



President's Report

June 2010



CDT's existing debt and equity portfolios have continued to perform well through the economic downturn and gradual recovery. As a result, CDT's financial condition and liquidity position remain strong. Our financial performance for the first quarter of 2010 remained steady with Operating Funds From Operations at \$0.20 per share, which was equal to the first quarter of 2009 and \$0.03 ahead of the last quarter of 2009. Although our debt portfolio's watch list grew last quarter, our weighted DCR remained stable, and we saw a slight improvement in occupancy rates. Our equity portfolio performed ahead of plan for the first quarter with occupancy rates slightly ahead of expectations.

At our recent quarterly board meeting, CDT's board approved the launching of a new debt initiative, our Direct Lending Program. Under this program, CDT will originate long-term loans to support the development and preservation of affordable multifamily rental housing. This program will complement our existing secondary market purchase program. During the first half of this year, we have been negotiating agreements, developing procedures, and building systems to support this new initiative. Depending on our customers' needs, CDT will now have the ability to purchase or originate long-term debt for affordable multifamily housing. Under both programs, CDT will offer rate-locked forward commitments, as well as financing for immediate funding needs. All of our lending will continue to focus on the need for smaller balance loans, especially in under-served markets. We expect a formal introduction of our Direct Lending Program during the 3rd quarter of this year. For more information on all of our lending programs, please contact Brian Gallagher at bgallagher@cdt.biz.

In our equity business, we continue to seek opportunities where CDT can play a meaningful role in preserving Y-15 LIHTC properties as quality affordable housing for years to come. Our focus has been on identifying opportunities where CDT can provide capital to either for-profit or not-for-profit owners and managers who share our commitment to preserve affordable housing. For more information on our equity investment initiatives, please contact Brian Dowling at bdowling@cdt.biz.

As always, we look forward to updating you on our progress again next quarter.

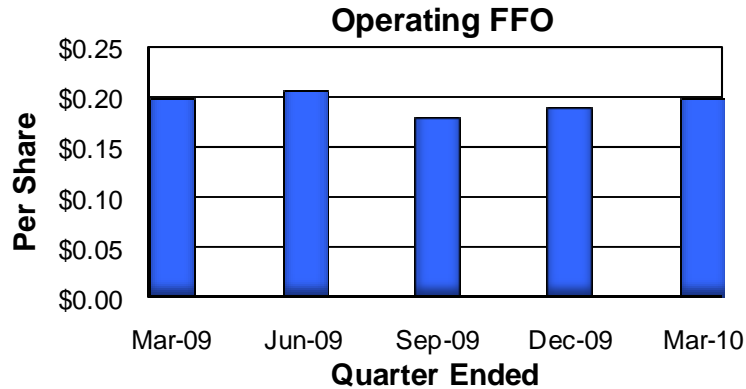
Sincerely,

A handwritten signature in black ink, appearing to read 'Joe Reilly', written in a cursive style.

Joseph F. Reilly
President & CEO

FINANCIAL SUMMARY

Operations - Operating FFO for the first quarter of 2010 was \$0.20 per share, equal to the \$0.20 per share in the first quarter of last year and \$0.03 ahead of the last quarter of 2009.

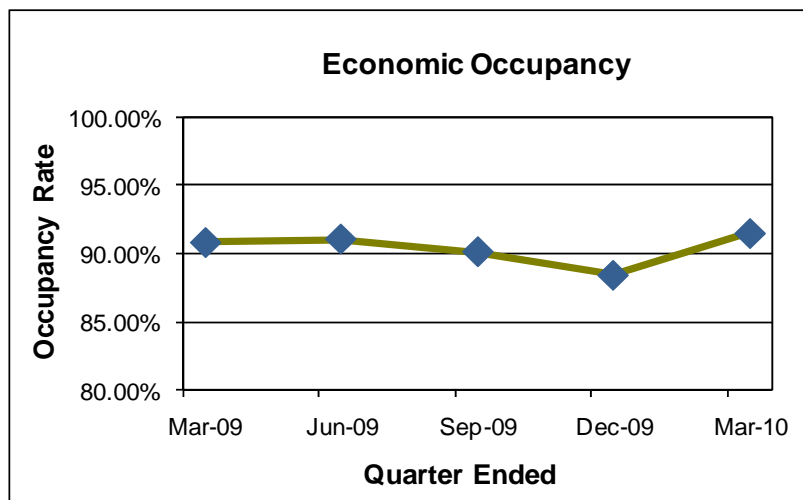


Dividends - The Board of Directors declared a quarterly dividend of \$0.15 per share on all Class B common shares, payable on May 20, 2010, to all common stockholders of record as of May 18, 2010. The Board of Directors also approved a regular quarterly dividend of \$0.53125 per share on the 4.25% convertible preferred shares, payable on June 1, 2010, to all preferred stockholders of record as of May 18, 2010.

PORTFOLIO PERFORMANCE

Equity Portfolio:

The majority of CDT's equity portfolio reported improved operations for the first quarter of 2010. Six of the portfolio's eight "market-affordable" properties improved primarily due to increased occupancy and lower turnover expenses, and all six of the portfolio's Section 8 properties continued to perform well. Two of the portfolio's extended use LIHTC properties performed more poorly than projected due to high maintenance expenses.



Debt Portfolio:

The portfolio's March 31, 2010, weighted average DCR of 1.33 was down slightly compared to 1.35 at December 31, 2009. The portfolio's March 31, 2010 weighted average occupancy increased to 94.2% from 94.0% at December 31, 2009. While the debt portfolio continues to perform well, high unemployment in some markets continues to negatively impact some loans.

THE COMMUNITY DEVELOPMENT TRUST, INC.
FINANCIAL SUMMARY - FIRST QUARTER 2010

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 approximately \$725 million in debt and equity capital to properties in 39 states and regions—helping to preserve or add more than 27,900 units to the nation's affordable housing stock.

Visit Our Website!
www.cdt.biz

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

Balance Sheet

	March 31, 2010	December 31, 2009
Assets		
Cash and cash equivalents	\$ 20,460	\$ 19,488
Restricted cash	1,264	1,393
Investments	-	2,502
Real estate, including investments in joint ventures	34,510	35,635
Subordinate mortgage loans, net	29,104	29,260
Senior mortgage loan participations	2,679	2,679
Mortgage loans, net	7,165	7,172
Loan participations	4,000	4,000
Other assets	1,120	1,078
Total Assets	\$ 100,302	\$ 103,207
Liabilities and Equity		
Mortgages payable	\$ 7,433	\$ 7,510
Other liabilities	6,271	7,404
Total Liabilities	13,704	14,914
Commitments and Contingencies		
Company stockholders' equity	86,532	88,280
Noncontrolling interests	66	13
Total Equity	86,598	88,293
Total Liabilities and Equity	\$ 100,302	\$ 103,207

Income Statement

	For the quarter ended			
	March 31, 2010		March 31, 2009	
	<u>Amount</u>	<u>Per share</u>	<u>Amount</u>	<u>Per share</u>
Total revenues	\$ 2,470		\$ 3,058	
Total expenses	2,131		2,387	
Consolidated net income	\$ 339		\$ 671	
Net income applicable to noncontrolling interests	53		26	
Preferred stock dividend	(680)		(680)	
Net loss applicable to common stock	\$ (394)	\$ (0.07)	\$ (35)	\$ (0.01)
Add back property depreciation	1,323		1,259	
Other GAAP adjustments, net	132		(175)	
Operating funds from operations	\$ 1,061	\$ 0.20	\$ 1,049	\$ 0.20
Common dividends declared	\$ 786	\$ 0.15	\$ 796	\$ 0.15
Weighted average number of shares outstanding - Basic		<u>5,279</u>		<u>5,322</u>

Neither the information in this report nor any opinion expressed herein constitutes an offer, or an invitation to make an offer, to buy or sell any securities. Statements regarding future prospects may not be realized. Past performance is not necessarily a guide to future performance.