



Investor News

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Estimated Income Fund 1 Equity

Month/Year	May 2018	June 2018
Est. Value of Fund	\$ 188,661,620	\$ 191,661,620
Third Party Debt	\$ 113,303,188	\$ 113,303,188
Est. Total Equity of Fund	\$ 75,358,432	\$ 78,358,432
Series 1 M (Equity Cushion)	\$ 5,279,635	\$ 3,605,712
Series 1D	\$ 3,593,174	\$ 3,605,119
Series 1C	\$ 21,584,338	\$ 21,679,928
Series 1B	\$ 22,847,699	\$ 22,888,495
Series 1A	\$ 22,053,586	\$ 25,782,171
Total Member Invested Capital	\$ 70,078,797	\$ 74,752,720

"As of June 26, 2018 our fund is estimated to be valued at \$191,661,620"

**** Currently Open: Series 1A ****

Dear Investors,

Acquisition

On April 27, 2018, Strategic Holdings acquired Sierra Hills, a 161 unit apartment complex in Atlanta, Georgia for \$24,250,000. Sierra Hills, formerly called Ashford Embury Hills is a class B apartment complex that features 2, 3, and 4 bedroom units. The average square footage of the 2 bedrooms ranges from 1359 to 1583 square feet. The 3 bedroom square footage ranges from 1700 to 1785

square feet. Occupancy was at 97.5% at the time of purchase. Strategic Holdings is implementing a value-add strategy where the units will be renovated as tenants move out or lease contracts expire and they choose to not renew. We will be investing approximately \$1,000,000 in improvements in order to achieve market rate rents. As mentioned in our March quarterly newsletter, Sierra Hills will be our sixth property in Atlanta, Georgia. We are bullish on north Atlanta, where all six properties are located. Within 3.4 miles of Sierra Hills is a 165 acre redevelopment project

of a former General Motors Plant called Assembly Yards. The project will include over 6.5 million square feet of retail, office, studios and hospitality, and it is one of the most closely watched projects in Atlanta's history. In addition, and currently under development, are the Atlanta Media Campus and Studios, a \$1 Billion, 107 acre campus and studios which are expected to bring nearly 10,000 new jobs to the area. Also, the population growth in Atlanta is approximately double of the U.S. population growth.

Student Housing Opportunities

Strategic Diversified Real Estate Holdings, LLC ("Fund I") currently owns a 98 unit apartment complex in Richmond, Virginia called the "The Birches". The Birches is directly across the street from Virginia Union University ("VUU"). At the beginning of this year, VUU approached Strategic Holdings about converting the

Birches into student housing. Since then, our management team has had several meetings with their key staff which includes their President, Chief Financial Officer, Athletic Director, and the Dean of Theology.

Virginia Union University was founded on a former prison site for slaves by the American Baptist Mission Society shortly after the Union Troops took control of Richmond, Virginia in 1865. The initial purpose was to provide former slaves an opportunity for education of the mind in an ethical and religious environment. Today, they serve, 1,700 students with a stated goal to grow the student body to 3,000 students over time. VUU recently received a Quantitative Scorecard rating of bb1 by Moody's Analytics (equivalent to BBB+ by S & P), which is 2 notches above investment grade. According to their president, the biggest constraint for the university is the significant shortage of student housing.



Virginia Union University



Virginia Union University - Kingsley Hall



Virginia Union University - Huntley Hall



Virginia Union University - Hartshorn Memorial

Strategic Holdings has been tasked with a general plan to convert the Birches to student housing. VUU has asked Strategic Holdings to deliver approximately 200 beds at the Birches (total possible is 288 - 384 beds depending on the number of students per unit) by the 2018 Fall Semester. Student housing can be profitable because students rent by the bed and there is typically a high occupancy rate with low delinquency. The units at the Birches are all 2 bedrooms and they can easily accommodate three to four students per unit. VUU has offered to coordinate the lease-up through their existing infrastructure and their University website. Due to strong demand, our target for The Birches is to maintain 95%+ average occupancy. Based upon market rate rents and increased Net Operating Income due to renting three to four beds per unit, we are anticipating an increase in value for The Birches, per Senior Investment Analyst, Ryan Cox. There is a budget for approximately \$700,000 for upgrades, furniture, fixtures, and equipment associated with student housing. VUU has offered to guarantee leases (subject to historic 2% collection loss) backed by their bb1 Moody's Analytics' rating. We are excited about this new opportunity and we will keep you updated on the progress.

2 POINT BONUS!

2 Point Bonus Promotion

We are currently offering a 2 point bonus for the first year on any new investments made. Any new funds invested into Series 1A will receive a 10.5% targeted fixed rate for the first year only, then will adjust to an 8.5% targeted fixed rate. This promotion applies to non-qualified/non-IRA funds only. (Retirement funds and ERISA retirement funds are not eligible for this promotion)

Diversify your portfolio with a fund focused primarily on multi-family apartment buildings

- Focused on Multi-Family Apartment Buildings
- No Stock or Bond Market Exposure
- Commercial Real Estate Backed Fund Seminar

2 Point Bonus Rules

- New Funds invested into Series 1-A - 8.5% will receive a 2% bonus for the first year
- Limited to new investments
- IRA/Retirement/ERISA investments NOT eligible for bonus

In observance of the 4th of July holiday, our Investor Relations Department will be closed Wednesday July 4th. We will return to our regular schedule ***Thursday, July 5th.***

Strategic Holdings wishes you a

Happy 4th of July!

Investor Relations Phone numbers

Main Office: (805) 410-4622

Patty Franklin: (805) 764-5128

Diane Rangel: (805) 367-8835

Seminars & Lunch and Learns

Date: Wednesday - **July 25th** at 12 pm

Location: **Corporate Office**

Date: Saturday - **July 28th** at 10 am

Location: **Crown Plaza Redondo Beach**

**Please Call Patty Franklin to
RSVP at (805) 764-5128**



Patty Franklin

Chief of Investor Relations / Investment Advisor

Currently available: Series 1A

Please contact **Patty Franklin** at
(805) 764-5128
for more information.

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