



## Estimated income Fund I Equity:

Month / Year	December 2016	January 2017
Estimated Value of Fund Includes 3MM Cash	\$122,500,000	\$111,134,620
Third Party Debt	\$55,350,000	\$48,195,937
Estimated Total Equity of Fund	\$67,150,000	\$62,938,683
Members Invested Capital	\$58,900,000	\$58,160,000

"As of December 29, 2016 our fund is estimated to be valued at \$111,134,620



### Upcoming Event

Seminar, January 28th  
Newport Beach  
Happy New Year!!!!!!

## Happy New Year to all our members, family, and friends.

We hope you enjoyed your holidays, we are all looking forward to a healthy and prosperous 2017!

We are anticipating a strong start for the New Year. On December 15, 2016, Strategic closed on the sale of Windsor Townhomes. This 184 unit apartment community, located at 4170 Altoona Drive, Dallas, Texas, sold for \$11.15 Million. We acquired this property on May 28, 2014, and after renovations, our cost basis was \$6.65 million, which resulted in a net profit of approximately \$4.5 million. The proceeds from this sale will allow us to purchase more properties in 2017 should the right opportunities present themselves.

The last 4 years have been a growth phase for our Fund while we were purchasing as many distressed assets as we could manage.

During this period, we raised capital from investors which allowed us to purchase and renovate the properties. As we complete the renovations and market for lease the newly renovated units, we expect to see the occupancies climbing at each property. Our 2016 goals were to wind down renovations on the existing portfolio while acquiring more stabilized properties with a value add potential.

In 2017, our goal is to manage each renovation property to stabilization while maintaining 90% occupancy in our fund. We have attached our 2016 year end occupancy chart for your review, you will notice that 2 of the 4 large renovations, Broadmoore Gardens & Camelot, are currently achieving 90%+ occupancy. We still have the 250 unit parcel of Meadow View Townhomes, in Newport News, VA, under contract to sell and anticipate closing in the first quarter of 2017. The

other 400 unit parcel is currently at approximately 76% occupancy and we expect that to continue to climb. We anticipate completing the renovation on the 400 unit parcel by the end of the first quarter 2017. There are only 43 units remaining to complete.

This year, we are also seeking to refinance several of our newly stabilized properties with inexpensive long term financing. We expect that this will allow us to buy more assets that fit our Fund Investment strategy and guidelines. Our acquisitions team is proactive in researching properties in anticipation of deploying the funds prudently and efficiently.

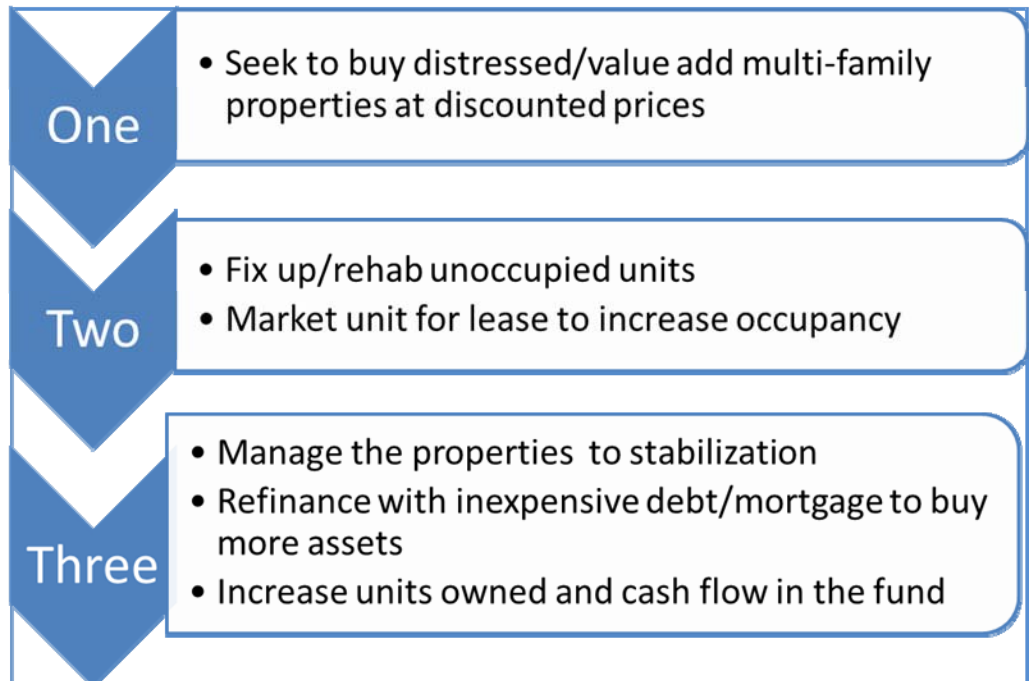
We will continue to raise funds for Series 1A until its maximum offering is exhausted. (Series 1B, Series 1C, and Series 1D are closed)



### Our Fund

As our investors rebalance their assets, we occasionally receive requests for redemption or withdrawal. Although the particular guidelines surrounding redemption and withdrawal are covered on page 40 of our PPM, they are essentially that Members of the Fund are required to be a Member for at least six (6) months and submit a request for withdrawal at least thirty (30) days in advance. Generally speaking, Series 1-A Membership Interests are given priority over Series 1-B, 1-C, 1-D, and so on in that order. While the Fund Manager may waive some or all withdrawal requirements where a Member is experiencing undue hardship, the Manager must also use its best efforts (not guaranty) to honor requests for a return of capital subject to, among other things, the Fund's then existing cash flow, financial condition, and prospective investment opportunities. In order to best balance these duties, we want you to know that where Fund Members hold more than one Series Membership Interests, withdrawal and redemption requests will be considered on a First-In-First-Out ("FIFO") basis. This means that when, for example, a

## Strategic Holdings Investment Strategy



Member holds both 1-A and 1-C Membership Interests, with the 1-C Interests representing the first investment the Member made into the Fund, that upon a withdrawal and redemption request the 1-C interests would be the first to be withdrawn by and redeemed to that Member. By adopting this strategy for redemptions, the Fund Manager may continue to balance the needs of individual Members with those of the entirety of

the Fund. If you have any questions or would like clarification, please do not hesitate to contact Patty Franklin @ 805-764-5128.

Lastly, thank you for supporting our Investment strategy and team. We strive to continually be transparent so you can truly be a part of a growing fund. We have received several compliments and enjoy hearing feedback from our members.

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