REHMAN CAPITAL GROUP LLC

Investor Frequently Asked Questions

Plain-English answers to the most common questions from prospective investors about how Rahman Capital Group investments work.

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Investor Frequently Asked Questions (FAQ)

This document answers the most common questions we receive from prospective investors. If your question is not answered here, please contact us at invest@rehmancapitalgroup.com.

SECTION 1 — GETTING STARTED

Q: Who can invest with Rahman Capital Group?

Our investments are offered exclusively to **Accredited Investors** as defined by the U.S. Securities and Exchange Commission (SEC). An accredited investor is a New Jersey Corporation.

Q: What is the minimum investment?

The minimum investment is **$100,000 per deal**. This minimum is set to ensure that our investor base consists of serious, committed capital partners and to keep our investor count manageable for efficient reporting and communication.

Q: How do I get started?

The process is straightforward:

1. Contact us at invest@rahmancapitalgroup.com to express interest
2. We schedule an introductory call to discuss your investment goals and our current opportunities
3. You complete our Investor Questionnaire (accredited investor verification)
4. We provide you with the Private Placement Memorandum (PPM) for the current offering
5. You review the PPM with your attorney or financial advisor (we encourage this)
6. You execute the Subscription Agreement via DocuSign
7. You wire your investment to our designated escrow account
8. You receive a welcome letter, investor portal access, and confirmation of your investment

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Q: Do I need to be a New Jersey resident to invest?

No. We accept investments from accredited investors in most U.S. states. However, certain states have additional securities registration requirements. Our securities attorney will confirm eligibility for your state before you invest.

SECTION 2 — THE INVESTMENT STRUCTURE

Q: How are investments structured?

Each investment is structured as a **Regulation D, Rule 506(b) private placement**. You invest as a **Limited Partner (LP)** in a deal-specific LLC (Special Purpose Vehicle or SPV). Rahman Capital Group serves as the **General Partner (GP)** or Managing Member, responsible for all acquisition, management, and disposition decisions.

This structure provides:

- **Liability protection** — your liability is limited to your invested capital
- **Pass-through taxation** — income, losses, and depreciation pass through to you personally (no double taxation)
- **Clean deal isolation** — each deal is its own entity; one deal's performance does not affect another

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Q: What is a preferred return and how does it work?

A preferred return (also called a "Pref") is a guaranteed minimum annual return that investors receive before the Sponsor (Rehman Capital Group) earns any profit share.

Example: If the preferred return is 8% and you invest $100,000:

- You receive $8,000 per year (paid annually) before we take any profits
- If the property generates less than 8% in a given year, the shortfall accumulates and must be paid from future distributions or sale proceeds before we earn our profit share
- Only after you have received your full 8% preferred return AND your original $100,000 back do we share in the remaining profits (50% to you, 50% to us)

Q: What is the profit split?

After investors receive their preferred return and return of capital, remaining profits are split **50% to investors (pro-rata) and 50% to Rehman Capital Group** as the Sponsor. This is called the "carried interest" or "promote."

Q: Do the principals invest their own money?

Yes. Our principals invest their own capital alongside investors in every deal. We believe strongly in alignment of interests — we will not ask you to invest in something we are not willing to invest in ourselves. This is a non-negotiable principle of how we operate.

SECTION 3 — RETURNS AND DISTRIBUTIONS

Q: When and how are distributions paid?

Cash distributions are paid **annually** — on the 15th day of February following each calendar year. Distributions are wired directly to your bank account on file.

Q: Are returns guaranteed?

No. Returns are never guaranteed in private investments. The preferred return is a contractual priority — meaning we cannot take profits until you receive it — but it is not a guarantee of performance. If the investment underperforms, your preferred return may not be fully paid. We provide conservative projections and stress-test every deal to minimize this risk, but we will never promise guaranteed returns.

Q: What returns can I realistically expect?

Our target returns vary by asset class and deal-specific factors. As a general range:

Asset Class	Target Annual Cash-on-Cash	Target IRR (Total Return)
Multifamily Apartments	7–10%	12–18%
Hotels	8–12%	15–22%
Land Development	N/A (development)	20–35%
Cemetery Development	10–15%	18–28%
Business Acquisitions	8–12%	20–30%

These are targets, not guarantees. Actual results will vary.

Q: How do I make money on a real estate investment?

There are two primary sources of return:

1. **Cash Flow (Income Return):** Quarterly distributions from rental income or operating revenue, net of expenses and debt service. This is your preferred return.

1. **Appreciation (Capital Gain):** When the property is sold, you receive your pro-rata share of the sale proceeds above your original investment. This is typically the larger component of total return.

For development deals (land, cemetery), there is typically no cash flow during the development period. Returns are realized primarily at sale or stabilization.

SECTION 4 — LIQUIDITY AND EXIT

Q: Can I sell my investment or get my money back early?

Private real estate investments are **illiquid**. There is no public market for your membership interest, and early redemption is generally not available. You should plan to hold your investment for the full projected hold period (typically 3–7 years depending on the deal).

In limited circumstances (death, disability, extreme financial hardship), we may work with you on a transfer of your interest to a qualified buyer, but this is not guaranteed and may result in a discount to fair value.

Do not invest capital that you may need access to within the hold period.

Q: What happens at the end of the hold period?

At the end of the projected hold period, we will execute one of the following exit strategies:

- **Sale:** The property is sold to a third-party buyer. Sale proceeds are distributed per the waterfall (return of capital → preferred return → profit split).
- **Refinance:** If the property has appreciated significantly, we may refinance to return a portion of investor capital while retaining the asset for continued cash flow.
- **Recapitalization:** In some cases, we may bring in a new equity partner to buy out existing investors at a negotiated price.

We will communicate our exit strategy and timeline to investors well in advance.

SECTION 5 — TAXES AND REPORTING

Q: How is my investment taxed?

Your investment is held in an LLC that is taxed as a partnership. This means:

- The LLC does not pay income tax — all income, losses, and deductions pass through to you personally

- You receive an annual **K-1 tax form** (Schedule K-1, Form 1065) showing your share of income, losses, depreciation, and other tax items
- Real estate investments often generate **depreciation deductions** that can offset your taxable income (a significant tax advantage)
- Consult your personal CPA or tax advisor regarding the specific tax treatment of your investment

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Q: When will I receive my K-1?

We target delivery of K-1 forms by **March 31** each year for the prior tax year. In some cases, complex deals may require an extension to September 15. We will notify you in advance if an extension is needed.

Q: Will I receive audited financial statements?

Yes. We provide **annual audited financial statements** for each deal LLC, prepared by an independent licensed CPA firm. These are provided to all investors by April 30 each year.

SECTION 6 — MANAGEMENT AND OPERATIONS

Q: Who manages the properties?

Day-to-day property management is handled by professional third-party property management companies with deep expertise in their respective asset classes. Rehman Capital Group serves as the asset manager — we oversee the property manager, approve major decisions, and ensure the business plan is being executed.

Q: What happens if something goes wrong with a deal?

We communicate transparently with our investors — good news and bad. If a deal encounters challenges (unexpected repairs, vacancy, market downturn), we will notify investors promptly, explain the situation, and outline our plan to address it. We have the construction, legal, and operational expertise to navigate most challenges that arise in real estate.

In the worst case — if a deal results in a loss — your liability is limited to your invested capital. You cannot lose more than you invested.

Q: How do I monitor my investment?

- Your investment summary and ownership percentage
- Annual financial statements
- K-1 documents
- All deal-related communications

Q: How often will I hear from Rehman Capital Group?

Communication	Frequency
Property/business update email	Yearly
Financial statement	Yearly
Cash distribution	Annually
Audited financial statements	Annually
K-1 tax form	Annually
Annual investor letter	Annually
Major news/decisions	as needed

SECTION 7 — LEGAL AND COMPLIANCE

Q: Is this a registered securities offering?

No. Our offerings are made pursuant to an exemption from registration under **Regulation D, Rule 506(b)** of the Securities Act of 1933. This exemption allows us to raise capital from accredited investors without registering the offering with the SEC, provided we file a **Form D** with the SEC within 15 days of the first sale and comply with all applicable anti-fraud provisions.

Q: Should I consult an attorney or financial advisor before investing?

Yes — absolutely. We encourage every prospective investor to review our Private Placement Memorandum with their personal attorney and/or financial advisor before making an investment decision. Private investments carry significant risks and are not suitable for all investors.

Q: What documents will I receive?

Before investing, you will receive:

- **Private Placement Memorandum (PPM)** — the full offering document
- **Operating Agreement** — the LLC governance document
- **Subscription Agreement** — the investment contract
- **Investor Questionnaire** — accredited investor verification form

After investing, you will receive:

- Welcome letter and investor portal access
- Anual financial statements and distributions
- Annual K-1 tax forms and audited financials
- All material deal communications

This FAQ is for informational purposes only and does not constitute legal, tax, or financial advice. Please consult your own advisors before making any investment decision.

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