



Estimated Income Fund I Equity:

Month/Year	July 2015	August 2015
Estimated Value of Fund	\$66,639,000	\$68,505,000
Third Party Debt	\$33,400,000	\$34,530,000
Estimated Total Equity of Fund	\$33,239,000	\$33,975,000
Members' Invested Capital (1A, 1B, 1C)	\$24,187,000	\$25,600,000



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



THE CEO'S DESK

Dear Investors,

Total employment now stands 3.5 million greater than the pre-recession peak and the maturing employment cycle supports nationwide apartment demand. Household formation continues to grow as economic advancement supports de-bundling, and young adults increasingly move out to form their own households. The trend has already emerged in the strongest employment markets and it is migrating to secondary and tertiary markets as the economic momentum spreads. Many apartment investors are increasingly targeting secondary and tertiary markets in an effort to enhance yield which should compress capitalization rates and increase the value of the

2,600 apartment units currently owned by Strategic Diversified Real Estate Holdings, LLC ("Fund I") and Strategic Holdings Growth Fund II.

In terms of the Fund, a sweet peach in Georgia, on June 1, 2015, Strategic Holdings acquired a first position mortgage, secured by twelve condominium units in Calhoun Georgia, for a whopping \$195,000. The condos were built in 2007, rent for \$600 each, and have a retail value of approximately \$50,000 each. The original principal loan balance was \$604,427. The foreclosure sale is scheduled for September 1, 2015

"WE ARE THRILLED TO ANNOUNCE OUR SECOND FUND."

and we hope to be the proud owner of these units or get paid off at auction for a minimum of \$400,000. We will keep you posted.

More good news, we just completed the refinance of 104 apartment units in South Carolina. Strategic Holdings originally acquired the note from a special servicer September 2013, completed the foreclosure in April 2014 (while receiving cash collateral payments of several hundred thousand dollars), and refinanced the property this week for \$5 million on a 10 year fixed rate loan. *(continue to the back side...)*

Estimated Growth Fund II Equity:

Month/Year	July 2015	August 2015
Estimated Value of Fund	\$12,500,000	\$12,500,000
Third Party Debt	\$7,701,000	\$7,698,000
Estimated Total Equity of Fund	\$4,799,000	\$4,802,000
Members' Invested Capital (1A, 1B, 1C)	\$0	\$500,000

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**DSHU VRHOOHYHOH DUH
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RIHUULFNHUVTRRU
HD DVHFLYHLF HUHVLH
HHUDORVHOHLVD
HDUMHUDRIHUHDOHVDH
ILDF HL VU LDIRFVR
EDNLILDF HDUHDOHVDH
LEURDUDVDLFLRDO
NROHHDVHOODVD
VEV DLDOOLLDRSUDFLFH
ULRURMRLH HUDHLF
ROLVHDHVDVHHUDO
RV HOLHIHDOILFHU D
HHV L VSLDORVHOD
F RURDVDEHIRUHDD
SDUHUDDODUHHDVFRD VOD
ILUU UHU LV DUHFRLH
OHDHILHOLVIUHTHO
DWHRRHU DHDSUHVHD
LV UFRIHUHFHVURR
HLHDHVDLV
SEOLMTRHDIH DUHL
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MRUDOVUDHLF ROLV
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guiding it in its progression as the manager of two noteworthy private real estate Funds.

Mr. Grüner is also tasked with exploring a potential tax advantaged wealth building structure which would enable investors to benefit from monthly cash-flow, accelerated depreciation, and potential long-term gains. This opportunity is now potentially available due to the seasoning of our existing asset base and the trapped accelerated depreciation from post-acquisition capital improvements of our multifamily income producing assets. The structure has been preliminarily vetted with our auditor and counsel, but we are not releasing details until the final draft has been approved by counsel. This potential opportunity will be offered only to sophisticated investors, with a preference to longer term investors, and up to 20% of the preferred equity structure. Please contact me at (805) 764-5127 or Patty Franklin at (805) 764-5128 should you wish to be on this limited list or should you require additional information regarding Fund I or Growth Fund II.

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**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

The stock market has shown great volatility with concerns of a correction. Most of you probably have seen and felt the triple digit intraday moves. Investors called in with concerns about our Fund and its exposure to the stock market. The benefits of our Fund being private and not publicly traded are that our Fund is not exposed to market volatility. Our Fund makes great acquisition purchases and generates strong cash flow from rental income. Having an asset class such as our fund that is non-correlated to the stock market can strengthen your portfolio. If you have any questions, feel free to contact me directly.