



Estimated Income Fund I Equity:

Month/Year	August 2015	September 2015
Estimated Value of Fund	\$68,505,000	\$68,140,000
Third Party Debt	\$34,530,000	\$33,500,000
Estimated Total Equity of Fund	\$33,975,000	\$34,640,000
Members' Invested Capital (1A, 1B, 1C)	\$25,600,000	\$26,500,000

Our Annual Investor Appreciation Dinner was a great success!



THE CEO'S DESK

Dear Investors,

A prolonged period of prosperity always begins with the first step. Dating back to 2009 (just after the commencement of the Great Recession), two separate teams lead by Jim Backner and John Gaiser independently acquired properties at foreclosure sales, repositioned them, and sold them for substantial profits. In 2012, independently, these two teams acquired, repositioned, and resold a combined 104 properties with substantial profits on almost all properties. In late 2012, this journey began when Backner and Gaiser began discussing a concept which has since evolved

into Strategic Holdings. I joined the team in August 2013 to assist in the vision by sourcing more efficient capital and providing skilled leadership.

The original vision included forming a team of qualified professionals that seek to acquire distressed real estate assets (both properties & loans), reposition them, and sell them for a profit. We also hoped that one day we would be able to retain most repositioned properties long-term for cash-flow and potential

capital gains. The vision also included properly and reasonably aligning the interests of high net worth investors with our investment goals. The management company funded a first loss position of \$2 million and structured the cash-flow to protect investors first over the management company.

Strategic Diversified Real Estate Holdings, LLC ("Fund I") and Strategic Holdings Growth Fund II, LLC ("Fund II") now own a combined (*Please continue to the next side...*)

Investor ballots coming your way soon.

Estimated Growth Fund II Equity:

Month/Year	August 2015	September 2015
Estimated Value of Fund	\$12,500,000	\$12,500,000
Third Party Debt	\$7,698,000	\$7,686,000
Estimated Total Equity of Fund	\$4,802,000	\$4,814,000
Members' Invested Capital (1A, 1B, 1C)	\$500,000	\$1,988,000

2,552 apartment units. Based upon an internally generated five year pro forma utilizing reasonable assumptions, the 2,552 apartment units should be worth \$124.5 Million in 2020 with a total cost of \$73 Million (which includes both the original purchase price and the total renovation costs). Some of the assumptions include a 7.5% cap rate, 2.5% stabilized rent growth, and 2% inflation.

Strategic Holdings will be providing a ballot vote shortly to existing investors in Income Fund I. The proposed changes are intended to improve the equity protection, and increase the reliability of the monthly payments to the existing 1-A, 1-B, and 1-C Members. Existing 1-A, 1-B, & 1-C Members have the option of retaining their investment in 1-A, 1-B, or 1-C Membership Interests, or converting a portion of them to the new investor class, which will be named 1-D Membership Interests. The maximum offering of 1-D Membership

Interests will be \$20,000,000, or 20,000 units. The unit price will be fixed at \$1,000 until April 1, 2016, after which time it will adjust according to input from the managing company and market forces. The Management Company's \$2MM will be in a first loss 1-M class.

The new 1-D investor class will be entitled to a 10% preferred monthly payment based upon \$1,000/Unit. In addition, each unit will be entitled to their portion of the 25% profits allocated to the new class of 1-D shares. Once the proposed changes are approved by a majority of existing members, the Manager believes that Fund I will no longer need to sell repositioned assets to create capital gains sufficient to pay the costs of the LLC, and the management fees necessary to pay the monthly bills of the Manager. The Manager believes that there will be increased protection for the 1-A, 1-B, & 1-C Membership Interests, and the new 1-D

**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.



Membership Interests will have the potential for a "tax deferred wealth building strategy hedged by real estate assets."

Separately, we had our annual Investor dinner on September 7, 2015 and we were all excited to see such a large turnout of the Strategic Holdings family! We gave a little update on the progress of the funds and I think everyone had a great time making new friends while eating some terrific meals! Pictures from the dinner will be in the next newsletter.