

Q1 2024 Valuation Report



HREIF Highlights

\$129.31

Q2 unit price

8.0%¹

Q2 annual cash yield

95%²

occupancy

4.4%³

same property NOI growth

Fund Update

Distributions continue with reduced valuation

During the first quarter, HREIF investors received distributions totaling \$2.60 per unit, an annualized yield of 7.7%. The valuation process determined the unit price declined to \$129.31 from \$134.50 in the prior quarter. In accordance with the valuation policy, the price has been verified by independent third-party appraisers and represents our assessment of each asset's position in the current market. The decline in unit price resulted from a reduction in asset valuations combined with distributions. Despite these factors, the fund is structured for income, and cash flow is managed at the portfolio level to maintain monthly distributions. For the upcoming quarter, the Board of Directors will maintain a quarterly distribution of \$2.60 per unit, or \$10.40 per unit on an annualized basis, reflecting an 8.0% yield on the new price.

Valuation reflects assessment of current market

Real estate as an asset class is experiencing a reset in valuation, as reflected by the -8.8% decline in the Commercial Property Price Index (see footnote) during 2023. While the HREIF portfolio has not been immune from these market declines, the quality of our holdings and progress on development projects have muted some of the effects. The total return of the fund for HREIF investors over the same period was a positive 2.2%. In the first quarter, the Federal Reserve has maintained its cautious approach and the portfolio's appraisals are consistent with an expectation that interest rates will remain elevated. This is evidenced by increases to the investment rates used to value our assets, included in the adjacent table.

Increased leasing velocity for recently developed projects

While the interest rate environment has real consequences for transaction volume and market prices, the fund continues to take development projects full cycle. In February, the Nese apartments, located in a suburb of Indianapolis, were sold for a result that outperformed the originally underwritten returns. The portfolio includes several projects where construction is complete, and leasing continues:

- Lynvue, a Minneapolis multifamily property, received its certificate of occupancy in November and is now in lease up.
- The Clearing at ONE28, a Kansas City multifamily property, received its certificate of occupancy in July and is now nearing stabilization.
- Matadora, a Savannah multifamily property, executed leasing agreements for its two remaining retail spaces.

Distribution Reinvestment Plan (DRIP)

The newly established DRIP meets the needs of investors who prefer to reinvest some or all of their distributions each month. This allows investors to grow their allocation to the fund over time, while maintaining the option to revert to cash distributions upon request. Please contact our Investor Relations team for easy enrollment.

New investment matches redemptions

Through the first quarter offering, the fund raised \$9.3M of new equity and met 100% of its \$8.6M redemption requests. We are grateful for HREIF's ability to attract and retain investors who share our long-term focus on stable income during all seasons. We firmly believe that real estate remains a time-tested, tax-efficient, and inflation-hedged strategy for stewarding and generating wealth for generations.

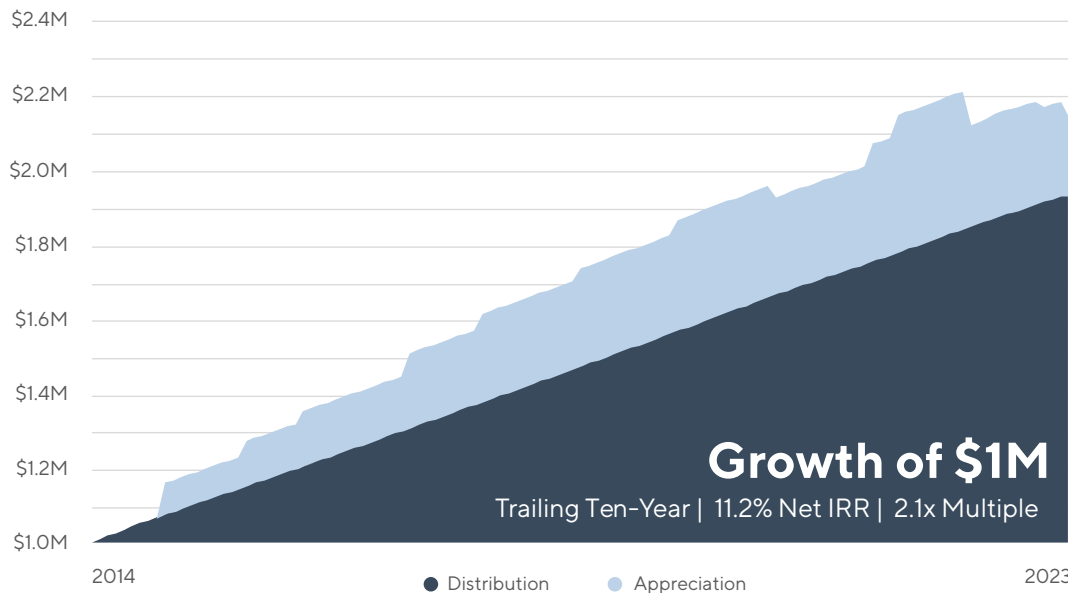
NOTE: Green Street's Commercial Property Price Index is a time series of unleveraged U.S. commercial property values that captures the prices at which commercial real estate transactions are currently being negotiated and contracted. Data is not yet available for the first quarter.

VALUATION CAP RATES

Sector	Direct Cap Rate		Terminal Cap Rate		Discount Rate	
	Q4 2023 ²	Q1 2024	Q4 2023	Q1 2024	Q4 2023	Q1 2024
Convenience	5.88%	5.92% ▲				
Industrial	5.65%	5.79% ▲	6.15%	6.29% ▲	6.94%	7.73% ▲
Office	6.90%	6.91% ▲	7.19%	7.41% ▲	8.22%	8.88% ▲
Multifamily	5.02%	5.07% ▲	5.54%	5.59% ▲	7.15%	7.15% -
Hospitality	9.07%	9.07% -	9.57%	9.57% -	11.57%	11.57% -
Retail ¹	7.10%	7.10% -	7.49%	7.49% -	8.62%	8.62% -
Storage	5.71%	5.71% -	6.21%	6.21% -	7.54%	7.54% -

1. Retail - includes assets valued via DCF (Wolfin Village/Office Depot) & direct cap (McAlisters/Texas Roadhouse).
2. Direct Cap Rates only used to inform values for convenience/retail properties. Provided for reference for other sectors.

HREIF by the Numbers



Beginning Value	+	Appreciation	+	Distributions	=	Ending Value
\$1,000,000		\$175,545		\$955,909		\$2,131,455

8.0%

Current Annual Cash Yield

Portfolio⁴

64

Properties

\$1.2B

TAV

16

Project Sponsors

Past Returns⁵

-1.6%

1-Year Net IRR

6.5%

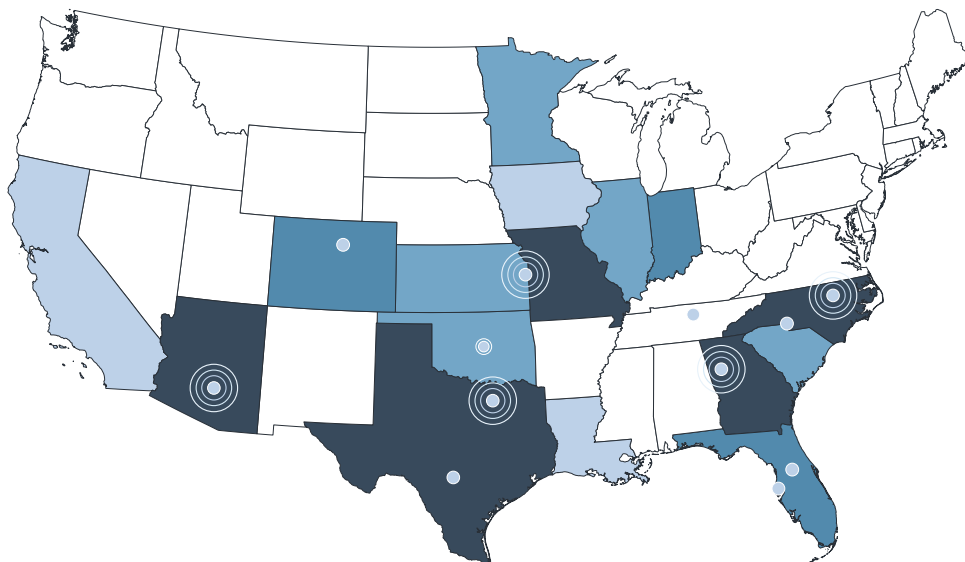
5-Year Net IRR

11.2%

10-Year Net IRR

Market

HREIF targets high-growth metropolitan areas and select submarkets with multifaceted growth dynamics.



● Target market ● Headquarters ● Higher Exposure

Diversification of property value by state

Raleigh-Durham 21%

Kansas City 13%

Dallas-Fort Worth 9%

Phoenix 7%

Atlanta 6%

Sector

The firm has expertise and deep-rooted relationships across its target sectors. As macro cycles and submarket dynamics fluctuate, the team adapts by analyzing a diverse opportunity set to select investments with strong potential in the current environment.

6,741
Multifamily Units

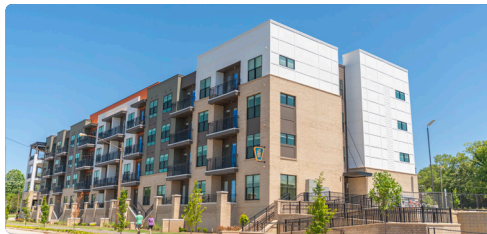
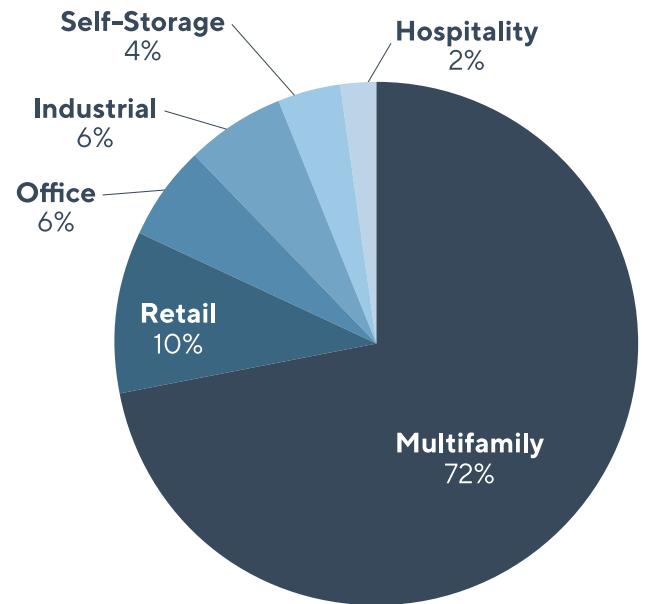
3,733
Self-Storage Units

27
Retail Properties

1,069,239
Industrial Sq. Ft

160,657
Office Sq. Ft

537
Hotel Keys



Strategy

HREIF identifies complimentary core, value-add, and opportunistic development strategies that keep the team ready and relevant in the marketplace. The firm finds and creates value through stabilized net lease and multi-tenant properties as well as development projects that generate cash flow and capital appreciation.

Core 38%
Value-Add 30%
Opportunistic 32%

Investor Overview⁶

768

Current Investors

\$698K

Average Investment

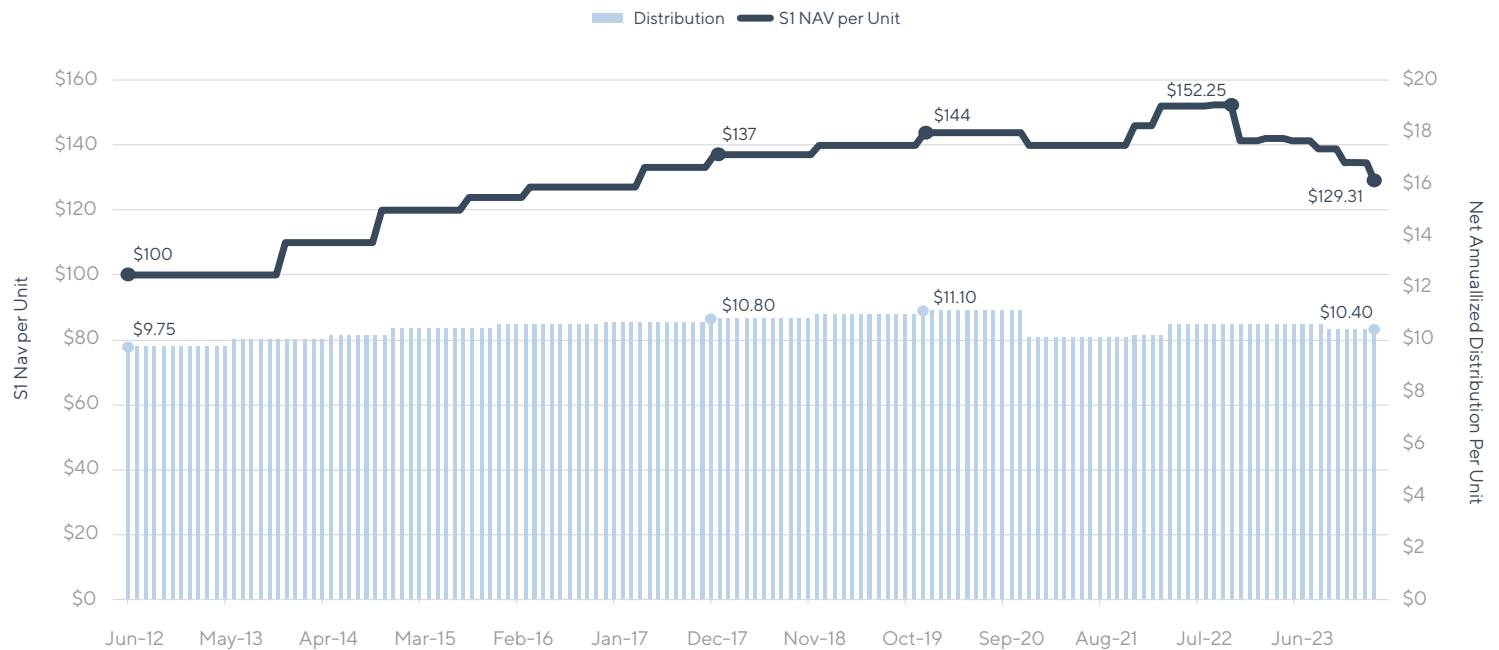
\$536M

Paid-in Equity

\$219M

Total Distributions

Distributions⁸



Fund Terms

Structure	Perpetual life private fund with subsidiary REIT
Target Return	8-10% net annualized return over a long-term hold
NAV Per Unit	\$129.31
Investor Suitability	Accredited Investors
Minimum Initial Investment	- \$500,000 - \$100,000 for clients of approved financial advisor platforms
Rolling Private Offering	- Series One NAV per Unit updated on the first business day of each quarter - Subscriptions must be received at least 15 days prior to the end of the quarter
Advisory Fee	0.65%
Hurdle Rate	6% annualized over trailing 36 months
Shared Distribution	Manager's catch up (inclusive of the Advisory Fee) is capped at 25% of total distributions
Unit Repurchase Plan ⁷	- Quarterly after one-year lockup; 60 days written notice required - Fund can repurchase up to 2.5% of existing fund equity each quarter
Distributions ⁸	- Monthly (\$10.40 annualized) - Record date for monthly distributions are set by the Board as the 15 th of each month
Tax Reporting	Form K-1; anticipated delivery in the summer of each year

Notes

This report is being furnished by Humphreys Capital, LLC and does not constitute an offer, solicitation, or recommendation to sell or an offer to buy securities, investment products, or investment advisory services. This report is being provided for general information purposes and is not intended to provide and should not be relied upon for accounting, legal, or tax advice or investment recommendations.

Past performance does not predict future returns. Performance information and certain projected or forecasted amounts contained in this report include assumptions that the Manager believes are reasonable under the circumstances. There is no guarantee that the conditions on which such assumptions are based will materialize as anticipated and will be applicable to these investments. Actual transaction conditions may differ from the assumptions, and such differences could be material. Among other assumptions, calculating projected or forecasted returns involves applying current market conditions and investment strategy with comparable historical results. Historic results are not reliable indicators of actual future performance of any particular investment or the Fund. Investors should be aware that projected or forecasted returns are hypothetical and do not reflect the impact that future material economic and market factors might have on the decision-making process, and there is no guarantee that the projected or forecasted returns will be achieved.

1. Yield is calculated as the annualized distribution approved by the Board of Directors for the forward quarter divided by the current offering price.
2. Occupancy is an important real estate metric because it measures the utilization of properties in the portfolio. Occupancy is weighted by the total value of all real estate properties, excluding our hospitality investments and any third-party interests in such properties. For our industrial, storage, retail, office, and convenience investments, occupancy includes all leased square footage as of the date indicated. For our multifamily investments, occupancy is defined as the share of occupied units as a percentage of total unit count. Assets within an initial lease-up period following construction are excluded from the calculation. The lease-up period concludes upon stabilization, defined as 90% or greater physical occupancy, and no later than 12 months after completion.
3. Same-property NOI growth is calculated based on trailing NOI at 3/31/2024 and 3/31/2023 based on the most current reports of underlying investments. All properties are measured with the exception of properties that did not have at least 6 months of historical NOI data as of 3/31/2023. Joint venture NOI is allocated pro rata based on HREIF's equity in the property.
4. Portfolio data is as of 3/31/2024 and includes all properties in Humphreys Real Estate Income Fund. Total Asset Value is measured as the balance sheet assets of each fund (based on fair value) in addition to the pro rata share of debt based on the fund's contractual interest in joint ventures in accordance with the NCREIF PREA Reporting Standards (4/2023) calculation of Gross Asset Value.
5. Past returns are as of 3/31/2024. Internal Rates of Return ("IRR") are calculated based on a stream of cash flows, the date of each cash flow and the NAV per Series One Unit as of the calculation date. IRRs represent an annualized return but assume reinvestment of interim cash flows in projects with equal rates of return.
6. Investor overview data is as of 3/31/2024 and includes all investor data since inception, 5/31/2012.
7. Redemptions are not guaranteed and are subject to a Redemption Policy as stated in the current Operating Agreement, which was amended and restated effective 3/31/2024. Prospective investors should read the policy in its entirety before making an investment decision.
8. Monthly distributions are not guaranteed and may be funded from sources other than net operating income.