

INDIAN SPRINGS APARTMENTS

7049 WESTWIND DRIVE, EL PASO, TEXAS 79912

The Indian Springs Apartments (the "Property") is a Class B garden-style apartment community comprised of 232 units within 12 two-story buildings situated on approximately 9.48 acres located in El Paso, Texas.

Built in 1982, the Property contains approximately 193,696 rentable square feet with an attractive average unit size of 835 square feet. The property provides seven unique floor plans offering 1 and 2-bedroom units. The Property is located approximately 2.5 miles from Interstate 10 and N. Mesa Street, a major arterial and service street providing an abundance of retail amenities and restaurants, and approximately four miles to Sunland Park Mall, the area's largest super regional shopping center.

KEY INVESTMENT CONSIDERATIONS

Indian Springs Apartments present an opportunity to purchase a well-located and underperforming asset in the desirable NW submarket of El Paso. Bluerock believes the Property is well positioned for sizeable rent growth and improved operations based on current market projections and as a result of the planned Property Renovation Program (see next page for details).

There can be no assurance that these objectives will be achieved. Please see "Risk Factors" located on back page.

- **Acquired at an Attractive Price.** The Property is under contract to be acquired from an independent third-party for \$10.5 million, or \$45,259 per unit, which we believe are significantly below market comparables, and is below the recent appraised value of \$11 million.
- **Value Creation Opportunity.** Based on current market comps, Bluerock believes the Property rental rates are significantly below market by approximately 13% providing an opportunity, through improved management practices and the proposed Property Renovation Program, to add significant value to the Property.
- **Fort Bliss to Provide Increased Apartment Demand.** Fort Bliss Army Base represents one of the largest economic drivers in El Paso. The base is currently home to 33,000 troops and 38,000 family members and civilians. By 2013, the posts economic impact is expected to be \$1 billion annually.
- **Favorable Multifamily Outlook.** CB Richard Ellis projects a declining vacancy rate, positive absorption of newly constructed units, and increased rents over the next 5 years through 2016.¹
- **Close Proximity to Top Schools.** According to tenants, one of the biggest draws to the Property is the school district and specifically, Indian Springs is the only property that feeds the combination of Polk Elementary, Hornedo Middle School, and Franklin High School; all highly regarded in the district and all within close proximity to the Property.



PROPERTY HIGHLIGHTS

Property Type:	Multifamily
Year Built:	1982
Total Square Feet:	193,696
Number of Units:	232
Property Occupancy:	91% (as of May 2011)

PROPERTY / UNIT AMENITIES

- Gated Entrance and Resident Clubhouse
- Swimming Pool and Courtyard
- Outdoor Grilling & Picnic Area
- 24-hr Fitness Center and Laundry Facility
- New Playground and Covered Parking
- Private Patios/Balconies
- Washer/Dryer Connections
- Walk-in Closets and Fireplaces

¹ CBRE Economic Advisor, El Paso, Spring 2011

This is neither an offer to sell nor a solicitation of an offer to buy any securities, which can be made only by a Confidential Private Placement Memorandum (PPM). This material must be reviewed in conjunction with the PPM to fully understand all of the implications and risks of the offering of securities to which it relates. A copy of the PPM must be made available to you in connection with any offering. Prospective investors should carefully read the PPM and review any additional information they desire prior to making an investment and should be able to bear the complete loss of their investment.

INVESTMENT OVERVIEW

➤ HIGHLIGHTS

Minimum Investment:	\$50,000
Total Purchase Price:	\$12,353,129
Equity Offering Amount:	\$2,700,000
Loan Amount:	\$7,113,344
Loan Terms:	57.6% LTC, 4.25-year Remaining Term 5.45% Fixed Interest Rate
Purchase Cap Rate: ²	9.0%
Purchase Price per Unit: ²	\$49,884
Projected Hold Period:	3-4 Years
First Year Cash Flow:	7.4%; with projected increases during hold period

➤ PROJECTED ANNUALIZED INVESTOR RETURNS

Example returns for \$100,000 investment (rounded)

YEAR	1	2	3	4 (total)
Projected Cash Yield	7.4%	8.5%	9.2%	9.9%
Cash Distribution ³	\$7,400	\$8,500	\$9,200	\$35,000
Projected Profit from Sale ⁴				\$20,000
Return of Capital				\$100,000
Projected Total Investment Return				\$155,000
Projected Total Return				55.0%

² Figure represents initial Company purchase price, all escrows, offering fees and expenses; excluding Company and lender held reserves.

³ Cumulative Returns for hold period per Annum, paid monthly

⁴ Figure based on sale in year 4 at a 8.0% terminal cap rate

These projections were created by the sponsor and are based on a number of assumptions and real estate analysis techniques. The results are necessarily hypothetical; the underlying assumptions may not be accurate, the results shown may not occur, and your performance could vary significantly. This material must be read in conjunction with the PPM, which contains additional important risk disclosures and more specific information about the assumptions made.

BUSINESS PLAN

- Preserve investor's capital investment;
- Realize income from the acquisition, renovation and operation of the Property;
- Make monthly distributions to investors, which may be partially tax-deferred as a result of depreciation and amortization; and
- Within approximately 3-4 years, realize capital appreciation on their investment through eventual sale of the Property.

Planned Property Renovation Program

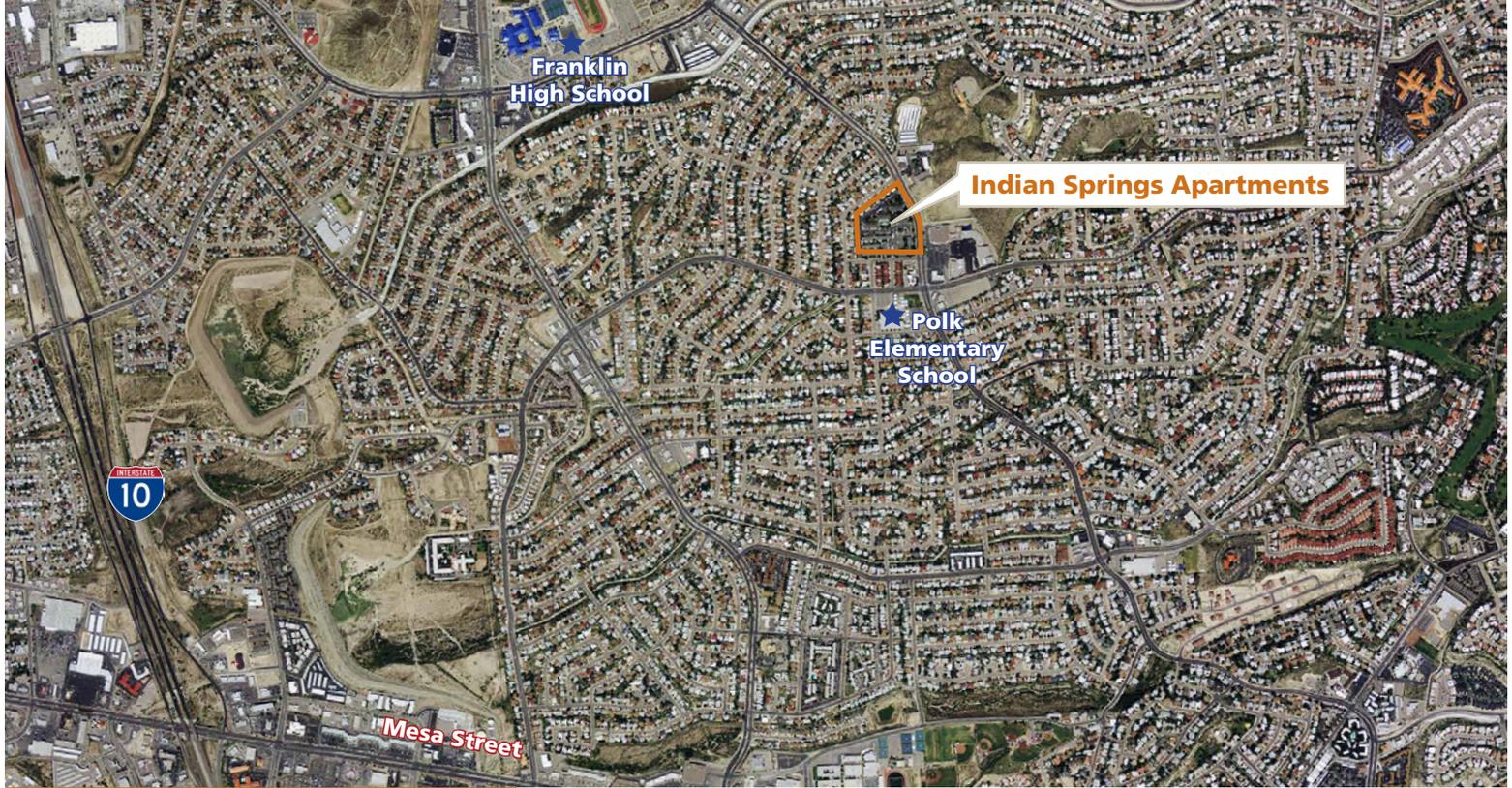
Bluerock believes the property is currently significantly underperforming the current average market rents. Specifically, the property's average rent is \$0.85 per square foot (psf). According to a recent CBRE appraisal, comparable properties in the immediate submarket are currently achieving average market rents of \$0.98 psf, representing a 13% increase over in-place rents. As such, upon acquisition, Bluerock intends to implement a comprehensive Property Renovation Program designed to increase property revenue and overall value and create an opportunity to capture full rent potential through:

- Improved revenue collection program for property services;
- Exterior renovations: upgraded and improved curb appeal through improved landscaping, new signage, and exterior painting;
- Interior renovations: modernize all units with new appliances, paint, fixtures, lighting, and flooring.

There can be no assurance that these objectives will be achieved. Please see "Risk Factors" located on back page.

The Lynd Company. The Lynd Company ("Lynd") will be responsible for providing institutional quality property management services to the Property on a day-to-day basis. Lynd is the 40th largest national apartment operator in the U.S. with approximately 33,000 units under management and over \$1 billion in multifamily investments. Lynd has successfully owned and sold two assets in El Paso, including one in the Northwest submarket.





LOCATION

El Paso is located in the westernmost corner of Texas, right where Texas, New Mexico, and Mexico come together. The city is the sixth-largest city in Texas, the biggest border city (and the 22nd-largest city of any kind) in America. According to the 2010 US Census, El Paso has a current population of 649,121 residents. Its metropolitan area covers all of El Paso County, whose population in the 2010 census was 800,647, an 18% increase since 2000.

El Paso stands on the Rio Grande, across the border from Ciudad Juarez, Chihuahua, Mexico. The city's warm, sunny climate and Franklin Mountains provide the backdrop of a young, culturally diverse population which shares a rich heritage that embraces the past and builds the city's future. Residents have the luxury of big city amenities without big city hassles. A high quality of life is provided by affordable housing, low crime rates and minimal traffic congestion on major thoroughfares and interstate highways.

El Paso is home to the University of Texas—El Paso (UTEP) with 22,000 current student enrollments. Today, the University offers 81 bachelor's, 81 master's and 17 doctoral degrees, with others in development. With over \$60 million in annual research spending, UTEP is dedicated to becoming one of Texas' next national research (Tier One) universities. UTEP is approximately 10 minutes from the Property.



Academic Services Building on the University of Texas-El Paso Campus.

El Paso is also home to the Texas Tech University Health Sciences Center which houses the Paul L. Foster School of Medicine and the Gayle Greve Hunt School of Nursing. As the only medical school on the U.S./Mexico border, the School of Medicine offers students a rich learning environment and, by 2013, is expected to further the local economy by \$1.31 billion. The school offers a 4 year medical school training, nursing school, patient care, and research.

- In 2011, El Paso was named the "Safest City in America" with a population over 500,000 residents— CQ Press City 2011 Crime Rankings
- El Paso was ranked the "4th Best City for Finding a Job"— Forbes 2011



Fort Bliss

Fort Bliss represents the Army's #1 military value in the world. As a result of the 2005 Base Realignment and Closure Act (BRAC), Fort Bliss's population is set to increase dramatically. By 2013, the base will be home to 33,000 troops and 38,000 family members and civilians. By 2013, the posts economic impact is expected to be \$1 billion annually. With 1.1 million acres, the post is bigger than the state of Rhode Island and can accommodate every weapon system in the Army. Excellent ranges and training area, coupled with the third longest runway in the nation, make Fort Bliss a premiere facility for training, mobilization and deploying combat forces. Each year, more than 100 countries receive air-defense artillery training at Fort Bliss.



BLUEROCK REAL ESTATE, LLC

Bluerock Real Estate, LLC is a national real estate investment firm headquartered in Manhattan.

Bluerock focuses on acquiring, managing, developing and syndicating stabilized, value-added and opportunistic multifamily and commercial properties throughout the United States. Bluerock and its principals have collectively sponsored or structured real estate transactions totaling approximately 25 million square feet and with approximately \$3 billion in value. Bluerock principals have an average of approximately 20 years experience in the finance and real estate fields including financing, development, construction, acquisition, disposition, and management of properties.

RISK FACTORS AND DISCLOSURES:

An investment in the Units involves substantial risks, including risks generally associated with investing in real estate, lack of liquidity, market risks, significant tax risks and tax issues. The Units are highly speculative and Investors should be able to bear the complete loss of their Investment. Investors should consult their own tax advisors and legal counsel before investing. See “Risk Factors” section of the Property’s Confidential Private Placement Memorandum for a more complete discussion of the risks, which include, but are not limited to, the following:

- Risks associated generally with the start-up nature of the Company;
- Lack of diversity of investment;
- There are significant limitations on your ability to sell or transfer your Units;
- Real estate-related risks regarding the Property and performance of the Property and value-add investments;
- Continuing uncertainty in the financial and credit markets;
- Distributions subject to available cash flow, if any, and should not be relied upon;
- Investment in a multi-tiered joint venture and a lack of binding joint venture agreements;
- Reliance on the Manager to manage the Company;
- The limited fiduciary responsibilities of the Manager;
- Reliance on Bluerock to manage the Bluerock Limited Partner’s investment in the Indian Springs JV;
- Lack of control of joint venture, management of the joint venture and certain limited partner decisions;
- Ownership of a non-controlling interest in the Bluerock Limited Partner and investment in a joint venture with a Bluerock Affiliate;
- Reliance on the Property Manager to complete the Property Renovation Program and increase rents at the Property;
- Potential for additional capital requirements from Members;
- The use of high leverage up to approximately 68% loan-to-capitalization;
- The Company, the Sponsor and their Affiliates, and Lynd will be subject to certain conflicts of interest and will receive substantial compensation in connection with this Offering; and
- Tax risks, including the likely presence of Unrelated Business Taxable Income (UBTI)

Securities offered to Accredited Investors only pursuant to Rule 501 of Regulation D of the Securities Act of 1933.

RISKS AND LIMITATIONS OF PROJECTIONS

This material contains numerous projections and assumptions based on current information and may change at a later date or that may or may not occur. The acquisition price, investment amount, cap rate and average annual return are projections and were created by the sponsor and are subject to risks, uncertainties, and assumptions related to the specific Property referenced herein. In addition, this material contains forward-looking statements that are based on our current expectations, and are not guarantees of future results. Actual results may differ materially from these forward-looking statements because of various factors, including as described above and in the Risk Factors sections of the PPM and as may be supplemented and amended. Forward-looking statements contained herein speak only as of the publication date, and we undertake no obligation to update such statements that may become untrue because of subsequent events.

The information contained in this document is from sources we believe to be reliable.

FOR MORE INFORMATION, CONTACT BLUEROCK CAPITAL MARKETS AT 877.826.BLUE (2583).



Securities Offered Through:
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