTIONS

The Manager is entitled to receive an annual management fee, payable monthly, equal to 1% of the Fund's Net Income as defined in the operating agreement. The Manager elected not to receive the monthly management fee as defined in Section 5.01 of the operating agreement from the Fund. A management fee was paid to the manager by the REIT in lieu of payment from the Fund.

Note 6 – LONG-TERM INCENTIVE PLAN

Humphreys Real Estate Income Fund, LLC desiring to grant Common Units in the Fund to members of its Board of Directors as a long-term incentive (the "LTI Program") with an effective date of December 31, 2017 (the "Effective Date") presented the "Agreement for Grant of Common Units to Directors" to the Board of Directors during the Board's regularly scheduled meeting on March 29, 2018. The LTI Program was unanimously approved.

After the Effective Date, two percent of Common Units issued are to be issued to the Directors (the "LTI Participants") on a pro rata basis. However, one or more Board of Director members may elect not to participate in the LTI Program. Should a board member elect not to participate in the LTI Program, units will be issued on a pro rata basis to the remaining LTI Participants. Common Units are issued to the Fund's Manager when Series One Units are issued by the Fund, as provided in Section 3.02 (a) of the Fifth Amended and Restated Operating Agreement (the "Operating Agreement").

Upon the retirement or resignation from the Board of an LTI Participant, or in the event that an LTI Participant rotates off of the Board for more than one consecutive year, Common Units held by such participant shall be redeemed by the Fund at the most recent offering price for Series One Units.

As of the Effective Date, Managers of the Fund surrendered two percent of the Common Units issued from January 1, 2014 through December 31, 2017 surrendering additional Common Units during 2018. Surrendered Common Units were issued to LTI Participants as of the Effective Date and during the 2018 calendar year. The Fund Manager issued 3,319 LTI Program units during 2021 with 13,502 cumulative LTI Programs units held by the program as of December 31, 2021. The fair value on the date of grant of the units issued was determined not to be material by management. No LTI Program units were redeemed during 2021.

Note 7 – FINANCIAL HIGHLIGHT

Financial highlights for the year ended December 31, 2021 are as follows:

Total return:	
Total return before carried interest to holders of Common Unit	21.65%
Carried interest to holders of Common Unit [(1)]	-10.32%
Total return after carried interest to holders of Common Unit	11.33%
Ratios to average Series One Unit Holders' equity:	
Expenses before carried interest and management fee waiver to holders of Common Unit	0.19%
Management fee waived	-0.14%
Expenses before carried interest to holders of Common Unit	0.05%
Carried interest to holders of Common Unit [(1)]	10.32%
Expenses and carried interest to holders of Common Units	10.37%
Net investment income	10.24%

(1) The amounts allocated to the Common Units for the Manger's Return and the Second Manager's Return are considered a carried interest for the purpose of the financial highlight calculation.

Financial highlights are calculated for the Series One Unit Holders taken as a whole. An individual member's return and ratios may vary based on different agreement.

Note 8 – COMMITMENTS AND CONTINGENCIES

Accounting Standards Codification topic 460, Guarantees ("ASC 460"), specifies the accounting for and disclosures to be made regarding obligations under certain guarantees. The Fund may issue loan guarantees to obtain financing agreements and/or preferred terms related to its investments. These guarantees include mortgage loans and may cover payments of principal and/or interest. These guarantees may have fixed termination dates and become liabilities of the Fund in the event the borrower is unable to meet the obligations specified in the guarantee agreement. The Fund may also be liable under certain of these guarantees in the event of fraud, misappropriation, environmental liabilities, and certain other matters involving the borrower.

As of December 31, 2021, the Fund is jointly and severally liable for a credit facility with local financial institutions assigned to Humphreys Fund I REIT, LLC on December 31, 2018 and amended and restated on June 18, 2021. The assumed debt facility includes a revolving line of credit. Total commitments for the revolving line of credit are $125,000,000. As of December 31, 2021, the outstanding revolving line of credit maturing on June 1, 2023 was $59,011,000. Subject to completion, to the satisfaction of the lenders, of the renewal condition as of each June 1 through the final maturity date of June 1, 2025, the maturity date will automatically renew on a year-to-year basis until the final maturity date. The credit facility requires certain financial ratios to be met at the end of each quarter. For the year ended December 31, 2021, the assumed credit facilities were in compliance with the financial covenant.

The Fund also has irrevocably and unconditionally guaranteed a promissory note with a financial institution in the original principal amount of $11,878,750 collateralized by multiple real estate properties assigned to

Humphreys Fund I REIT, LLC on December 31, 2018. As of December 31, 2021, $10,163,298 was outstanding. The debt was extinguished on February 11, 2022.

In the normal course of business, the Manager, on behalf of the Fund, enters into contracts that contain a variety of representations and warranties and which provide general indemnification. The Fund's maximum exposure under these arrangements is unknown as this would include future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Manager expects the risk of loss at December 31, 2021 to be remote.

Note 9 – SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Fund through April 29, 2022 (the date the financial statements were able to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to financial statements, except as discussed below.

Subsequent to December 31, 2021, the Fund received additional capital contributions of $93,232,150 and distributed $13,407,820 to the members. Redemptions pending or payable as of April 29, 2022 were $3,020,840.

EXHIBIT F

UNAUDITED FINANCIAL STATEMENTS AS OF AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

HREIF REIT 01, LLC

Unaudited Consolidated Special Purpose Financial Statements

September 30, 2023

The enclosed HREIF REIT 01, LLC (REIT) financial statements are presented in accordance with fair value measurement and reporting standards for comparability with the Humphreys Real Estate Income Fund, LLC (Fund) financial statements and usefulness to readers. The Fund financial statements reflect only the equity investment in the REIT and are not presented herein.

HREIF REIT 01, LLC

Table of Contents

Financial Statements

HREIF REIT 01, LLC

Consolidated Statement of Assets, Liabilities and Members' Equity

September 30, 2023

Assets	
Investments in real estate entities, at fair value (cost $392,339,873)	$ 450,866,675
Investments in real estate properties, at fair value (cost $169,017,090)	191,540,000
Cash and cash equivalents	2,037,578
Other assets	942,438
Total assets	$ 645,386,691
Liabilities and members' equity	
Accounts payable and accrued expenses	$ 1,917,606
Due to affiliate	245,791
Other liabilities	1,051,696
Notes payable	84,356,919
Total liabilities	87,572,012
Members' equity	557,814,679
Total liabilities and members' equity	$ 645,386,691

HREIF REIT 01, LLC

Consolidated Statement of Operations

For the Nine Months Ended September 30, 2023

Investment income	
Income from investments in real estate entities and real estate properties	$ 17,774,711
Other	10,334
Total investment income	17,785,045
Expenses	
Interest expense	4,816,717
Advisory fees	2,658,772
Property operating costs	2,423,547
Professional fees	533,993
Taxes and fees	344,863
Other expenses	65,032
Total expenses	10,842,924
Net investment income	6,942,121
Realized and unrealized gain (loss) on investments	
Net change in unrealized gain on investments	27,061,702
Net realized loss on investments	(14,265,258)
Net gain on investments	12,796,444
Net income	$ 19,738,565

HREIF REIT 01, LLC

Consolidated Statement of Changes in Members' Equity
For the Nine Months Ended September 30, 2023

	Preferred Units	Common Units	Total
Members' equity, December 31, 2022	$ 25,183	$ 544,631,711	$ 544,656,894
Capital contributions	-	37,602,970	37,602,970
Redemptions	-	-	-
Distributions to members	(3,750)	(44,180,000)	(44,183,750)
Syndication costs	-	-	-
Allocation of net income	1,675	19,736,890	19,738,565
Members' equity, September 30, 2023	$ 23,108	$ 557,791,571	$ 557,814,679

HREIF REIT 01, LLC
Consolidated Statement of Cash Flows
For the Nine Months Ended September 30, 2023

Cash flows from operating activities	
Net income	$ 19,738,565
Adjustments to reconcile net income to net cash used in operating activities	
Changes in unrealized gains/losses on investments	(27,061,702)
Realized loss on investments	14,265,258
Purchases of investments in real estate properties	(1,002,411)
Purchases of investments in real estate entities	(40,141,571)
Proceeds from sales of investments in real estate properties	2,027,221
Proceeds from sales and equity returned on investments in real estate entities	16,425,706
Amortization	127,024
Changes in operating assets and liabilities	
Other assets	(536,488)
Accounts payable and accrued expenses	(659,451)
Other liabilities	(281,448)
Net cash used in operating activities	(17,099,297)
Cash flows from financing activities	
Proceeds from capital contributions	37,602,970
Proceeds from notes payable	79,385,000
Payments of notes payable	(67,219,000)
Distributions to members	(44,183,750)
Net cash provided by financing activities	5,585,220
Net change in cash and cash equivalents	(11,514,077)
Cash and cash equivalents, beginning of period	13,551,655
Cash and cash equivalents, end of period	$ 2,037,578
Supplemental Cash Flows Information	
Additional supplemental cash flow information	
Interest paid	$ 4,555,202

HREIF REIT 01, LLC
Consolidated Condensed Schedule of Investments
September 30, 2023

Investments	Percentage of Members' Equity	Costs	Fair Value	Unrealized Appreciation/ (Depreciation)
Investments in Real Estate Entities				
United States				
LoSo	6.89 %	$ 38,425,600	$ 38,425,600	$ -
Others	73.94	353,914,273	412,441,075	58,526,802
Total Investment in Real Estate Entities	80.83	392,339,873	450,866,675	58,526,802
Investments in Real Estate Properties				
United States				
QuikTrip	19.88	89,194,706	110,880,000	21,685,294
Camelback	11.22	64,326,362	62,600,000	(1,726,362)
Others	3.24	15,496,022	18,060,000	2,563,978
Total Investment in Real Estate Properties	34.34	169,017,090	191,540,000	22,522,910
Total Investments	115.17 %	$ 561,356,963	$ 642,406,675	$ 81,049,712

HREIF REIT 01, LLC
Consolidated Schedule of Investments
September 30, 2023

Property	Percent of Members' Equity	Type	Location	Cost	Fair Value
Investments in Real Estate Entities					
4400 Washington	0.75%	Multi-Family	Kansas City, MO	$ 864,607	$ 4,158,499
7279 S. Indianapolis Road	3.17%	Multi-Family	Whitestown, IN	9,201,421	17,678,430
982 Memorial Drive	0.01%	Multi-Family	Atlanta, GA	-	46,704
Anderson Pointe	3.27%	Multi-Family	Olathe, KS	13,639,695	18,216,026
Aura 509	4.36%	Multi-Family	Durham, NC	19,797,999	24,239,562
Capital Place	1.60%	Multi-Family	Phoenix, AZ	6,100,000	8,932,578
Chapel Hill	1.31%	Multi-Family	Chapel Hill, NC	14,000,000	7,324,414
Chateaux Dijon	0.00%	Multi-Family	Houston, TX	-	26,686
Classen Curve Residences	1.70%	Multi-Family	Oklahoma City, OK	9,489,891	9,489,891
East Kennedy Downtown	2.03%	Multi-Family	Spartanburg, SC	5,986,464	11,329,701
EdgeWater at City Center	1.05%	Multi-Family	Lenexa, KS	1,172,966	5,862,191
Highland Way	2.61%	Multi-Family	Northglenn, CO	7,684,730	14,533,372
Jamestown	3.51%	Multi-Family	Kansas City, MO	19,552,572	19,552,572
Legends Cary Towne	2.11%	Multi-Family	Raleigh, NC	32,000,000	11,762,261
Lofts at West 7th	4.91%	Multi-Family	Ft Worth, TX	24,000,000	27,395,007
LoSo	6.89%	Multi-Family	Charlotte, NC	38,425,600	38,425,600
Lynvue	2.61%	Multi-Family	Richfield, MN	11,965,871	14,559,861
Matadora	2.20%	Multi-Family	Savannah, GA	3,786,406	12,294,206
Regatta at Lake Lynn	3.43%	Multi-Family	Raleigh, NC	20,250,000	19,127,589
Retreat at Lake Lynn	2.34%	Multi-Family	Raleigh, NC	7,832,097	13,041,344
Silos	2.99%	Multi-Family	Edmond, OK	16,702,095	16,702,095
Steelhouse	1.53%	Multi-Family	Orlando, FL	21,920,000	8,536,321
The Bowery	1.17%	Multi-Family	Savannah, GA	1,306,915	6,552,216
The Bowery 2	0.89%	Multi-Family	Savannah, GA	1,478,010	4,977,265
The Grid	1.38%	Multi-Family	Indianapolis, IN	2,159,706	7,681,894
The Horizons at Fossil Creek	0.00%	Multi-Family	Ft Worth, TX	-	14,682
Tracks	2.99%	Multi-Family	Kansas City, MO	16,696,579	16,696,579
Village Highlands	2.50%	Multi-Family	East Point, GA	7,932,174	13,936,956
WaterCrest at City Center	0.38%	Multi-Family	Lenexa, KS	-	2,112,226
Westcreek Ranch	0.39%	Multi-Family	McKinney, TX	-	2,170,602
Boxcar	0.34%	Multi-Family	Spartanburg, SC	1,900,000	1,900,000
Carolina Pines	1.71%	Industrial	Blythewood, SC	5,706,495	9,515,671
Cottage Grove	1.84%	Industrial	Cottage Grove, MN	10,236,950	10,236,950
CTC5	1.41%	Industrial	Louisville, CO	4,785,316	7,883,605
Tenmark Industrial Portfolio	0.72%	Industrial	Tulsa, OK	2,100,000	4,034,444
250 Rio	0.99%	Office	Tempe, AZ	3,364,112	5,550,000
475 Lincoln	2.62%	Office	Phoenix, AZ	13,264,690	14,617,907
Classen Curve Hotel	0.32%	Hotel	Oklahoma City, OK	2,000,000	1,774,331
The Westin	1.77%	Hotel	Itasca, IL	16,777,200	9,865,805
Rosewood Storage Portfolio	4.77%	Self-Storage	Various	16,813,288	26,634,743
Wolflin Village	0.26%	Retail	Amarillo, TX	1,446,024	1,475,889
Total Investment in Real Estate Entities				$ 392,339,873	$ 450,866,675
Investments in Real Estate Properties					
Casey's	0.45%	Convenience Store	Springfield, MO	1,101,625	2,500,000
QuikTrip #78	0.50%	Convenience Store	Tulsa, OK	1,430,475	2,810,000
QuikTrip #169	1.30%	Convenience Store	Kansas City, MO	5,330,091	7,260,000
QuikTrip #170	1.06%	Convenience Store	Riverside, MO	5,447,900	6,030,000
QuikTrip #194	0.72%	Convenience Store	Mission, KS	2,400,550	3,990,000
QuikTrip #515	0.38%	Convenience Store	Des Moines, IA	854,250	2,120,000
QuikTrip #630	0.44%	Convenience Store	Overland Park, MO	1,315,900	2,440,000
QuikTrip #638	1.06%	Convenience Store	St Louis, MO	4,791,538	5,910,000
QuikTrip #725	1.12%	Convenience Store	Lawrenceville, GA	5,692,551	6,240,000
QuikTrip #727	1.50%	Convenience Store	Marietta, GA	6,315,867	8,360,000
QuikTrip #728	0.83%	Convenience Store	Tucker, GA	2,937,050	4,610,000
QuikTrip #735	1.11%	Convenience Store	Norcross, GA	4,953,649	6,180,000

HREIF REIT 01, LLC
Consolidated Schedule of Investments
September 30, 2023

Property	Percent of Members' Equity	Type	Location	Cost	Fair Value
Investment in Real Estate, cont'd					
QuikTrip #736	1.48%	Convenience Store	Decatur, GA	6,502,762	8,270,000
QuikTrip #795	1.17%	Convenience Store	Stone Mountain, GA	5,976,408	6,510,000
QuikTrip #859	0.51%	Convenience Store	Arlington, TX	2,527,700	2,820,000
QuikTrip #897	0.63%	Convenience Store	Plano, TX	2,594,000	3,510,000
QuikTrip #899	0.47%	Convenience Store	Denton, TX	2,426,500	2,600,000
QuikTrip #922	0.85%	Convenience Store	Lancaster, TX	4,200,338	4,730,000
QuikTrip #964	0.86%	Convenience Store	Grand Prairie, TX	4,288,882	4,810,000
QuikTrip #971	0.96%	Convenience Store	Dallas, TX	4,619,243	5,370,000
QuikTrip #975	1.00%	Convenience Store	Dallas, TX	5,005,043	5,580,000
QuikTrip #1028	0.82%	Convenience Store	Matthews, NC	3,983,228	4,550,000
QuikTrip #1134	1.11%	Convenience Store	Greenville, SC	5,600,781	6,180,000
McAlister's Deli	0.15%	Restaurant	Athens, GA	1,547,794	820,000
Texas Roadhouse	0.33%	Restaurant	Lafayette, LA	1,235,192	1,860,000
Office Depot - Orange City, FL	0.75%	Retail	Orange City, FL	3,531,937	4,190,000
Camelback	11.21%	Office	Phoenix, AZ	64,326,362	62,600,000
Arrowhead Business Center	1.57%	Office	Glendale, AZ	8,079,474	8,690,000
Total Investment in Real Estate Properties				169,017,090	191,540,000
Total Investments	115.17%			$ 561,356,963	$ 642,406,675

Humphreys Real Estate Income Fund, LLC

Unaudited Financial Statements

September 30, 2023

Humphreys Real Estate Income Fund, LLC

Table of Contents

Financial Statements

Humphreys Real Estate Income Fund, LLC

Statement of Assets, Liabilities and Members' Equity

September 30, 2023

Assets	
Investment in private company, at fair value (cost $449,383,327)	$ 557,791,572
Cash and cash equivalents	24,112
Deferred offering costs, net	18,356
Total assets	$ 557,834,040
Liabilities and members' equity	
Accounts payable and accrued expenses	$ 131,269
Redemptions payable	2,256,751
Due to affiliate	14,308
Total liabilities	2,402,328
Members' equity	$ 555,431,712
Total liabilties and members' equity	$ 557,834,040

Humphreys Real Estate Income Fund, LLC

Statement of Operations

For the Nine Months Ended September 30, 2023

Investment loss	
Expenses	
Professional and advisory fees	322,477
Stock-based compensation	96,666
Marketing	95,697
Other expenses	86,676
Total expenses	601,516
Net investment loss	(601,516)
Realized and unrealized gain on investments	
Net change in unrealized gain on investment from investment in private company	19,736,898
Net gain on investments	19,736,898
Net income	$ 19,135,382

Humphreys Real Estate Income Fund, LLC

Statement of Changes in Members' Equity

For the Nine Months Ended September 30, 2023

	Common Units	Series One Units	Total
Members' equity, December 31, 2022	$ 13,975,430	$ 530,662,549	$ 544,637,979
Capital contributions	-	42,422,384	42,422,384
Redemptions	-	(12,237,592)	(12,237,592)
Distributions to members	(7,623,125)	(30,999,982)	(38,623,107)
Stock-based compensation	-	96,666	96,666
Allocation of net income			
Net investment loss	(118,722)	(482,794)	(601,516)
Unrealized gain on investments	3,895,514	15,841,384	19,736,898
Decrease in stated value	10,009,109	(10,009,109)	-
Carried interest from common unit holders	(15,506,809)	15,506,809	-
Net income	(1,720,908)	20,856,290	19,135,382
Members' equity, September 30, 2023	$ 4,631,397	$ 550,800,315	$ 555,431,712

Humphreys Real Estate Income Fund, LLC

Statement of Cash Flows

For the Nine Months Ended September 30, 2023

Cash flows from operating activities	
Net income	$ 19,135,382
Adjustments to reconcile net income to net cash provided by operating activities	
Changes in unrealized gain on investments from investment in private company	(19,736,898)
Purchases of investments in private company	(37,602,963)
Proceeds from equity returned on investment in private company	44,180,000
Amortization of deferred offering costs	53,839
Stock-based compensation	96,666
Changes in operating assets and liabilities	
Deferred offering costs	(66,015)
Accounts payable, accrued expenses and other current liabilities	104,157
Net cash provided by operating activities	6,164,168
Cash flows from financing activities	
Proceeds from capital contributions	42,422,384
Redemptions of units	(9,980,841)
Distributions to members	(38,623,107)
Net cash used in financing activities	(6,181,564)
Net change in cash and cash equivalents	(17,396)
Cash and cash equivalents, beginning of period	41,508
Cash and cash equivalents, end of period	$ 24,112

Humphreys Real Estate Income Fund, LLC

Schedule of Investments

September 30, 2023

Investments	Percentage of Members' Equity	Costs	Fair Value	Unrealized Appreciation/ (Depreciation)
Investment in Private Company				
United States				
HREIF REIT 01, LLC	100.42 %	$ 449,383,327	$ 557,791,572	$ 108,408,245
Total Investment in Private Company	100.42	449,383,327	557,791,572	108,408,245
Total Investment	100.42 %	$ 449,383,327	$ 557,791,572	$ 108,408,245