



## FIRST QUARTER 2011

**President's Report**  
July 2011

CDT's financial performance for the first quarter of 2011 continued to be strong with Operating Funds From Operations (Operating FFO) at \$0.22 per share, versus \$0.20 per share in the first quarter of 2010.

This solid performance resulted from improved operating performance in both our debt and equity portfolios, as well as lower operating expenses.

Last quarter, we described to you two new initiatives that are projected to have positive impacts on our debt business volume; a Direct Lending Program and a Mortgage REIT Initiative. The Direct Lending Program allows us to be a direct originator of new Fannie Mae first mortgages for affordable multifamily rental housing. It will also allow us to access Fannie Mae's MBS pricing and thereby offer more competitive immediate delivery rates to our customers. We recently closed our first transactions under the Direct Lending Program.

We are also continuing with our initial capital raising activities for a new Mortgage REIT, CDT Mortgage Investors, Inc. (CDTMI) that will have the capability to provide additional long-term financing for our debt program at competitive prices. Our targeted launch for this initiative is the fourth quarter of 2011. CDTMI will be an independent entity, but CDT will own and manage the external advisor that will oversee its activities.

Lastly, we have also recently closed our first transactions under our new agreement with our long-term senior investor in our debt business. This agreement allows us to provide competitively priced forward commitments for multifamily affordable housing transactions.

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

Sincerely,

Joseph F. Reilly  
President & CEO

**New Investment: The Terraces**

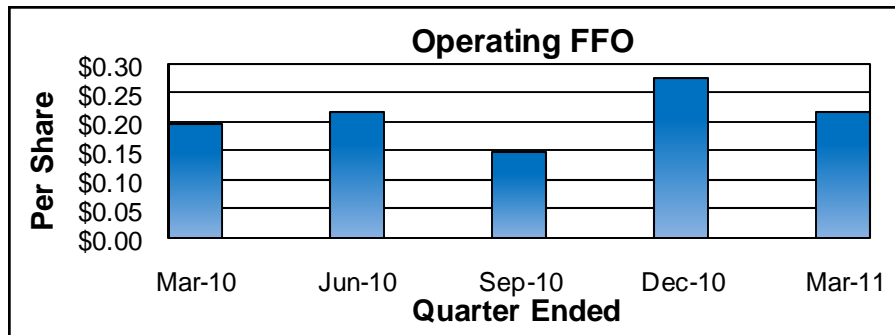
In June 2011, CDT purchased one of its largest mortgages, a \$6,300,000 first mortgage on The Terraces. This property is an award winning, newly constructed, 200-unit, affordable seniors community located in New Orleans, Louisiana. The Terraces, developed by Volunteers of America and Renaissance National Development Corporation, replaces seniors housing devastated by Hurricane Katrina in 2005. The community serves low income seniors, 62 or older, and has 20 specific units set aside for permanent supportive housing for formerly homeless individuals. The Terraces is supported by a long-term Housing Assistance Payment (HAP) contract.

This new seniors development benefits from community space that includes a club room, a fitness center, a business center, a computer training lab, clinic space, and a commercial kitchen. Additional community services include on-site tenant seminars on financial and household budgeting, as well as administration of a 'Meals on Wheels' program. These services are funded through a grant from HUD in connection with the HAP contract.

CDT purchased the loan from JPMorgan Chase (JPMC), which has played a major role in the re-development of the Gulf Zone. JPMC provided the construction and permanent loan for the property, as well as the LIHTC equity for The Terraces. JPMC's syndicator partner is the National Affordable Housing Trust. The property is managed by Latter & Blum Property Management, Inc., one of the largest property management companies servicing the Gulf South.

## FINANCIAL SUMMARY

**Operations** - Operating FFO for the three months ended March 31, 2011 was \$0.22 per share, \$0.02 higher than the \$0.20 per share in the first quarter of 2010. Our results were helped by increased earnings from both our equity and debt portfolios, as well as lower operating expenses.

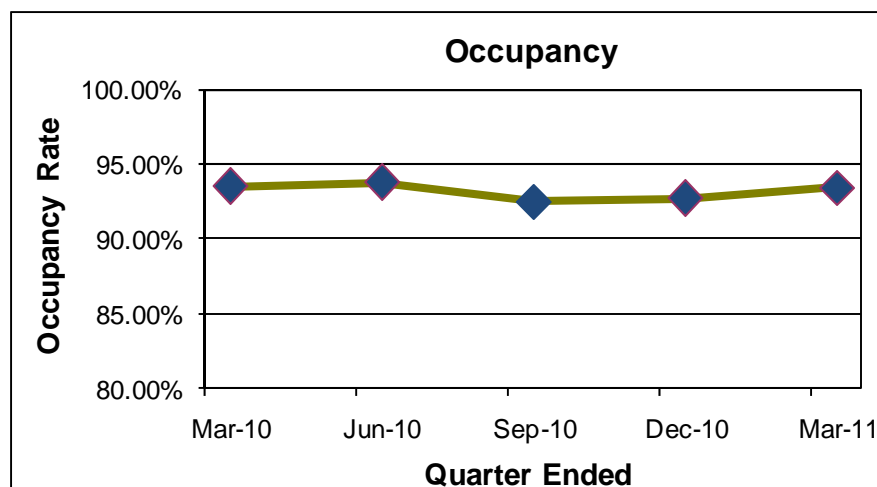


**Dividends** - The Board of Directors declared a quarterly dividend of \$0.15 per share on the Class B common shares, payable on May 20, 2011, to all common stockholders of record as of May 17, 2011. The Board of Directors also approved a regular quarterly dividend of \$0.53125 per share on the 4.25% convertible preferred shares, payable on May 31, 2011, to all preferred stockholders of record as of May 17, 2011.

## PORTFOLIO PERFORMANCE

### **Equity Portfolio:**

The majority of CDT's equity portfolio reported improved operations for the first quarter of 2011 with overall occupancy showing a slight increase. However, several of the properties reacted to challenging local markets by reducing rents and increasing concessions, and several properties in the Northeast incurred higher snow removal costs than anticipated due to the harsh winter. Three of the portfolio's six "market-affordable" properties improved, while three were impacted by reduced rents and occupancy. Three of the portfolio's six Section 8 properties continued to perform well, while three performed below our projections due to increased maintenance and security costs. Three of the portfolio's four extended-use LIHTC properties performed well as did the portfolio's two mixed income properties.



### **Debt Portfolio:**

The portfolio continued to perform well with a strong weighted average DCR of 1.34 at March 31, 2011. The portfolio's weighted average occupancy improved to 95.1% at March 31, 2011 from 94.6% at December 31, 2010 and 94.2% at March 31, 2010. While the debt portfolio continues to perform well, high unemployment and increased competition in some markets continue to negatively impact some loans.

THE COMMUNITY DEVELOPMENT TRUST, INC.  
FINANCIAL SUMMARY - FIRST QUARTER 2011

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 \$752 million in debt and equity capital to properties in 40 states and regions—helping to preserve or add approximately 28,700 units to the nation's affordable housing stock.*

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

1350 Broadway, Suite 700  
New York, NY 10018  
Phone: 212-271-5080  
Fax: 212-271-5079  
Email: [cdtinfo@cdt.biz](mailto:cdtinfo@cdt.biz)

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

**Balance Sheet**

	<b>March 31, 2011</b>	<b>December 31, 2010</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 3,420	\$ 2,740
Restricted cash	1,936	2,066
Investments	-	3,627
Real estate, including investments in joint ventures	34,826	35,531
Subordinate mortgage loans, net	28,864	28,826
Mortgage loans, net	15,733	16,181
Loan participations	4,000	4,000
Other assets	1,999	1,681
<b>Total Assets</b>	<b>\$ 90,778</b>	<b>\$ 94,652</b>
<b>Liabilities and Equity</b>		
Mortgages payable	\$ 7,112	\$ 7,194
Secured revolving credit facilities	-	1,400
Other liabilities	6,805	8,050
<b>Total Liabilities</b>	<b>13,917</b>	<b>16,644</b>
<b>Commitments and Contingencies</b>		
Company stockholders' equity	76,661	77,868
Noncontrolling interests	200	140
<b>Total Equity</b>	<b>76,861</b>	<b>78,008</b>
<b>Total Liabilities and Equity</b>	<b>\$ 90,778</b>	<b>\$ 94,652</b>

**Income Statement**

	<b>For the quarter ended</b>			
	<b>March 31, 2011</b>		<b>March 31, 2010</b>	
	<u>Amount</u>	<u>Per share</u>	<u>Amount</u>	<u>Per share</u>
Total revenues	\$ 2,792		\$ 2,470	
Total expenses	2,215		2,131	
Consolidated net income	\$ 577		\$ 339	
Net income applicable to noncontrolling interests	60		53	
Preferred stock dividend	(680)		(680)	
Net loss applicable to common stock	\$ (163)	\$ (0.03)	\$ (394)	\$ (0.07)
Add back property depreciation	1,213		1,323	
Other GAAP adjustments, net	71		132	
<b>Operating funds from operations</b>	<b>\$ 1,121</b>	<b>\$ 0.22</b>	<b>\$ 1,061</b>	<b>\$ 0.20</b>
Common dividends paid	\$ 780	\$ 0.15	\$ 794	\$ 0.15
Weighted average number of shares outstanding - Basic		5,194		5,279

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