



FOURTH QUARTER 2009



President's Report April 2010

During the fourth quarter of 2009, the U.S. economy, as measured by GDP, expanded for the second quarter in a row. While this is a very positive sign, there are still concerns that the economic recovery remains vulnerable as much of the GDP growth came from temporary factors, including inventory restocking and government economic support, which will eventually diminish. In CDT's businesses, multifamily affordable housing, the markets continue to be affected. New loan production continues to be slow as the Low Income Housing Tax Credit ("LIHTC") market struggles to recover. Although two temporary assistance programs were enacted by Congress in 2009, many believe that further legislative and regulatory actions may be needed to support the LIHTC sector.

Despite these challenging economic conditions, CDT's financial condition and liquidity position have remained strong. While new business opportunities have been limited, our existing debt and equity portfolios have continued to perform relatively well. CDT's financial performance for the fourth quarter of 2009 remained steady with Operating Funds From Operations ("Operating FFO") at \$0.17 per share versus \$0.18 per share in the fourth quarter of 2008. Our FFO for 2009 was .76 per share – the highest in CDT's history. During the fourth quarter, vacancies have increased slightly over last quarter, but our weighted average DCR has remained steady. We continue to closely monitor our portfolios and proactively address problems as they occur.

In all of our efforts throughout 2010, we will continue to utilize our guiding principles to identify the best opportunities that will have the greatest impact. We will maintain the focus on our mission while seeking solid returns for our investors.

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

Sincerely,

Joseph F. Reilly
President & CEO

New Investment: England Drive Subdivision



In October 2009, CDT purchased a \$791,000 first mortgage on England Drive Subdivision. This property is a newly constructed, 39-unit, multifamily affordable housing community located in Alexandria, Louisiana. England Drive Subdivision consists of 39 single-family apartment buildings with covered carports plus a community center with a day-care center and computer room. The property has a mix of three- and four-bedroom units available for tenants who meet the 60% AMI requirement.

England Drive Subdivision was developed by William McConnell and is CDT's fifth property with Mr. McConnell, including closed loans and existing forward commitments. The property is managed by M & T Property Management, which Mr. McConnell created in 1990.

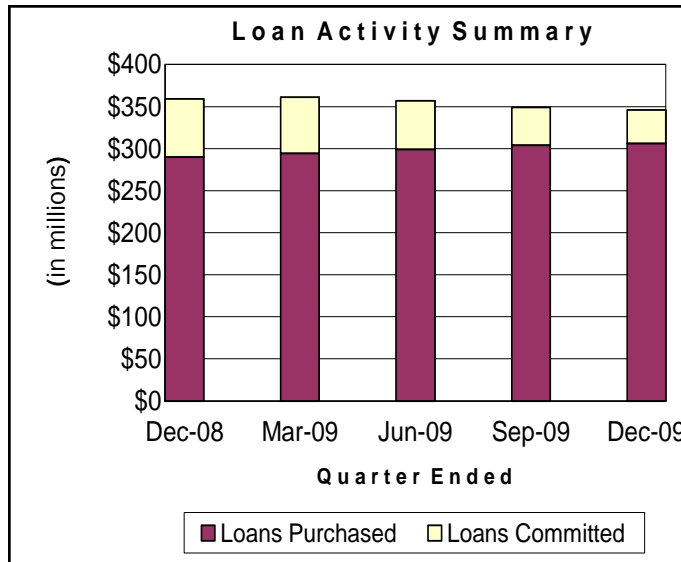
In addition to the permanent financing provided to Regions Bank, CDT's originator, the project received LIHTC equity in the amount of \$6,568,519. The tax credits were syndicated by NEF with JPMorgan Chase as the end investor.

Debt Program Update

Consistent with our experience the prior year, 2009 was a difficult year to originate new business. Several factors contributed to this environment including: a reduction in overall development activity; less active LIHTC investors and a corresponding reduction in equity capital; higher relative forward commitment pricing; and the delayed roll-out of the TCAP and Exchange programs. Still, CDT continued to originate and close new business throughout the year, as well as expand our resources to support future business.

Highlights of our activity in 2009 include the following:

- A total of \$36.5 million in debt program activity, including new commitments and closings.
- Successful lending activity with the following correspondents: Bank of America, Column Financial (now Walker & Dunlop), JPMorgan Chase, NEFMAC, Regions Bank and Wells Fargo Bank.
- Awarded a \$1 million grant from the CDFI Fund to support our portfolio purchase activity.
- Secured lender approval from the State of New York Mortgage Agency (SONYMA).
- As of December 31, 2009, we had outstanding loan commitments totaling \$40 million.



These accomplishments, together with other developmental program activities and an expansion of our overall customer base, will allow CDT to further expand our community lending business in 2010 and beyond.

PORTFOLIO PERFORMANCE

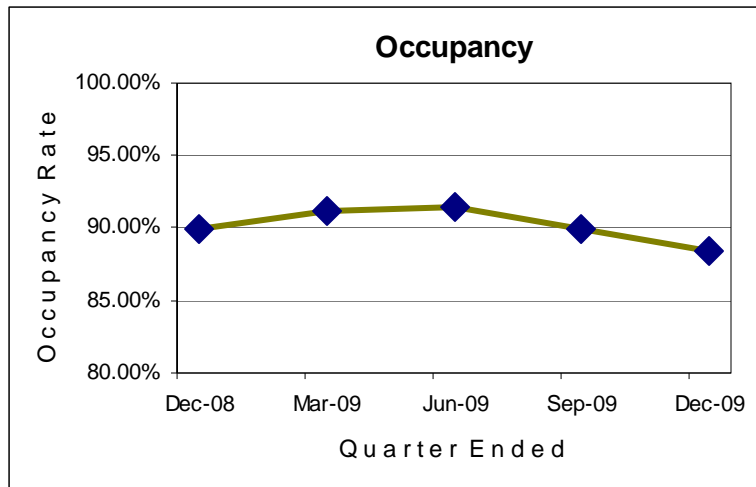
Debt Portfolio:

The portfolio's December 31, 2010, weighted average DCR of 1.35 was the same as it was at December 31, 2009. The portfolio's vacancy increased to 6.0% at December 31, 2009, from 4.5% at December 31, 2008. Overall, the debt portfolio remained stable. While the portfolio's debt coverage ratio remained stable, there was an increase in vacancy during the past year that we continue to monitor closely.

Equity Portfolio:

CDT's equity portfolio was relatively stable during the fourth quarter of 2009, but the market-rate affordable properties in the portfolio continue to struggle. Highlights of the fourth quarter are as follows:

- Same Unit Occupancy for the fourth quarter of 2009, of 88%, was down 1.8% compared to 90.0% the same quarter a year ago.
- Same Unit Monthly Rental Income for the fourth quarter of 2009 was unchanged compared to the same quarter a year ago.
- Same Unit Quarterly Operating Expenses for the fourth quarter of 2009 were unchanged compared to the same quarter a year ago.
- Same Unit Quarterly Net Operating Income for the fourth quarter of 2009 was 6% lower than the same quarter a year ago.



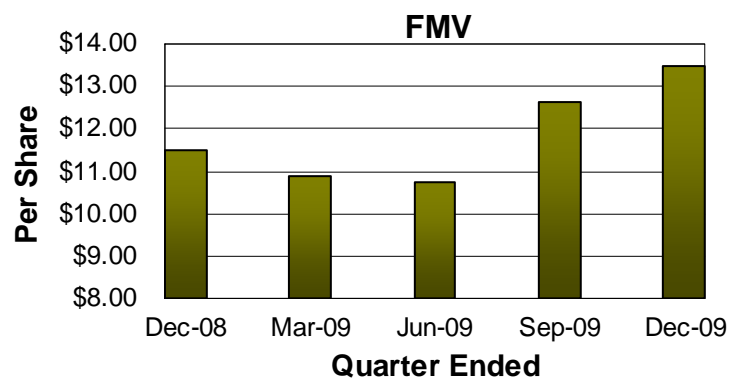
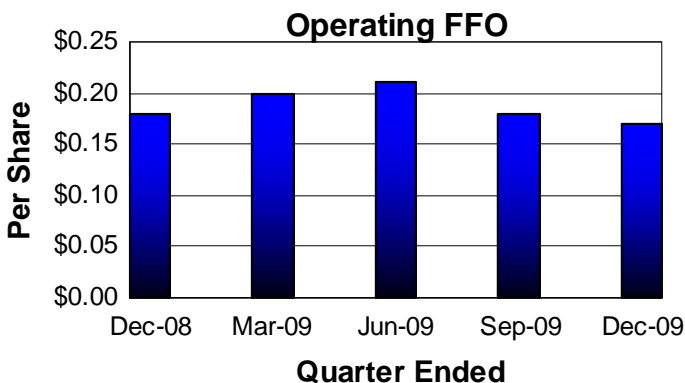
FINANCIAL SUMMARY

Operations - Operating FFO per share for the fourth quarter of 2009 was \$0.17 per share, as compared to \$0.18 per share in the fourth quarter of last year. While our mortgage and equity portfolio results declined slightly, there was a larger decline in interest income from our short-term investments. These declines were partially offset by lower operating expenses in the fourth quarter of 2009.

Fair Market Value - CDT's FMV as of December 31, 2009, is \$13.46 per share, which represents a 6.6% increase from the FMV per share as of September 30, 2009 of \$12.63.

Dividends - The Board of Directors declared a quarterly dividend of \$0.15 per share on the Class B common shares, payable on February 25, 2010, to all common stockholders of record as of February 23, 2010.

The Board of Directors also approved a regular quarterly dividend of \$0.53125 per share on the 4.25% convertible preferred shares, payable on March 1, 2010, to all preferred stockholders of record as of February 23, 2010.



THE COMMUNITY DEVELOPMENT TRUST, INC.

FINANCIAL SUMMARY

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 more than ten years of operations, CDT has invested or committed more than \$725 million in debt and equity capital to properties in 39 states and regions—helping to preserve or add more than 28,000 units to the nation's affordable housing stock.

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

Balance Sheet

	December 31, 2009	December 31, 2008
Assets		
Cash and cash equivalents	\$ 19,488	\$ 33,510
Restricted cash	1,393	1,228
Investments	2,502	-
Real estate, including investments in joint ventures	35,785	38,661
Subordinate mortgage loans, net	29,260	27,438
Senior mortgage loan participations	2,680	6,686
Mortgage loans, net	7,172	6,750
Loan participations	4,000	4,000
Other assets	1,078	855
Total Assets	\$ 103,358	\$ 119,128
Liabilities and Equity		
Mortgages payable	\$ 7,510	\$ 7,803
Secured revolving credit facilities	-	10,000
Other liabilities	7,382	7,659
Total Liabilities	14,892	25,462
Company stockholders' equity	88,440	93,664
Noncontrolling interests	26	2
Total Equity	88,466	93,666
Total Liabilities and Equity	\$ 103,358	\$ 119,128

Income Statement

	For the year ended			
	December 31, 2009		December 31, 2008	
	Amount	Per share	Amount	Per share
Total revenues	\$ 10,983		\$ 20,753	
Total expenses	9,870		15,173	
Consolidated net income	\$ 1,113		\$ 5,580	
Net income applicable to noncontrolling interests	129		116	
Preferred stock dividend	(2,720)		(2,720)	
Net income (loss) applicable to common stock	\$ (1,736)	\$ (0.33)	\$ 2,744	\$ 0.50
Add back property depreciation	5,033		5,085	
Subtract gain on sale of investment	(22)		(7,269)	
Other GAAP adjustments, net	75		497	
Funds from operations	\$ 3,350	\$ 0.63	\$ 1,057	\$ 0.19
Add impairment loss of real estate joint venture	-		1,988	
Add loss on loan impairment/ loss on loan restructuring	700		625	
Operating funds from operations	\$ 4,050	\$ 0.76	\$ 3,670	\$ 0.67
Common dividends declared	\$ 3,180	\$ 0.60	\$ 4,455	\$ 0.82
Weighted average number of shares outstanding - Basic		5,305		5,455

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