

What Sets Carter-Haston Apart



19th Annual Partners Meeting

Experience

The Company's principals, Marc Carter and Harris Haston, co-founded Carter-Haston Real Estate Services, Inc. over 25 years ago. Combined, the founders have 70 years of real estate experience. The three senior executives supporting the founders have more than 15 years experience in the apartment industry, all with Carter-Haston. The five member senior team has assembled and managed more than 60 apartment communities throughout the Southeast and Midwest since 1990 with a total asset value approaching \$1 billion. Six mid-level regional and area property managers have an average tenure of 10 years with the Company.

Trust

For 25 years, more than three-hundred individuals, multiple institutional investors and second generation family members have chosen Carter-Haston led partnerships as a vehicle to invest directly in income producing apartments. More than \$150 million in equity capital has been invested and approximately 80% of the Company's private investors have invested in two or more partnerships. Carter-Haston has proven its trustworthiness and has pledged to be honorable, open and fair, to avoid self-dealing and to avoid favoritism in order to maximize return on investment to all Carter-Haston partners.

Stability

Over its 25-year existence, the Company and its affiliates have owned and managed through several economic cycles without a property failure, foreclosure or deed-in-lieu. Neither has the Company defaulted on debt held or originated by Fannie Mae, Freddie Mac or FHA/ HUD, or any unsecured bank debt. Carter-Haston's financial record remains excellent.

Knowledge / Connections

Senior Management has accumulated vast personal knowledge and understanding of major southeastern and mid-western markets. There is no substitute for on-the-ground experience. A thorough understanding of and experience in a sub-market is invaluable, reduces risk and provides the Company with a competitive advantage. The team is recognized by industry leaders, lenders, institutional and private investors as being one of the most competent and well informed teams in the country for markets in which Carter-Haston operates. Senior Management has long-standing relationships and a wide network of apartment industry connections.

Self-Managed Focus

Senior Management is singularly focused on the acquisition, disposition and management of multi-family communities for its own account. Senior Management has no other affiliated business which could detract from the focus on its sole business of owning and operating apartments. Though the Company exclusively manages its own communities, third-party management assignments may be accepted if assignments have the potential to lead to an ownership interest. Carter-Haston has no affiliates which provide fee-for-service to the portfolio, and there are no vertical profit centers.

Diversification

Carter-Haston currently operates in more than 15 markets and Senior Management has managed in more than 55 markets. Such multi-regional diversification provides for greater acquisition and exit opportunities and tends to reduce and spread investment risk and improve overall return on investment.

Community-Specific Investment Focus

While diversification is achieved by operating in multiple markets and submarkets, the Company does not attempt to achieve a broad market exposure to apartments as an investment class. Rather, the Carter-Haston's approach is 'rifle-shot versus shotgun,' with an aim to achieve above-market returns for specific communities which are undervalued and can meet or exceed the Company's investment return threshold.



Professional / Responsive

The Company is proud of its 25-year record for clear, timely and accurate reporting to investors and lenders. The Company's accounting team is respected by peers and professional accountants with whom the Company works. Carter-Haston has implemented computer management and accounting systems which provide real-time information and is as advanced and sophisticated as the largest apartment operators. Investors have the ability to access live information directly from the property.

Discipline, Performance and Return on Investment

The Company's historical returns reflect management's investment discipline and ability to execute a stated investment strategy. Recognizing acquisition value, delivering professional, stable and capable management and knowing when to exit have been hallmarks of the Company's success. Carter-Haston strives to achieve above-market returns from communities which are undervalued and which often possess extraordinary operational, financial and/or legal distress.

Opportunistic and Contrarian Investment Approach

Carter-Haston continually evaluates the value and performance of its portfolio, of markets and sub-markets in which it operates and of all apartment classes. As classes of apartments in specific markets are bid prices above targeted risk-adjusted returns, the Company adjusts to focus on other apartment classes and markets where targeted returns are more likely to be achieved or simply waits until prices or market conditions become more favorable. Values and performance by class and market are constantly changing and require the willingness of an investor to invest in a wide range of markets and apartment classes.

Lender Sources

More than 50% of all acquisitions by the Company have directly or indirectly originated from mortgage lenders which had a loan in default, foreclosed on the property or received a deed in lieu of foreclosure. Carter-Haston has a reputation in the lending community and among apartment sales brokers for being a reliable buyer of financially distressed apartment assets.

Aligned Interest with Investors

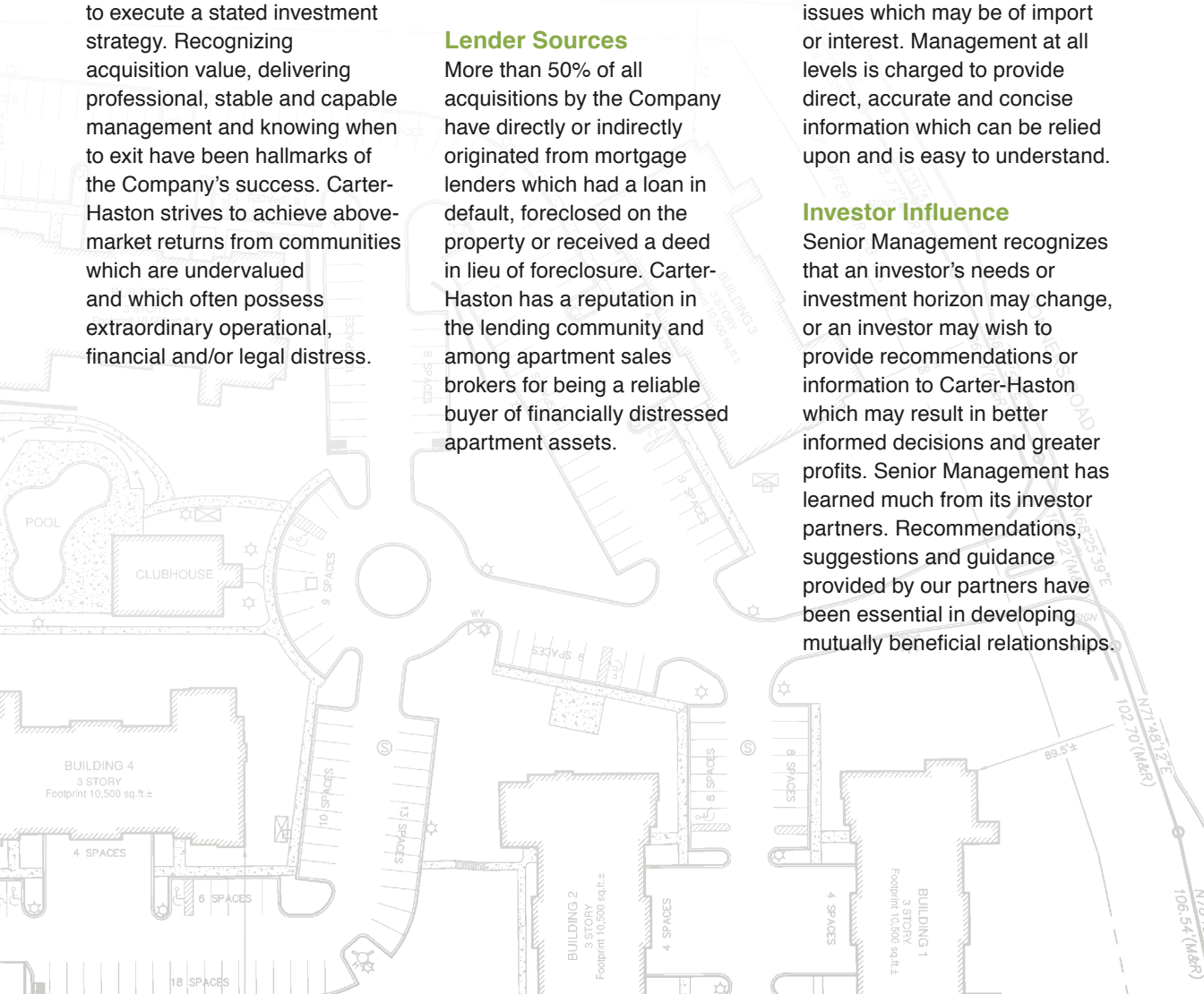
Carter-Haston profits only when an investment exceeds minimum return thresholds. The greater the return achieved for investors, the greater the profit for the Company. Fees are kept to a minimum so that an investor's return on invested capital is maximized. Fee income has never been a profit center for the Company, though the Company could not survive without earning property management fees to support its team.

Accessible / Transparent / Flexible

Senior Management is readily accessible and available to investors and lenders to answer questions about acquisitions, markets, operations or any number of issues which may be of import or interest. Management at all levels is charged to provide direct, accurate and concise information which can be relied upon and is easy to understand.

Investor Influence

Senior Management recognizes that an investor's needs or investment horizon may change, or an investor may wish to provide recommendations or information to Carter-Haston which may result in better informed decisions and greater profits. Senior Management has learned much from its investor partners. Recommendations, suggestions and guidance provided by our partners have been essential in developing mutually beneficial relationships.





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