



BLUEROCK
Value Exchange™

DELAWARE STATUTORY TRUST (DST) Available For 1031 Exchange & Direct Investment

BR Churchill Downs, DST

800 CHURCHILL DRIVE, ABERDEEN, NORTH CAROLINA 28315

EQUITY OFFERING AMOUNT: \$37,778,539 | MINIMUM INVESTMENT AMOUNT: \$100,000 (0.26470%) FOR 1031 EXCHANGE



INVESTMENT OPPORTUNITY

Churchill Downs ("The Property") represents the opportunity to invest in a low-density, direct-entry townhome and garden-style apartment community located in the Pinehurst Metro in North Carolina. The Property is located approximately 90 miles to the Charlotte Metro and less than 70 miles to the Raleigh-Durham Metro.

Proximity to more than one million square feet of retail and local dining options

The Property is highly visible within the area, located adjacent to US Route 501, US Route 1, and State Route 27, the main thoroughfares in the Pinehurst Metro, which see approximately 10,000 vehicles per day. The Property is located within a five-minute drive of nearly 60% of the market's retail, which provides six grocery stores alongside big box retailers including a brand new nearly 150,000 square foot Target which recently opened in October 2024. Additionally, the Property is a five-minute drive to the Southern Pines Historic District. This charming shopping district has the quintessential small town main street quarter perfect for perusing locally owned shops and many dining options. The Property is positioned across the street from the newly restored Southern Pines Golf Club, a Golf Digest Top 100 Public Course in the country and just a 10-minute drive from FirstHealth Moore Regional Hospital, one of the major healthcare providers for the region. The Property is also within a 15-minute drive to three other golf resorts including the Country Club of North Carolina, the Pinehurst Country Club, and the Mid South Country Club.

BR Churchill Downs, DST (the "Trust") seeks to provide its Beneficial Owners with monthly cashflow and the potential for appreciation driven by economic and population growth as well as the opportunity to significantly grow rents through a targeted value-add / upgrade program (as described below).

There is no guarantee Purchasers will receive distributions or the return of their capital. See the "Risk Factors" section in the Offering Memorandum for BR Churchill Downs, DST (the "Memorandum"). The results shown may not occur, and your performance could vary significantly. Capitalized terms used but not defined in this brochure have the meanings given in the Memorandum.

FOR ACCREDITED INVESTOR USE ONLY | This is neither an offer to sell nor a solicitation of an offer to buy any securities. BR Churchill Downs, DST is a recently formed Delaware statutory trust that is offering (the "Offering") to sell beneficial interests (the "Interests") to "accredited investors" as that term is defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended, and applicable state securities laws. This material must be reviewed in conjunction with the Memorandum to fully understand all of the implications and risks associated with the Offering and an investment in the Interests. Prospective Purchasers should carefully read the Memorandum and discuss with their own investment professionals prior to making an investment and should be able to bear the complete loss of their investment.



Key Investment Considerations

- ❖ **Instant value creation** as the Property was purchased for \$1.3 million below appraised value.¹
- ❖ **\$1.5 million in recent capital improvements** including full leasing office, clubhouse, and fitness center renovations, roof replacements, landscaping improvements, parking lot refinishes, building enhancements, pet park and outdoor picnic area improvements, pool area improvements, pet spa installation, and putting green installation.
- ❖ **Targeted value-add / upgrade program** including exterior upgrades and improvements to landscaping and signage, installation of washers and dryers in all units and the implementation of a light interior unit upgrade to the Property's select classic (original) finishes to capture rent premiums and drive increased Property revenues and value.
- ❖ **Strong tenant demographics**, with average household income of nearly \$79,000 at the Property, providing an income-to-rent ratio of approximately 4.5, with tenants employed in durable industries such as military and defense, healthcare, and education.²
- ❖ **Property provides coveted walkability**, located within walking distance to major essential retail, dining, and entertainment centers.
- ❖ **Strong visibility and connectivity** with the Property located adjacent to US Route 501 and US Route 1, which provide connectivity throughout the region and see approximately 10,000 vehicles per day.



Southern Pines Historic District



Southern Pines Golf Club

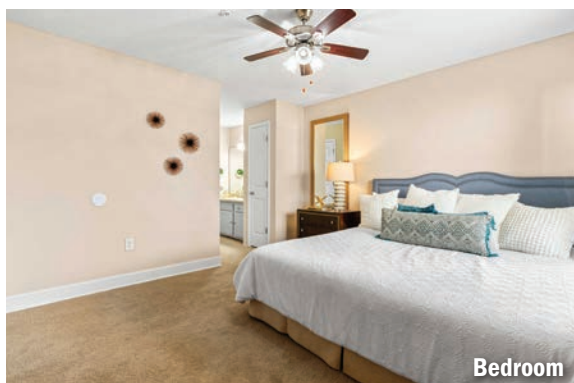
¹ Appraisal; ² Skolnick Consulting

Investment Overview

BUSINESS PLAN

BHM Churchill Downs Exchange TRS, LLC (“BHM”) and Bluerock Value Exchange, LLC (“BVEX”) believe the Property is well positioned for significant rental rate growth and property appreciation due to its desirable location within the Pinehurst Metro adjacent to US Route 501 and US Route 1, which see nearly 10,000 vehicles per day. BHM and BVEX plan to implement and administer a targeted value-add program at the Property. The value-add program includes installing washers and dryers in all units in conjunction with a rent premium to tenants, implementation of a light interior unit upgrade to the Property’s select classic (original) finishes for an additional rent premium to tenants, select roof replacements and upgrading signage and landscaping building on the \$1.5 million capital expenditure investment completed by prior owners. Additionally, to further grow Property revenues and enhance the Property’s value, the Sponsor intends to perform the following items:

- ❖ Implement aggressive ongoing marketing campaigns to reach out to local corporations, businesses and vendors to obtain referrals, activity sponsorships and reciprocal business opportunities.
- ❖ Enhance the Property’s internet marketing by engaging an internet firm specializing in search engine optimization. The utilization of a search engine optimization firm will improve the Property’s online presence resulting in more cost efficient and cost-effective marketing. The firm will provide community- tailored paid internet search advertising campaigns.
- ❖ Hire a nationally recognized third-party property management company to oversee an on-site management team of experienced and enthusiastic professionals.
- ❖ Install a state-of-the-art computerized revenue management program that collates market and submarket data and establishes daily pricing for all units based on a number of primary factors including inventory, days on market, move-in date and location. This type of computerized revenue enhancement system is gaining wide acceptance in the multifamily management industry as being a cost-effective software program that will manage pricing in an effort to increase the financial performance of the Property.



Bedroom



Living Area

OFFERING HIGHLIGHTS

\$100,000 minimum investment

Assumed Debt (0.26470% interest):	\$81,366
Offering Purchase Price:	\$68,517,539*
Equity Amount:	\$37,778,539
Loan Amount:	\$30,739,000
Loan Terms:	• 44.86% Loan-to-Capitalization 10-year Term • 5.13% Fixed Interest Rate 10-year Interest only
Cash Flow to Trust Under Master Lease:	4.25%**
Projected Hold Period:	7-10 Years

THE MASTER LEASE

The Trust will lease the Property to BHM Churchill Downs Leaseco, LLC, a newly formed Delaware limited liability company (the “Master Tenant”), under a 10-year master lease agreement (the “Master Lease”). The Master Tenant will sub-lease the Property to the end-user tenants. The purpose of the Master Lease is to permit the Master Tenant to operate the Property and to enable actions to be taken with respect to the Property that the Trust would be unable to take due to tax law related restrictions, including but not limited to, a restriction against re-leasing the Property.

As part of the Master Lease, the Trust will receive Base Rent (debt service), Additional Rent (monthly distributions), and Supplemental Rent (annual performance distribution) from the Property’s gross revenues as described in the Master Lease.

*Figure includes total purchase price, acquisition, offering fees and expenses, and operating and capital reserves.

**Figure reflects current distribution from Base Rent and Additional Rent paid pursuant to the Master Lease, shown on an annualized basis as a percentage of equity invested in the Property, after relevant expenses, such as operating costs, fees, and the Asset Management Fee are taken into account. This figure is not an assurance of future results and does not directly represent investor return. There is no guarantee investors will receive distributions or the return of their capital. The rate shown is on an annualized basis as a percentage of equity invested in the Property. See the Memorandum for additional detail.

See “The Property” in the Memorandum for additional detail. Also see “Risk Factors – Risks Related to the Property” in the Memorandum. There is no guarantee Purchasers will receive distributions or the return of their capital. See the “Risk Factors” section in the Memorandum. The results shown may not occur, and actual performance could vary significantly.

Property Summary

The Property offers spacious living quarters in one-, and two-bedroom apartments and three-bedroom, direct-entry townhome floor plans.

Year Completed: 2000, 2003

Class: B

Buildings: 34 residential, one leasing office and one fitness center

Acres: 21.31

Number of Units: 272

Average Unit Size: 1,061

Total Square Feet: 288,480



COMMUNITY AMENITIES

- ❖ Expanded putting green
- ❖ Poolside cabanas
- ❖ Leash-free bark park
- ❖ Grilling pavilion
- ❖ Lounge pool with padded loungers
- ❖ Playground
- ❖ Ample parking
- ❖ Enhanced fitness center with Echelon Mirror and Bike
- ❖ Starbucks coffee bar with Wi-Fi in the clubhouse
- ❖ Upgraded clubhouse and coworking lounge
- ❖ Complimentary Wi-Fi in amenity spaces
- ❖ Laundry facilities
- ❖ Pet spa



Clubhouse



State-Of-The-Art Fitness Center

UNIT AMENITIES

- ❖ Large Kitchen with Bar Top Seating
- ❖ Luxury, Wood-Style Plank Flooring
- ❖ Two-inch Plantation Style Blinds[†]
- ❖ Scenic Views[†]
- ❖ Washer & Dryer Connections
- ❖ High Ceilings
- ❖ Ample Closet Space
- ❖ Microwave[†]
- ❖ Private Patio or Balcony
- ❖ Refrigerator with Ice Maker
- ❖ Dishwasher
- ❖ Ceiling Fan
- ❖ Carpeting

[†] In select units

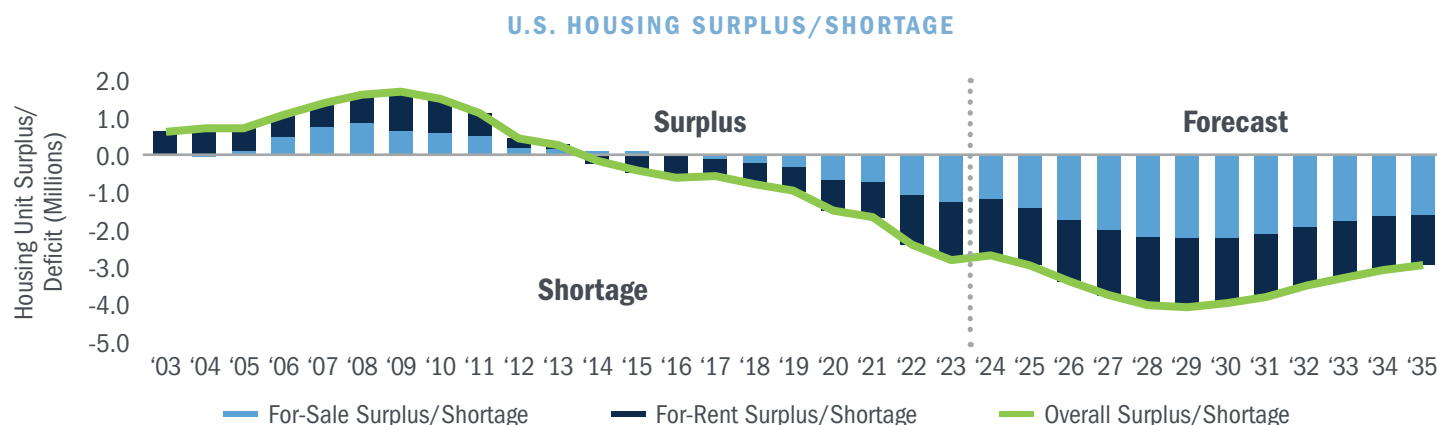


Private Patio Or Balcony

Why Apartments?

● Persistent Housing Shortfall Forecast to Drive Demand

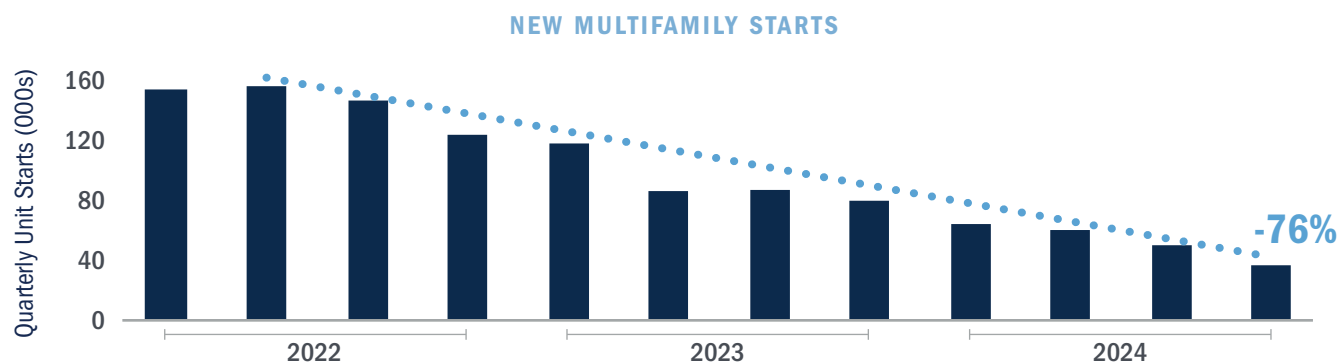
The U.S. housing deficit is expected to worsen through the end of the decade, creating a large need for all forms of rental strategies.



Source: U.S. Census Bureau; Moody's Analytics; Clarion Partners Investment Research, as of April 2024.

● Housing Construction Decreased Substantially, Adding Pressure to Already High Occupancy Rates

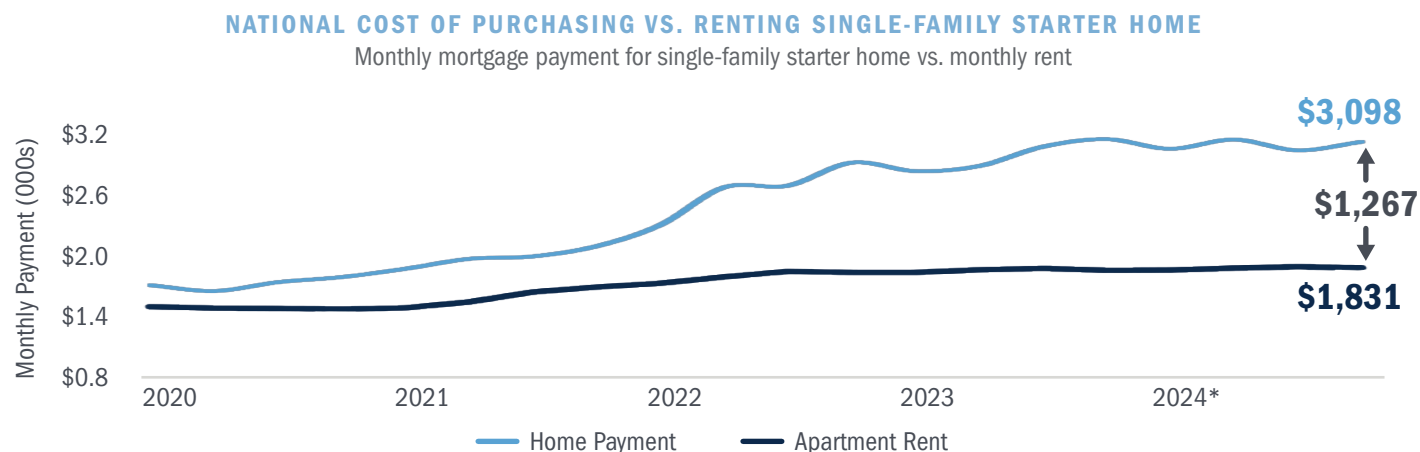
New apartment supply has seen a sharp decline, with apartments under construction 39% below 2022 highs and new multifamily starts 76% below 2022 highs.



Source: Marcus & Millichap, 2025 Economic and Commercial Real Estate Outlook

● Home Payment Unaffordability Will Continue to Keep Renters From Owning a Home

The premium for homeownership remains near record highs, with the average monthly home payment nearly \$1,300 higher than the average monthly apartment rent payment.



Source: Marcus & Millichap, The Forces Driving Long-Term Rental Housing Demand, March 2025

Regional Overview



The Pinehurst Metro is located approximately equidistant (70-90 miles) between the Charlotte and Raleigh-Durham Metros. These metros have seen recent outsized population and economic growth, driven by the region's diverse economies and superior quality of life.

The Charlotte Metro is home to 2.9 million residents and 1.6 million jobs, with an unemployment rate of 3.6%. The region has seen 20% growth since 2010, largely driven by the 20-34-year-old demographic. This has driven labor force growth of 16% since 2010, while tech workers have grown 91% during the same time period. The region has also seen 42% growth in business and financial occupations since 2010. The Charlotte Metro's outsized growth is expected to continue with another 1.3 million residents projected to be added from 2025 to 2050.³

The Raleigh-Durham Metro is home to the Research Triangle, due to the area's well-known research universities include Duke University and University of North Carolina. The Raleigh-Durham Metro is home to flourishing industries such as advanced manufacturing, life sciences, technology, financial services and technology, automotive, and Esports and Gaming. The Raleigh-Durham Metro was recently named the Best Performing Large Metro Area by the Milken Institute, due to its strong feeder program from the area's universities, consistent strong labor markets, and economic growth in terms of wages as strong factors for Raleigh's top marks. Raleigh also has outpaced national rates of employment growth consistently since 2018.⁴

The Pinehurst Metro's recent growth is being driven by wage and employment growth. Pinehurst Metro has seen a 28% wage increase in the last four years, and new business creation and expansions of the retail and construction industries suggest more money is coming into the area. The business friendly climate provides the second lowest real and personal property tax rate of any county, located in North Carolina which has the lowest corporate tax rate, and is scheduled to be removed by 2030.⁵

The Pinehurst Metro is most recognized as The Home of American Golf, with 40 golf courses within a 15-mile radius that draw 1.5 million visitors annually. The golf industry is a main driver for the area's economy and in recent years Pinehurst Metro has spurred significant investment including the United States Golf Association's 2024 grand opening of its second headquarters, Golf House Pinehurst along with the World Golf Hall of Fame on the Pinehurst Resort campus. Additionally, Pinehurst Metro is a U.S. Open "anchor" host site slated to host four future U.S. Opens including the 2029 tournament. These tournaments serve as significant tourism events for the market, with the economic impact of the 2024 tournament estimated at over \$200 million. In 2023, the golf tourism had an economic impact of \$805 million in the region.

The Pinehurst Metro has experienced significant growth and is recognized for its strong economic performance.

It has consistently ranked as the top micropolitan area in the state (7 years consecutively) and #10 (out of 543) micropolitan regions in the nation.⁶

³ Charlotte Regional Business Alliance; ⁴ raleighnc.gov; ⁵ Moore County Economic Development Partnership; ⁶ POLICOM 2024 Economic Strength Rankings

The healthcare industry is the area's largest employer, with three major hospitals in the region including FirstHealth of the Carolinas, Pinehurst Medical Clinic, and Pinehurst Surgical Clinic. FirstHealth's Moore Regional Hospital in the Pinehurst Metro is the health system's flagship hospital and has received the Outstanding Patient Experience Award for 16 consecutive years, placing it in the top five percent of hospitals in the nation. These local hospitals have significantly expanded their facilities in the region to provide advanced medical care. Some of these expansions include the addition of over 200,000 square feet of new medical office space and FirstHealth's four-story 120,000 square foot Comprehensive Cancer Center.

The Pinehurst Metro is home to the majority of the retail for the region containing 57% of the market's shopping destinations. Within a five-minute drive of the Property is the Pinecrest Plaza, Southern Pines Village, Morganton Park South, Central Park Shopping Center, and the Aberdeen Commons. These retail centers provide more than one million square feet of retail space and are home to essential retail providers such as Target, Kohl's and Walmart, as well as destination retail such as Ulta, Best Buy, and Belk. Additionally, the Southern Pines Historic District is within 2 miles from the Property and provides numerous options for local restaurants, bars and shops.

The Pinehurst Metro benefits from its proximity to Fort Liberty, the world's largest United States military base by population. Fort Liberty covers over 250 miles, spans four counties, employs nearly 54,000 troops, 14,000 civilians working on base, 5,000 contract employees, and 2,500 additional staff. The Pinehurst Metro is home to several successful defense industry companies providing critical services to the United States military including Spiritus Systems, K2 Solutions, American Growler, and Telum Protection Corporation.

Local Overview

The Property is located in Aberdeen, North Carolina, part of the Pinehurst Metro, within Moore County. The Property is located adjacent to the Southern Pines Golf Club and across US Route 1 and more than one million square feet of essential and destination retail. The Southern Pines Historic District is just two miles from the Property providing local dining and shopping. Additionally, Churchill Downs is just a 10-minute drive from FirstHealth Moore Regional Hospital, one of the major healthcare providers for the region and within a 15-minute drive to three other golf resorts including the Country Club of North Carolina, the Pinehurst Country Club, and the Mid South Country Club.



BR Churchill Downs, DST

ABOUT BLUEROCK VALUE EXCHANGE, LLC (“BVEX”)

BVEX is a national sponsor of syndicated Section 1031 Exchange offerings with a focus on residential and industrial properties that can deliver stable cash flows and that have the potential for value creation. Bluerock principals collectively have over 100 years of investing experience with more than \$120 billion in real estate and capital markets experience and manage multiple well-recognized real estate private and public company platforms. Bluerock has more than \$19 billion in acquired and managed assets and offers a complementary suite of public and private investment programs, with both short and long-term goals, to individual investors seeking solutions aimed at providing predictable income, capital growth, and tax benefits.

RISK FACTORS

An investment in the Interests involves significant risk and is suitable only for Investors who have adequate financial means, desire a relatively long-term investment and who will not need immediate liquidity from their investment and can afford to lose their entire investment. The risks involved with an investment in Interests include, but are not limited to:

- ❖ Investors have limited control over the Trust and the Property.
- ❖ The Trustees (as defined herein) have limited duties to Investors, and limited authority.
- ❖ There are inherent risks with real estate investments generally.
- ❖ The long-term impact of the COVID-19 pandemic and the resulting global financial, economic and social distress remains uncertain.
- ❖ A deterioration in global financial, economic and social conditions could adversely impact the Master Tenant's operations and the Trust's financial results.
- ❖ The Trust will depend on the Master Tenant for revenue, and any default by the Master Tenant will adversely affect the Trust's operations.
- ❖ The Trust and the Master Tenant will depend on the Property Manager to operate the Property and the Property Sub-Manager (defined below) subcontracted by the Property Manager) to manage the Property.
- ❖ The Master Tenant and the Trust will depend on the Residents for revenue, and significant occupancy rate fluctuations or defaults by a significant number of the Residents under their Residential Agreements will adversely affect the Trust's and the Master Tenant's operations.
- ❖ The Trust may suffer adverse consequences due to the financial difficulties, bankruptcy or insolvency of the Master Tenant.
- ❖ There are certain risks to the Master Lease structure, including that the Master Tenant is an affiliate of the Sponsor that will have limited capital and may not pay rent or perform its other obligations under the Master Lease.
- ❖ The costs of complying with environmental laws and other governmental laws and regulations may adversely affect the Trust.
- ❖ The Loan Documents (as defined herein) will contain various restrictive covenants, and if the Trust fails to satisfy or violates these covenants, the Lender may declare the Loan in default and foreclose on the Property.
- ❖ The Loan may reduce the funds available for distribution and increase the risk of loss.
- ❖ The anticipated prepayment and defeasance provisions of the Loan Documents may limit and negatively affect the Trust's exit strategy.
- ❖ If the Trust is unable to sell or otherwise dispose of the Property before the maturity date of the Loan, it may be unable to repay the Loan.
- ❖ One or more affiliates of the Sponsor may own Interests, which could result in potential conflicts of interest.
- ❖ The Master Tenant will depend on the Operating Partnership to fund the Demand Note (defined below) that capitalizes the Master Tenant;
- ❖ The lack of diversity of investment;
- ❖ The existence of various conflicts of interest among the Sponsor, the Depositor, the Trust, the Master Tenant, the Manager, the Property Manager, the Operating Partnership, BHM and their affiliates
- ❖ If the FMV Option is exercised, Investors may be required to exchange their Interests for OP Units, cash or a combination of OP Units and cash.
- ❖ Holders of OP Units are subject to additional risks, which would apply if the FMV Option is exercised is exercised and Investors are required to exchange their Interests for OP Units.
- ❖ There is and will be no public market or liquidity for the Interests, the OP Units.
- ❖ The Interests and the OP Units are not registered with the Securities and Exchange Commission (the “SEC”) or any state securities commissions.
- ❖ Investors may not realize a return on their investment for years, if at all.
- ❖ The Trust is not providing any prospective Investor with separate legal, accounting or business advice or representation.
- ❖ Various tax risks, including the risk that an acquisition of an Interest may not qualify as replacement property in a Section 1031 Exchange, whether by reason of the existence of the Fair Market Value Option or otherwise, and also including the tax risks inherent in the exercise of the Fair Market Value Option and the ownership of OP Units.

Additional risks apply. See “Risk Factors” section of the Memorandum for a more detailed discussion of the risks associated with the Interests. All terms capitalized, but not defined herein, shall have the meaning given in the Memorandum. Interests are offered to “accredited investors” only pursuant to Rule 506(c) of Regulation D of the Securities Act of 1933. Past performance is not an indicator of future results.

For more Information, please contact your financial advisor or Bluerock Capital Markets LLC at 877.826.BLUE (2583)



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