



Estimated income Fund I Equity:

Month / Year	December 2016	January 2017
Estimated Value of Fund	\$122,500,000	\$111,001,620
Third Party Debt	\$55,350,000	\$48,678,762
Estimated Total Equity of	\$67,150,000	\$62,322,858
Members Invested Capital (1A, 1B, 1C 1D)	\$58,900,000	\$58,425,000

"As of January 30, 2017 our fund is estimated to be valued at \$111,001,620



Upcoming Events

Lunch and Learn
Feb. 11th & Feb. 23rd
In Westlake Village at our
Corporate Office

Dear Investors,

We are under contract and scheduled to close in April on the purchase of Brookstone Village apartments. Brookstone Village is a 154 unit 1973 vintage apartment complex located in Atlanta Georgia. We believe this property is a value-add opportunity by upgrading the interior units. Many comparable properties with upgraded units are currently commanding over \$100/month premiums. Rental comps indicate that Brookstone Village units are \$40/unit below market. The property is currently 98.7% occupied.

Within a 2 to 5 mile radius of this property is several mixed use developments which include projects called The Assembly, Nexus, Children's Healthcare of

Atlanta, and Peachtree crossing/Whole Foods. These projects are expected to transform the whole area into a thriving live, work, play and transit oriented hub.

REIA which is a market research source indicates that North Dekalb which is the submarket of Atlanta, has a vacancy rate of 4.8% and average asking rent of \$1,206. Rents have historically increased every quarter since 2011. This report also indicates strong rental growth forecast.

A purchase contract was signed in January at a price of \$13,360,000. We anticipate a capitalization rate of about 7.5% at acquisition.



Management

It is with sadness that we announce Jackie Trojanowsky has tendered her resignation as Chief Investment officer of Strategic Management Inc. Jackie has been with the management company for about 2 years and has helped us with acquisitions. She has accepted an opportunity with a large real estate investment company to spearhead a new equity fund. We appreciate the contributions and training Jackie provided. John Gaiser who is currently co-head of acquisitions with Jim Backner will assume the title of Chief Investment officer. Ryan Cox who is currently our Senior Investment Analyst and project coordinator will join the acquisition team.

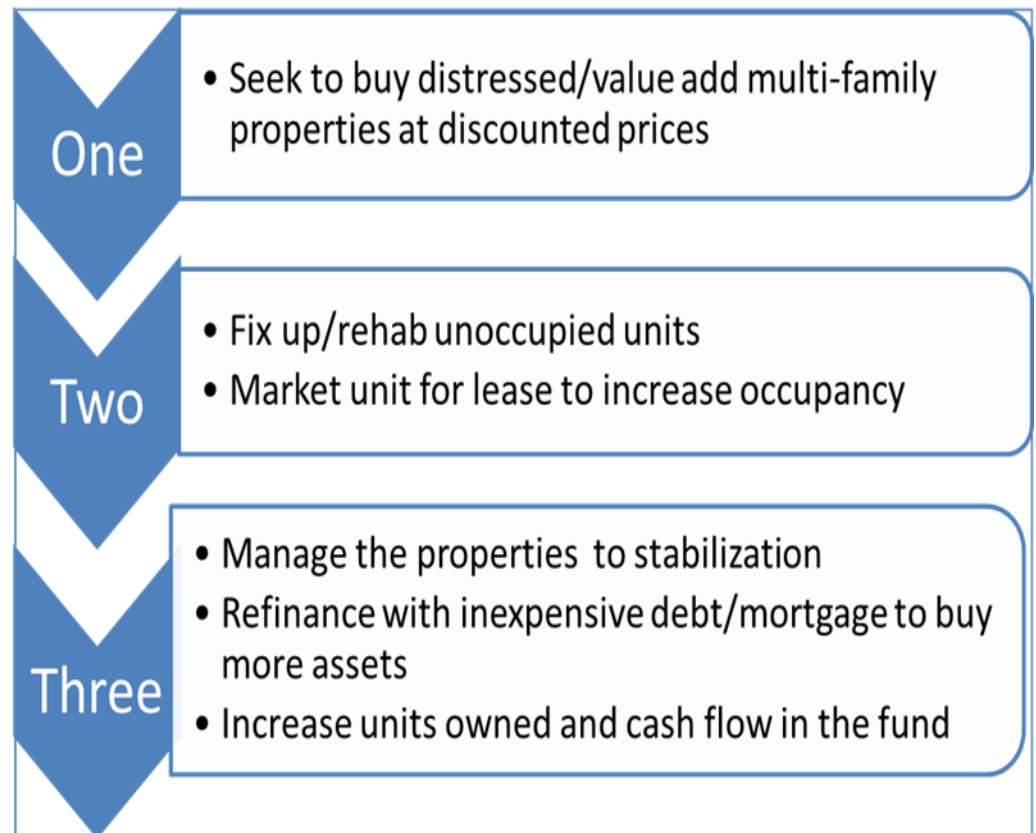
Tax Reporting

Members of the fund will receive a K-1 for tax reporting. The K-1's typically will be distributed by the end of March 2017 for our Series 1A, 1B, 1C investors. Series 1D investors will receive their K-1's at a later date. We have already mailed out our year end statements for all of our investors. If you have any questions, feel free to contact Patty Franklin at 805-764-5128.

Brookstone Village Apartments



Strategic Holdings Investment Strategy



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