



Estimated Income Fund I Equity:

Month/Year	April 2016	May 2016
Estimated Value of Fund	\$82,000,000	\$82,200,000
Third Party Debt	\$34,000,000	\$33,500,000
Estimated Total Equity of Fund	\$48,000,000	\$48,700,000
Members' Invested Capital (1A, 1B, 1C)	\$41,000,000	\$43,900,000

As of May 31, 2016

Join us for a
Lunch & Learn
at our office located
at 4550 E.
Thousand Oaks
Blvd. #200
Westlake Village,
CA 91362

Strategic Holdings Monthly Update

Dear Investors,

Our fund Investment strategy is to seek to generate steady and stable cash returns through real property investments. Our fund focuses on what we deem to be distressed as well as non-distressed real estate assets. As recent as twelve months ago, there were opportunities to acquire deeply discounted assets requiring significant rehabilitation and repositioning. We believe we have been very successful in acquiring distressed properties and/or properties with lower occupancies compared to their market occupancy rates, and reaching stabilization in a

reasonable time. Assets in this class presently make up about 40% of our portfolio.

Our fund's main objective is to buy right with cap rates of at least 8%. We think we have been very successful in acquiring assets above 8% rates. We anticipated a cap rate compression 2 years ago and were fortunate to acquire 4 great properties in late 2014 and early 2015. Since these acquisitions, we believe we have been diligent in repositioning and striving to achieve stabilization.

Since most of our investors and institutional partners are interested in our progress, the chart below shows the four most recently acquired properties with their progressive occupancy rates for 2016.

We anticipate the renovation at Broadmoore Gardens to be complete by end of June 2016 and target 90% occupancy by October 2016 with goals to hit market occupancy shortly thereafter. Renovations for Camelot should be complete by end of September 2016 and target 90% occupancy by

RSVP for a Upcoming Seminar:

June 11 Pasadena
June 23 Westlake Village
Aug 11 Westlake Village
Aug 23 Palos Verdes

MONTHLY OCCUPANCY REPORT

As of: 05/03/2016

Property	Units	At Acq	Jan.	Feb.	Mar.	Apr.	May
Broadmoore 235 James I. Harrison Tuscaloosa, AL	353	40.20% 12/4/2014	50.7%	52.1%	55.8%	60.6%	64.9%
Camelot Apts. 2840 Robinson St Jackson, MS	287	44.90% 9/29/2014	54.4%	57.5%	62.4%	66.2%	71.1%
Meadowview 4801 Marshall Ave Newport News, VA	650	33.20% 11/21/2014	36.0%	37.7%	38.8%	40.2%	40.5%
Garden Grove 2230 Woodley Sq. W Montgomery, AL	432	27.10% 5/18/2015	36.0%	37.7%	38.8%	40.2%	40.5%

October 2016. Meadowview's renovation is currently in phase 3 out of a 6 phase project. We currently have the 250 unit parcel for sale for \$6.25 million (phases 5 & 6). We anticipate completing phases 1-4 renovations by December 2016 and phases 1-4 stabilization to 90% occupancy by March 2017. Garden Grove's renovation is scheduled to be completed by February 2017 and is targeted to be 90% occupancy by April 2017. We are excited to see the progression of our properties as they mature and hit market occupancies.

If you would like to see a historical occupancy chart for all of our existing properties, please contact Patty Franklin @ 805-764-5128 or email: pfranklin@shadvisors.com.

Looking ahead, our core strategy remains focused on workforce housing in secondary and tertiary markets. However, where we saw opportunity in heavy rehab assets a year ago, we are now turning our attention toward what we view to be more stabilized assets with good cash flow with value-add opportunity. Under this scenario, as existing lease terms end and the units become ready to rent to future residents, we typically will make minor cosmetic improvements during the "turn time" such as new appliances, hard surface flooring, and attractive fixtures. These minor improvements should more than pay for themselves in terms of additional "buzz" and higher rents. We anticipate this strategy will allow us to tease higher cap rates out of a market that in our opinion continues to experience cap rate compression, while adding value and diversity to the overall portfolio. Keep an eye out for more information about "The Birches", an asset that we believe has been stabilized with a value-add opportunity that we think will fit perfectly with our mission to continually deliver shareholder value in a rapidly changing real estate market.

For more information about all of our properties, feel free to visit our Website at www.StrategicHoldings.com under Income Fund 1 / Our Properties or call us at 805-764-5128.

Ask Patty



EVP of Investor Relations

Our 4 step process allows us to acquire assets with lower occupancies at the time of acquisition. Once stabilized and properly financed, these assets tend to produce better value which maximizes profits.

Our 4 step process:

- 1) We acquire Properties at a significant discount;
- 2) We then reposition the property to achieve stabilization;
- 3) Next, we stabilize the property quickly and efficiently; and, finally,
- 4) We refinance with low rate permanent financing.

Feel free to contact me if you have any questions.