SFG INCOME FUNDS

INCOME FUND VI NEWS

SFG FAMILY OF FUNDS DECEMBER 2013

SFG Income Fund managers Greg Elderkin (left) and John Odegard (right).

SFG FUND UPDATE

CONTINUED PROFITABILITY IN THIRD QUARTER LEADS TO ENHANCED SFG INVESTOR VALUE

It was a very profitable quarter for SFG Income Fund VI, which leads to enhanced investor value upon recalculation in spring. It is important to remember that all Fund net earnings after tax go to investors through improvement in your redemption value as we reestablish full value. We have written numerous articles and communications describing our efforts and the improvements to the Fund's health, including non-performing asset percentage, REO sales, rejuvenated loan portfolio and the march back to profitability. We recognize this has come with little tangible benefit to investors. That will change. Come spring, all our efforts and profit creation for SFG investors should now lead to a marked improvement in investor value.

From this point forward Fund investors should see measurable, steady growth in investment value.

The bottom line was enhanced this quarter by another REO asset sold above book value. The 25,000 sq. ft. office building is located in a historic district of Seattle, Washington, and was in need of some structural and cosmetic repair, as well as lease up, to maximize value. Over the last few years SFG fund managers completed these objectives and stabilized the asset with quality tenants. As the office market started to heal, we were able to capture a couple of rent increases and lease extensions from key tenants, lifting the property's resale value, allowing us to post a profit from the sale in August.

Our non-performing asset percentage stayed relatively the same at the end of the third quarter, and remains well under control. The Fund may even see a rise in our non-performing asset percentage over the next quarter or two before it begins to drop again. As we have espoused in the past, it is a natural part of our business model for this category to fluctuate as assets move through. Even with the expected modest and temporary rise in our non-performing asset percentage, the fund is well on its way to meet its objectives.

This 25,000 sq. ft. office building in a historic district of Seattle was renovated, leased up with quality tenants, and sold at a gain in August, 2013.

We have captured some healthy profits the last few quarters and booked more than an $800,000 net profit this quarter (third quarter 2013) increasing investor value over and above paid out investor yield. We do not, however, expect the fourth quarter of 2013 to be as profitable since we have been carrying a high cash position through much of the 4th quarter. Our high liquidity reflects the fund's healthy rejuvenation, but the unemployed capital is also a pull on earnings. Additionally, we do not expect any property sales or investor redemptions that will result in significant gains. Nonetheless, high quality loan volume continues to grow at a healthy pace, lifting interest income as we march confidently to improved investor value.

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Over the years Seattle Funding Group continued to market and grow its brand while many lending institutions were closing their doors. Today this has served Fund investors well through consistent and secure capital employment.

CONTINUED GROWTH OF THE SFG BRAND IN LENDING MARKETS

Over the last few years Seattle Funding Group has made substantial strides in capturing the attention and market share of the appropriate equity-based real estate borrowers. The effort, time, cost and expertise in establishing, maintaining and growing market share and position for transactions meeting our model cannot be overstated. Seattle Funding Group invests many times the industry average on ensuring our market leadership and our "first-look" position, and it shows. A multitude of investment choices is an integral component of healthy underwriting and maximum portfolio performance. Simply put, quality loan volume is an essential element to the long term success of the Fund and its investors through consistent capital employment and security. The SFG Income Fund is capturing outstanding loan opportunities as the vestiges of old economy loans dissipate, serving investors extremely well. Fund performance continues to improve. Consistent with our growing market share, loan volume is on the rise. We expect to end the year at a sensible 30% increase from 2012. It is quite energizing to get back to business as usual, wisely employing capital in well collateralized loans, yielding above average market returns.

SAFETY FIRST

It is important for investors to remember we are a lending firm with interest income as our primary revenue stream. Our investment strategy is not to speculate in an attempt to capture higher profits. Our income comes primarily through interest revenue which is a deliberate and steady process. It has always been our heritage to limit investors' downside risk, not chase yield at the expense of greater risk and potential setbacks. It's a measured philosophy that has served our investors so well for decades. Along the way however, we have worked diligently to procure ancillary income through value add opportunities on some foreclosed properties, making a real improvement to the fund's bottom line. We will continue our disciplined investment approach while maximizing profits through additional prudent opportunities. From this point forward, you should begin to see measurable steady improvement in your bottom line each year, as we are now squarely on the offensive side of the field.

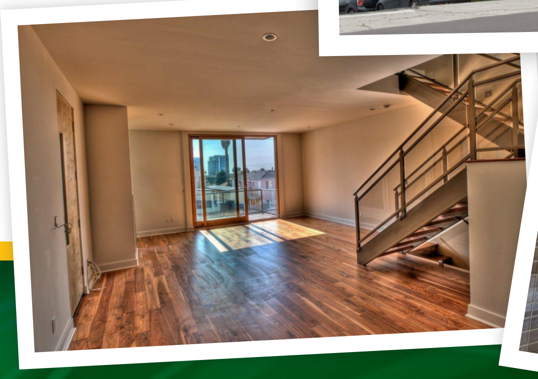
The entire SFG team is looking forward to a positive 2014, terrific results and improved redemption value for our investors! We wish you a Merry Christmas, Happy Holidays and an outstanding New Year!

John Odegard and Greg Elderkin

SUCCESS STORY

$2,400,000
Banker's Hill Condominiums
San Diego CA

This terrific, four-unit contemporary row home project was conceived prior to the downdraft and completed in the teeth of the turbulence. Fortunately, the sponsors were able to hold on until this well-located project captured market recovery. SFG's new loan (funded third quarter 2013) paid off the maturing lender, allowing for individual sales at an expected $1 million per unit. Quality borrower, solid location, sensible exit strategy. Another example of SFG serving the real estate community, capturing a premium return while protecting investor capital.



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