

# Q4 2025 Financial Report

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For use in conjunction with the audited financial statements of Humphreys Real Estate Income Fund, LLC and unaudited HREIF REIT 01, LLC for the twelve months ended December 31, 2025

# Q4 2025 HREIF Highlights

**\$373.1M**

HREIF Ending Equity

**\$22.1M**

Purchases of Investments

**\$30.9M**

Distributed to Investors

**\$39.2M**

REIT Debt

## Financial Report

This report is designed to supplement the audited year-to-date financial statements for Humphreys Real Estate Income Fund, LLC (“HREIF” or the “Fund”) and the unaudited year-to-date financial statements for its subsidiary, HREIF REIT 01, LLC (the “REIT”). The Fund’s financial statements provide information about its capitalization, including contributions, redemptions, and distribution activity, as well as the Fund’s investment in the REIT subsidiary at fair value. All of the Fund’s real estate and joint venture investing is conducted through the REIT, and the financial statements of the REIT offer insight into this investment activity, including income generation, purchases and sales, use of debt, and valuation. Used together, the statements reflect the Fund’s capitalization and its ability to create and distribute value to investors.

### HREIF overview for twelve months ended 12/31/2025:

- The Fund raised \$6.0M of additional paid-in equity from investors and processed redemptions of \$12.5M for a net contribution of (\$6.5M).
- Investors received \$30.9M in distributions on \$373.1M of ending investor equity.

### Highlights from the REIT:

- Total assets of \$423.2M consisted of \$302.9M of investments in real estate joint ventures and \$75.2M of directly-owned real estate. The REIT made additional investments of \$22.1M through fundings to joint venture investments and direct-owned properties.
- The REIT generated \$126.6M in proceeds from sales of real estate properties and interests in real estate entities, resulting in a realized loss of \$46.9M.
- Outstanding debt was valued at \$39.2M as of 12/31/2025.<sup>1</sup>
- Income from rent was \$16.6M,<sup>2</sup> and the independent third-party fair value appraisal process identified unrealized losses.
- Expenses amounted to \$9.9M.

Overall, the REIT generated a net loss of \$44.2M during the year, primarily driven by unrealized decreases in fair value associated with property valuations and property sales.<sup>3</sup> The Fund paid \$30.9M in distributions to investors during the period. As of 3/31/2024, distributions to the Manager through Common Units have been suspended until the 3-year Hurdle Rate is achieved in accordance with the Operating Agreement. HREIF’s net 1-year return to investors as of 12/31/2025 was -11.0%, while the Fund maintained a distribution rate of 5.00% during the fourth quarter.

### Consolidated Table of Sources and Uses of Funds

Sources		
Investment Income <sup>2</sup>	\$	16.6M
Proceeds from Sales		126.6M
Capital Contributions		6.0M
	<b>\$</b>	<b>149.2M</b>
Uses		
Advisory Fee	\$	2.7M
Interest and Operating Expenses <sup>4</sup>		7.7M
Purchases of Investments <sup>5</sup>		22.1M
Total Distributions <sup>6</sup>		30.9M
Redemptions <sup>7</sup>		6.7M
Decrease in Debt <sup>8</sup>		34.9M
Increase in Cash		43.1M
Other		1.1M
	<b>\$</b>	<b>149.2M</b>

The table represents significant sources and uses of capital for the twelve months ended 12/31/2025, combined for Fund and the REIT, excluding intercompany activity. It should be interpreted with the enclosed audited financial statements.

# Notes

The audited financial statements for Humphreys Real Estate Income Fund, LLC (the "Fund") 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 the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 946, "Financial Services – Investment Companies" ("ASC 946").

The unaudited financial statements for HREIF REIT 01, LLC (the "REIT") are presented in accordance with fair value measurement and reporting standards for comparability with the Fund's financial statements and usefulness to readers.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As a quoted market exchange generally does not exist for the Company's investments, fair value is based on independent third-party appraisals in conjunction with the Manager's estimate of value in the most advantageous exit market, in accordance with the valuation policy.

Monthly distributions are not guaranteed and may be funded from sources other than net operating income. Yield is calculated as the annualized distribution approved by the Board of Directors for the forward quarter divided by the current offering price.

Redemptions are not guaranteed and are subject to the Redemption Policy contained in the Operating Agreement.

Series Two Units were introduced on July 1, 2025, allowing investors to purchase units at a discount to the current Series One Unit price, with the purchase price increasing 2% per quarter through December 2027. Series Two Units are intended to support the long-term investment horizon of the Fund while providing additional flexibility in capital formation and redemption management.

1. The outstanding debt is a term loan administered by Busey Bank. The loan agreement requires certain financial ratios be met at the end of each quarter and for the year ending December 31, 2025, the loan was in compliance with the financial covenants. The final maturity date of the loan is October 30, 2030.
2. Although the rental income generated by the REIT amounted to \$16.6M, the Fund's statement of operations reports net investment loss of \$0.5M. This is due to the classification of income from the Fund's investment in the REIT, which is a function of the REIT's estimated earnings and profits (E&P). The final calculation of E&P is determined at the end of the year; quarterly estimates of E&P are subject to change and may not be indicative of the annual tax attributes of the underlying investments
3. The net change in unrealized gain on investments for the REIT was -\$4.1M, reflecting decreases in fair value associated with property valuations and unrealized impacts from property sales during the year.
4. The combined expenses of the Fund, \$0.5M, and REIT expenses of \$9.9M, consisting of \$7.7M in interest and operating expenses and \$2.7M in advisory fees, amounted to \$10.4M during the period.
5. Purchases by the REIT of investments in real estate through joint venture partnerships amounted to \$21.8M. Purchases of real estate properties during this period were \$0.3M.
6. Distributions from the Fund to Series One and Series Two Unit holders, \$30.9M. There were no distributions to Common Unit holders during the period.
7. The Fund fulfilled \$12.5M of redemption requests for Series One Units during the period. Cash paid during the period relating to redemption requests received was \$6.7M.
8. The REIT paid down \$201.7M of notes payable, and received 166.8M in proceeds from debt, resulting in a \$34.9M decrease in notes payable during the period.