

Estimated Gain on Held Assets: January 2015*

Month/Year	December 2014	January 2015
Estimated value of Fund	\$56,335,000	\$58,917,000
Third party debt	\$27,513,000	\$27,487,000
Estimated total equity of Fund	\$28,822,000	\$31,430,000
Members' Invested Capital (1A, 1B, 1C)	\$14,625,000	\$15,305,000

*As of January 29, 2015



THE CEO'S DESK:

Dear Investors,

"The value of the fund is now almost \$60 million."

Looking back at 2014, thanks to YOU, Strategic Holdings had a phenomenal year! We grew the fund asset value from approximately \$25 million to nearly \$60 million. We acquired an additional 1,753 multi-family units, 3,100 square feet of office space and 64,970 square feet of retail space for \$24 million; with a current estimated value of \$42 million.

We also sold \$9 million in assets at a price of \$11.75 million, for an annualized return of 29% and reduced our overall cost of debt to 6.26%, all while keeping leverage at a conservative 43%.

We raised an additional \$11,750,000 in investor member equity during 2014 and currently the fund has approximately \$16

million of surplus equity, over and above the \$14.5 million of investor member shares.

We expect 2015 to be the best year since 2006 for the commercial real estate sector because of improved employment, increased income, and the resulting formation of additional households. 2015 is expected to be the strongest of the recovery with real gross domestic product (GDP) forecasted to increase at a 3.3% rate, roughly 50% faster than the 2.2% average since the recovery began mid-2009.

The main drivers of growth are expected to be rising income/employment, consumer spending, business investment, a strengthening housing sector and lower oil prices—all contributing to a very positive environment

for the commercial real estate sector. These factors should substantially increase the demand for rental and for sale housing.

With your continued support, we will strive to work hard and scour the market with the goal of acquiring another \$30-\$50 million in multi-family properties. We will continue to obtain inexpensive financing and lower our costs of capital further to improve cash-flow and profitability.

We are looking forward to a great 2015!

Gary Lenehan



K-1s will be available by April, when our 2014 audited financials are completed.



Neglected Mississippi Property Is Our Diamond in the Rough

Camelot Apartments in Mississippi

The Camelot Apartments were purchased as a fee simple acquisition on September 29, 2014, for the purchase price of \$1,548,750 or \$5,396/unit. The property was built between the years of 1966-70 and constructed with wood framing, brick veneer siding, pitched roofing, on a concrete foundation. The property's unit mix includes 190 one-bedroom, 89 two-bedroom, and 8 three-bedroom units.

The property is located less than ten minutes away from downtown Jackson, MS. Jackson is the largest city in Mississippi with a population of 173,514. Jackson is home to several major employers that include State of Mississippi, University of Mississippi Medical Center, United States Government, Jackson Public School System, Nissan, Rankin County School District, Baptist Health Systems, Wal-Mart Stores, Jackson State University, AT&T, River Oaks Health Systems, and many others. The agriculture commodities sector represents a 180 million dollar business in the region with cattle, cotton, grains, poultry, and timber.

According to REIS reports dated January 15, 2015, the neighborhood has a year-to-date vacancy rate of 5.6%, and year-to-date rental growth rate of 1.1%. These factors indicate a strong apartment rental market.

Since acquisition of the subject property Strategic Holdings has been renovating the property's interior units, replacing roofs, adding outdoor lighting throughout the complex with surveillance cameras, adding a playground area and new signage, and remodeling the leasing office. As part of creating a secure, safe, and quiet apartment living environment Strategic Holdings has leased five units to five local Sheriffs who now provide grounds security. Strategic Holdings has also implemented corporate property management policies and procedures with the onsite staff. The property is currently 48% occupied due to previous owner mismanagement and neglect. As part of our lease up plan we are renovating unit interiors, completing exterior capital improvements, and actively leasing up rent ready units. Strategic Holdings has allocated a \$2,300,000 renovation budget. The acquisition price of \$1,548,750 plus the renovation budget of \$2,300,000 results in \$3,900,000. Once the property's renovation is completed and its occupancy is up to market of 90% the property's estimated value will be \$7,000,000 or \$24,400/unit; an increase of 79.49%.

Many of you have referred
your friends and family to us.
We thank you for your
trust, and want you to
know we offer
\$500 as
a token of
our appreciation.

ASK PATTY



EVP of Investor Relations

When I get a call from prospective investors, they often ask me to describe the fund. My response is that the Strategic Diversified Real Estate Holdings LLC fund is very similar to a no-load mutual fund that is non-publicly traded, and is filed with the Securities Exchange Commission (SEC) under Regulation D Rule 506(c). Our fund specifically owns income-producing commercial assets. The LLC fund owns all of the assets. Our investors are equity owners of the fund on a fractionalized basis.

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.