

## Estimated Fund Equity: July 2015\*

Month/Year	June 2015	July 2015
Estimated Value of Fund	\$73,500,000	\$66,639,000
Third Party Debt	\$39,000,000	\$33,400,000
Estimated Total Equity of Fund	\$34,500,000	\$33,239,000
Members' Invested Capital (1A, 1B, 1C)	\$22,172,000	\$24,187,000

\*As of July 31, 2015

### SAVE THE DATE!

Our annual investor appreciation dinner will be held on September 17th, 2015.



## STRATEGIC UPDATE

### *Dear Investors,*

The U.S. economy continues to grow; 280,000 jobs were created in May 2015 and over 1,000,000 for the year. The 2nd quarter GDP growth rate was recently revised upward to 2.3% and the Federal Reserve Board of Governors is considering raising the federal funds rate, after being near ZERO for ten years. In addition, there is potential wage inflation on the horizon, which could ultimately lead to increased rents for multifamily housing.

Strategic Holdings is optimistic

about our current real estate portfolio and business model. In fact, Strategic Holdings Growth Fund II ("Fund II") model is to acquire more stabilized properties, properly manage them, and then liquidate them in about 7 years to maximize returns. An investment in Fund II offers an 8% preferred return paid monthly, in addition to 70% of any upside profits that come from operations and appreciation.

Growth Fund II investors benefit from depreciation and

Growth Fund II offers an 8% preferred return paid monthly, and 70% upside.

its potential for long-term capital gains. Fund II is scheduled to liquidate on or before December 31, 2022 unless extended in order to time the economic cycle. Fund II recently acquired 315 stabilized units (184 in Dallas, TX and 131 in Memphis, TN) from Strategic Diversified Real Estate Holdings, LLC ("Fund I") at a current appraised value. Fund II benefits from acquiring stabilized assets and Fund I benefits from profits.

*Please continue to backside...*



Sunridge Townhomes



Windsor Townhomes

4170 Altoona Dr., Dallas, TX: Fund II acquired these 184 units from Fund I for the appraised value of \$7.7 million. It traded at an estimated 7.75% capitalization rate. The property was 93.5% occupied at time of acquisition.

5006 Cobalt Cove and 2880 Beverly Hills St., Memphis, TN: These two properties, comprising 131 units, are located in the Raleigh/Bartlett area of Memphis. Fund II acquired these properties from Fund I for \$4.7 million. It traded at an estimated 8.00% capitalization rate. The properties were 93.9% occupied at time of acquisition.

Based upon certain assumptions and projections (not guaranteed), the Manager anticipates Fund II investors will earn a 17-20% average annual return, with the majority of the profits realized when the assets are sold in approximately seven years. It is anticipated that there will be more than adequate operating income from acquired properties, which will be stabilized at time of acquisition by the Fund, to pay the 8% preferred return. Interested investors should read the entire Private Placement Memorandum and Operating Agreement for Fund II.

The Manager is allowing up to \$3,700,000 of investor funds to transfer from Fund I to Fund II over the next 60 days should existing Fund I investors want to participate in Fund II. If you are interested in learning more about Fund II, please call Patty Franklin at (805) 764-5128 or me directly at (805) 764-5127.

*Barry Levinson*

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.

### Ask Patty



*EVP of Investor Relations*

UPDATE: Growth Fund II

We are currently raising money for our Growth Fund II. Investors can invest their money directly into the Growth Fund II and start earning an 8% preferred annual rate. Growth Fund II is a long term investment that allows investors to participate in any upside appreciation. If you have any questions on any of our Funds, please do not hesitate to contact me at 805-764-5128.