

BALTIMORE/ WASHINGTON MARKET OVERVIEW



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FOR ACCREDITED INVESTORS ONLY

This material does not constitute an offer to buy or sell any securities and is authorized for use only when accompanied by the Confidential Private Placement Memorandum (the "Memorandum"). Reference is made to the Memorandum for a statement of risks and terms of the offering and qualifications and assumptions regarding forward-looking information. The information set forth herein is qualified in its entirety by the Memorandum. No person will be permitted to invest without acknowledging that they received the memorandum and completed their review including, but not limited to, the risk factors contained therein. Securities are being offered through Orchard Securities, LLC, member FINRA/SIPC. Orchard Securities and Carter Exchange are not affiliated.

Washington, D.C. MSA

Washington, D.C., the nation's capital and the third-most populated city on the East Coast, is a thriving marketplace and commercial hub with more than 20 academic institutions and hundreds of research centers, attracting a talented workforce and major employers.¹ The economy of the Washington, D.C. metro is one of the largest in the nation and is home to 400 international associations and 16 Fortune 500 companies.² Its diverse, resilient economy is anchored by the federal government and strengthened by its life sciences, and defense contracting.³

Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area

- Highly Educated: 19% of the population has a Master's Degree.⁴
- Wealthy: Annual household median income of \$106,415 - the third highest nationally⁵
- One third of renter households earn more than \$100,000, the sixth highest nationally.⁶
- The Washington, D.C., MSA is considered one of the most resilient markets for multifamily.⁷

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2 - Clabaugh, Jeff. "16 DC-area companies on the new Fortune 500." 24 May 2022, p. 1, <https://wtop.com/business-finance/2022/05/16-dc-area-companies-on-the-new-fortune-500/>; and Government of the District of Columbia. "International Business." 2015, p. 1, https://dmped.dc.gov/sites/default/files/dc/sites/dmped/page_content/attachments/International%20Business.pdf.

3 - JLL. "Resiliency and innovation fueling life sciences growth." 28 Sep. 2022, <https://www.usjll.com/en/newsroom/resiliency-and-innovation-fueling-life-sciences-growth>; BNY Mellon Investment Management. "Resilient sectors in a volatile economy." 11 Oct. 2022, p. 1, bnymellonim.com/ie/en/intermediary/news-and-insights/resilient-sectors-in-a-volatile-economy/; and Rosen Consulting Group. "Industry Background and Market Overview." 22 Jul. 2011, p. 1-3, https://www.sec.gov/Archives/edgar/data/1524313/000104746911006627/a2204856zex-99_1.htm.

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Baltimore, Maryland MSA

Baltimore is the economic and cultural hub of Maryland, known for its diverse economy and central location in the Mid-Atlantic region with easy travel access via highways, port, rail, and air.⁸ The Baltimore MSA produces nearly \$212 billion (FY 2019) in GDP, accounting for around half of Maryland's GDP.⁹ The region boasts a highly educated population, prominent schools and universities, low unemployment and high incomes, and a modest cost of living.¹⁰ Transit connectivity is available to the largest urban regions in the Northeast with Washington, D.C. and Philadelphia located within a 45-minute drive of Greater Baltimore.

Baltimore-Columbia-Towson, MD Metropolitan Statistical Area

- Maryland ranks first among U.S. states in the density of research development funding in the life science, and second in the density of science and health PhD holders.¹²
- Johns Hopkins Hospital is ranked fifth best hospital nationally and first in Maryland.¹³
- 32% of renter households make \$75,000 or more.¹⁴

8 - U.S. Bureau of Labor Statistics. "Economy at a Glance: Baltimore-Columbia-Towson, MD." 2022, p. 1, https://www.bls.gov/eag/eag.md_baltimore_msa.htm; Maryland.gov. "Port Information." 2022, p. 1, <https://mpa.maryland.gov/Pages/location-information.aspx>; and Maryland Manual On-Line. "Port of Baltimore." Maryland State Archives. 05 May, 2022, p. 1-2, <https://msa.maryland.gov/msa/mdmanual/01glance/html/port.html>.

9 - U.S. Bureau of Economic Analysis. "GDP by county and metropolitan area." 2020, p. 1, <https://www.bea.gov/data/gdp/gdp-county-metro-and-other-area>; and U.S. Bureau of Economic Analysis. "GDP by state." 2020, p. 1, <https://www.bea.gov/data/gdp/gdp-state>.

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STRONG ECONOMY AND WORKFORCE

Diverse employers provide economic stability during recessions

The Baltimore/Washington region is anchored by stable employment drivers, including government, education, and healthcare, which are more resilient to economic cycles.¹⁵

- 21 companies headquartered in D.C. are considered large-cap stocks (more stable jobs than start-ups).¹⁶
- Together, the regions employ approximately 1,000,000 government workers.¹⁷

Influx of businesses migrating to the region

- Boeing & Raytheon recently moved headquarters to the D.C. Metro Area (from Chicago and Boston respectively).¹⁸
- Amazon recently constructed its “HQ 2” in Arlington, VA and plans to employ 25,000 people in the DC area by 2025.¹⁹
- The D.C./Baltimore Region embodies the second-best life sciences talent pool in the country, which has attracted many large life sciences and biotech firms.²⁰



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ECONOMIC RESILIENCY & MULTIFAMILY FUNDAMENTALS

The D.C. and Baltimore markets face short supply, rising rents, decreased vacancy rates and increased rental demand. The region has a resilient multifamily track-record over the last two decades.

- The region is in short supply of multifamily product; D.C. ranks 11th in the nation with a shortage of over 150,000 units. Permitting in Baltimore/D.C. fluctuated in 2022, resulting in less construction, which can help make existing properties more stable.²¹
- Multifamily property values and rents in Baltimore/D.C. rebounded faster than other regions during the last downturn. Rents in Baltimore/D.C. changed the least among all metros. Occupancy rates remained higher as well.²²
- A study from MIT of supply and demand volatility from 1988 to 2010 showed that Washington and Baltimore had some of the lowest risk among markets.²³
- Considered high-growth, gateway markets like Baltimore/D.C., are a staple of large REITs and investment companies.²⁴ Multifamily investments in large metropolitan areas offer higher risk-adjusted returns compared to other property types and smaller metros.²⁵

Attractive Market to Institutional Investors

REIT Apartment Portfolios Located in the Washington D.C. Metro²⁴

Washington, D.C.: A gateway market with sustained population growth, strong job growth, diversified economy and impressive absorption which continues to attract large REITs and institutional investors.

REIT	Portfolio Distribution in D.C.	Geographic Focus
EQR Equity Residential	15%	Gateway
AVB AvalonBay	16%	Gateway
AIRC Apartment Income REIT	14%	Gateway
UDR UDR	16%	Gateway
VRE Veris Residential	10%	Gateway
WRE Washington REIT	74%	DC, Sunbelt
CPT Camden Property Trust	14%	Sunbelt
MAA MAA Communities	7%	Sunbelt
JBGS JBG Smith	100%	DC

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Impressive Rent Growth

MARYLAND:

- The average rent by year in Maryland increases much faster than the national average rent inflation rate. After adjusting for inflation, median rent in Maryland increased 32.04% from 2000 to 2020. The 2020 FMR for a 2-bedroom apartment in Maryland was \$1,401, up 103.34% from 2000.²⁶

WASHINGTON:

- The average rent by year in the District of Columbia increases faster than any state or territory. The 2020 FMR for a 2-bedroom apartment in D.C. was \$1,603, up 159% from 2000. After adjusting for inflation, median rent in D.C. increased 68.43% from 2000 to 2020.²⁷

Baltimore/Washington Regional Demographics:³³



POPULATION:
9,948,744



MEDIAN HOUSEHOLD
INCOME: \$100,052



RENTER POPULATION:
30%

High-Tech:

The Washington, D.C./Baltimore area is the second-best life sciences talent pool in the country.²⁸ I-270 is known as the Technology Corridor and is one of the most prominent technology and biotech clusters in the U.S., with 17 of the top 25 bioscience employers have a presence in the Technology Corridor.²⁹

Attractive cultural experience and lifestyle amenities:

Nicknamed "Charm City," Baltimore draws more than 25 million visitors per year to dozens of museums, galleries, monuments, and the waterfront.³⁰ Washington, D.C. has 84 museums with four being the most-visited museums in the world.³¹ Washington, D.C. is also home to major performing arts venues and sports stadiums such as the Kennedy Center, the National Theatre, FedEx Field, and Nationals Park.³²



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33 - Census Reporter. "Washington-Baltimore-Arlington, DC-MD-VA-WV-PA CSA." 2022, p. 1, <https://censusreporter.org/profiles/33000US548-washington-baltimore-arlington-dc-md-va-wv-pa-csa/>.

OUR STRONG AND EXPERIENCED TEAM*

280 COMBINED EXPERIENCE IN COMMERCIAL REAL ESTATE³⁴
YEARS OF

\$23 BILLION
IN COMMERCIAL REAL ESTATE ACQUISITIONS, DEVELOPMENT, LEASING & CAPITAL RAISE EXPERIENCE

TRANSACTION EXPERIENCE MANAGING OVER **\$86 BILLION** IN MULTIFAMILY PROPERTIES & PORTFOLIOS TOTALING MORE THAN **1,000,000 UNITS**

\$3 BILLION IN MERGERS

DEVELOPED OVER **\$1.3 BILLION** IN MULTIFAMILY PROJECTS

TRANSACTIONED/MANAGED/DEVELOPED OVER 21,000 STUDENT HOUSING BEDS

50 YEARS

COMBINED EXPERIENCE IN LEADERSHIP ROLES AT MULTIFAMILY COMPANIES

* Prior performance and experience is not indicative of future results. Experience and data encompasses the total history of nine members of the Sponsor's management team.

34 - The members of our Sponsor Executive Management Team have over 280 years combined real estate experience, which includes over 50 years serving in executive management roles at nationally-ranked multifamily firms in the United States. Collectively, the whole team has completed or overseen the completion of \$86 billion of multifamily transactions.



DALLAS WHITAKER
CHIEF EXECUTIVE OFFICER
CARTER EXCHANGE



GAEL RAGONE
PRESIDENT
CARTER EXCHANGE



JOHN E. CARTER
EXECUTIVE CHAIRMAN
CARTER EXCHANGE



CYNTHIA M. PFEIFER
CHIEF EXECUTIVE OFFICER
CARTER MULTIFAMILY



RAY L. HUTCHINSON
CHIEF INVESTMENT OFFICER
CARTER MULTIFAMILY



LISA A. ROBINSON
PRESIDENT
CARTER MULTIFAMILY



LISA A. DRUMMOND
CHIEF OPERATING OFFICER
CARTER MULTIFAMILY



THOMAS W. GUARD
CHIEF FINANCIAL OFFICER
CARTER MULTIFAMILY



JAMES S. SAULS
EXECUTIVE VICE PRESIDENT
CARTER MULTIFAMILY



RYAN GRAY
EXECUTIVE VICE PRESIDENT
OF INVESTMENTS
CARTER MULTIFAMILY

WHY CARTER EXCHANGE?³⁵

Carter Exchange is a Carter Funds company backed by a team of experts with decades of real estate investment experience and established relationships in both the broker-dealer and real estate brokerage communities.

Carter Funds' investment strategy focuses on high-growth industries, risk-adjusted returns, a commitment to excellence and transparent communication.

The Carter Funds leadership team has completed over \$86 billion in commercial real estate transactions and stands ready to provide seamless end-to-end solutions, including site selection, acquisition and management services.

35 - Past performance is not indicative of future results. There can be no assurance these objective will be achieved.

RISK FACTORS

There are risks associated with participating in the Offering. An investment in the Trust is speculative and illiquid, and it involves significant risks, including the possibility of losing all invested capital. The risks involved with an investment in Interests include, but are not limited to:

- Investors have limited control over the Trust.
- The Trustees have limited duties to Investors and limited authority.
- There are inherent risks with real estate investments.
- 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 Master Tenant and Trust depend on the tenants for revenue, and significant occupancy rate fluctuations or defaults by tenants will adversely affect the Trust's operations.
- The Trust may suffer adverse consequences due to the financial difficulties, bankruptcy or insolvency of the tenants.
- There are certain risks to the Master Lease structure, including that the Master Tenant is an affiliate of Carter Exchange that will have limited capitalization and may be unable to 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 contain various restrictive covenants, and if the Trust fails to satisfy or violates these covenants, the Lender may declare the Loan in default.
- There is no public market for the Interests.
- The Interests are not registered with the Securities and Exchange Commission or any state securities commission.
- Investors may not realize a return on their investment for years, if at all.
- The Trust is not providing any prospective Investor with any legal, accounting or business advice or representations.
- Various tax risks, including the risk that an acquisition of an Interest may not qualify as replacement property in a Section 1031 Exchange.

See the Memorandum for the full disclosure of risks.

FORWARD-LOOKING STATEMENTS

These materials include certain forward-looking statements, including without limitation projections and forecasts, with respect to the anticipated future performance of the Trust. Such forward-looking statements reflect various assumptions being made by Carter Exchange as of the date of the Memorandum. Investors participating in the Offering will be subject to significant business, economic and competitive risks, uncertainties and contingencies, many of which are unknown and beyond the control of Carter Exchange. Accordingly, there can be no assurance that any forward-looking statements will be realized. The Trust's actual performance results may vary from those contemplated by the Memorandum and such variations may be material. A more robust description of the risks and uncertainties is set forth in the Memorandum.