

HUMPHREYS CAPITAL, LLC

PART 2A OF FORM ADV FIRM BROCHURE

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ITEM 1. COVER PAGE

This Brochure provides information about the qualifications and business practices of Humphreys Capital, LLC (“***Humphreys Capital***” or the “***Firm***”). Information provided herein is provided in response to instructions and guidance issued in connection with Form ADV Part 2A. You should refer to those materials, including defined terms used therein, in reviewing this brochure. If you have any questions about the contents of this brochure, please contact Braden Merritt at (405) 228-1000 or braden@humphreyscapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “***SEC***”) or by any state securities authority.

Additional information about Humphreys Capital is also available on the SEC’s website at www.adviserinfo.sec.gov. An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

NOTE

This Brochure is not:

- an offer or agreement to provide advisory services to any person;
- an offer to sell interests or a solicitation of an offer to purchase interests in any investment product by Humphreys Capital; or
- a complete discussion of the features, risks or conflicts associated with any account advised by Humphreys Capital.

As required by the Investment Advisers Act of 1940, as amended (the “*Advisers Act*”), Humphreys Capital provides this Brochure to current and prospective investors.

Persons who receive this Brochure should be aware that it is designed solely to provide information about Humphreys Capital as necessary to respond to certain disclosure obligations under the Advisers Act. Therefore, the information in this Brochure may differ from information provided in the materials that govern an account or client relationship such as an advisory contract.

ITEM 2. MATERIAL CHANGES

Our last annual amendment to this Brochure was filed in March 2022. Below is a summary of the material changes since our 2022 Brochure:

- We updated assets under management as of December 31, 2022. **See Item 4.**

We encourage all investors to review this Brochure in its entirety.

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ITEM 4. ADVISORY BUSINESS

Humphreys Capital, LLC is an Oklahoma limited liability company with its principal place of business in Oklahoma City, Oklahoma. Humphreys Capital is registered with the SEC under the Advisers Act. The Firm was formed in 2015 and is managed by The Humphreys Company, LLC.

Humphreys Capital provides investment management services to pooled investment vehicles that invest primarily in real estate and real estate-related interests (each a “**Fund**” and together the “**Funds**”). The Firm manages each Fund on a discretionary basis in accordance with applicable governing documents.

Humphreys Real Estate Income Fund, LLC (“**HREIF**”) is a perpetual term Fund formed for the acquisition, development and leasing of income-producing real estate properties and investing in equity interests of joint ventures with third-party developers which intend to acquire real property for development or redevelopment. HREIF invests in real estate and real estate-related interests through a REIT Subsidiary (the “**REIT Subsidiary**”). All of HREIF’s real estate properties and joint venture interests are held by the REIT Subsidiary.

Humphreys Fund II, LP (“**Fund II**”), Humphreys Fund III, LP (“**Fund III**”) and Humphreys Fund IV, LP (“**Fund IV**”) invest primarily in equity interests in certain joint ventures with third party developers which intend to purchase real property that will be developed or redeveloped primarily into multifamily, industrial, office, retail, hospitality, senior living or mixed-use properties.

Affiliates of Humphreys Capital serve as the general partners of Fund II, Fund III and Fund IV (each a “**General Partner**” and together the “**General Partners**”). Humphreys Capital supervises, oversees and controls all investment advisory services provided by such General Partners with respect to these Funds, and each General Partner relies on Humphreys Capital’s investment adviser registration instead of separately registering as investment advisers with the SEC under the Advisers Act. Except as the context otherwise requires, any reference to “Humphreys Capital” or the “Firm” in this document includes Humphreys Capital, LLC and each relying adviser. The relying adviser General Partners are beneficially owned by the same persons as the Firm.

Humphreys Capital provides investment advisory services with respect to each Fund in accordance with the investment objectives, policies, guidelines, limitations and restrictions set forth in applicable Fund offering or governing documents. The Firm provides investment advisory services solely with respect to the Funds, and no investor in any such Fund should look to Humphreys Capital or affiliates of Humphreys Capital for advice regarding any of its own investment decisions, including any decision to invest in a Fund. The Firm treats the Funds, and not any of their investors, as “clients” for purposes of the Advisers Act and other applicable laws and regulations, to the extent permitted under such laws.

Co-investment opportunities are available for certain Fund investors. Humphreys Capital has entered side letter arrangements with investors to participate in co-investment opportunities.

Each of the Funds relies upon and qualifies for exclusion from the definition of “investment company” as set forth in Sections 3(c)(1), 3(c)(7) or 3(c)(5)(C) of the Investment Company Act of 1940, as amended (the “**Company Act**”). HREIF qualifies for and relies upon Section 3(c)(5)(C) and therefore does not constitute a “private fund” for purposes of the Advisers Act, Form ADV or Form PF.

Assets under management including all Funds were approximately \$724 million as of December 31, 2022. The Firm does not manage any assets on a non-discretionary basis.

ITEM 5. FEES AND COMPENSATION

Humphreys Capital or the applicable General Partners are entitled to receive fees and other compensation as set forth in Fund governing documents. Compensation provisions vary for each Fund. Investors should review the governing documents of each Fund for detailed information about fees, other compensation, and expenses. Humphreys Capital may enter into side letters or other agreements with investors that provide for different fees or compensation.

Fund Management Fees

The Firm charges management fees (“**Management Fees**”) to each Fund for investment advisory services. For Fund II, Fund III, and Fund IV Management Fees are based on aggregate commitments until final closing and net capital contributions thereafter. Management Fees for Fund II, Fund III and Fund IV are payable quarterly in advance.

HREIF Advisory Fee

Humphreys Capital receives a quarterly Advisory Fee of 0.65% of the Aggregate Net Asset Value of the Series One Units as of the end of the immediately preceding quarter. The Advisory Fee is paid on the first business day of each quarter.

Distributions to Common Unit Holders

As the manager of HREIF, Humphreys Capital is entitled to receive distributions payable based on its pro rata ownership of Common Units. Distributions to Common Unit Holders are subject to investors receiving a hurdle rate as set forth in HREIF’s governing documents. Distributions to Common Unit Holders are net of the Advisory Fee charged by Humphreys Capital to HREIF for advisory services.

Carried Interest

The General Partners are entitled to an incentive distribution (“**Carried Interest**”) from distributions by Fund II, Fund III and Fund IV, as applicable. The Carried Interest is calculated based on a share of realized profits on investments made by the Fund, subject to each investor first receiving a preferred return of 8% on Capital Contributions made with respect to such investment, and the return of the investor’s Net Capital Contributions made with respect to such investment, as set forth in the applicable Fund’s governing documents. Any share of profits allocated or distributed to the General Partner is separate and distinct from the Management Fees charged by the General Partners to Fund II, Fund III and Fund IV for advisory services.

Disposition Fees & Other Fees and Compensation

In addition to Management Fees and Carried Interest, the General Partners of Fund II, Fund III and Fund IV are entitled to receive a disposition fee equal to a percentage of the gross sales price of any investment if the sale of such investment results in a return to the Fund in excess of 20%.

To the extent permitted by Fund governing documents, Humphreys Capital or an affiliate will receive carrying costs, reimbursement of expenses or compensation for providing financing to a Fund.

Humphreys Capital or an affiliate will provide other services to a Fund and receive compensation for such services to the extent permitted in a Fund’s governing documents. For example, in October 2018, the Board of Directors of HREIF approved the payment of an asset management fee to the manager equal to 1.5% of gross monthly revenue from HREIF’s multi-tenant properties for which its manager maintains asset management responsibilities. Similarly, in April 2022, the Board of Directors of HREIF authorized a

\$10,000 monthly accounting fee to the manager for its services relating to fair value accounting, REIT compliance, accounting for multi-tenant properties, and coordination of accounting matters with development partners, all of which are matters that the Board of Directors of HREIF concluded were beyond the scope of services contemplated to be provided in exchange for the Management Fees.

Expenses

The Funds are responsible for various expenses as set forth in each Fund's governing documents, and investors should refer to such documents for detailed information regarding such expenses. In general, the Funds are subject to all expenses related to Fund operations, including a) fees, costs and expenses incurred in connection with investments or potential investments and the identification, evaluation, acquisition, ownership, sale, hedging or financing of any investment or potential investment, including expenses incurred in evaluating potential investments that are ultimately not pursued; b) the cost of preparing Fund financial statements, tax returns and Schedule K-1s; c) audit fees and expenses; d) custodial fees; e) taxes and other governmental fees and charges; f) expenses incurred in connection with any indebtedness entered into by the Fund; g) expenses of the Board of Directors, Advisory Committees, and annual investor meetings; h) applicable research reports; i) insurance expenses; j) travel expenses, which may include commercial, business class or private travel expenses; k) litigation and indemnification expenses; l) administrative expenses; m) extraordinary expenses; and n) such other expenses as are established in Fund governing documents or disclosures. Funds are also responsible for offering and organizational costs to the extent permitted by Fund governing documents.

The Funds pay expenses directly or indirectly and reimburse Humphreys Capital for eligible Fund expenses. Expenses are incurred by or relate to more than one Fund and/or Humphreys Capital or an affiliate. The Firm attempts to allocate aggregate costs or expenses among applicable Funds (and, in certain cases, among Humphreys Capital, affiliates of Humphreys Capital and applicable Funds) in a fair and equitable manner based on the nature of the product or service and relative benefit derived by the applicable Fund or entity. However, expense allocation determinations can involve potential conflicts of interest, and the portion of a common expense that the Firm allocates to a Fund may not reflect the relative benefit derived by such Fund from that product or service in any particular instance. The Firm's expense allocations often depend on inherently subjective determinations and, accordingly, expense allocations made by the Firm in good faith generally will be binding and final on each Fund.

The foregoing list is not intended to be exhaustive and is qualified in its entirety by the applicable governing documents of each Fund. The Firm discloses certain information about the amount and nature of Fund expenses in Fund financial statements, capital call notices and other investor communications. However, investors do not receive detailed information regarding specific expenses paid by a Fund or its subsidiaries. The investment strategies the Firm employs for the Funds generally do not involve the purchase or sale of publicly offered securities, and as such, do not typically entail expenses related to brokerage commissions, but the Firm expects any securities brokerage commissions that may be incurred in the future on behalf of the Funds to be at market rates. To the extent applicable, the Funds will be responsible for and pay any of their respective custodial fees and expenses. See Item 12 below.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As noted in Item 5 of this Brochure, Humphreys Capital is entitled to receive distributions from HREIF based on its ownership of Common Units in HREIF, and the General Partners of Fund II, Fund III and Fund IV are entitled to receive a Carried Interest in the profits of those Funds' investments. Such distributions and Carried Interests represent a form of performance-based compensation.

Investors should note that the terms of the Funds' governing documents are intended to align the Firm's interests and Fund investors' interests, thereby mitigating seemingly inherent risks in performance-based

compensation, including incentive for the manager or General Partner of a Fund to make project investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. The interests of the Firm include, but are not limited to, the amount of Humphreys Capital's capital contributions (if any), the percentage of distributions in respect of Common Units or any Carried Interest and the timing of payment of such distributions. Additionally, the contributions of Humphreys Capital (if any) and the subordination of the payment of such distributions to preferred returns of the respective Fund investors further mitigate such risk, because Humphreys Capital has at-risk capital in the Fund, and in the case of the Carried Interest, such Carried Interest is calculated based on realized, not unrealized gains. This leads the Firm to scrutinize investment and property fundamentals when considering project investments for the Funds.

Performance-based compensation is only charged in accordance with the provisions of Rule 205-3 of the Advisers Act and/or applicable state regulations.

ITEM 7. TYPES OF CLIENTS

Humphreys Capital provides investment advisory services to pooled investment vehicles that invest directly or indirectly in real estate and real estate related interests.

Each investor must satisfy accredited investor and/or qualified purchaser eligibility requirements outlined in the offering documents or otherwise required by applicable laws. Investments in all Funds are subject to minimum initial investment amounts per investor, which may be waived at the discretion of Humphreys Capital.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Investment Strategy

For HREIF, Humphreys Capital invests in real estate and real estate-related assets through the acquisition, development and leasing of income-producing real estate properties. For Fund II, Fund III and Fund IV, the Firm invests primarily in equity interests in certain joint ventures with third-party developers that intend to purchase real property that will be developed or redeveloped primarily into multifamily, industrial, office, retail, hospitality, senior living or mixed-use properties. The Firm works closely with development and operating partners, real estate communities at large, lenders, and select business leaders to identify on and off market investment opportunities. Such opportunities will be evaluated to determine which opportunities best meet the investment parameters and offer the best risk-adjusted returns. Downside mitigation will be paramount in evaluating potential investments.

Methods of Analysis

The Firm considers a number of factors when identifying potential real estate investments and development opportunities, including: the strengths and weaknesses of any operating or development sponsor; the overall condition of the property; the cost and availability of lots and/or land for development; the cost of entitlements for each developmental parcel; the efficiency with which a property has been operated and the efficiency with which a property could be operated in the future; the comparative value of the cost of funds (debt and equity); and the authenticity and validity of a properties trailing and forecasted income and expense assumptions.

Certain Risk Factors

There can be no assurance that the investment strategies that the Firm pursues will achieve their investment objective. The Firm's investment strategies involve a substantial degree of risk, including risk of complete loss. Nothing in this brochure is intended to imply, and no one is or will be authorized to represent, that investments recommended by the Firm are low-risk or risk-free. The investment strategies pursued by the

Firm are appropriate only for sophisticated persons who fully understand and are capable of bearing the risks of investment. Certain of the risks that may be associated with investments recommended by the Firm are set forth below. The various risks outlined below are not the only risks that may be associated with the Firm's investment strategies and processes. Investors should refer to Fund offering documents for a more comprehensive overview of applicable risk factors. Except as the context otherwise requires, any reference to "we," "us" or "our" in this document includes Humphreys Capital, LLC and each relying adviser.

Speculative Investment. The Funds' business objectives are speculative, and there is no assurance that any Fund will satisfy its objectives. No assurance can be given that the investors will realize a substantial return, if any, on their investment in the Fund or that investors will not lose their entire investment in the Fund. Investors have no assurance that the Fund will achieve its internal rate of return objectives. It is possible that the Fund could lose all or a portion of the capital invested in its investments.

Risks of Real Estate Ownership. Investments in real estate tend to be long term and can be difficult to liquidate, particularly within a short period of time. Like many other types of long-term investments, real estate has historically experienced significant fluctuations and cycles in value, and specific market conditions may result in occasional or permanent reductions in the value of real property interests. The marketability and value of the real property interests will depend on many factors beyond the control of the Fund, including, without limitation: (i) changes in general or local economic conditions; (ii) changes in supply of or demand for competing properties in an area (e.g., as a result of over-building); (iii) changes in interest rates; (iv) the promulgation and enforcement of governmental regulations relating to land-use and zoning restrictions, environmental protection and occupational safety; (v) unavailability of mortgage funds which may render the sale of a property difficult; (vi) the financial condition of tenants, buyers and sellers of properties; (vii) changes in real estate tax rates and other operating expenses; (viii) the imposition of rent controls; (ix) energy and supply shortages; (x) various uninsured or uninsurable risks; and (xi) acts of God, natural disasters and other similar uninsurable losses. Since investments in real estate generally are not liquid, there is no assurance that there will be a ready market for real property interests held by the Fund. In addition, general economic conditions in the United States and abroad, as well as conditions of domestic and international financial markets, may adversely affect operations of the Fund.

Diversification Risks. The number of properties acquired by a Fund is uncertain. It is possible that a Fund 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 Fund. In the event of an economic recession affecting the economies of the areas in which 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 Fund 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. The ownership of real estate investments will be relatively illiquid. Such illiquidity will limit our ability to vary the Fund's portfolio in response to changes in economic or other conditions, which may subject the Fund to substantial losses.

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 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 Fund's reserves will be sufficient to meet capital expenditure requirements. In this event, the Fund 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.

Occupancy and Renewal of Leases. The Firm 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. To the extent a Fund owns or acquires single-tenant properties, the financial success of a property, and its ability to produce rental income, is dependent upon the performance of a single tenant. If tenants do not renew or extend their leases, default under their leases or prematurely terminate their leases, 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 the event the Fund is obligated to pay debt service and any fixed and variable operating expenses that are its responsibility, as the direct or indirect landlord, for such properties, the Fund may need to use other sources of revenue to make debt service payments in order to avoid foreclosure on the property. Further, the Fund may experience delays in enforcing its rights as landlord and may incur substantial costs in protecting and reletting the property. As a result, a Fund's financial performance could be adversely affected which could materially reduce the distributions of cash available for distribution.

Uncertain Economic Condition. The United States economy is subject to fluctuation, and it is unclear how stable the real estate market will be in the future. As a result, there can be no assurance that investments by a Fund will achieve anticipated cash flow levels. Further, recent world events evolving out of increased terrorist activities and the political and military responses of the targeted countries have created an air of uncertainty concerning security and the stability of the United States economy. Historically, successful terrorist attacks have resulted in decreased travel and tourism to the affected areas, increased security measures and disturbances in financial markets. It is impossible to determine the likelihood of any future terrorist attacks on United States targets, the nature of any United States response to such attacks or the social and economic results of such events. Any negative change in the general economic conditions in the United States could adversely affect the financial condition and operating results of the Funds.

Joint Ventures. The Firm has made, and intends to make, equity investments through the Funds in joint ventures with third parties formed for the purpose of acquiring, developing or renovating income-producing properties. The Firm anticipates certain of the Funds may acquire minority interests in some of these joint ventures. In such cases, it is likely that the Fund 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 Firm will likely not be able to stop the third-party joint venture partners from acting in a manner that is inconsistent with the Fund's best interests and will not be able to direct the management of the joint venture, even if the Fund's investment in the joint venture is at risk.

Debt or Leverage. The Funds have significant levels of outstanding debt. The Firm anticipates acquiring properties through the Funds utilizing loans or other borrowing arrangements 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, the use of indebtedness could have significant consequences, including:

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

The mortgages on properties subject to secured debt and lender arrangements contain and will 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 financial flexibility. A default in these provisions, if uncured, could require the Fund to repay the indebtedness before the scheduled maturity date, which could adversely affect our liquidity and increase our financing costs.

Refinancing Risks. Mortgage loans on the properties owned by a Fund or Joint Venture may be subject to relatively short maturities, which may require refinancing before the properties are disposed of. There is no assurance that replacement financing can be obtained or if it is obtained, that interest rates and other terms would be as favorable as the original loans. Inability to refinance a loan on favorable terms may compel the applicable Fund or Joint Venture to attempt to dispose of the property or other properties on terms less favorable than might be obtained at a later date. It is possible that the Fund will not have the ability to control the decision of the Joint Venture to sell a property.

Variable Rate of Interest. A Fund or Joint Venture obtains financing that provides for a variable rate of interest. As a result, in the event that interest rates increase, the Fund or the applicable Joint Venture will have to pay a greater amount for interest payments. Based on historical interest rates, current interest rates are low and interest rates may rise in the future. Furthermore, if the Fund makes loans to the Joint Ventures, some of these loans may have fixed rates of interest. Consequently, if interest rates increase, the amount of the interest paid to the Fund's lenders could exceed the amount of the interest received by the Fund from its borrowers. This could result in the reduction or elimination of any return on an investment and could further result in the loss of the entire investment.

Fixed Rate of Interest. The Fund obtains fixed rate financing. As a result, if interest rates decrease and the Fund is holding debt investments that provide for a variable rate of return, the return on the applicable investments could decrease while the Fund may be required to continue to repay the fixed rate obligation.

No Guaranteed Cash Distributions. There can be no assurance that cash distributions will be made or, if made, whether those distributions will be made at the time or in the amount anticipated. Delays in making cash distributions could result from the inability of the Fund to purchase or sell profitable assets. The Firm intends to distribute sufficient cash from activities of the Fund to enable the Partners to pay any tax imposed on any taxable income generated by the Fund; however, there can be no assurance that any Fund will be able to distribute such cash.

Reliance on Principals and Key Employees. The success of the Funds is substantially dependent on the principals and the other key employees of the Firm. Should one or more of these individuals become

incapacitated or in some other way cease to participate in the management of the Fund, the Fund's performance could be adversely affected.

Regulatory Matters. Future changes in land use, environmental, and other 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 a Fund may be adversely affected by such regulations. While the Firm will attempt to obtain information with respect to compliance with laws affecting the use or access of a property prior to investing in such property, there can be no assurance that violations do not or will not exist at a specific property, that the Fund will have the necessary cash flow or other funds to pay to correct any such violations, or that the expenses incurred to correct any such violations will not have an adverse impact on the Fund's return on investment in such property.

Expedited Transactions. Investment analyses and decisions by the Firm may frequently be required on an expedited basis to take advantage of investment opportunities. In such cases, the information available to the Firm at the time an investment decision is made may be limited, and the Firm may not have access to detailed information regarding the investment. Therefore, no assurance can be given that the Firm will have knowledge of all circumstances that may adversely affect an investment. In addition, although the Firm is not required to do so, it expects to rely upon independent consultants in connection with its evaluation of proposed investments.

No Appraisals or Audits. For existing properties, the Firm 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 Firm having an opportunity to acquire a distressed property provided that it can close the acquisition on an accelerated timeline, the Firm 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. The Firm will not obtain audited historical results of operations for the properties it acquires 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.

Potential Adverse Effects of Delays in Investment. Delays that may take place in the selection and acquisition of investments could adversely affect the return to an investor as a result of corresponding delays in the commencement of distributions to investors.

Risks of Multi-Step Transactions. In the event that a Fund chooses to effect a transaction by means of a multi-step acquisition, there can be no assurance that all of such required steps can be successfully consummated. This could possibly result in the Fund owning a significant real estate investment without having working control over the assets or access to its cash flow to service debt incurred in connection with the acquisition and without the ability to dispose of such position at a price equal to or greater than such investment's purchase price.

Tax Risks. There are substantial risks associated with the federal income tax aspects of an investment in the Funds as further discussed in Fund governing documents. In addition to continuing IRS reexamination of the tax treatment of partnerships, the income tax consequences of an investment in the Funds and, in the case of HREIF, the REIT Subsidiaries are complex, and recent tax legislation has made substantial revisions to the U.S. Internal Revenue Code of 1986, as amended (the "**Tax Code**"). Many of these changes, including changes in the taxation of limited liability companies and their members, affect the tax benefits generally associated with an investment in a limited liability company. Changes to the Tax Code and any further changes in tax laws or interpretation of such laws may be adverse to the Funds and/or investors in a Fund.

Property Tax Increases. Properties may be subject to real and personal property taxes that increase as property tax rates change and as the facilities are assessed or reassessed by taxing authorities. Leases generally provide that the property taxes are charged to tenants as an expense related to the facilities that they occupy. As the direct or indirect owner of the facilities, however, the respective Fund is ultimately responsible for payment of the taxes to the government. If property taxes increase, tenants may be unable to make the required tax payments, ultimately requiring the respective Fund to pay the taxes.

Cybersecurity Risks. We, the Funds and our respective affiliates and service providers depend on information technology systems and, notwithstanding the diligence that we or our affiliates may perform on our or the Fund's service providers, we may not be in a position to verify the risks or reliability of such information technology systems. We, the Funds and our respective affiliates and service providers are subject to risks associated with a breach in cybersecurity. Although we have implemented various measures to manage risks relating to cybersecurity events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it could cause significant interruptions in our or the Funds' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm our or our affiliates' reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect its business and financial performance. Such damage or interruptions to information technology systems may cause losses to the Funds or individual investors by interfering with the operations of us and our affiliates (or their service providers).

Epidemics, Pandemics, and Public Health Issues. Our business activities as well as our Funds and their operations and investments could be adversely affected by the outbreaks of epidemics, such as Coronavirus, Ebola, H1N1 flu, H7N9 flu, H5N1 flu, Severe Acute Respiratory Syndrome, or SARS, or other epidemics. Previous occurrences of pandemic and epidemic diseases have had an adverse effect on the economies of the United States and those countries in which they were most prevalent. Specifically, Coronavirus ("**COVID-19**"), has been spreading rapidly around the world in recent years and has negatively affected the global economy and the stock market. The transmission of COVID and efforts to contain its spread have resulted in travel restrictions and disruptions, market volatility, disruptions to business operations, supply chains and customer activity and quarantines. With widespread availability of vaccines, the U.S. Centers for Disease Control and Prevention has revised its guidance, travel restrictions have started to lift, and businesses have reopened. However, the COVID pandemic continues to evolve and the extent to which our investment strategies will be impacted will depend on various factors beyond our control, including the extent and duration of the impact on economies around the world and on the global securities and commodities markets. Volatility in the U.S. and global financial markets caused by the COVID pandemic may continue and could impact our firm's investment strategies. Although currently there has been no significant impact, the COVID outbreak, and future pandemics, could negatively affect vendors on which our firm and clients rely and could disrupt the ability of such vendors to perform essential tasks. An outbreak or recurrence of any kind of epidemic, communicable disease or virus or major public health issue could cause a slowdown in the levels of economic activity generally, which would adversely affect the business, financial condition and operations of us and our clients.

General Economic and Market Risks. A Fund and its investments may be materially affected by market, economic, political and social conditions globally and in the jurisdictions and sectors in which they invest or operate, including factors affecting interest rates, the availability of credit, currency exchange rates, inflation risk, supply chain disruptions, sanctions, and trade barriers. These factors are outside the control of the AIFM, the General Partner, a Fund and the Firm and could adversely affect the liquidity and value of a Fund's investments and may reduce the ability of the Partnership to make attractive new investments or extend the time for the Partnership to be able to acquire or dispose of investments objectives. The recent conflict between Ukraine and Russia, and the sanctions recently adopted by the United States, the European Union and other countries presents significant economic, market and other risks.

Market Conditions. The capital markets have experienced great volatility and financial turmoil, including, without limitation, following the COVID-19 outbreak and the recent outbreak of war between Russia and Ukraine. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature – including sanctions) may have a negative effect on market conditions. General fluctuations in the market prices of investments and economic conditions generally may reduce the availability of attractive investment opportunities for a Fund and may affect a Fund’s ability to make investments. Instability or volatility in the markets and economic conditions generally (including during periods of high inflation, a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in a Fund’s investments and could have a negative impact on the performance and/or valuation of the investments. A Fund’s performance can be affected by deterioration in the capital markets and by market events. Volatility and illiquidity in the financial asset class may have an adverse effect on the ability of a Fund to sell and/or partially dispose of its investments. Such adverse effects may include the requirement of a Fund to pay break-up, termination or other fees and expenses in the event a Fund is not able to close a transaction (whether due to the lenders’ unwillingness to provide previously committed financing or otherwise) and/or the inability of a Fund to dispose of investments at prices that the AIFM, the General Partner or the Investment Advisor believes reflect the fair value of such investments. The impact of market and other economic events may also affect a Fund’s ability to raise funding to support its investment objective. A Fund’s strategy in some investments may be based, in part, upon the premise that real estate businesses and assets will be available for purchase by a Fund at prices that the Firm considers favorable. Further, a Fund’s strategy may rely, in part, upon local market recoveries from a market dislocation event (e.g., COVID-19 or Russia-Ukraine conflict) for which the Firm forecasts a correction during the life of a Fund. No assurance can be given that real estate businesses and assets can be acquired at favorable prices or that the market for such assets will recover or continue to improve, if applicable, as anticipated by the Firm, since this will depend, in part, upon events and factors outside the control of the Firm, the General Partner or the AIFM. In addition, there can be no assurance that current market conditions may not deteriorate during the life of a Fund, which could have a material adverse effect on the assets of a Fund. Actual or perceived trends in real estate markets do not guarantee, predict or forecast future events, which may differ significantly from those implied by such trends.

Force Majeure & Catastrophic Risks. There is a risk that investments owned directly or indirectly by the Firm or the Funds will be impacted or affected or harmed by force majeure events (*i.e.*, events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, terrorist attacks, flood, governmental intervention, earthquakes, natural disasters, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes and telecommunication failures). There is a risk that some force majeure events will adversely affect the ability of a party (including an investment, a tenant of an investment, a customer of a tenant of an investment, a counterparty of an investment or a counterparty of a Fund or a subsidiary thereof) to perform its obligations until it is able to remedy the force majeure event. Such a party could also claim force majeure for nonperformance of its contractual obligations. Certain force majeure events (such as an outbreak of an infectious disease (including the COVID-19 global pandemic)) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries or jurisdictions in which investments are located. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over an investment, could result in a loss to a Fund. Any of the foregoing would therefore adversely affect the performance of a Fund or any of its investments. In February 2022, armed conflict escalated between Russia and Ukraine and Russia invaded Ukraine. In response to Russia’s invasion of Ukraine, the United States, the European Union and various other countries have announced, and continue to announce and expand, sanctions against or targeting Russia and various important Russian people and companies. These sanctions currently include, among others, restrictions or bans on selling or importing goods, services or technology in or from Russia, bans on Russian energy imports, and travel bans and asset freezes impacting connected individuals and political, military, business and financial organizations in Russia. The U.S. and other countries could impose wider or more

significant sanctions and take other actions against Russia, or its interests should the conflict further escalate or deteriorate. The Ukraine-Russian conflict has led to, and may continue to lead to, significant political, geopolitical, economic and market turmoil and volatility, including dramatic increases in oil and gas prices and further supply chain disruptions. It is not possible to predict the broader consequences of this conflict or the sanctions imposed or applied as a result thereof, which could include further sanctions, embargoes, regional instability, geopolitical shifts, conflicts and adverse effects on macroeconomic conditions, currency exchange rates and financial markets, all of which could impact a Fund's business, financial condition and results of operations.

Financial Institution Risk; Distress Events. An investment in the Funds is subject to the risk that banks, lenders or other custodians (each, a "Financial Institution") of some or all of the Funds' assets fail to timely perform their obligations or experience insolvency, closure, receivership or other financial distress or difficulty (each, a "Distress Event"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, the Firm and/or the Funds may not be able to access deposits, borrowing facilities or other services, either permanently or for an extended period of time. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation ("FDIC"), in the case of banks, or the Securities Investor Protection Corporation ("SIPC"), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. While in recent years governmental intervention has often resulted in additional protections for depositors and counterparties during Distress Events, there can be no assurance that such intervention will occur in a future Distress Event or that any such intervention undertaken will be successful or avoid the risks of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of the Firm to manage the Funds and their investments and on the ability of the Firm and the Funds to maintain operations, which in each case could result in significant losses. Such losses have the potential to include a loss of funds and the inability of Funds to acquire or dispose of investments or acquire or dispose of such investments at prices that the Firm believes reflect the fair value of such investments. If a Distress Event leads to a loss of access to a Financial Institution's services, it is also possible that the Funds will incur additional expenses or delays in putting in place alternative arrangements or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, access to capital or otherwise). Although the Firm expects to exercise contractual remedies under agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays. The Funds are subject to similar risks if a Financial Institution utilized by investors in the Funds or by suppliers, vendors, service providers or other counterparties of the Funds becomes subject to a Distress Event, which could have a material adverse effect on the Funds.

A Financial Institution may require, as a condition to using its services (including lending services), that the Firm and/or the Funds maintain all or a set amount or percentage of their respective accounts or assets with the Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institution. Although the Firm seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their obligations to the Funds, the Firm is under no obligation to use a minimum number of Financial Institutions with respect to any Fund or to maintain account balances at or below the relevant insured amounts.

The foregoing risk factors are not a complete description of all risks associated with the Firm's investment strategies. Prospective investors are strongly encouraged to review the particular Fund's offering and

governing documents and to consult with legal and tax counsel as needed to consider relevant risk factors prior to making any decision to invest.

ITEM 9. DISCIPLINARY INFORMATION

The Firm is required to disclose all material facts regarding any legal or disciplinary events that would be material to an investor's evaluation of the Firm, or the integrity of its management. The Firm has no reportable disciplinary events to disclose.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Entities affiliated with Humphreys Capital and its principals serve as General Partners of Fund II, Fund III and Fund IV. Pursuant to SEC guidance, the General Partners are not registered with the SEC under the Advisers Act but rather rely on Humphreys Capital's registration. The General Partners and all employees and persons acting on their behalf are "persons associated with" and "supervised persons" (as each term is defined in the Advisers Act) of Humphreys Capital.

Certain officers, principals, management persons and other affiliated persons and entities of Humphreys Capital hold direct and/or indirect personal investments in various entities, companies, properties and other assets, including public companies, private investment partnerships, limited liability companies, trust companies and family investment vehicles or offices, and serve on boards of directors, investment committees and advisory boards for certain companies or businesses (including publicly traded companies, trust companies and family investment vehicles or offices). In addition, certain members of the Firm's Investment Committee spend substantial time involved in other businesses not related or affiliated with Humphreys Capital. The Firm does not believe that these investments and positions raise material conflicts of interest with clients or otherwise result in relationships or arrangements by such persons with any related person that are material to the Firm's advisory business or clients of the Firm.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

The Firm has adopted and implemented a Code of Ethics, which sets forth standards of business conduct for its supervised persons. Humphreys Capital's Code of Ethics is designed to educate supervised persons about the Firm's philosophy regarding ethics and professionalism, emphasize its fiduciary duties to clients, encourage supervised persons to comply with applicable laws, prevent the misuse of material non-public information, the circulation of rumors and other forms of market abuse and address material conflicts of interest that arise from personal trading. Subject to the terms of the Code of Ethics, the Firm generally imposes restrictions on employees relating to the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons. Access Persons generally will be required to submit (i) initial and annual reports of their personal securities holdings and (ii) quarterly reports of all their personal securities transactions within 30 days after the close of each calendar quarter. In addition, employees must seek prior approval from the Chief Compliance Officer before (a) buying or selling any security of an issuer on the Firm's Restricted List, (b) completing a transaction in commercial real estate related investments (c) participating in initial public offerings (IPOs) or (d) making private investments. Notwithstanding these restrictions, employees may be permitted to buy, sell or hold securities that are held by, have been purchased or sold by, or are being considered for purchase or sale by clients.

The Firm will also maintain certain policies and procedures designed to prevent supervised persons from misusing material non-public information and to address certain actual and potential conflicts of interest

that may arise when supervised persons engage in outside business activities or accept, provide, offer or give gifts or entertainment events. The Firm will provide a copy of its Code of Ethics to clients upon request.

Transactions Involving Conflicts of Interest

Each of the Funds has established a Board of Directors (“**Directors**”) or Limited Partners’ Advisory Committee (“**LPAC**”) composed of various representatives of the investors in such Fund. In addition to any other waiver, consent or approval rights of the Directors or LPAC expressly set forth in the governing documents of such Funds, the Firm generally intends to present to the Directors or LPAC for its prior review and approval any transaction in which the Firm has a conflict of interest, and any matter that, with respect to the Advisers Act, would require the approval of the Fund or Fund investors. If the Directors or LPAC consent to or approve any such transaction or matter, the Firm may cause the Fund to engage in such transaction without seeking any other approval of the investors.

Principal transactions are transactions (i) where an adviser, acting as principal for its own account, knowingly buys securities from, or sells securities to, a client and (ii) where an affiliate or controlling person of the adviser is acting in a principal capacity with clients of the adviser (i.e., where Humphreys Capital or an affiliate cause a client to engage in a trade with an affiliate of Humphreys Capital). Section 206(3) of the Advisers Act generally prohibits an investment adviser from engaging in a principal transaction unless such adviser (i) makes written disclosure to the client of the capacity in which it is acting and (ii) obtains the client’s consent to the transaction. The Firm generally will not engage in a principal transaction with respect to any of the Funds unless the Firm obtains the prior approval of the applicable Directors or LPAC (in accordance with the provisions set forth in the applicable Fund governing document or offering memorandum).

Employees are required to report any outside business activities generating revenue. If any are deemed to be in conflict with clients, such conflicts are fully disclosed, or the employee is directed to cease this activity.

ITEM 12. BROKERAGE PRACTICES

The Firm has not historically purchased publicly traded securities; as a result, it does not maintain contracts with broker-dealers and does not engage in soft dollar practices, directed brokerage or trade aggregation. In the event the Firm determines to acquire publicly traded securities through the Funds in the future, the Firm expects to contract with broker-dealers for such purpose on customary market terms.

Allocation of Investment Opportunities

Humphreys Capital acts as investment adviser with respect to various Funds (and may in the future act as investment adviser with respect to additional pooled investment vehicles) that have or may have overlapping investment objectives which may present potential for conflicts of interest with respect to various clients. As an adviser registered under the Advisers Act, the Firm is generally required to resolve conflicts of interest on a fair and equitable basis under the circumstances. In allocating investment opportunities, the Firm will take into account factors including (but not limited to) the terms of the applicable governing and offering documents, the size of the investment opportunity, the various investment objectives of the different Funds, the nature of the other potential acquirers, target rates of return, diversification considerations, risk profile, available capital and expected holding periods. The methodology for determining whether to allocate an investment to any Fund, and the factors taken into account in determining such allocation, will likely vary over time and on a case-by-case basis. Any such allocation or joint participation involving a Fund will be in accordance with the applicable governing and/or offering documents and applicable law. The Firm’s Investment Committee has established an Investment

Policy Agreement to establish certain guidelines to minimize conflicts of interest in connection with presenting and considering potential investment opportunities.

Subject to the applicable governing documents, the Firm may cause a Fund to co-invest with other entities, including Fund investors, the Firm or its affiliates, so long as such arrangements do not materially adversely alter the economic or control rights of the investors set forth in the respective governing documents of the Fund. The Firm will seek to allocate co-investment opportunities in a manner that is fair and equitable to those investors who have expressed an interest in participating in co-investments; provided that the Firm will have ultimate discretion as to the allocation decision. With respect to any investment in which co-investors directly or indirectly co-invest with or alongside a Fund, any investment expenses and costs related to such investment generally will be borne by the Fund and such co-investors in proportion to the capital invested by each in such investment or on such other basis deemed by us to be fair and equitable under the circumstances. Notwithstanding the foregoing, the Firm may, subject to the terms of the applicable governing documents of a Fund, structure any co-investment opportunity such that the proposed co-investors do not or will not bear or pay any costs or expenses associated with proposed investments that are not consummated and, in such event, a Fund may be required to bear and pay all of such expenses.

ITEM 13. REVIEW OF ACCOUNTS

Generally, the Firm's Investment Committee is responsible for (i) the evaluation of whether an investment is suitable for a respective Fund, (ii) the continuous monitoring of the investments held by a Fund, and (iii) any material changes to the business plan applicable to the investments. The Investment Committee reviews investments on a regular basis. The Investment Committee generally meets in-person twice per month (occasionally supplemented by videoconference) to assess and discuss potential investments.

Reports to Clients

The Firm generally provides quarterly unaudited financial statements and written summary descriptions of investments to the relevant Fund investors. As required by and described below in Item 15, Custody, investors will receive audited financial statements for the Fund (together with a statement of each investor's capital account and a valuation of the Fund's portfolio) on an annual basis in accordance with U.S. generally accepted accounting principles ("**GAAP**") within 120 days after its fiscal year end. In response to questions and requests, the Firm may provide additional information to certain investors that is not distributed to other investors. Such investors may make investment decisions with respect to their investments in the Funds based upon such information.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

Humphreys Capital does not receive any economic benefit from any person who is not a client in exchange for the provision of investment advice or other advisory services to its clients.

Referrals

The Firm has signed a placement agent agreement pursuant to which HREIF compensates the third party for referrals that result in a potential investor becoming a member in HREIF. Such placement arrangements may be a flat fee or based on a percentage of commitments.

ITEM 15. CUSTODY

The Firm is deemed to have custody of the underlying assets of each of the Funds due to its role as manager of HREIF and its affiliation with each General Partner. The Firm holds cash and any certificated securities

of its clients at an unaffiliated qualified custodian, to the extent required by Rule 206(4)-2 under the Advisers Act.

In compliance with the audit approach exception to the custody rules for privately offered securities set forth in Rule 206(4)-2 under the Advisers Act, the Firm will provide investors with audited financial statements, prepared in accordance with GAAP, on an annual basis within 120 days after the Fund's fiscal year end. Financial statements are audited by a Public Company Accounting Oversight Board-registered and inspected firm. Investors should review these audited financial statements carefully.

ITEM 16. INVESTMENT DISCRETION

The Firm has discretion to make all investment decisions for its clients, subject to any applicable investment criteria or other restrictions and limitations set forth in the applicable governing documents. Individual investors do not have the ability to impose limitations on the Firm's discretionary authority.

Each investor in the Funds grants Humphreys Capital or the General Partner of a Fund, as applicable, a limited power of attorney to enable such party to take various ministerial actions with respect to the Fund on its behalf. The manager or General Partner of each Fund has the authority to act on behalf of the Funds in connection with the acquisition and disposition of investments.

ITEM 17. VOTING CLIENT SECURITIES

The Firm does not vote client securities, as the Firm does not currently invest in publicly traded securities on behalf of its clients.

ITEM 18. FINANCIAL INFORMATION

The Firm is required to disclose any financial condition that is reasonable likely to impair its ability to meet contractual obligations to its clients or investors. The Firm is not aware of any financial condition that impairs its ability to meet contractual obligations to its clients or investors. The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.