

SUBSCRIPTION AGREEMENT AND INVESTOR QUESTIONNAIRE

of

STRATEGIC DIVERSIFIED REAL ESTATE HOLDINGS, LLC

A California limited liability company

By completing and executing this Subscription Agreement and Investor Questionnaire (this "Agreement"), the undersigned purchaser ("Purchaser") hereby subscribes to become a Member in the Strategic Diversified Real Estate Holdings, LLC (the "LLC") and to purchase a Membership Interest in the LLC by investing the amount indicated below, all in accordance with the terms and conditions of this Agreement, the Seventh Amended Limited Liability Company Operating Agreement of the LLC (the "Operating Agreement"), and the Private Placement Memorandum of the LLC (the "Memorandum"). All capitalized terms used herein, but not defined herein, shall have the meanings ascribed to them in the Memorandum.

**PLEASE MAKE CHECK PAYABLE TO STRATEGIC DIVERSIFIED REAL ESTATE HOLDINGS, LLC, AND MAIL THIS COMPLETED AND SIGNED AGREEMENT AND SUPPORTING DOCUMENTS TO:
Strategic Holdings 4550 E. Thousand Oaks Blvd. Suite 200 Westlake Village, CA 91362.**

1. SUBSCRIPTION FOR MEMBERSHIP INTERESTS:

AMOUNT OF INVESTMENT: \$ _____

Series 1-A (8.5%): \$ _____ Series 1-B (10.0%) : \$ _____

Series 1-C (12%): \$ _____ Series 1-D (*see PPM*): \$ _____

EXACT NAME OF PURCHASER(S): _____

PURCHASER(S)' ADDRESS: _____

PURCHASER(S)' PHONE NUMBER: _____

PURCHASER(S)' EMAIL: _____

2. **FORM OF OWNERSHIP:** Please indicate the form of ownership in which Purchaser will hold title to the Membership Interest. Purchaser should seek the advice of an attorney in deciding because different forms of ownership can have varying gift tax, estate tax, income tax and other consequences.

Check one:

- INDIVIDUAL OWNERSHIP
 COMMUNITY PROPERTY
 JOINT TENANTS WITH RIGHT OF SURVIVORSHIP
 TENANTS IN COMMON
 GENERAL PARTNERSHIP
 LIMITED PARTNERSHIP
 CORPORATION
 LIMITED LIABILITY COMPANY
 TRUST
 IRA OR KEOGH PLAN
 PENSION, PROFIT SHARING PLAN OR RETIREMENT TRUST

3. IDENTIFYING INFORMATION:

(a) FOR INDIVIDUAL PURCHASER ONLY:

Name of Purchaser: _____

Social Security No.: _____ - _____ - _____ Date of Birth: ____ / ____ / ____

If applicable, please enter a State for the following:

Residence other than above: _____

Driver's license: _____

Full Time Part Time Retired

Employer: _____

Is this business owned and operated by you? Yes No

Current position held: _____

Employer Address: _____

Employer Phone Number: (____) _____

Length of Employment: _____

Prior Employment in Last Five Years: (Occupation, Employer, City and State, Length of Time):

Other business, governmental or professional positions held and approximate dates of service (List all professional licenses, directorships and elected positions in government service):

Name of Spouse or Co-Purchaser:

Social Security No.: _____ - _____ - _____ Date of Birth: ____ / ____ / ____

Residence Address: _____

Residence Phone Number: (_____) _____

Full Time Part Time Retired

Employer: _____

Is this business owned and operated by you? Yes No

Current position held: _____

Employer Address: _____

Employer Phone Number: (_____) _____

Length of Employment: _____

Prior Employment in Last Five Years: (Occupation, Employer, City and State, Length of Time):

Other business, governmental or professional positions held and approximate dates of service

(List all professional licenses, directorships and elected positions in government service):

(b) FOR FAMILY TRUST PURCHASER ONLY:

Exact name of Family Trust: _____

Trustee(s) _____

Federal Tax Identification No.: _____

Please make check payable to: _____

Address (including City, State, and Zip): _____

(c) FOR CORPORATE, PARTNERSHIP, OR OTHER BUSINESS ENTITY PURCHASER ONLY:

Name of Entity: _____

Federal Tax Identification No.: _____

State and date of incorporation: _____

Fiscal year end: _____

Principal place of business: _____

Phone number of business: _____

What is the entity's net worth, on a consolidated basis, according to its most

recent audited financial statement? _____

(d) FOR IRA, KEOGH, PENSION PLAN, OR OTHER RETIREMENT PLAN ONLY:

Exact Name of the Plan: _____

Name(s) of the Trustee(s): _____

Trustee's State Residency: _____

Federal Tax Identification No.: _____

State and date of organization: _____

Describe and set forth the value of the assets of the Plan or Trust: _____

Please identify the person(s) with investment control over the Plan or Trust assets and that person's state of residence:

Please identify the person(s) responsible for the ministerial duties of administering the Plan or Trust (the Trustee) and that person's state of residence:

4. INVESTMENT EXPERIENCE OF PURCHASER

Provide the following information on each individual, officer, general partner, and/or other person who will participate in the decision to purchase the Membership Interest.

PERSON NO. 1:

Educational background (name of college attended, major, degree obtained, if any, and year):

PERSON NO. 2:

Educational background (name of college attended, major, degree obtained, if any, and year):

5. INVESTOR SUITABILITY STANDARDS. Purchaser, on behalf of himself, herself, or the entity or trust purchasing the Membership Interest, represents, warrants, and agrees that Purchaser meets the LLC's investor suitability standards because such Purchaser meets the requirements set forth in the checked option below: (check the one that applies)

(a) Any natural person who had an individual income in excess of Two Hundred Thousand Dollars (\$200,000) in each of the two (2) most recent years or joint income with that person's

spouse in excess of Three Hundred Thousand Dollars (\$300,000) in each of those years and who has a reasonable expectation of reaching the same income level in the current year.

(b) Any natural person whose individual net worth or joint net worth with that person's spouse at the time of their purchase of the Membership Interest exceeds One Million Dollars (\$1,000,000), excluding your home, furnishings and automobiles.

(c) Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities and Exchange Act of 1934 (the "Exchange Act"); any insurance company as defined in Section 2(13) of the Exchange Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; any Small Business Investment Company (SBIC) licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a State, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of Five Million Dollars (\$5,000,000); any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment advisor, or if the employee benefit plan has total assets in excess of Five Million Dollars (\$5,000,000) or, if a self directed plan, with investment decisions made solely by persons who are Accredited Investors;

(d) Any private business development company as defined in Section 202(a)(22) of the Investment Advisors Act of 1940;

(e) Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of Five Million Dollars (\$5,000,000);

(f) Any director or executive officer, or general partner of the issuer of the securities being sold, or any director, executive officer, or general partner of a general partner of that issuer;

(g) Any trust, with total assets in excess of Five Million Dollars (\$5,000,000), not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Section 506(b)(2)(ii) of Regulation D adopted under the Act; or

(h) Any entity in which all the equity owners are Accredited Investors (supply in the documents for individual investors in (a) or (b) above, as applicable).

6. ACCREDITED INVESTOR REPRESENTATION AND VERIFICATION (INDIVIDUALS ONLY)

Individuals or entities that are composed of individuals (e.g., (a), (b) or (h) above) must represent and verify their accredited investor status. If I am an individual I submit the following to verify that I am an "accredited investor" (check one applicable box and supply the documentation it describes):

A current letter from my certified public accountant in good standing, licensed attorney in good standing, registered stock broker or registered investment advisor representing that they have, within the past 90 days, taken reasonable steps to verify that I am an accredited investor.

OR

I hereby represent that my **income** for the past two tax years, and presently expected income in the future exceeds \$200,000 per year, if I am single, or \$300,000 per year if I am married. For verification I have supplied either: two years prior federal income tax returns, 1099s, K-1s or W-2s to show that I have earned at least \$200,000 in the prior two tax years (if I am single) or \$300,000 in the prior two tax years (if I am married). In addition, I hereby represent that my current and expected income equals or exceeds \$200,000 per year (if single) or \$300,000 per year (if married).

OR

I hereby represent that my **net worth** exceeds \$1 million, excluding the value of my home, furnishings and automobile. For verification, I have supplied true and genuine copies of my:

(a) Current Personal Financial Statement (*the Company has forms if you need one*);

(b) Documents verifying the value of my major assets (such as appraisal information as to real estate assets, recent bank or brokerage monthly statements as to liquid assets, or other reliable valuation information appropriate for the asset class); and,

(c) A recent, self-obtained, credit report. In lieu of supplying a copy of the self-obtained credit report, check the following box if you authorize the Company to obtain a credit report on you (meaning all persons who sign this Subscription Agreement) from a credit reporting agency: ☞ ☞

Please note that an inquiry will likely appear on your credit report if the Company orders your credit report.

7. ELECTION TO RECEIVE MONTHLY CASH DISTRIBUTIONS OR ALLOW DISTRIBUTIONS TO BE REINVESTED. The Purchaser elects to (select one of the following provisions):

(a) Receive monthly cash distributions from the LLC in the amount of Purchaser's share of Preferred Return available for distribution; or

(b) Allow all monthly distributions to be reinvested for additional Membership Interests.

(c) Receive _____% of each monthly distribution in cash, and allow _____% to be reinvested in the LLC.

Purchaser understands and agrees that such election will become effective on the first (1st) day of the month following receipt of the election. If no election is made, then the monthly distribution will be a cash distribution. An election to reinvest distributions is revocable with thirty (30) days notice to the LLC. Purchaser further understands and agrees that: (a) cash retained by the LLC on behalf of all Members who elect to reinvest their distributions will be used by the LLC to acquire real estate investments or for other proper LLC purposes; and (b) Members whose distributions are retained by the LLC pursuant to an election to reinvest distributions will have the retained funds credited to their Capital Accounts. They will therefore be entitled to a larger proportionate share of LLC's profits and losses, and Member voting rights.

8. SUBSCRIPTION. Purchaser acknowledges, understand, and agrees with the following:

(a) This subscription cannot be withdrawn, terminated, or revoked. Purchaser agrees to become a Member of the LLC and to be bound by all the terms and conditions of the Operating Agreement and Memorandum. This subscription shall be binding on the heirs, executors, administrators, successors and assigns of Purchaser. This subscription is not transferable or assignable by Purchaser.

(b) This subscription may be rejected, in whole or in part, by the Manager in its sole and absolute discretion. If this subscription is rejected, in whole or in part, or if the Minimum Offering Amount is not raised, then Purchaser's funds shall be returned, in whole or in part, without interest. This subscription shall be binding on the LLC only upon acceptance by the Manager.

(c) Neither the execution, nor the acceptance of this Agreement, makes Purchaser a Member of the LLC. Purchaser will become a Member only when Purchaser's funds are transferred to the LLC's bank account and a Membership Interest is issued to Purchaser. Until that time, Purchaser shall have only the rights set forth in this Agreement.

(d) Purchaser's rights and responsibilities will be governed by the terms and conditions of this Agreement, the Operating Agreement, and the Memorandum. The LLC will rely upon the information provided in this Agreement to confirm that Purchaser is an "Accredited Investor" as defined in Regulation D promulgated under the Act.

9. REPRESENTATIONS AND WARRANTIES BY PURCHASER. Purchaser, on behalf of himself, herself, or the entity or trust purchasing the Membership Interest, represents, warrants, and agrees as follows:

(a) Purchaser has received and read the Memorandum and its exhibits, and is thoroughly familiar with the proposed business, operations, and financial condition of the LLC. Purchaser has relied solely upon the Memorandum and independent investigations made by Purchaser or Purchaser's representative with respect to the investment in the LLC. No oral or written representations beyond the Memorandum have been made to me, or relied upon by me.

(b) Purchaser has read and understands the Operating Agreement and how an LLC functions as a corporate entity. By purchasing the Membership Interest and executing this Agreement, Purchaser hereby agrees to the terms and provisions of the Operating Agreement and the Memorandum.

(c) Purchaser understands that the LLC has limited financial and operating history. Purchaser has been furnished with such financial and other information concerning the LLC, its Manager, and its business, as Purchaser considers necessary in connection with the investment in the Membership Interests. Purchaser has been given the opportunity to discuss any questions and concerns with the LLC.

(d) Purchaser is purchasing the Membership Interest for Purchaser's own account (or for an entity if Purchaser is a principal or officer of such, or for a trust if Purchaser is a trustee), for investment purposes, and not with a view or intention to resell or distribute the same. Purchaser has no present intention, agreement, or arrangement to divide my participation with others or to resell, assign, transfer, or otherwise dispose of all or part of the Membership Interest.

(e) Purchaser, or Purchaser's investment advisors, has such knowledge and experience in financial and business matters that enables Purchaser to utilize the information made available to evaluate the risks of this prospective investment and to make an informed investment decision. Purchaser has been advised by the LLC to consult Purchaser's own attorney concerning this investment and to consult with independent tax counsel regarding the tax considerations of participating in the LLC.

(f) Purchaser has carefully reviewed and understands the risks of investing in the LLC, including those set forth in the Memorandum. Purchaser has carefully evaluated Purchaser's financial resources and investment position, and acknowledges that Purchaser is able to bear the economic risks of this investment. Purchaser further acknowledges that Purchaser's financial condition is such that Purchaser is not under any present necessity or constraint to dispose of the Membership Interest to satisfy any existent or contemplated debt or undertaking. Purchaser has adequate means of providing for Purchaser's current needs and possible contingencies, and has no need for liquidity in Purchaser's investment.

(g) Purchaser has been advised that the Membership Interests have not been registered under the Securities Act of 1933, as amended (the "Act"), or qualified under any state securities laws (the "Law"), on the ground, among others, that no distribution or public offering of the Membership Interest is to occur because the Membership Interests will be issued by the LLC in connection with a transaction that does not involve any public offering within the meaning of Section 4(2) of the Act, the Law, or under the respective rules and regulations of the U.S. Securities and Exchange Commission.

(h) Purchaser represents to the LLC and the other Members that (a) Purchaser is acquiring the Membership Interest in the LLC for investment purposes for Purchaser's own account and not with a view to its sale or distribution and (b) neither the Manager nor any other Member has made any guaranty or representation upon which Purchaser has relied upon concerning the possibility or probability of profit or loss resulting from an investment in the LLC.

(i) Purchaser will notify the Manager and the LLC immediately of any material change in any statement or response made in this Agreement before acceptance by the Manager of this subscription, and if accepted, during the term that Purchaser is a Member of the LLC.

(j) The Memorandum I received included all exhibits listed in the Table of Contents including, but not limited to, Exhibit D, Current Portfolio, dated no more than 60 days before the date I executed this agreement.

(k) The Manager hereby represents that its capital account in the LLC as of that is available to support the Preferred Returns to Members provided for in the Operating Agreement and Private Placement Memorandum is currently \$_____. Neither the LLC nor the Manager guaranty the Preferred Return. If the Manager's capital account is exhausted and the LLC is unable to generate the Preferred Return, a Member's actual return could be substantially less.

10. RESTRICTIONS ON TRANSFER. Purchaser understands that, as a condition to this Offering of Membership Interests, restrictions have been placed upon the ability of Investors to resell or otherwise dispose of any Membership interests purchased hereunder including, without limitation, the following:

(a) There is no public market for the Membership Interests and none is expected to develop in the future. Even if a potential buyer could be found, Membership Interests may not be resold or transferred without satisfying certain conditions designed to comply with applicable tax and securities laws, including, without limitation, provisions of the Act, Rule 144 thereunder, and the requirement that certain legal opinions be provided to the Manager with respect to such matters. A transferee must meet the same investor qualifications as the Members admitted during the Offering Period. Investors must be capable of bearing the economic risks of this investment with the understanding that Membership Interests may not be liquidated by resale or redemption and should expect to hold their Membership Interests as a long-term investment.

(b) A legend will be placed upon all instruments evidencing ownership of Membership Interests in the LLC stating that the Membership Interests have not been registered under the Securities Act of 1933, as amended, and set forth the foregoing limitations on resale. Notations regarding these limitations shall be made in the appropriate records of the LLC with respect to all Membership Interests offered hereby. The LLC will charge a minimum transfer fee of One Hundred Dollars (\$100) per transfer of ownership. If a Member transfers Membership Interests to more than one person, except transferees who will hold title together, the transfer to each person will be considered a separate transfer.

11. POWER OF ATTORNEY

(a) Purchaser irrevocably constitutes and appoints the Manager with full power of substitution as his, her or its true and lawful attorney-in-fact and agent, to execute, acknowledge, verify, swear to, deliver, record, and file, in Purchaser's name or his, her, or its assignee's name, place, and stead, all instruments, documents, and certificates that may, from time to time, be required by the laws of the United States of America, the State of California, and any other state in which the LLC conducts or plans to conduct business, or any political subdivision or agency of the government, to effectuate, implement, and continue the valid existence of the LLC, including, without limitation, the power of attorney and authority to execute, verify, swear to, acknowledge, deliver, record and file the following:

(i) The Operating Agreement, the Articles of Organization, and all other instruments (including amendments) that the Manager deems appropriate to form, qualify or continue the LLC as a limited liability company in the State of California and all other jurisdictions in which the LLC conducts or plans to conduct business;

(ii) All instruments that the Manager deems appropriate to reflect any amendment to the Operating Agreement, or modification of the LLC, made in accordance with the terms of the Operating Agreement;

(iii) A fictitious business name certificate and such other certificates and instruments as may be necessary under the fictitious or assumed name statute from time to time in effect in the State of California and all other jurisdiction in which the LLC conducts or plans to conduct business;

(iv) All instruments relating to the admission of any additional or substituted Member; and

(v) All conveyances and other instruments that the Manager deems appropriate to reflect the dissolution and termination of the LLC pursuant to the terms of the Operating Agreement.

(b) The power of attorney granted is a special power of attorney and shall be deemed to be coupled with an interest, shall be irrevocable, shall survive the death, dissolution, bankruptcy, or legal disability of Purchaser, and shall extend to Purchaser's heirs, successors, and assigns. Purchaser agrees to be bound by any representations made by the Manager acting in good faith under such power of attorney, and each Member waives any and all defenses that may be available to contest, negate, or disaffirm any action of the Manager taken in good faith under such power of attorney.

12. MISCELLANEOUS

(a) **CHOICE OF LAWS.** This Agreement will be governed by and construed in accordance with the laws of the State of California.

(b) **ENTIRE AGREEMENT.** This Agreement constitutes the entire agreement between the parties and may be amended only by written agreement between all parties.

(c) **BINDING ARBITRATION.** Any dispute under this Agreement will be resolved under the then prevailing rules of the American Arbitration Association in the county of the LLC's principal place of business.

(d) **TERMINATION OF AGREEMENT.** If this subscription is rejected by the LLC, then this Agreement shall be null and void and of no further force and effect, no party shall have any rights against any other party and the LLC shall promptly return the funds delivered with this Agreement without interest.

(e) **TAXES.** The discussion of the federal income tax considerations arising from investment in the LLC, as set forth in the Memorandum, is general in nature and the federal income tax considerations to Purchaser of investment in the LLC will depend on individual circumstances. The Memorandum does not discuss state income tax considerations, which may apply to all or substantially all Purchasers. There can be no assurance the Internal Revenue Code or the Regulations under the Code will not be amended in a manner adverse to the interests of Purchaser or the LLC.

(f) **DULY AUTHORIZED.** If Purchaser is a corporation, partnership, trust, or other entity, the individuals signing in its name are duly authorized to execute and deliver this Agreement on behalf of such entity, and the purchase of the Membership Interests by such entity will not violate any law or agreement by which it is bound.

(g) **SUCCESSORS.** The representations, warranties and agreements contained in this Agreement shall be binding on Purchaser's successors, assigns, heirs and legal representatives and shall inure to the benefit of the respective successors and assigns of the LLC and its directors and officers. If Purchaser is more than one person, the obligations of all of them shall be joint and several, and the representations and warranties contained herein shall be deemed to be made by and to be binding upon each such person and his heirs, executors, administrators, successors, and assigns.

(h) **INDEMNIFICATION.** Purchaser shall indemnify and defend the LLC and the Manager from and against any and all liability, damage, cost, or expense (including attorneys' fees) arising out of or in connection with: (i) any inaccuracy in, or breach of, any of Purchaser's declarations, representations, warranties or covenants set forth in this document or any other document or writing delivered to the LLC; (ii) any disposition by Purchaser of any Membership Interests in violation of this Agreement, the Operating Agreement or applicable law; or (iii) any action, suit, proceeding or arbitration alleging any of the foregoing.

BY EXECUTING THIS AGREEMENT, PURCHASER HEREBY AGREES, UPON SUBMISSION AS A MEMBER INTO THE LLC, TO BE LEGALLY BOUND BY THE TERMS OF THE OPERATING AGREEMENT AND MEMORANDUM.

FOR GOOD AND VALID CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, Purchaser, intending to be legally bound, has executed this Agreement as of _____, 20____.

PURCHASER:

Name of Purchaser(s)

Purchaser Signature

Co-Purchaser Signature

Name and title (if applicable) of person signing

Name and title (if applicable) of person signing

ACCEPTANCE: (NOT VALID UNTIL ACCEPTED BY MANAGER)

The Manager of the LLC has accepted this Agreement as of _____, 20__.

STRATEGIC DIVERSIFIED MANAGEMENT, INC.
Manager

By: _____

Its: _____