



# FIRST QUARTER 2009



## President's Report

June 2009

During the first quarter of 2009, the U.S. economy continued to contract as a result of the global economic downturn, and while new business opportunities decreased for CDT in this very challenging environment, our existing debt and equity portfolios continued to perform well. CDT's financial performance for the first quarter of 2009 remained steady with Operating Funds From Operations (Operating FFO) at \$0.20 per share versus \$0.14 per share in the first quarter of 2008. In particular, our equity portfolio performed better than expected due to improved occupancy and lower utility and turnover expenses.

As we continue through 2009, the performance of the existing portfolios will be a major factor in our overall financial performance. While the first quarter results give us reason for optimism, we remain cautious as the economic environment remains uncertain. We will continue to place emphasis on closely monitoring our existing debt and equity portfolios. Through our proactive asset management approach, we will develop action plans for problem loans and investments if they occur.

The federal government's recent stimulus package includes several initiatives that are expected to boost LIHTC investment activity in the latter portion of 2009, resulting in an increase in affordable housing construction. This, in turn, will generate a corresponding increase in demand for debt financing to facilitate the closing of these LIHTC transactions. Our strong balance sheet and liquidity position will put us in a very advantageous position to compete for these opportunities.

We look forward to updating you again next quarter on our progress.

Sincerely,

Joseph F. Reilly  
President & CEO

- **New Investment: Easterling Village**



- In April 2009, CDT purchased an \$800,000 first mortgage for Easterling Village. This property is a newly constructed, 48-unit, affordable housing community located in Alice, Texas. Easterling Village is the second phase of a two-phase development. CDT also provided permanent financing for the first phase, San Diego Creek, a 72-unit development, located directly adjacent to Easterling Village. Easterling Village consists of five, two-story buildings and a community clubhouse which is shared with San Diego Creek. Project amenities include a pool, an exercise room, a business center, a kitchen, and community room. The property has a mix of one, two, and three bedroom units available for tenants who meet the 30% or 60% AMI requirement.

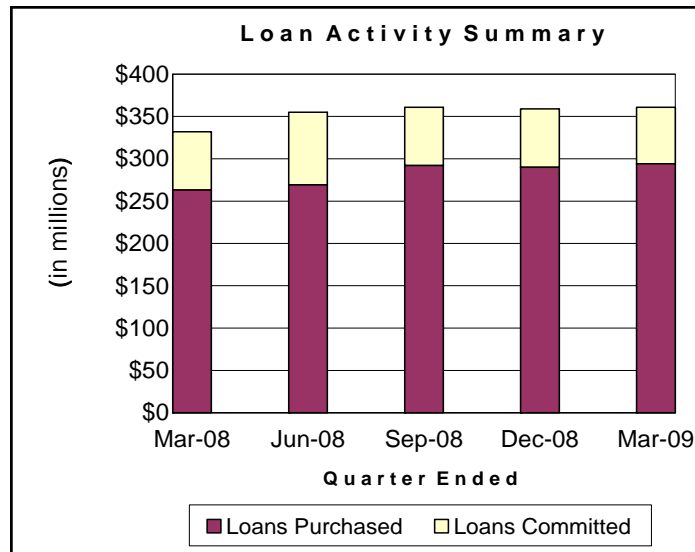
- Both phases were developed by Brownstone Affordable Housing Ltd, a subsidiary of the Brownstone Group. The key principal is William Brown, who has more than 30 years experience in real estate development. The Brownstone Group has planned, developed, and constructed more than 7,000 units of housing and has offices in Houston, Laredo, and San Antonio.

- In addition to the permanent financing provided to CDT's originator, the project is the recipient an annual tax credit allocation of \$245,837. The tax credits were syndicated by Wachovia Securities.

## Debt Program Update

As widely reported, lending activity in the affordable housing industry is down considerably in the last year and a half. The reduction of LIHTC investing, the primary source of equity capital for affordable housing developments, is reportedly down by 70% to 80% from 2007 levels. As a result of this overall market decline, CDT has also experienced a sizeable reduction in loan requests in 2009. The following is a summary of our first quarter activity:

- We closed \$5.8 million in new loans. This represents the conversion of existing forward commitments to permanent mortgages. We anticipate converting an additional \$30 million in commitments in 2009.
- Commitment activity totaled \$1.7 million in the first quarter. However, our current inquiry pipeline, including individual loan requests and potential portfolio purchases is well over \$70 million.
- As of March 31, 2009, we had outstanding loan commitments totaling \$67.4 million.

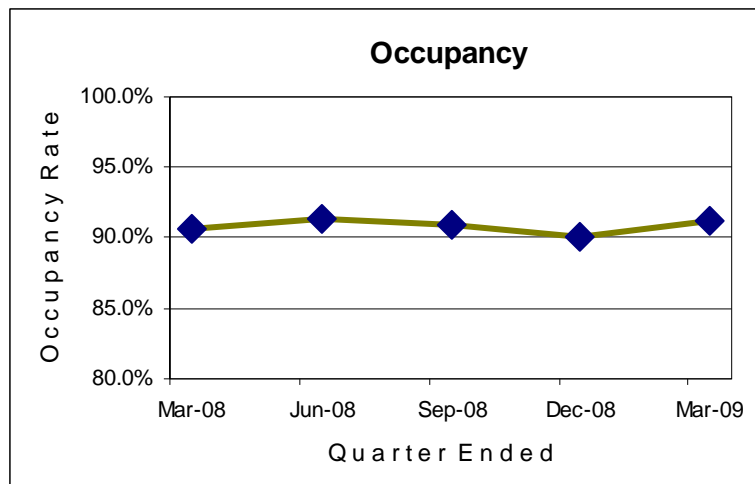


## PORTFOLIO PERFORMANCE

### Equity Portfolio:

CDT's equity portfolio continues to perform well. Highlights of the first quarter are as follows:

- Same Unit Occupancy for the first quarter of 2009, of 91.1% was up slightly from 90.7% the same quarter a year ago.
- Same Unit Monthly Rental Income for the first quarter of 2009 increased 3.7% compared to the same quarter a year ago.
- Same Unit Quarterly Operating Expenses for the first quarter of 2009 increased 2.7% compared to the same quarter a year ago.
- Same Unit Quarterly Net Operating Income for the first quarter of 2009 was 5.7% higher than the same quarter a year ago.





THE COMMUNITY DEVELOPMENT TRUST, INC.  
FINANCIAL SUMMARY - FIRST QUARTER 2009

UNAUDITED

(in thousands, except per share data)

**Preserving America's  
Communities**

*CDT is the country's only private real estate investment trust with a public purpose.*

*Working with local and national partners, our organization makes long-term equity investments in affordable communities and serves as a secondary market provider for low-income multifamily mortgages.*

*After ten years of operations, CDT has invested or committed more than \$720 million in debt and equity capital to properties in 39 states and regions—helping to preserve or add more than 27,700 units to the nation's affordable housing stock.*

**Visit Our Website!**  
[www.cdt.biz](http://www.cdt.biz)

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For additional information on CDT's programs and investments, please visit our website.

**Balance Sheet**

	<u>March 31, 2009</u>	<u>December 31, 2008</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 11,116	\$ 33,510
Restricted cash	1,100	1,228
Investments	10,047	-
Real estate, including investments in joint ventures	38,191	38,661
Subordinate mortgage loans, net	27,897	27,438
Senior mortgage loan participations	6,686	6,686
Mortgage loans, net	6,724	6,750
Loan participations	4,000	4,000
Other assets	945	855
Total Assets	<u>\$ 106,706</u>	<u>\$ 119,128</u>
<b>Liabilities and Stockholders' Equity</b>		
Mortgages payable	\$ 7,732	\$ 7,803
Secured revolving credit facilities	-	10,000
Other liabilities	6,700	7,659
Stockholders' equity	92,274	93,666
Total Liabilities and Stockholders' Equity	<u>\$ 106,706</u>	<u>\$ 119,128</u>

**Income Statement**

	<u>For the quarter ended</u>			
	<u>March 31, 2009</u>		<u>March 31, 2008</u>	
	<u>Amount</u>	<u>Per share</u>	<u>Amount</u>	<u>Per share</u>
Total revenues	\$ 3,058		\$ 3,415	
Total expenses	<u>2,387</u>		<u>3,428</u>	
Consolidated net income (loss)	\$ 671		\$ (13)	
Net income applicable to noncontrolling interests	26		23	
Preferred stock dividend	<u>(680)</u>		<u>(680)</u>	
Net loss applicable to common stock	\$ (35)	\$ (0.01)	\$ (716)	\$ (0.13)
Add back property depreciation	1,259		1,335	
Other GAAP adjustments, net	<u>(175)</u>		<u>156</u>	
Operating funds from operations	<u>\$ 1,049</u>	<u>\$ 0.20</u>	<u>\$ 775</u>	<u>\$ 0.14</u>
Common dividends declared	<u>\$ 796</u>	<u>\$ 0.15</u>	<u>\$ 979</u>	<u>\$ 0.18</u>
Weighted average number of shares outstanding - Basic	<u>5,322</u>		<u>5,458</u>	

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