



Estimated Income Fund I Equity:

Month/Year	March 2016	April 2016
Estimated Value of Fund	\$82,000,000	\$82,000,000
Third Party Debt	\$38,700,000	\$34,000,000
Estimated Total Equity of Fund	\$43,300,000	\$48,000,000
Members' Invested Capital (1A, 1B, 1C)	\$37,800,000	\$41,000,000

As of April 30, 2016

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

**Still available to
new investors**

Strategic Holdings Monthly Update

Dear Investors,

Dear Valued Members,

We are pleased to announce the completion of our 2015 Audited Financial Statements ("Financials") for Strategic Diversified Real Estate Holdings, LLC (the "Fund") and its affiliates. The Fund's main investment objective is to generate steady cash returns through real property investments, while seeking to achieve capital appreciation as a secondary objective. This flexibility allows the Fund to invest in distressed and non-distressed real estate assets.

The Fund focuses on repositioning multi-family apartment units, refinancing them with long-term prudent debt, and holding them for cash-flow and potential appreciation. After stabilization of the properties, the goal is to refinance the Fund's entire portfolio with low-cost, long-term debt, and utilize the cash-out proceeds to acquire suitable investments based upon market conditions. The average construction period can range from 6 months to 2 years depending on the condition of the distressed property and the number of units

to rehabilitate.

In 2013 and 2014, the Fund made substantial profits from "flipping" distressed properties and distressed mortgages. We sold a majority of our non-core holdings for a total of \$11.75mm. The realized profits offset the operational losses and resulted in a net gain. The Manager believed it would be more profitable in the long-term to retain income producing assets instead of continually selling them for short term gains. Investor members passed the most recent modification to the Fund by 99%,

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



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which eliminated the pressing need of the Fund to sell assets to realize a one-time profit instead of holding them long term for cash-flow and hopefully an even larger future gain.

2014 and 2015 was an opportunistic year for acquisitions. We acquired deeply discounted properties in need of substantial rehabilitation and repositioning. By the end of the second quarter of 2015, we acquired over 1,800 additional units. Our focus for 2015 was to convert our acquired properties from low occupancy, low revenue to market rate occupancy and market rents after rehabilitating them and repositioning them in our efforts to obtain pro forma operating income on a property and portfolio level basis. During this rehabilitation period, we anticipated some losses until properties are stabilized. The retained earnings from 2013 and 2014 and paid-in equity of Strategic Diversified Management, Inc. (“the Manager”) were used to cover those losses. The Manager managed the Fund with deferred gratification in mind based upon the reasonable belief that the Fund, and the 1-D/1-M Membership Interests, would be much more profitable over the long-run by retaining as many multi-family properties as is reasonable without over-stressing the Fund with too many operational losses from inventory being repositioned.

As a result of the operating losses associated with repositioning a large portion of the Fund’s inventory along with very little properties being sold to offset those losses, the book losses for 2015 was \$7.5 Million. The Manager’s basis absorbed 100% of the operating losses of the Fund. According to Mayer Hoffman McCann P.C., no losses were allocated to any of the investor class series (series 1-A, Series 1-B, Series 1-C, or Series 1D) as of 12/31/15. The Manager is literally banking on its interest in the long-term profitability of the existing portfolio of the multi-family apartment units owned by the Fund after the Series 1-A, 1-B, 1-C, & 1-D Membership Interests receive their contractual share of revenue. The Manager anticipates that the Fund’s existing portfolio of real estate will hit a break-even point by October 2016 and will be fully stabilized and refinanced on or before June 2017.

Ask Patty



EVP of Investor Relations

Our 2015 Audited Financials are complete. 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.

Looking forward into 2016, we are taking a measured approach based upon our perception of economic fundamentals, and anticipate acquiring more repositioned properties that are closer to stabilization, or stabilized properties with a minor value add potential. We see a continued trend of buyer competitiveness in the multifamily arena, resulting in even higher property values as more capital chases less yield through most of 2016 and into 2017. By acquiring stabilized properties with a possible value-add component instead of opportunistic purchases with heavy renovation and lease up components, we anticipate a strong cash flow and minimal construction risks to the Fund. We further anticipate that the Fund will only sell, from its current portfolio, 250 multi-family units and a few smaller commercial properties and notes. These sales will generate substantial net income and cash and reduce our risk exposure in one market to a more prudent level. In the larger picture, this squares perfectly with our long term view of the Fund: the migration from the infancy of an opportunistic fund to the maturity of a growth fund.

The 2015 Financials state an important chapter in a larger story. As we finished our first quarter 2016, we accomplished a 60% portfolio wide occupancy and targeted to be between 80% and 85% portfolio wide occupancy by the end of the 2016. Looking further into the future, we optimistically anticipate occupancy by the middle of 2017 to be near 90%. We welcome you to review the Fund's 5 year portfolio pro forma (static basis). This forecast may provide a fuller view of the Fund's potential as well as provide a better understanding of future forecasted operational income. This forecast is based upon certain assumptions that may or may not materialize, past performance may not be indicative of future results.

Yours Truly,

James Backner
President

Upcoming Seminars

May 21, 2016	Courtyard Marriott	15433 Ventura Blvd, Sherman Oaks, CA 91403
June 11, 2016	Hilton	168 S Los Robles Ave, Pasadena, CA 91101
August 27, 2016	Terranea Resort	100 Terranea Way, Rancho Palos Verdes, CA 90275
September 24, 2016	Hyatt	1107 Jamboree Rd, Newport Beach, CA 92660

Please contact Investor Relations at (805) 764-5128 for information / RSVP