

Estimated Fund Equity: February 2015*

Month/Year	January 2015	February 2015
Estimated value of Fund	\$58,917,000	\$59,366,000
Third party debt	\$27,487,000	\$29,100,000
Estimated total equity of Fund	\$31,430,000	\$30,266,000
Members' Invested Capital (1A, 1B, 1C)	\$15,305,000	\$15,866,000

*As of February 27, 2015



THE CEO's DESK:

Dear Investors,

"We are thrilled to announce our second fund."

We are excited announce that we are rolling out a second fund!

The new fund is targeted to the longer term Investor, pays a great preferred rate of 8%, and also has a 70% profit share—providing both income and equity growth.

While the fund you are in pays a great fixed rate, the new fund will offer an 8% preferred rate *with* a profit share.

Similar in nature to our existing fund, the primary objective of Fund II is to acquire multi-family residential properties, but specifically targeting properties that have been stabilized and are operating at or near market rate occupancies.

Fund II will be acquiring properties closer to the current market value and will need little to no renovations. The objective of Fund II is to generate modest cash yields and potential capital appreciation from holding and operating income-producing real estate.

Fund II will seek to cure inefficiencies in property management, address deferred maintenance, and provide strategic upgrades to maximize the overall value and investor returns. The fund will target B to C grade assets with over 100 Units that fall below the radar of larger institutional investors. Fund II will implement a value enhancement strategy

to raise the net operating income of the acquired properties in order to maximize the return on investment.

As with Fund I, Fund II will have no load and extremely low overhead. We encourage you to talk to us about learning all the details regarding Fund II, and, as an existing Investor in Fund I, you are entitled to a 1% cash rebate on all additional funds contributed to Fund II by April 15th!

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



30% Increase in Value in Mobile, AL

The Cottages at Chickasaw Apartments

The Cottages at Chickasaw Apartments were purchased on February 11, 2015, for \$1,174,000 or \$12,358/unit. The property was built in 1948 and the property's unit mix includes 35 one bedroom, and 60 two bedroom units totaling 95 units. The property includes a leasing office, onsite laundry facility, and a fenced community.

The property is located in Chickasaw, Alabama, a suburb of Mobile. Chickasaw has a port that receives shipments of conventional and containerized cargo from foreign and domestic trade. Chickasaw is located 6.2 miles away from Mobile, Alabama with a population of 194,899.

Mobile's major economic sectors include aerospace, steel, shipbuilding, retail, construction, medicine, and manufacturing. The Mobile port handles the largest volume of breakbulk forest products, and has the largest coal terminal in the United States.

Mobile is receiving a huge economic boost by Airbus building a \$600 million assembly plant that will create about 1,000 new jobs.

The plant will be completed in 2015 and their first aircraft delivery is targeted for 2016.

According to REIS, the Mobile area has a vacancy rate of 5.1%. The low vacancy rate, together with the strong economics indicate an excellent apartment rental market.

The property was 67.2% occupied at acquisition due to some deferred maintenance and the previous owner's mismanagement and neglect. At acquisition, \$733,000 was allocated to renovate several of the property's unit interiors and to cure all of the deferred maintenance. Once the renovations are completed the units will be leased up to market occupancy. The acquisition price of \$1,174,000 plus the renovation budget of \$733,000 results in an all in cost of \$1,907,000. Once the property is stabilized it's estimated value will be \$2,481,800 or \$26,124/unit; an increase of 30.14%.

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

Recently, someone interested in the fund asked me for the specifics on the protectiveness of the fund. Each month in the "Estimated Fund Equity" section of this newsletter, investors see the net equity of the fund after all loans and taxes are paid. This month, that value is over \$14 million. As you know, your investments are cushioned by the net equity in the fund. As we continue to grow our portfolio, we look forward to increasing our protective equity for investors.

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