



RESIDENCES AT STONEBROOK

121 HICKORY TRACE DRIVE, NASHVILLE, TENNESSEE 37211



The Residences at Stonebrook (the "Property") is a 320 unit, Class B garden-style apartment community situated on approximately 21 acres located in Nashville, Tennessee.

The Property consists of spacious one, two, and three-bedroom floor plans with 306,090 rentable square feet with an average unit size of approximately 957 square feet. Community amenities include a clubhouse, two swimming pools, two tennis courts, a laundry facility, and a playground. Unit amenities feature washer-dryer connections, ceiling fans, fireplaces and patios/balconies in select units.

The Property is located in the southeast submarket of Nashville, Tennessee, one of Nashville's most desirable areas due to its close proximity and accessibility to multiple employment centers, highway access, and abundance of retail services. The Property is adjacent to Kroger-anchored Hickory Plaza Shopping Center and is within ¼ mile of a Lowe's Home Improvement Center, Wal-Mart, and numerous restaurants.

KEY INVESTMENT CONSIDERATIONS

The Residences at Stonebrook presents an opportunity to purchase a well-located asset in the desirable southeast submarket of Nashville. Bluerock believes there is significant opportunity to further enhance revenues and value by completing modest interior unit upgrades and capitalizing on the forecasted rising market rents and decreasing vacancies in the Nashville market.

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 \$14.575 million, or approximately \$45,500 per unit.
- **Recent Property Renovations.** In 2010 and 2011, the Property benefited from significant renovations and exterior improvements totaling approximately \$1.9 million including new roofs, paint, new balconies, new flooring, vinyl siding, new windows and doors, signage and landscaping enhancements, asphalt repaving, and leasing office renovations.
- **Value Creation Opportunity.** Bluerock believes there is additional opportunity to further increase property revenues and value by commencing contemporary interior upgrades and improvements potentially allowing the ability to charge premium rental rates and improving tenant retention.
- **Robust Nashville Economy.** Nashville is ranked the #3 Boomtown in the Coming Decade by Forbes (2010) and is projected by CBRE to experience 2.8% average annual employment growth in the next 6 years.¹ Nashville is also known as the nation's health care center contributing nearly \$30 billion annually and providing more than 210,000 jobs annually.²
- **Favorable Multifamily Outlook.** Market research firm CB Richard Ellis projects 3.3% average annual rent increases and a low average vacancy rate of 4.65% over the next six years.¹

PROPERTY HIGHLIGHTS

Property Type:	Multifamily
Year Built / Renovated:	1975-76 / 2010-11
Number of Units:	320
Total Square Feet:	306,090
Property Occupancy:	94% (as of Sept 2011)

PROPERTY / UNIT AMENITIES

- Clubhouse and Swimming Pools
- Playground & Laundry Facilities
- Lighted Tennis Courts
- Patios/Balconies*
- Outdoor Picnic/BBQ Grills
- Walk-in Closets * Select Units

¹ CB Richard Ellis Econometric Advisors, Multi-Housing Outlook, Nashville. Summer 2011. ² Nashville Health Care Council, 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 1031 Investment (1.73% interest):	\$150,000
Assumed Debt (1.73% interest):	\$165,697
Total Fully Syndicated Price:	\$18,254,359
Equity Offering Amount:	\$8,673,359
Loan Amount:	\$9,581,000
Loan Terms:	52.5% LTC; 10-Year Term: Fixed Interest Rate
Purchase Cap Rate: ³	7.01%
Purchase Price per Unit: ³	\$50,895
Projected Hold Period:	5-10 Years
First Year Cash-on-Cash Yield:	6.50%; increasing to 7.50% during hold period



► PROJECTED ANNUALIZED INVESTOR RETURNS

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

YEAR	1-2	3-4	5-6	7-8	9-10	TOTAL
Projected Cash Yield	6.50%	6.75%	7.00%	7.25%	7.50%	
Cash Distribution ⁴	\$13,000	\$13,500	\$14,000	\$14,500	\$15,000	\$70,000
Projected Profit from Sale ⁵						\$57,000
Return of Capital						\$100,000
Projected Total Investment Return						\$227,000
Projected Total Annualized Return						12.7%

³ Figure rounded and represents initial Trust purchase price, all escrows, offering fees and expenses; excluding Trust and Lender held reserves.

⁴ Returns per annum, paid monthly.

⁵ Figure based on sale in year 10 at a 8.00% 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 5-10 years, sell the Property for potential profits as a result of effective management and operation of the property.

Value Creation Opportunity

Bluerock believes there is available value creation opportunity to further increase property revenues in order to maximize property value by commencing on-going modest unit renovations, as the market allows, providing contemporary amenity packages to tenants thus allowing an ability to charge premium rental rates and potentially resulting in higher overall tenant retention. Planned unit renovations may include: new appliances, cabinetry, counters, fixtures, and flooring.

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

LOCAL OPERATING PARTNER

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 ranked in the top 50 largest national apartment operator in the U.S. by The National Multi-Housing Council with approximately 33,000 units under management and over \$1 billion in multifamily investments. Lynd currently operates one other multifamily asset in the Nashville area.



LOCATION OVERVIEW

The Residences at Stonebrook is adjacent to Hickory Plaza Shopping Center and is within walking distance of many retailers including Lowe's, Wal-Mart, Kroger, and numerous restaurants. The neighborhood is adjacent to the Brentwood district, an affluent enclave of Nashville. The 2008 median household income in Brentwood was \$129,771. Williamson County was 17th on the list of Forbes' 25 wealthiest counties in America. The location in southeast Nashville also benefits residents with easy access to services, transportation, and the region's major employment centers. The Property is located 10 miles from downtown Nashville and just minutes from I-24, I-65, and is on the Metropolitan Transit Authority (MTA) bus line.



Downtown Nashville, Tennessee.

Nashville, Tennessee is located in the central part of the state. Famously known as the Music City, the Nashville metropolitan area comprises 10 counties with approximately 1.6 million residents making it the most populous metro area in Tennessee and 45th largest in America. From 2000-2009, Nashville's population grew 20.6% and is expected to grow

22% through 2020 (source: U.S. Census Bureau and University of Tennessee Center for Business and Economic Research).

Music put Nashville on the map, but it's not the only claim to fame. Nashville gems include two major-league sports teams, an extensive park system, 10 colleges and universities, and world-renowned attractions such as the Parthenon, Ryman Auditorium, and the Grand Ole Opry.

In addition to its claim to fame in the music industry, Nashville is also known as the nation's health care center, anchored by Vanderbilt University Medical Center, Nashville's largest employer. Many service firms specializing in the industry (including accounting, legal, and others) are based in Nashville. The Nashville health care industry contributes an overall economic benefit of nearly \$30 billion and more than 210,000 jobs to the local economy annually. Health care is Nashville's largest and fastest growing industry.²

Nashville has recently been ranked highly in several categories including:

- #2 for Quality of Life - Business Facilities 2010
- #3 Boomtown in the Coming Decade – Forbes 2010
- #4 Best College Town in America - Livability.com 2010

Multifamily Performance¹

Since 2001, the Nashville region has maintained a lower unemployment rate than the rest of the nation. In addition, CB Richard Ellis is currently projecting 2.8% average annual employment growth over the next six years.

Market Research firm CB Richard Ellis forecasts 3.3% average annual rent growth and vacancy rates ranging from 5.3% to 3.9% over the next 6 years for the Nashville multifamily market. CB Richard Ellis also projects nearly 4,500 units to be absorbed during the next six years. Southeast Nashville, location of the Residences at Stonebrook, is projected to experience decreasing vacancy rates from the current 6.3% to 4.5% over the next 2 years.



BLUEROCK REAL ESTATE

Bluerock Real Estate 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:

The purchase of an Interest involves a number of 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 PPM 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 Securities offered herein are highly speculative and involve substantial risks including, but not limited to, the following:

- This is a "best efforts" offering with no minimum or escrow requirements;
- The Trustee and the Manager have limited duties to Owners;
- The property is not a diversified investment;
- Complete reliance on the Trust to manage the Property and pay Rent;
- No control over the operation of the Property and limited voting rights;
- There are various conflicts of interest between the Trust, the Sponsor, and their Affiliates including the Bluerock Special Opportunity + Income Fund II;
- There are significant limitations on your ability to sell or transfer your interests;
- There are various fees related to the sale and management of the offering which have been incorporated into the purchase price and may offset profits;
- General risk of real estate ownership including: fluctuations and increases in operating expenses and insurance costs, 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, local real estate market, environmental problems that may arise, tenant turn over, local economic downturn, competition, environmental liabilities, uninsured losses and potential fluctuations in values, and other factors beyond the control of the Trust;
- Ability of the Property Manager and Property Sub-Manager to attract and retain tenants;
- The use of leverage up to 65% loan-to-capitalization;
- The offering is not a liquid investment;
- Existence of significant tax risks and tax issues related to 1031 exchanges; and
- The use of exchange funds to pay certain costs associated with the acquisition of the property and interests may result in a taxable boot.

See "Risk Factors" section of the PPM for a complete listing of all of the risks associated with the Interests. 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).



Heron Tower ■ 70 East 55th Street ■ New York, New York 10022
212.843.1601 ■ www.BluerockRE.com

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