



Estimated Income Fund I Equity:

Month/Year	September 2015	October 2015
Estimated Value of Fund	\$68,140,000	\$68,138,845
Third Party Debt	\$33,500,000	\$32,965,617
Estimated Total Equity of Fund	\$34,640,000	\$35,173,228
Members' Invested Capital (1A, 1B, 1C)	\$26,500,000	\$28,920,038

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more Investor
Dinner Photos!



THE CEO's DESK

Dear Investors,



Strategic Holdings would like to take this opportunity to express our gratitude toward each and every investor who believes in our vision, our management team, Strategic Diversified Real Estate Holdings, LLC ("Fund I"), and Strategic Holdings Growth Fund II ("Fund II"). As many of you may recall we recently sent out an Overview of Proposed Changes to the Fund 1 Private Placement Memorandum ("PPM") and Operating Agreement ("OA"), copies of the PPM and OA with the proposed changes, and a Ballot.

We are pleased to announce that we obtained the required quorum and the Ballot passed with an overwhelming support from our investors. There were a total of 16,110 votes cast. 16,080 units voted in favor of the proposed changes and only 30 units dissented. In other words, 99.81% of the investors who cast their votes approved the ballot change. The changes are officially effective October 1, 2015. Again, thank you for the overwhelming support and the timely return of the ballots.

What do these changes mean to investors in Fund I?

The Management Team reasonably anticipates that these changes potentially provide more security and safety to the existing Series 1-A, 1-B, and 1-C Membership interests because the changes enable Fund I to continue to opportunistically build its portfolio of multifamily properties without periodically being required to sell stabilized assets to create GAAP Net Profits. Payments to investors will now be made from Adjusted Net Profits instead of GAAP Net Profits, giving Members a cash return more commensurate with the real value of the underlying real property assets, and making our methods of payment more consistent with industry-standard real estate Funds.

Estimated Growth Fund II Equity:

Month/Year	September 2015	October 2015
Estimated Value of Fund	\$12,500,000	\$12,500,000
Third Party Debt	\$7,686,000	\$7,686,000
Estimated Total Equity of Fund	\$4,814,000	\$4,814,000
Members' Invested Capital (1A)	\$1,988,000	\$1,988,000

We believe that the Fund will be able to continue to grow and mature its existing multifamily real estate portfolio without having to periodically sell core assets to create GAAP Net Profits.

Fund I now includes a new Series 1-D Membership Interests which include features such as the potential for a tax-advantaged wealth-building strategy (with monthly income). The new Series 1-D Membership interests will be entitled to a 10% preferred return, 25% of depreciation, and 25% of yearly Fund I Adjusted Net Profits, which include profits from a liquidation event. The proceeds from the sale of the new Series 1-D Membership interests may further be utilized to absorb many of the expenses associated with expanding the investment portfolio of Fund I, and this expansion may further increase the overall profit participation of the Series 1-D Membership Interests. The Management team reasonably anticipates that the economic interests of the Manager's new Series 1-M Membership Interests (formerly the Series 1-D Management Membership Interests and the new Series 1-D Membership Interests) are more closely aligned. The more value created for the Series 1-D Membership Interests above the 10% preferred return, the proportionally more value that will be created for the Manager's Series 1-M Membership Interests. In addition, the Series 1-D Membership will have potential tax benefits from 25% of the depreciation of the entire Fund I portfolio.

We reasonably anticipate that the new structure has the potential to enhance the safety of Series 1-A, 1-B, & 1-C Membership Interests, which investors have a limited upside to their fixed returns of 8.5%, 10%, and 12%, respectively. We also anticipate that the new structure has the potential to concurrently provide a monthly payment and additional upside potential to the Series 1-D Membership Interests as the portfolio of Fund I is expanded through acquiring, repositioning, and holding additional income producing commercial real estate. We intend to release the first \$5 Million of Series 1-D Membership Interests for sale November 1, 2015 at \$1,000/Unit. The Manager will allow existing Members to liquidate a portion of their Series 1-A, 1-B, or 1-C Membership Interests should they want to invest the proceeds in the new Series 1-D Membership Interests or move their capital from Series 1-C to 1-B or 1-A; or move their capital from Series 1-B to 1-A.

The real estate market continues to evolve over time and we intend to utilize our best efforts to adapt to its evolution. Currently, we anticipate investing up to \$40 million in 2016 in the acquisition of additional multifamily units. We intend to target a balanced blend of value-add and opportunistic opportunities with appropriate risk adjusted returns. We will keep you posted on the progress of our existing inventory and new acquisitions. Should you have any questions about the changes to Fund I or should you wish to learn more about the Series 1-D shares in Fund I, please reach out to me at (805) 764-5127 or Patty Franklin at (805) 436-3446. We intend to have a conference call on the new Series 1-D Membership Interests by November 10th. Should you wish to participate in the conference call, please e-mail your request to InvestorRelations@strategicholdings.com or leave a message at (805) 436-3446.



**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.



¹ GAAP stands for Generally Accepted Accounting Principles (GAAP). Paying investors from GAAP Net Profits traps a tremendous amount of non-cash depreciation, previously requiring Fund I to periodically sell assets to create GAAP Net Profits.

² "Adjusted Net Profits" equals GAAP Net Profits plus any positive difference between GAAP depreciation on all assets and any mortgage lender required stabilized Capital Improvement Reserves on stabilized assets.

³ Please see the revised PPM for further details regarding the new Series 1-D Membership Interests.

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.