

# BLUE CHIP REALTY FOCUS FUND

AN INVESTMENT SUMMARY

## CARIBBEAN REAL ESTATE FOCUS

### 7% Dividend Yield + Long Term Capital Appreciation

The Blue Chip Realty Focus Fund offers an ongoing growth and capital appreciation opportunity by investing in a diversified portfolio of Caribbean real estate projects and assets. These investments are structured as equity and/or debt commitments. Each investment may be in conjunction with local market partners, or developers, that offer the Fund potentially higher yielding investment opportunities.

#### Focus of Investment Activity:

1. Existing projects generating cash flow
2. Deeply Discounted Assets
3. Special Situations with Embedded Value
4. Distressed Assets in the hands of Receivers or Creditors
5. Greenfield development sites

#### OUR UNIQUE **C.A.S.H.** APPROACH:

**Cash Flow** - Our property investments must generate positive cash flow.

**Appreciation** - The investment must appreciate in value, sometimes we are able to buy properties with built in equity.

**Security** - The investment is secured by a tangible hard asset (real property).

**Holdings** - Portfolio holdings are diversified geographically and by asset type to minimize risk and maintain sustainable cash flow.



The global downturn in real estate prices is due to a combination of factors including, the financial crisis, de-leveraging, and associated slowdown in world economies. Financing, traditionally hard to come by in the Caribbean region, has completely dried up, leaving developers and end users stranded.

This economic downturn is an opportunity to enter the Caribbean market at much lower price levels, and the lack of available financing is an opportunity to lend against real estate assets on a fully secured basis at historically high margins usually associated with mezzanine lending or equity investment.

**THE OPPORTUNITY:**

The Blue Chip Realty Focus Fund is a discrete vehicle that developers or others in difficulty can turn to for immediate injections of capital at deeply discounted valuations, allowing the fund to build up an inventory of prime real estate at a fraction of historic prices. The fund is extremely well positioned to benefit from an economic stabilization or upturn within a three to four year time horizon.

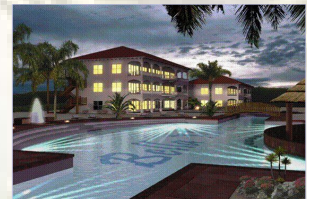
The fund is always searching for opportunistic situations and it's deal pipeline is generated through a variety of local sources including: regional and international banks and local financial institutions, developers and real estate professionals. Many of the investment opportunities available to the fund are not public due to the sensitive nature of the transactions.

Deeply Discounted Assets	Assets which are significantly discounted to the normal retail pricing in the marketplace for reasons such as liquidity needs of the vendors, or acquisitions from vendors in liquidity crisis.
Niche Player Advantage	Targeting opportunities too large for local players and too small for the larger international funds.

The fund acquires and/or provides financing only with direct claims to hard real estate assets which allow fund investors to generate attractive rates of return backed by assets secured at discounted values should the loans not perform.



With interest rates near historic lows and investors stock market investments struggling to maintain their value, investing in Caribbean properties has never made more sense.



## HOT ZONES

Investment vehicles such as the Blue Chip Realty Focus Fund create a “win-win” environment for all parties. Investors benefit from a significant uplift, vendors crystallize paper profits from illiquid assets, and local governments increase tax revenues and create employment from development.

## DEEPLY DISCOUNTED ASSETS

These are assets which are significantly discounted to the current retail price in the marketplace for a variety of reasons which are not limited to, but could include:

- Fire sales due to an urgent need of liquidity by the vendor;
- Acquisition of land or condo inventory at a deep discount from a developer (or other) in financial difficulty;
- Variations could include probate sales or inheritance settlements for which there is a problem or no obvious beneficiary.

## SPECIAL SITUATIONS

Any situation where there is an embedded value available to the acquirer, and which may not be immediately visible on the first investigation:

- This could include acquiring listed companies which own significantly more valuable real estate than the NAV of the company reflects.
- Instances where the sum of the parts are much greater than the individual pieces.

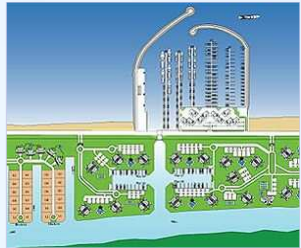
## DISTRESSED ASSETS

Assets which may already have gone into default and are in the hands of the receivers or creditors, who themselves have no desire to complete the project but would rather exit at a significant discount.

The usual source of these deals are regional and international banks, financial institutions, law firms and accountancy firms handling the disposal of such assets.

## EXIT STRATEGIES

Prior to entering into any transaction we will consider all exit strategies including generating rental income from the assets pending a suitably attractive exit, though the fund has no intention to build a long term rental portfolio of properties or a REIT. The fund is fundamentally an entry and exit vehicle.



It is no secret that the greatest wealth builder throughout history has always been investment in real estate.



**OVERVIEW OF THE OFFERING**

<b><i>Incorporation</i></b>	Blue Chip Realty Focus Fund is organized under the laws of the Commonwealth of The Bahamas as a Standard Investment Fund. The Investment Manager is organized under the laws of the Commonwealth of The Bahamas.
<b><i>The Offering</i></b>	This offering (“Offering”) consists of a maximum of 499,000 Preference Shares (the “Shares”) of Blue Chip Realty Focus Fund (the “Fund”) at an initial offering price of US \$10,000 per Share (the “Purchase Price”). The minimum initial subscription for Units is US \$10,000, with further subscriptions in increments of a minimum of US \$10,000.
<b><i>Closing Date</i></b>	The Offering is a continuous offering and will be open until the maximum amount is completed. There is no minimum offering amount. Subscriptions will be closed and registered as received and accepted.
<b><i>Use of Proceeds</i></b>	The net proceeds of the Offering, after the payment of the expenses of the Offering, will be utilized to execute the Fund’s acquisition of a diversified portfolio of real estate assets, including mortgages and mortgage note portfolios with a maximum loan to value ratio (LTV) of 80%.
<b><i>Investment Manager</i></b>	Blue Chip Fund Management acts as the Investment Manager and as the Investment Advisor of the Blue Chip Realty Focus Fund, responsible for the allocation and the management of the Fund’s assets.
<b><i>Shares Outstanding</i></b>	The Fund presently has 499,000 Preference Shares (“Units”) each with an initial value of US \$10,000. Upon completion of the Offering, the Fund will have a maximum of 499,000 Units, with a value calculated by adding all the holdings of the Fund, less the Fund’s liabilities.
<b><i>Price Per Share</i></b>	Upon completion of the Offering, the value of the Preference Shares will be equal to the assets less liabilities, determined in accordance with International Accounting Standards.



The next 24 to 36 months represents a once-in-a-lifetime buying opportunity for discounted, distressed, and bank-owned real estate.



**THE BOTTOM LINE**

- **Small Investment - you get to invest in real estate without large upfront capital.**
- **7% Dividend + Capital Appreciation - due to increases in property values.**
- **Steady Income Stream - structured to generate steady, high-yield cash flows, distributions to investors are intended to remain steady or increase over time.**
- **Investment is backed by tangible assets - secured by insured, tangible assets as collateral.**
- **Personal Liability protection - investors receive the further advantage of having absolutely none of the personal liability risks associated with personal ownership of real estate.**

If you wish to invest, please visit our website at [visitBlueChip.com](http://visitBlueChip.com) or contact us at 242-677-5360.



1<sup>st</sup> Floor, 308 East Bay St.  
 P.O. Box N-9058  
 Nassau, The Bahamas  
 Phone: 242-677-5360  
 Fax: 242-677-5386  
[www.BCGOF.com](http://www.BCGOF.com)