

Delaware  
Statutory Trust  
(DST)

Available for §1031 Exchange  
& Direct Investment



## BR Glenwood, DST

860 GLENWOOD AVENUE SOUTHEAST, ATLANTA, GA 30316



**Glenwood at Grant Park** (the “Property”) represents an opportunity to invest in a newer (2016), infill, six-story mid-rise, Class A apartment community for intown living at its finest in one of Atlanta’s most desirable neighborhoods two miles east of Downtown Atlanta.

### Institutional Quality Luxury Apartment Community in Desirable Infill Neighborhood

The Property is strategically positioned to capitalize on the extraordinary Glenwood Park redevelopment along the Atlanta BeltLine - the most comprehensive transportation and economic development effort ever undertaken in the City of Atlanta and among the largest, most wide-ranging urban redevelopment programs currently underway in the United States. The Property features well-designed floor plans, high-end community and unit amenities, a secure parking deck, and a mixed-use, live-work-play walkable location in one of the country’s most dynamic and economically diverse cities.

BR Glenwood, DST (the “Trust”) seeks to provide monthly cash flow distributions and potential capital appreciation from rising rents and property values due to numerous East Atlanta redevelopment projects and the BeltLine extension.

There is no guarantee Investors will receive distributions or the return of their capital. See the “Risk Factors” section in the Confidential Private Placement Memorandum (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, which can be made only by the receipt of the Memorandum. This material must be reviewed in conjunction with the Memorandum to fully understand all of the implications and risks of the Offering of securities to which it relates. A copy of the Memorandum must be made available to you in connection with this Offering. Prospective Purchasers should carefully read the Memorandum and review any additional information they desire prior to making an investment and should be able to bear the complete loss of their investment.*



EXTERIOR VIEW OF PROPERTY

## Key Investment Considerations

### BR GLENWOOD, DST

- ▣ **Newly constructed urban, infill Class “A” six-story mid-rise apartment community** located in Glenwood Park, a redeveloped, urbanist community approximately 2 miles east of downtown;
- ▣ **Adjacent to the Atlanta BeltLine extension, a 22-mile developing multi-use trail**, and adding more convenient walkability options and commanding significant rent premiums;
- ▣ **Centered in a walkable, authentic area** with numerous recently completed transformative, mixed-use developments such as Ponce City Market, Inman Park Village, and Krog Street Market;
- ▣ **Bluerock has built in value creation due to the \$1 million purchase price to appraised value comparison.** There is also additional upside potential with the continued evolution of the neighborhood into a village concept including new major redevelopments such as the Atlanta Dairies, Beacon Atlanta, the Atlanta Stockade, and Larkin on Memorial;\*
- ▣ **51% rent growth** in East Atlanta in the past 5 years, a testament to submarket desirability<sup>1</sup>; and
- ▣ **Access to award winning restaurants and trendy nightlife** in the city’s most prominent retail district<sup>1</sup>.

*\*Bluerock’s acquisition price is before all fees and expenses associated with the Trust’s securities offering.*

*(1) Walker and Dunlop.*

***There is no guarantee Investors will receive distributions or the return of their capital. See the “Risk Factors” section in the Memorandum. The results shown may not occur, and your performance could vary significantly.***



**Pictured:** (Top) Rendering of the future Atlanta Dairies Redevelopment (Bottom) Ponce City Market, a marketplace with high-end retail, office, and residential.

*Note: Investors are not purchasing interests in any of the above properties.*

## Investment Overview



LIVING AREA



KITCHEN/DINING AREA

### Business Plan

Bluerock Value Exchange, LLC (“BVEX”) will seek to add value to the Property through the implementation of the following items (further detailed in the “Business Plan” section of the Memorandum):

- Institute a nationally recognized third-party property management company to oversee an on-site management team of experienced and enthusiastic professionals;
- Implement state-of-the-art computerized revenue management, leasing, and reputation management systems and programs to maximize revenues;
- Use creative marketing initiatives incorporating local businesses, vendors, sponsorships, and specialized internet search engines; and
- Capitalize on the potential rental premium associated with the extension of the Atlanta BeltLine connecting to the Property, and the completion of several proposed additional transformative commercial and retail developments furthering increasing the desirability of the Property’s location.

## OFFERING HIGHLIGHTS

Minimum 1031 Investment: (0.43532% interest)	<b>\$100,000</b>
Assumed Debt (0.43532% interest):	\$142,185
Offering Purchase Price: includes approx. \$400,000 in Supplemental Trust Reserves	\$55,403,834
Equity Amount:	\$22,741,834
Loan Amount:	\$32,662,000
Loan Terms:	58.71% Loan-to-Capitalization; 10-Year Term; 4.21% Fixed Interest Rate
Purchase Price per Unit: <sup>1</sup>	\$254,147
Projected Hold Period:	Approx. 7-10 Years
Current Cash Flow:	5.10% annual rate; paid monthly (“Additional Rent”); and 90% of revenues above breakpoint; paid annually**

### The Master Lease

The Trust leased the Property to an affiliate of Bluerock, BR Glenwood 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 sub-leases the Property to the residential tenants (the “Residents”). 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.\*

(1) Figure rounded and represents initial Trust purchase price, offering fees and expenses, excluding Lender Reserves and Supplemental Trust Reserves.

\* There is no guarantee Investors will receive distributions or a full return of capital. See “Risk Factors” and “Master Lease” sections in the Memorandum. Pursuant to the Master Lease, the projected current cash flow is comprised of: (i) Additional Rent, if attained, of 5.10% per annum paid on a monthly basis; and (ii) Supplemental Rent, if attained, paid on an annual basis. The results shown may not occur, and your performance could vary significantly.

\*\* Pursuant to the Master Lease, the projected current cash flow is comprised of: (i) Additional Rent, if attained, of 5.10% per annum paid on a monthly basis; and (ii) an amount equal to 90% of the amount by which annual gross revenues exceed the Supplemental Rent Breakpoint, paid on an annual basis. Current cash flow is not indicative of future results.

## Property Summary

The Property features high-quality construction and a modern living space in studio, one and two bedroom apartment floor plans. Located on approximately 2.3 acres, residents enjoy proximity to downtown Atlanta, the redeveloped Glenwood Park neighborhood, and numerous mixed use redevelopments in East Atlanta.

**Year Built:** 2016

**Class:** A

**Buildings:** 1

**Acres:** 2.3

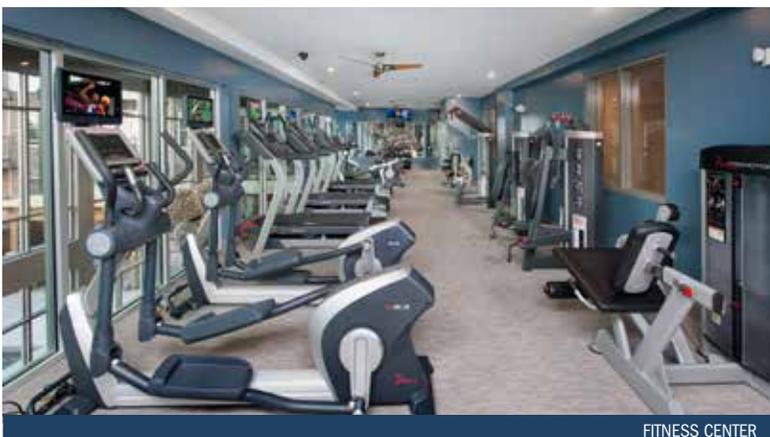
**Number of Units:** 216

**Average Unit Size:** 825

**Total Square Feet:** 178,157



CLUBHOUSE



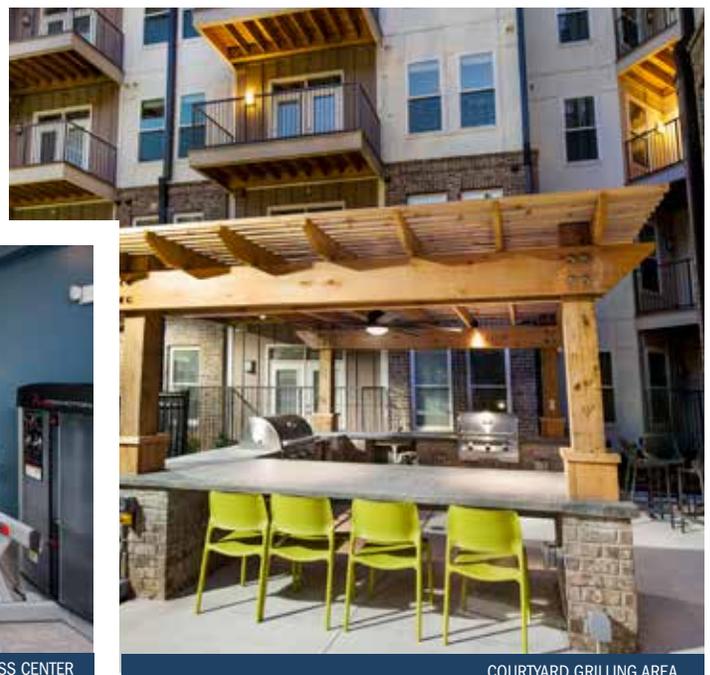
FITNESS CENTER

## Top-of-the-Market Unit Amenities

- Modern kitchens with quartz countertops;
- 42" cabinets with tiled backsplashes;
- Stainless steel appliances;
- Ceramic front control glass cooktops;
- Wood-style plank flooring in living areas;
- Plush carpeting in bedrooms;
- Spa-inspired bathrooms;
- 2" faux wood blinds;
- Designer lighting packages;
- Nest thermostats;
- Ceiling fans in bedrooms
- Washers & dryers in all units; and
- Integrated technologies including USB ports and keyless entry.

## Abundant Community Amenities

- Resort-style salt water pool and sun deck;
- Modern clubhouse with HDTVs, a bar, shuffle board, ping pong, wall scrabble, and vintage video game console;
- 24-hour strength and cardio gym with a fitness on demand yoga/spin studio;
- Bocce courtyard with fire pit and grilling areas;
- Business and conference center with coffee bar;
- Multi-level covered parking deck with controlled access entry gates;
- Dog spa; and
- Bike repair stations and storage.



COURTYARD GRILLING AREA



AERIAL VIEW OF PROPERTY

## Why Apartments?

The “Millennial Generation”, at more than 86 million and already exceeding that of the “Baby Boomers” at similar ages, is expected to increase over the next 20 years as immigration (typically of young adults) continues to increase.

Although they are only now beginning to live on their own, “Millennials” will likely form even more households than the “Gen-Xers” and even the “Baby Boomers”. In fact, according to a recent study by the National Multifamily Housing Council (NMHC), the nation is projected to add **4.6 million new renter households** by 2030.

**59%** OF THE **22 MILLION** new households that will form BETWEEN **2010 and 2030** will rent<sup>1</sup>

Consistent with this national trend, the Atlanta Metro apartment market has a robust **94.6% occupancy rate**. Rental rates have risen steadily since 2010 and Axiometrics forecasts rent increases of 16% through 2022 driven by low vacancy rates.<sup>2</sup>

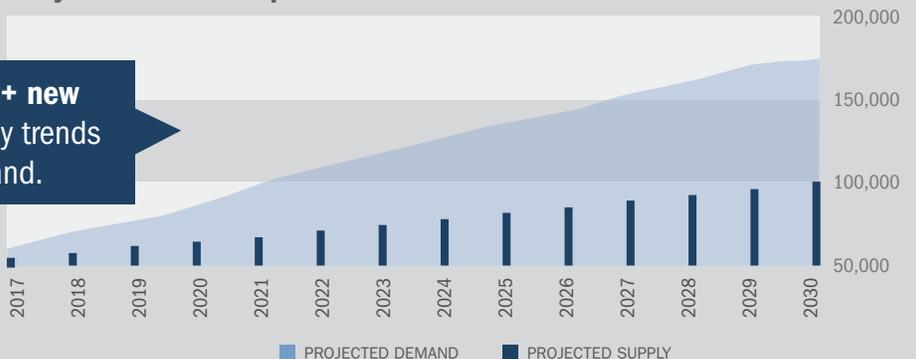
Atlanta Metro is projected to add **170,000+ new renter households** by 2030. Current supply trends will provide less than one half of this demand.

### Atlanta Apartment Market Trends



(Source: Axiometrics Annual Submarket Trend Report, Q1 2017).

### Projected Atlanta Apartment Demand



(Source: NMHC “U.S. Apartment Demand - A Forward Look”, May 2017).

(1) Decennial Censuses and Urban Institute projections June 2015.

(2) Axiometrics Annual Market Trend Report Q3 2017.

## Local Overview

East Atlanta is undergoing a transformation of infill redevelopment highlighted by several projects built around the continuing evolution of the BeltLine. Completed projects include:

**GLENWOOD PARK:** a mixed-use neighborhood designed around the principles of New Urbanism near the BeltLine.

**INMAN PARK/QUARTER:** a highly desirable infill neighborhood along the BeltLine with luxury apartments as well as other housing types.

**THE JANE, GRANT PARK:** a recently completed mixed-use re-development in historic Grant Park with a mix of restaurants, pubs, bakeries, and coffeeshops.

**KROG STREET MARKET:** a re-developed 1920s warehouse along the BeltLine, where vendors sell produce, goods, and prepared foods.

**PONCE CITY MARKET:** a full renovation of the old Sears and Roebuck building is presently a marketplace of artisan chefs with a high-end retail, office, and residential component located along the BeltLine.



These are the key elements that will be developed over the life of the Atlanta BeltLine Project:

- 1,300 acres of parks
- \$10-20 billion in economic development
- 33 miles of multi-use trails
- 22 miles of pedestrian friendly rail transit
- 30,000 permanent jobs
- Historic Preservation
- Sustainability

Source: beltline.org

The Atlanta BeltLine is the most comprehensive transportation and economic development effort ever undertaken in the City of Atlanta and among the largest, most wide-ranging urban redevelopment programs currently underway in the United States.

The Atlanta BeltLine is a sustainable re-development project that is transforming the city. It will ultimately connect 45 intown neighborhoods via a 22-mile loop of multi-use trails, modern streetcars, and parks – all based on railroad corridors that formerly encircled Atlanta. When completed, it will provide first and last mile connectivity for regional transportation initiatives and put Atlanta on a path to 21st century economic growth and sustainability.

**DOWNTOWN ATLANTA**  
2 MILES FROM PROPERTY

MIDTOWN



## Atlanta Metro Facts

- **4.4 million** residents and over 160,000 businesses in the Atlanta Metro area  
(U.S. Census Bureau, 2017): (Atlanta Regional Commission)
- **Over 2.7 million employed** residents in the region and a 4.0% unemployment rate  
(Bureau of Labor Statistics, September 2017)
- **Over \$300 billion** gross product  
(CBRE Appraisal)
- **Over 110 million passengers annually** at Hartsfield-Jackson Atlanta International Airport, the world's most-traveled airport.  
(Atlanta Regional Commission)
- **Home to 26 Fortune 1000 Companies**, 15 Fortune 500 Company Headquarters, and 220 companies in the Inc. 5000.  
(Atlanta Regional Commission)
- **Over 80 hospital locations** with over 100,000 healthcare practitioners  
(Atlanta Regional Commission)
- The region is projected to **add 2.5 million people by 2040**, the equivalent of Metro Charlotte, bringing the Atlanta Metro region total to more than 8 million people  
(Atlanta Regional Commission)



**Pictured:** (Top) Downtown Atlanta, Georgia | (Bottom) Hartsfield-Jackson Atlanta International Airport

*Note: Investors are not purchasing interests in either of these properties.*

## About Bluerock Value Exchange, LLC

**BVEX** is a national sponsor of syndicated 1031 exchange offerings with a focus on Class A assets that can deliver stable cash flows and that have the potential for value creation. BVEX is an affiliate of Bluerock Real Estate, L.L.C., a private equity real estate investment firm having managed assets of over 25 million square feet and over \$4.5 billion. Bluerock's senior management team has an average of over 25 years of investing experience, has been involved with acquiring over 35 million square feet of real estate worth approximately \$10 billion, and has helped launch leading real estate private and public company platforms.

## About 1031 Exchanges

Section 1031 of the Internal Revenue Code ("Section 1031") provides that, in general, no gain or loss shall be recognized on the exchange of like-kind property held for productive use in a trade or business, or for investment. A tax-deferred exchange is a method by which a property owner trades one or more relinquished properties for one or more replacement properties of "like-kind," while deferring the payment of federal income taxes and some state taxes on the transaction.

There are numerous Section 1031 rules and requirements, including, but not limited to: sellers cannot receive or control the net sales proceeds; replacement property must be like-kind to the relinquished property; the replacement property must be identified within 45 days from the sale of the property; the replacement property must be acquired within 180 days from the sale of the original property; and the attributed debt placed or assumed on the property must be equal to or greater than the attributed debt on the relinquished property to avoid boot.

## Risk Factors

**The securities offered herein are highly speculative and involve substantial risks.** Do not acquire an Interest if you cannot afford to lose your entire investment. Carefully consider the risks described below, as well as the other information in the Memorandum before making a decision to purchase an Interest. Consult with your legal, tax and financial advisors about an investment in an Interest. The risks described below are not the only risks that may affect an investment in an Interest. Additional risks and uncertainties that we do not presently know or have not identified may also materially and adversely affect the value of an Interest, the Property or the performance of your investment. The risks of purchasing an Interest include, but are not limited to, the following:

- this being a "best-efforts" offering with no minimum raise or minimum escrow requirements;
- the lack of liquidity of the Interests and lack of diversity of investment;
- the holding of a Beneficial interest in the Trust with very limited voting rights with respect to the management or operations of the Trust or in connection with the sale of the Property;
- owning, financing, operating and leasing a multifamily apartment complex and real estate generally in and around Atlanta, Georgia;
- those incident to the ownership of real property, including changes in national and local economic conditions, changes in the investment climate for real estate investments, changes in the demand for or supply of competing properties, changes in local market conditions and neighborhood

characteristics, the availability and cost of mortgage funds, the obligation to meet fixed and maturing obligations (if any), unanticipated holding costs, the availability and cost of necessary utilities and services, changes in real estate tax rates and other operating expenses, changes in governmental rules and fiscal policies, changes in zoning and other land use regulations, environmental controls, acts of God (which may result in uninsured losses) and other factors beyond the control of the Trust;

- performance of the Master Tenant under the Master Lease;
- there is no assurance that the Property can achieve or maintain the occupancy level or rate increases anticipated. If assumptions are not correct, anticipated results will not be achieved and the rate of return may be lower than that projected;
- the projected cash flow is speculative and based on certain assumptions, i.e., maintaining certain occupancy levels and certain net rental rates;
- reliance on the Master Tenant, the Property Manager engaged by the Master Tenant, and the Property Sub-Manager subcontracted by the Property Manager to manage the Property;
- the Sponsor funding the demand note that capitalizes the Master Tenant;
- the terms of the financing for the Property and the use of leverage, which presents an additional element of risk in the event that the cash receipts from the operation of the Property are insufficient to meet the principal and interest payments on such indebtedness. In order to comply with tax requirements for Section 1031 exchanges, the Trust is not permitted to obtain new financing and Purchasers of Interests are not permitted to make additional capital contributions to the Trust. Thus, if the cash flow from the Property is insufficient to allow the Master Tenant to make the required payments under the Master Lease, including payments required to service the Loan, the Lender may foreclose on the Property and the Purchasers' equity in the Property may be reduced or lost entirely;
- acquisition of the Interests may not qualify as a Section 1031 exchange, which depends on the specific facts involved, including, without limitation, the nature and use of the relinquished property and the method of its disposition, the use of a qualified intermediary and a qualified exchange escrow, the lapse of time between the sale of the relinquished property and the identification and acquisition of the replacement property and no opinion or assurance being provided to the effect that any individual prospective Purchaser's transaction will qualify under Section 1031;
- the existence of various conflicts of interest among the Sponsor, the Trust, the Master Tenant, the Property Manager and their affiliates;
- material tax risks, including treatment of the Interests for the purposes of Section 1031 and the use of exchange funds to pay acquisition costs, which may result in taxable boot; and
- competition from properties similar to and near the Property.

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

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