

BR Churchill Downs, DST

AVAILABLE FOR 1031 EXCHANGE & DIRECT INVESTMENT

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 highly visible within the area, located adjacent to US Route 501, US Route 1, and State Route 27, and less than a five-minute drive to 60% of the market’s retail.

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 (described below).



KEY INVESTMENT CONSIDERATIONS:

- ❖ **Instant value creation** as the Property was purchased for \$1.3 million below appraised value. (Source: Appraisal)
- ❖ **\$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. (Source: Skolnick Consulting)
- ❖ **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.

PROPERTY HIGHLIGHTS

Location:

800 Churchill Downs Drive
 Aberdeen, North Carolina 28315



Purchase Price: \$68,517,539*

Loan Terms:

- \$30,739,000 Principal Amount
- 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

* 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.

PROPERTY OVERVIEW

The Property is a Class B, direct-entry townhome and garden-style apartment community, consisting of 272 units located at 800 Churchill Downs Drive, Aberdeen, North Carolina 28315. The Property, completed in 2000 and 2003 is situated on approximately 21.31 acres providing a low-density layout containing 288,480 rentable square feet comprised of one, two, and three-bedroom townhome and apartment units, averaging 1,061 square feet per unit.

The Property features top-of-the-market community amenities including an enhanced fitness center with Echelon Mirror and Bike, Starbucks coffee bar with Wi-Fi in the clubhouse, expanded putting green, upgraded clubhouse with coworking lounge, poolside cabanas, leash-free bark park, grilling pavilion, lounge pool with padded loungers, complimentary Wi-Fi in amenity spaces, laundry facilities, playground, ample parking, and pet spa.

Interior unit amenities include large kitchens with bar top seating, luxury, wood-style plank flooring, two-inch plantation style blinds*, scenic views*, washer and dryer connections, high ceilings, ample closet space, microwave*, private patio or balcony, refrigerator with ice maker, dishwasher, ceiling fan, and carpeting.

* Select units

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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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