



Estimated Income Fund I Equity:

Month/Year	February 2016	March 2016
Estimated Value of Fund	\$78,250,000	\$82,000,000
Third Party Debt	\$38,718,000	\$38,700,000
Estimated Total Equity of Fund	\$39,530,000	\$43,300,000
Members' Invested Capital (1A, 1B, 1C)	\$35,870,000	\$37,800,000

As of March 31, 2016

**Series 1A 8.5%
&
Series 1B 10%**

**Still available to
new investors**

Strategic Holdings Monthly Update

Dear Investors,

We are pleased to announce that our accounting firm has completed Strategic Holdings 2015 Audited Financials.

In short, the Fund experienced a great year in 2015 as we continue to execute our plan of re-positioning and stabilizing the deeply distressed properties that were purchased in the 4th quarter of 2014 and the beginning of 2015. As you may remember, beginning around the middle of 2014, cap rates started creeping down as values were being pushed up. Anticipating a trend, Strategic Holdings shifted into opportunity

mode by purchasing deeply discounted properties in need of rehabilitation and re-positioning. To this end, Strategic Holdings purchased about 2,000 units from Q4 2014 through the first half of 2015. Our strategy proved correct as there are fewer distressed deals available today.

The success of this long-term strategy, however, is not without a bit of expected short-term indigestion -- purchasing deeply discounted properties in need of rehabilitation and re-positioning results in a certain percentage of these properties being

under construction at any given time, which in turn means below market occupancy and rent revenue.

Today, we are at around 60% portfolio-wide occupancy and by the fourth quarter of 2016, we anticipate portfolio occupancy of between 80% and 85%, trending to 90% by the middle of 2017. We anticipate a 2016 portfolio-wide Net Operating Income of \$4.5 million dollars after reserves, along with some opportunity for profit events through the sale of mature assets. Should the trends we describe here remain static throughout 2017, we anticipate a

As of May 1, 2016 we will be at
our new office located at
4550 E. Thousand Oaks Blvd.
Suite 200
Westlake Village, CA 91362



Visit us at our new office located at 4550 E. Thousand Oaks Blvd. Suite 200 Westlake Village, CA 91362

portfolio-wide Net Operating Income of \$8.5 million dollars after reserves.

We forecast the trend of more capital chasing less yield to continue through most of 2016 and into 2017, if not 2018. We will continue to focus our acquisition strategy towards stabilized assets. By acquiring stabilized assets with possible value-add opportunity instead of opportunistic purchases with heavy renovation and lease up components, we anticipate opportunity for strong cash flow and minimal construction risks to the Fund, which squares perfectly with our long term view of the Fund -- the migration from the infancy of an opportunity fund to the maturity of a growth fund.

The 2015 Financials state an important chapter in a larger story. Our Members are an even more important part of our story, and we invite you to call upon us with any questions or for further information.



305 West Air Depot, Gadsden, Alabama

Ask Patty



EVP of Investor Relations

Our K-1's were mailed out to investors on March 25, 2016. If you have not received your K-1's, please contact me at 805-764-5128.

Our 2015 Audited Financials are complete. All of our investors will be receiving an electronic copy within the next week. If you would like a hard copy, please contact Diane Rangel at diane.rangel@strategicholdings.com.

We are excited to re-locate to our new office in Westlake Village on May 1, 2016. Please take note of our new address. We will update you on any new department phone number changes when we receive the information.

This is not an Offer to Purchase or Sell Securities. This overview is for informational purposes and is not an offer to sell or a solicitation of an offer to buy any securities in the Private Placement Memorandum (PPM) of Strategic Diversified Real Estate Holdings, LLC. and may not be relied upon in connection with the purchase or sale of any security. Interests in the PPM, if offered, will only be available to parties who are "accredited investors" (as defined in Rule 501 promulgated pursuant to the Securities Act of 1933, as amended) and who are interested in investing in the PPM on their own behalf. Any offering or solicitation will be made only to qualified prospective investors pursuant to a confidential offering memorandum, and the subscription documents, all of which should be read in their entirety.