



## Estimated Income Fund I Equity:

Month/Year	July 2016	August 2016
Estimated Value of Fund	\$93,500,000	\$95,500,000
Third Party Debt	\$41,600,000	\$41,500,000
Estimated Total Equity of Fund	\$52,000,000	\$54,000,000
Members' Invested Capital (1A, 1B, 1C, 1D)	\$48,000,000	\$52,000,000

As of August 31, 2016

**Call Investor Relations to RSVP  
for an Educational Event:**

Lunch and Learn  
September 8 - Westlake Village  
  
Seminar  
September 24th - Newport Beach  
  
Lunch and Learn  
October 6 - Westlake Village  
  
Seminar  
November 12th - Palos Verdes

## Strategic Holdings Monthly Update

*Dear Investors,*

**Bonus of up to 2% on any new investments (non IRA/ Retirement) into Series 1A or Series 1B extended until September 30, 2016.**

In our previous Newsletter (dated July 2016) we mentioned that we are winding down our renovations and are again focused on acquiring additional properties for inclusion into our fund. As we find opportunities, we raise capital from investors. We identified three properties for acquisition and to facilitate these potential purchases, recently Strategic launched a promotional capital-raising campaign that will pay, during the first year of the investment, up to two percent of interest. Due to the favorable response received last

month, we are extending the promotion through the end of September. Below is a summary of a few of the properties that we have and/or are in the process of acquiring.

We are happy to announce the closing of The Birches Apartments, the first of these purchases. On August 2, 2016, we purchased The Birches Apartments located at 2318 Cecil Road in Richmond, Virginia. The Birches is a 98-unit apartment community built in 1956 and

located in north central Richmond Virginia and is currently 92% occupied. The property is situated 1.6 miles north of Virginia Commonwealth University (current enrollment of 32,000 students), .2 miles north of Virginia Union University (current enrollment of 1,700 students) and 3.4 miles northwest of downtown Richmond. The corridor near the property is being revitalized. It's our belief that the seller, who has owned it since 1988, has mismanaged it. We have an \$800,000 renovation budget to

### Investor Relations Announcement

Please updated your contacts:  
Main Office: (805) 410-4622  
Diane Rangel: (805) 367-8835  
Fax: (805) 367-8800

renovate unit interiors, paint the exterior, replace roofs, sealcoat the parking area, renovate the laundry room and upgrade landscaping, after which we expect to increase rents a minimum of \$50 per unit.

The Birches was purchased for \$5,450,000, or \$56,122 per unit, and financed with a 20-year loan at 4.56% fixed for the first 7 years and amortized for 30 years. This represents a cap rate of 5.7% going-in and 7.5% pro-forma. Assuming we hit our pro-forma and based on a 5 year hold, we target an overall average annualized rate of return (IRR) north of 30% with an annual cash-on-cash return ranging from 16%-20%.

Another property under contract and scheduled to close next month is Belmont Crossing Apartments. Belmont Crossing is a 192-unit apartment community located in Smyrna, Georgia, a growing suburb 17 miles northeast of downtown Atlanta, that is currently 95% occupied. The area appears to be booming with new development and an influx of new employers, spurred in part by the location of the new Atlanta Braves Baseball Park, at the interchange of interstates 75 and 285, within five miles of Belmont Crossing Apartments. A Purchase Contract was signed July 13, 2016 at a price of \$11,075,000, or \$57,682 per unit, which equates to a cap rate of 6.25% going-in and 8.25% pro-forma. This 1969-vintage property has been well maintained, and our goal is to spend \$40,000 on the exterior and another \$940,000 to renovate unit interiors, after which we will increase rents -an average of \$80 per unit.

We are excited about our new acquisitions as well as the favorable response received from investors to date. Our promotion to extend a bonus on any new investments (non IRA/Retirement) into Series 1A or Series 1B through September 30, 2016 will include the following terms:

- Any new funds into Series 1A - 8.5% targeted and Series 1B - 10% targeted (applies to non-IRA fund only; retirement funds and ERISA retirement funds are not eligible) we will increase the target by up to additional 2% target for the first year (paid out monthly depending upon performance and available funds). Effective through September 30, 2016. (Series 1B 10% targeted may be limited based on sales and may close.)
- For example, if you invest \$100,000 into Series 1B -10% targeted, you may receive up to 12% for the first year (paid out monthly depending upon performance and available funds) then up to 10% going forward.(See current PPM for fund specifics.)
- Another example: If you invest \$100,000 into Series 1A - 8.5% targeted, you may receive 10.5% for the first year (paid out monthly depending upon performance and available funds) then up to 8.5% going forward. (See current PPM for fund specifics.)

## Ask Patty



EVP of Investor Relations

Our annual Westlake Village investor dinner is coming up in September 2016. If you have not reserved your seat for the Westlake Village dinner, please contact Diane Rangel at 805-367-8835.

Our Orange County Investor dinner will be held in January 2017. Invitations will be mailed to all our Orange County and surrounding area investors in December 2016.

We are still getting some mail to our old Camarillo office. Please note our new office address is : Thousand Oaks Blvd. Suite 200, Westlake Village CA 91362



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