

Humphreys Real Estate Income Fund, LLC

Distribution Policy

Pursuant to Section 4.01 of the Sixth Amended and Restated Operating Agreement (the “Operating Agreement”) of Humphreys Real Estate Income Fund, LLC (the “Company” or “HREIF”), the Board of Directors of the Company is granted authority to determine distributions from Funds Available for Distribution from time to time, in its sole discretion. To calculate the Fund’s distributions, the Board has adopted this Distribution Policy. Capitalized terms used herein but not defined shall have the definitions provided in the Operating Agreement.

In making its determination, the Board keeps in mind that HREIF is designed to create and distribute value to Unit Holders with a time horizon of at least 10 years. While the relationship between income and Series One Unit value may fluctuate in the short term, the long-term goal is to distribute a majority of the value HREIF creates, allowing the remainder to appreciate the value of equity.

Distributions are evaluated and established by the Board on a quarterly basis, with monthly payments made to Record Holders as of each applicable Record Date. The determination will be informed by:

1. Cash availability
 - a. Taking into consideration, cash held by or accessible to the Company, less
 - i. Capital Contributions
 - ii. Cash expenditures (including Advisory Fees)
 - iii. The Company’s funds to be held for reinvestment, working capital, or other Reserves
2. Target Distribution
 - a. Upper Threshold: Long-term value creation
 - i. The target distribution will be no greater than the trailing 10-year return (net IRR) of HREIF.
 - b. Lower Threshold: Spread over the risk-free rate
 - i. The target distribution will be no less than 200 basis points greater than the trailing 12-month US 10-Year Treasury yield.
 - c. If the distribution moves outside the target distribution thresholds for any particular quarter, the Board will wait to make an adjustment until the following quarter, affording time to see if the distribution will automatically adjust back within the target distribution thresholds.

Notwithstanding the foregoing, the Board retains discretion to make distributions above or below the target distribution thresholds.

Each year, the Board will review the appropriateness of this Distribution Policy and make changes as it sees fit and in the best interests of the Company and Unit Holders.

This Distribution Policy was reviewed and updated as of December 20, 2024 date and supersedes all prior versions.