



Investor News

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Estimated Income Fund 1 Equity

April 2019

Month/Year	March 2019	April 2019
Est. Value of Fund	\$ 227,061,120	\$ 233,401,620
Third Party Debt	\$ 139,379,126	\$ 139,361,085
Est. Total Equity of Fund	\$ 87,681,994	\$ 94,040,535
Series 1 M (Equity Cushion)	\$ 5,210,059	\$ 9,945,495
Series 1D	\$ 3,712,029	\$ 3,719,241
Series 1C	\$ 22,406,155	\$ 22,480,723
Series 1B	\$ 21,886,977	\$ 21,703,326
Series 1A	\$ 34,466,774	\$ 36,191,750
Total Member Invested Capital	\$ 82,471,935	\$ 84,095,040

"As of April 26, 2019 our fund is estimated to be valued at \$233,401,620"

** Currently Open: Series 1A **

Dear Investors,

First and foremost, we hope this letter finds you well...

As we move further into the 2nd quarter, we would like to provide an update on Strategic Diversified Real Estate Holdings, LLC ("The Fund") and the "on goings" during the first quarter of 2019.

We are delighted to have Barry Levenson back and running capital markets! Many of you may know him as being an integral part

of the start-up team that laid the foundation for what Strategic Holdings is today. Barry has extensive experience in real estate financial services and is a proven builder of successful companies with over 30 years of executive experience. Please feel free to reach out to Barry to say hello or welcome back at (blevenson@strategicholdings.com).

Garden Grove

On February 15th, we sold Garden Grove apartments, a 400 unit apartment complex located in Montgomery, AL. "The Fund"

recorded a small profit of approximately \$400,000, but more importantly repatriated over \$13mm; most of which we used to acquire Park on The Square, which we believe has significantly more upside than Garden Grove Apartments.



Garden Grove | Montgomery, AL

Park On The Square

On February 27th, we acquired Park On The Square, a 240 unit apartment complex in Pensacola, FL. The purchase price was \$30,000,000 and the equity required to purchase the property was slightly over \$9.5mm. This property was built in 1999 and is in excellent condition with only minor renovations required. The Pensacola economy is strong with outstanding job and rent growth. The nearby Naval Air Station employs over 16,000 military and 7,400 civilian personnel. The

Naval Federal Credit Union is expanding their Pensacola headquarters to 1.5mm square feet and expects to employ 10,000 people by 2020. When Strategic signed the purchase contract in September 2018, average rents were \$966 / month. Today, average monthly rents are over \$1,015, and the property is 96% occupied. We are very excited about the short- and long-term potential upside of this property.



Park on the Square | Pensacola, FL

Oak Garden

We are scheduled to close on the sale of a non-core asset, Oak Garden, a 95 unit complex in Chickasaw, AL. The contracted sales price is \$3,350,000 and we are anticipating a close date of May 15, 2019. As we continue to “prune” and upgrade the portfolio, it makes good sense to dispose of this property and aim to acquire more properties like Park on the Square, which we believe have better growth potential.



Oak Garden | Chickasaw, AL

Quarterly Update

For the quarter ended March 31st, “The Fund”, on a consolidated basis finished 2.5% above its budgeted Net Operating Income. In addition, the collective occupancy of the portfolio is 95.5% and the rents have increased such that we are on pace to meet our budgeted average annual rent increase of 7%. The portfolio leverage of the fund remains at a low 62%. Our average cost of debt is 4.6% and 95% of the debt maturities are not until after March 2027. During the quarter our return on investment to our members was approx. 10.2%.

Lastly, on March 27th Mayer Hoffman McCann concluded the annual fund audit with no material issues. This marks the sixth audit of the fund and sixth year of a clean opinion.

As is always the case, we will continue to keep you informed as to the status of the fund, as we strive for professionalism and transparency in an effort to maximize shareholder’s wealth.

Sincerely,

James W. Backner

President

Strategic Diversified Management, Inc.

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)

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

Please note, we will be closed on

Monday, May 27th

in observance of

Memorial Day

We will return to the office
on Tuesday, May 28th.

Happy Memorial Day!

Investor Relations Phone numbers

Main Office: (805) 410-4622

Diane Rangel: (805) 367-8835



Barry Levenson

Investor Relations Capital Markets

Ask me about other investment
opportunities!

Currently available: **Series 1A**

Please contact **Barry Levenson** at
(805) 367-8803
for more information.

The contents of this communication: (i) do not constitute an offer of securities or a solicitation of an offer to buy securities, (ii) offers can be made only by the confidential Private Placement Memorandum (the “PPM”) which is available upon request, (iii) do not and cannot replace the PPM and is qualified in its entirety by the PPM, and (iv) may not be relied upon in making an investment decision related to any investment offering by the respective issuer, or any affiliate, or partner thereof (“Issuer”). All potential investors must read the PPM and no person may invest without acknowledging receipt and complete review of the PPM. Consult the PPM for investment conditions, risk factors, minimum requirements, fees and expenses and other pertinent information with respect to any investment. These investment opportunities have not been registered under the Securities Act of 1933 and are being offered pursuant to an exemption therefrom and from applicable state securities laws. Past performance are no guarantee of future results. All information is subject to change. You should always consult a tax professional prior to investing. Investment offerings and investment decisions may only be made on the basis of a confidential private placement memorandum issued by Issuer, or one of its partner/issuers. Issuer does not warrant the accuracy or completeness of the information contained herein. Thank you for your cooperation.

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