

Estimated Gain on Held Assets: October 2014*

| ASSET TYPE | TOTAL INVESTED | ESTIMATED REALIZABLE VALUE | ESTIMATED GROSS PROFIT |
|-------------|----------------|-------------------------------|---------------------------|
| Notes | \$6,850,000 | \$10,000,000 | \$3,150,000 |
| Real Estate | \$25,750,000 | \$30,000,000 | \$4,250,000 |
| Total | \$32,600,000 | \$40,000,000 | \$7,400,000 |



THE CEO'S DESK:

Quantitative Easing is Coming to an End

Dear Investors,

*As of October 30, 2014

"Interest rates are
the lowest they
have been in 20 years!"

In my message to you this month, I'm writing about how interest rates and the Federal Reserve are impacting our decisions for the Fund. As we know, the Federal Reserve has set the level of short-term interest rates to near zero for a long time now. In addition, to reduce longer-term interest rates, the Federal Reserve purchased large quantities of longer-term Treasury securities and longer-term securities issued or guaranteed by government-sponsored agencies such as Fannie Mae or Freddie Mac.

Even though the government buy-back of bonds is coming to an end, low interest rates

will be here for some time to come. Indeed, the Federal Reserve reaffirmed in its September 2014 statement its view that a highly accommodative stance of monetary policy remains appropriate – in other words, the Federal Reserve will maintain the current target range for the federal funds rate for a considerable time after the asset purchase program ends.

What does this mean for Strategic Holdings? The low interest rate environment means that we will be able to keep putting very inexpensive, long-term debt on the properties in our fund. Because we put this debt on

the properties in our fund, we are able to hold more of them for their cash flow, thus keeping a larger amount available to pay out to our Investors! We are currently at around 37% debt for the fund and plan to take it to 50 or 60% over the next few months, and while that is a very conservative number, it will greatly increase the amount of cash flow from the properties available to our Investors!

Wishing you all the best!

Gary Zerkow



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Over \$1.1 million in value added in 6 months!

Windsor Townhomes

The Windsor Townhomes is a 184 unit townhome style apartments and was acquired on May 28, 2014, for the purchase price of \$4,751,250 or \$25,822/unit. They were built in 1983 and constructed with brick veneer, vinyl siding, and on a slab/pier and beam foundation. The property's amenities include two swimming pools, clubhouse, and a large leasing center. The property offers a favorable unit mix that consists of 24% one-bedroom and 76% two-bedroom units. The units include walk-in closets, ceiling fans, nine foot ceilings with crown molding, exterior storage, washer and dryer connection, built in microwaves, and private patios and balconies.

Dallas/Fort Worth is the fourth most populous metropolitan area in the United States. In 2013 the area led the nation in year-over-year increase in employment. The Dallas unemployment rate is currently 5.8%.

The property is located 10 miles south-west from downtown Dallas that provides numerous employment

opportunities. The city's major industries include banking, commerce, telecommunications, computer technology, energy, healthcare, medical research, transportation, and logistics. Some of the city's major employers include Texas Instruments, Comerica Bank, AT&T, Kimberly Clark, Fluor, Exxon Mobile, Southwest Airlines, American Airlines, and many others. The property is currently undergoing a rehabilitation which is about 25% completed.

The property at acquisition was 73.4% occupied and is now 84.0% occupied. We estimate that we will be over 90% occupied by Dec 2014.

The property's onsite management have been implementing corporate policies and procedures, and receiving ongoing training to maximize our investment. Windsor Townhomes was acquired for \$4,751,250 and is now valued at \$5,900,000 as per October 2014, MAI appraisal; a 24.178% increase in value!

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 speak with investors, I often get asked whether or not the Net Asset Value of the shares in our fund fluctuates. I explain that because we are a private, non-publicly traded fund, there is no "supply and demand factor" to make the fund fluctuate. The ups and downs are typically seen in publicly traded companies. A benefit of a privately held fund is that our investors know exactly how much they are getting in dividends and when they will receive them, because the Net Asset Value is fixed. What you get is a predictable investment not correlated with the volatility of the stock market.

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.