



FREQUENTLY ASKED QUESTIONS

Q. Can you describe your company?

A. National Real Estate Holdings (NREH) is dedicated to providing wealth-building strategies to real estate buyers. We do this by providing the education, training, motivation, and networking opportunities necessary to successfully and confidently explore the world of real estate. Through our monthly educational meetings, we provide attendees with a first look at real estate options and market intelligence while creating an environment where networking relationships can take place.

We focus on a number of alternative strategies because it is critical during this time of turmoil in the financial markets to identify niche opportunities to help preserve, and grow, real estate wealth. Due to the stability of the industry segment, one of our flights to safety in this tumultuous economy is commercial real estate in the healthcare sector.

Q. How do you locate these properties you market?

A. NREH has developed strong relationships with top-notch brokers/developers specializing in medical-related properties to acquire high caliber commercial real estate that meet our stringent guidelines. Our contacts are constantly on the lookout for suitable projects and contact us directly before these opportunities hit the open market.

Q. Do you have to qualify for a loan to invest?

A. No, the LLC actually procures a non-recourse loan in behalf of our clients so that you can purchase your membership share without qualifying for a loan individually.

Q. What is a non- recourse loan?

A. If for some reason unforeseen circumstances should occur where the LLC should default on the loan, there is no recourse to the members that purchased the membership interest in this LLC.

Q. What is your “stringent criteria” for choosing properties?

- A.** We focus on projects that are:
- Newer, quality construction in a stable geography
 - 100% occupied with regular rent increases
 - Long term NNN or Absolute NNN leases with regular rent increases
 - Strong tenants with superior credit ratings
 - Significant positive cash flow

- Non-recourse funding
- Medical or Institutional properties

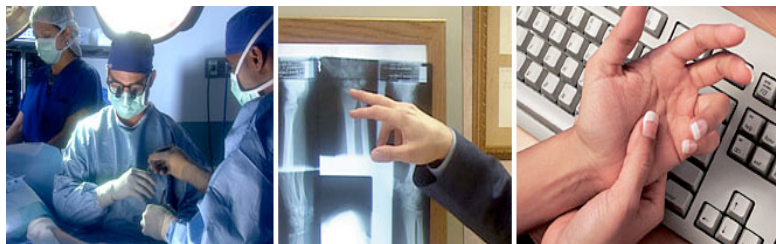
Q. Will this purchase or my obligation show up in my credit report?

A. No. Since the LLC is the sole recipient of the commercial loan, you will not be reported to any credit bureau.

Q. Can I use my IRA or 401K funds to invest or does it have to be cash?

A. Yes, as a matter of fact there are a variety of ways to fund this project. You can use:

- *Self directed IRA or 401K funds*
- *Borrow from your 401k*
- *Pooled money*
- *Children's educational fund*
- *Family Trust*
- *Decedent IRA*
- *Sep IRA*
- *Keogh*
- *Home equity line (put your equity to work)*



Q. Can I invest together with my friends or my family?

A. Yes, you can form a single entity LLC and invest together.

Q. Can I 1031 into this property?

A. The answer is Yes and No. There are some costs associated with accommodating a 1031 exchange into this LLC. There are minimum threshold requirements that need to be met and you will have to share in the legal costs associated with this transaction. We will be more than happy to discuss the particulars if you are interested.

Q. Are we planning to 1031 out of this project?

A. Our intentions are to 1031 out of this project at least once. Remember that in order for this to happen the LLC has to make the exchange as a whole. Members will not be able to exchange their individual membership interest on their own. The majority of our members will have to agree to an exchange to successfully complete this task. We will solicit our members at the time of our exit and make that final decision.

Q. How often are we going to get our distribution checks?

A. We plan on making a distribution on a semi annual basis. You can expect your first check starting the 7th month after the close of escrow and semi-annually thereafter.

Q. How much is the projected distribution amount going to be?

A. Please refer to page 16 on your confidential overview. The projected distribution amount increases on an annual basis. There is a 1.5% bump on the rent every year and your distribution will increase accordingly. Our estimated return will start at 6.64% (year one) and steadily increase to 8.5% by year seven.

Q. Are these distributions taxable income?

A. Yes. You will be receiving a K1 after year-end and will be required to be filed with your tax returns. However, if you are using your retirement funds to invest, the taxes will

be tax differed. We are not tax consultants and you should discuss this with your qualified tax accountant or your CPA.

Q. Can we take advantage of the depreciation schedule associated with this project?

A. Yes, if you are using after tax dollars, the depreciation should more than offset your distribution and should become tax differed. Again, we do recommend you to consult with your tax consultant and or your qualified tax accountant or your CPA.

Q. Is this membership interest liquid? Can I sell them if I need the money before we exit this project?

A. You should only invest in this type of a project if the funds you are using are discretionary in nature! One disadvantage of this type of an investment is that the funds are not as liquid as you would see in an equities market. Although there are no guarantees, we could certainly assist you in selling your membership.

Q. Who makes all the decisions concerning this project?

A. The managing member does. Your managing members are Jim Ross and Dolf de Roos. If you have 30 plus members making all the day-to-day decisions, you are asking for trouble! The managing members maintain open communication and provide quarterly and annual reports on the projects. If the members are not happy/satisfied with the leadership provided, the members have the power to vote them out and re-elect new managing members.

Q. What is a triple net lease? (NNN) An Absolute NNN lease?

A. Triple net is a typical acronym used by the commercial sector in the real estate industry. In a NNN lease the tenant or lessee agrees to pay all real estate taxes, building insurance, and maintenance (the three 'Nets') on the property in addition to any normal fees that are expected under the agreement (rent, etc.). In such a lease, the tenant or lessee is responsible for all costs associated with repairs or replacement of the structural building elements of the property. In an Absolute NNN lease all of the expenses, including the roof and structure, are the responsibility of the tenant.

Q. How long are the leases?

A. All of our subject properties that we are involved with are 100% leased with long-term leases in place. Our current lease runs for 15 years with 2 ten-year options. We prefer to dispose of the properties while there are a number of years remaining on the lease to make it more attractive to potential buyers.

Q. How old are these buildings?

A. We typically do not get involved in older buildings that need to be rehabbed. Our current project is a brand new building in an excellent metro location!