

ST. LOUIS EQUITY FUND, INC.



2011 Report to the Community



MISSION

OUR MISSION is to effectively utilize corporate investment and available tax incentives to stimulate the development of affordable, low- and moderate-income housing units. We strive to revitalize and stabilize neighborhoods, through public/private cooperation and superior asset management.



Above: Residents Brittany and Siniya enjoy their new apartment at Places at Page



Left: Places at Page

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Irving School



Ruskin Townhomes

A LETTER FROM THE PRESIDENT



FORTUNATELY the equity markets showed some improvement during 2011, and through a concerted team effort, we were able to benefit. During 2011, a Fund of \$14,534,000 was raised which represents approximately a 30% increase over the 2010 Fund. An additional \$7,000,000 in managed direct investment was generated. The combined \$21,534,000 enabled SLEFI to participate in the funding of four projects with a total investment of \$17,734,391 creating 303 units of affordable housing, which represents a 100% increase in production from 2010.

Our existing portfolio also showed improvement with physical occupancy up 1.5 percentage points over performance in 2010. We were also able to successfully exit 11 projects during 2011, several of which were underperforming.

As reported last year, Gateway Community Development Fund, Inc. made application to the U.S. Department of Treasury for certification as a Community Development Financial Institution (CDFI). We are pleased to report that Gateway received certification along with a \$100,000 Technical Assistance Grant. In addition, Gateway recently applied for an additional \$600,000 grant. If received, these funds would be deployed as loans in support of affordable housing. Gateway has also obtained funding from a local bank and is currently negotiating with several other financial institutions. Finally, Gateway has entered into an agreement with two highly experienced consultants which will greatly increase Gateway's capacity.

We are looking forward to a very productive 2012 with continued growth in support of affordable housing. We would like to thank our loyal investors for all of their continued support.



Highland Homes

A handwritten signature in black ink, appearing to read 'John J. Wuest'.

John J. Wuest
President and CEO

HISTORY

FUNDED WITH A \$75,000 GRANT from Civic Progress, the St. Louis Equity Fund was established in 1988 in response to the desire for a locally owned and controlled vehicle to syndicate low income and historic tax credits. Since that time, the Equity Fund has raised \$294 million which has been utilized to develop 3,932 affordable homes in communities across Missouri, Southern Illinois and the Kansas City metro area.

The St. Louis Equity Fund and its Investors understand that the need for safe, affordable housing is now more pressing than ever. In addition to providing the equity necessary to develop this affordable housing, the Equity Fund established Gateway Community Development Fund, Inc. to provide financial services, consulting services and training to

entities serving low-income neighborhoods in the state of Missouri, Southern Illinois and Eastern Kansas.

The St. Louis Equity Fund and Gateway CDFI work collaboratively to provide a wide array of services to its partners in the communities they serve.



Westside Apartments



Hillsdale
Manor

HOW TAX CREDITS WORK

THE LOW INCOME HOUSING TAX CREDIT is the most successful affordable rental housing production program in U.S. history. It was created as part of the Tax Reform Act of 1986 and allows the federal government, state allocating agencies and the private sector to work together to reach one common goal: creation of decent, safe, affordable housing.

Investment Opportunities

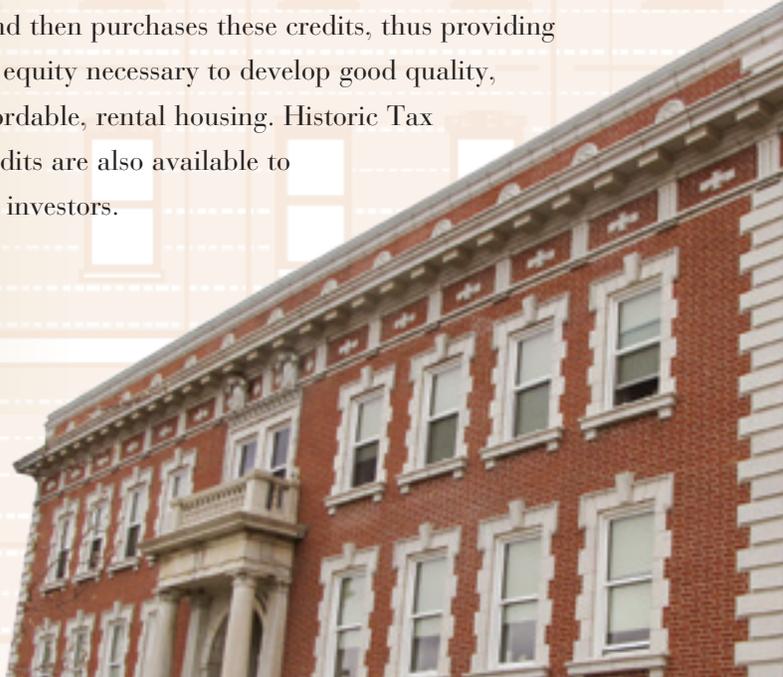


Investors in the St. Louis Equity Fund are able to support the communities in which they reside and serve and, at the same time, earn an acceptable return on their investment. The St. Louis Equity Fund raises capital on an annual basis from corporations and financial institutions and invests this capital in affordable and historic rental housing units through the purchase of federal and state tax credits. The tax benefits generated from these investments are then passed on to the investors, proportionate to their investment in the annual fund, which provides them a market rate of return on their investment, along with making a significant contribution to the betterment of the community.

Development Opportunities



Not-for-profit and for-profit developers receive an allocation of Low Income Housing Tax Credits (LIHTC) from the state housing agency through a competitive bidding process. The St. Louis Equity Fund then purchases these credits, thus providing the equity necessary to develop good quality, affordable, rental housing. Historic Tax Credits are also available to our investors.



Frequently Asked Questions



What is a low-income housing tax credit and how does it help finance affordable housing?

In 1986, Congress passed the Tax Relief Act, which included a provision authorizing the distribution of tax credits through state housing agencies to encourage private investment in affordable housing. Annually, based upon a per capita dollar amount of credit, each state is authorized to distribute tax credits through a competitive application process to developers. Tax credits are then sold to investors, the proceeds of which provide the equity to build the development. Tax credits are allocated in equal amounts over a period of ten years, and the development must remain affordable and be occupied by qualified low-income renters for a period of fifteen years. This is known as the tax credit compliance period. Since the early 1990s, states have typically required an additional 15 years of affordability after the tax credit compliance period has ended, thus ensuring an adequate supply of affordable housing.

The equity provided by the sale of these credits greatly reduces or eliminates the need for project debt, thus keeping rental rates affordable.

What is an historic preservation tax credit and how does it help finance the rehabilitation of historic buildings?

The Historic Preservation Tax Credit is sold by developers to investors, or to individuals in the case of Missouri State Historic Credits. In order to qualify for the credit, buildings must be National Historic Landmarks listed on the National Register of Historic Places or contribute to National Register Historic Districts and certain local historic districts. Properties must be income-producing and must be rehabilitated according to standards set by the Secretary of the Interior.

Who controls the St. Louis Equity Fund?

The St. Louis Equity Fund is a Missouri not-for-profit corporation controlled by its members, which are the banks and corporations that have invested in any of the active annual funds since 1988.

2011 DEVELOPMENTS

Pagedale Senior Housing and Retail Development

PAGEDALE Senior Housing and Retail Development is a four story building comprised of four two-bedroom units, 38 one-bedroom units, community space, and commercial space. Midwest BankCentre will occupy a portion of the commercial space and is the first full service financial institution to open a branch in the city of Pagedale. Beyond Housing will focus on providing enhanced social activities, education, and a variety of other services for the residents and other seniors in the area. This development is the second in the Pagedale TIF Redevelopment District. The first development in the District was the Save-A-Lot grocery store that is located adjacent to this housing site. This property represents the 15th partnership between St. Louis Equity Fund and Beyond Housing.



Number of Units: 41 LIHTC and 1 Manager's Unit
Commitment: \$5,522,093
Financing: Low-Income Housing Tax Credits
Location: Pagedale – St. Louis County
Direct Investor: Midwest BankCentre
Developer: Beyond Housing
General Partner: Beyond Housing
Consultant: TPI Group, LLC

General Contractor: E.M. Harris Construction Company
Architect: Gray Design Group
Construction Lender: Missouri Housing Development Commission
Permanent Lender: Missouri Housing Development Commission
Property Manager: Beyond Housing
Project Type: LIHTC – Elderly



Garrison Residence

THE GARRISON RESIDENCE is a 49-unit development located just west of downtown St. Louis that will serve veterans and others who are moving from homelessness toward self-sufficiency. Although preference is given to veterans, all individuals in need of supportive services will be welcome here. Community amenities at the Garrison Residence include a community room, computer lab, library, and laundry room. Residents will receive ongoing supportive services while living at the property. These include substance abuse counseling, life-skills classes, health services, transportation services, housing assistance, and employment services. This development represents the second partnership between St. Louis Equity Fund and The Salvation Army.



Number of Units: 48 LIHTC and 1 Manager's Unit

Commitment: \$2,853,446

Financing: Low-Income Housing Tax Credits, MHDC HOME Funds

Location: Midtown – City of St. Louis

Direct Investor: First National Bank of St. Louis

Developer: The Salvation Army

General Partner: The Salvation Army

Consultant: Hill, Devine & Gong

General Contractor: Paric Corporation

Architect: Trivers Associates

Construction Lender: The Salvation Army and MHDC

Permanent Lender: The Salvation Army

Property Manager: McCormack Baron Ragan Management Services, Inc.

Project Type: LIHTC – Veterans/Special Needs



2011 DEVELOPMENTS

St. Louis Stamping Lofts



ST. LOUIS STAMPING LOFTS consists of 56 studio apartments in a four story building just blocks north of historic Laclede's Landing in downtown St. Louis. Built in 1870 as the St. Louis Stamping Company, the property is listed on the National Register of Historic Places. This development is a transitional residential facility which provides supportive services to ex-offenders and others with special needs. The apartments are the residential component of a unique urban agriculture project to be known as "FarmWorks," which will provide a sustainable, highly efficient process for producing greenhouse-grown produce and tank-raised fish for commercial sale. In addition, the project will provide training and incubation space for emerging green businesses.

Number of Units: 56

Commitment: \$6,215,709

Financing: Low-Income Housing Tax Credits

Location: Near North Riverfront – City of St. Louis

Direct Investor: Pinnacle Entertainment

Developer: LoftWorks, LLC

General Partner: LoftWorks, LLC

Consultant: CPDC

General Contractor: E.M. Harris Construction Company

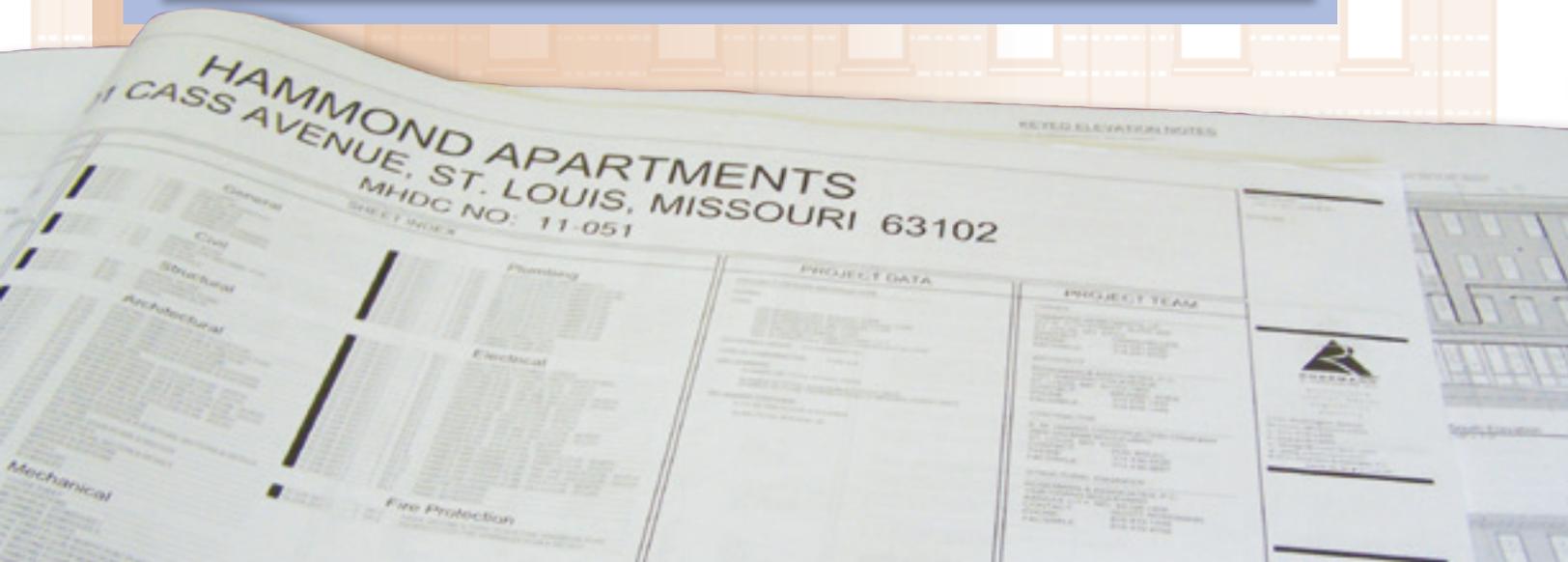
Architect: Rosemann & Associates, P.C.

Construction Lender:
Missouri Housing Development Commission

Property Manager: CityWorks Realty

Social Service Provider: St. Patrick Center

Project Type: LIHTC – Special Needs



Holy Infant and St. Joseph

THIS DEVELOPMENT will rehabilitate two apartment buildings located on the Cardinal Carberry Campus in Shrewsbury, MO, providing a continuum of care for seniors. The renovation will provide a greater number of one-bedroom units, along with general refurbishing of the project. Cardinal Ritter Senior Services, the General Partner, was founded in 1965 to address the needs of the growing aging population, especially the poor and frail senior adult. This is the first partnership between Cardinal Ritter Senior Services and St. Louis Equity Fund. This project investment is expected to close in March 2012.



Number of Units: 157

Commitment: \$3,143,143

Financing: Low-Income Housing Tax Credits

Location: Shrewsbury – St. Louis County

Developer: Cardinal Ritter Senior Services

General Partner: Cardinal Ritter Senior Services

Consultant: ND Consulting Group

General Contractor: BSI Constructors

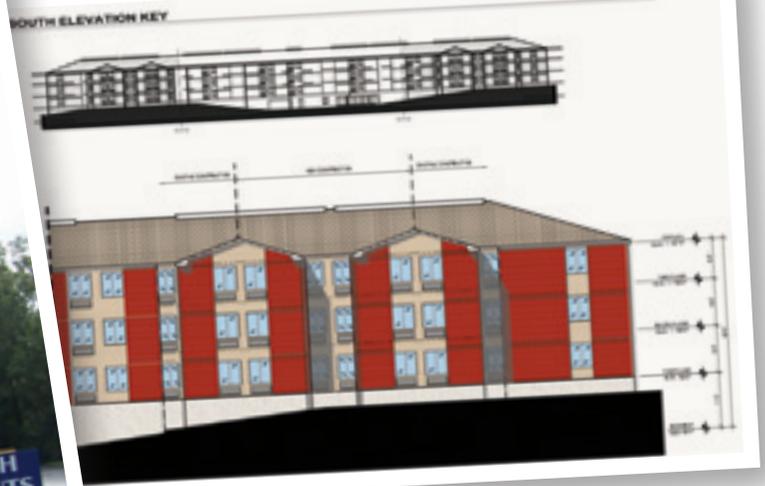
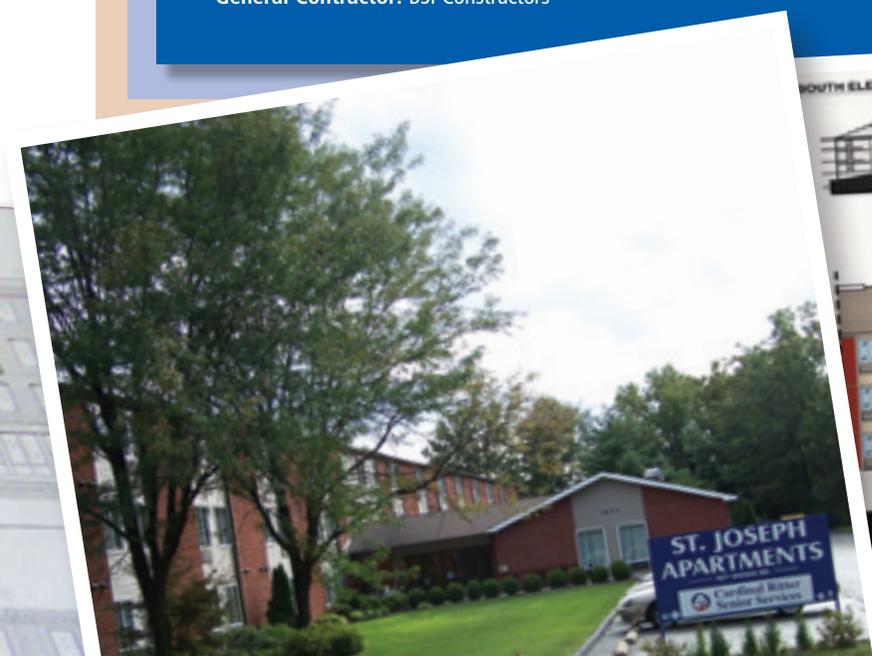
Architect: Rosemann & Associates, P.C.

Construction Lender:
AFL-CIO Housing Investment Trust

Permanent Lender:
AFL-CIO Housing Investment Trust

Property Manager: Cardinal Ritter Institute
Residential Services Corp.

Project Type: LIHTC – Elderly



GATEWAY CDFI



MISSION

To provide consulting services, financial services and training to entities serving low-income neighborhoods and their residents in the St. Louis and Kansas City metro areas; filling the need for non-traditional loan products and development services.

GATEWAY Community Development Fund, Inc. was formed in 2009 by the St. Louis Equity Fund and is a wholly owned subsidiary of the Equity Fund. Gateway's goal is to help fill the need for non-traditional loan products and development consulting services in underserved areas, serving organizations in the urban cores of the St. Louis and Kansas City metropolitan areas, as well as communities throughout Missouri, Southern Illinois, and Eastern Kansas.

Gateway's loan products include pre-development lending and first mortgage financing for affordable rental properties, and bridge financing for purchase, rehabilitation and resale to homebuyers of foreclosed properties. Its services include consulting, training and technical assistance in financing, lending and affordable housing development.

In 2011, Gateway received certification from the U.S. Department of the Treasury as a Community Development Financial Institution (CDFI) and was granted \$100,000 in technical assistance funds, as well.

After Gateway facilitated our annual retreat, our Board was really energized. We have increased attendance at committee meetings and our fund raising efforts have become much more focused and successful.

Mark Stalworth
President and CEO
Neighborhood Housing Services
of Kansas City

Village of
Grand Oak II





Ruskin Townhomes

Gateway is recognized as a valuable partner in lending, as well as training, strategic planning and organizational development. In 2011 this was demonstrated by the services provided to Blue Hills Community Services and Neighborhood Housing Services in Kansas City, and a pre-development loan to St. Peter's Roman Catholic Cathedral that will pave the way for affordable rental housing in Belleville, IL.

"IFF looks forward to working with Gateway on the preservation of affordable housing in St. Louis and Kansas City and opportunities to leverage the work of our respective organizations to better meet the needs of the nonprofit community. Erica has demonstrated a willingness to partner and brings a wealth of experience in the sector."

Kirby Burkholder
Executive Director—Missouri
IFF

As Gateway expands its products and services, it is also expanding its expertise with the addition of Messrs. Joe Cavato and Jerry Burka as consultants to the organization. Gateway looks forward to the future as these products and services become more widely known throughout the service areas.



Village of Grand Oak II

GATEWAY BOARD

John J. Wuest, Chairman
St. Louis Equity Fund, Inc.

Erica A. Dobreff, President
Kansas City Equity
Fund, LLC

Michael Duffy
Legal Aid of
Western Missouri

Jim Holtzman
St. Louis County

Greg Vogelweid
St. Patrick Center

Ernesia Coles
Northside Community
Housing, Inc.

Christopher Krehmeyer
Beyond Housing

CAMCO



Community Asset Management Company

CAMCO QUICK FACTS

Number of Affordable Properties: 36
 Number of Market Rate Properties: 2
 Number of Units: 1443
 Number of Employees: 58

DURING THE PAST YEAR, Community Asset Management Company expanded its services and customer base while continuing to focus on its core communities and the mission of affordable housing.

2011 saw CAMCO evolve, while demonstrating continuity in its leadership and fundamental mission. As the real estate world continued to recover from very challenging market conditions, CAMCO altered its corporate structure from a board-directed entity to one directed as a member of the St. Louis Equity Fund family of companies. This allows CAMCO to continue its focus on property management on behalf of the Equity Fund, provide social services to residents of the properties it manages, and expand its real estate services to additional third party customers.

North Newstead V





King Louis Square

During the past year, CAMCO increased its portfolio by securing management contracts for newly constructed St. Louis Equity Fund properties, and by absorbing the management tasks of older properties in which the Equity Fund has invested.

Additionally, in 2011 CAMCO secured property management contracts and receivership roles for institutions such as Citibank and Hudson Advisors. These assignments helped CAMCO create a more viable business model with improved financial performance.

CAMCO has enjoyed the stability of its senior management team during the past year, which has certainly contributed to its improved performance. Marty Knobloch has served as President since 2010; Liz Coleman, Vice President/COO, has been with the team since 2008; and Mike Thomas, Controller, joined CAMCO in 2010.



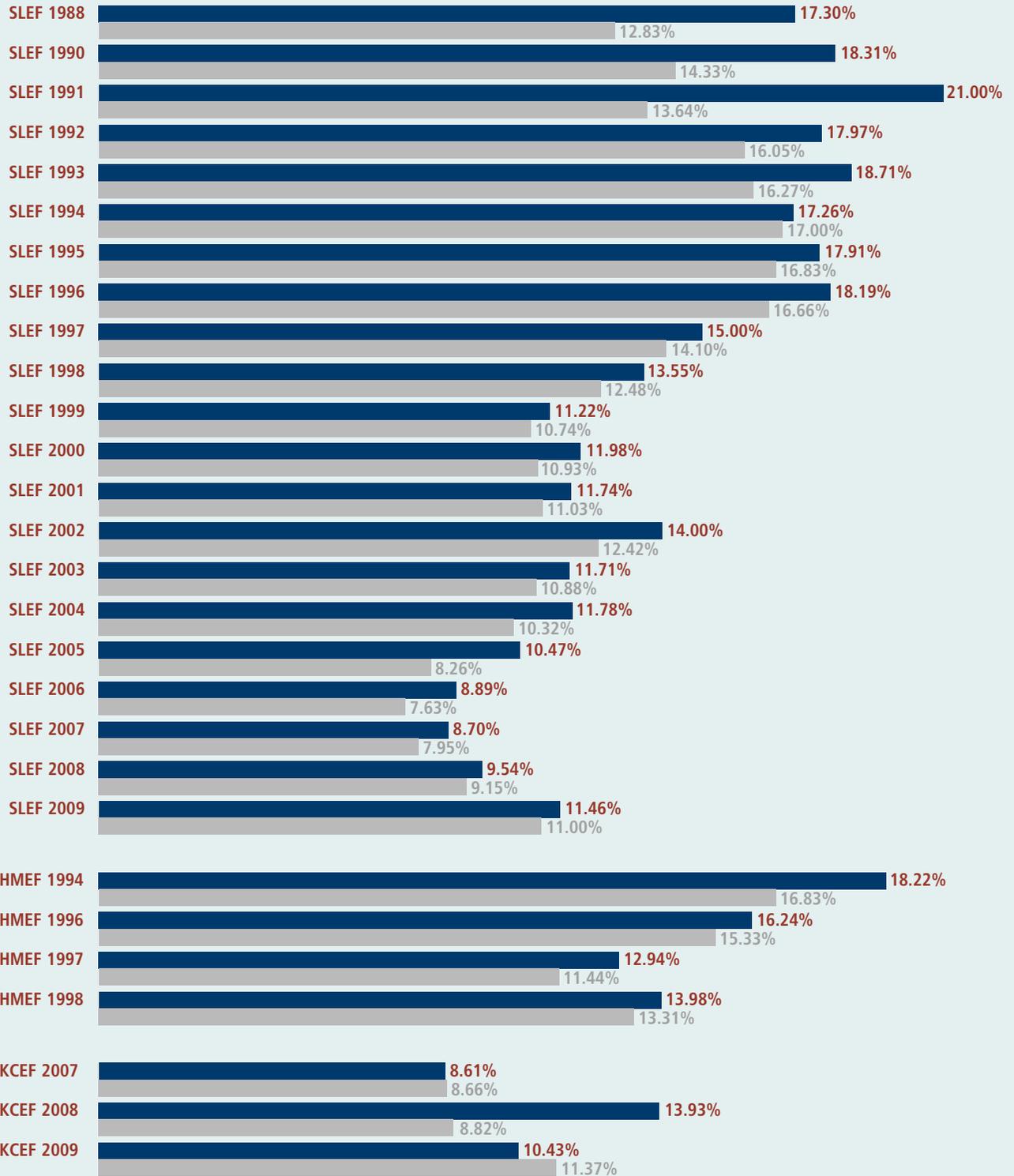
Above: Martin Knobloch, President (standing), Lizbeth Coleman, Vice President and COO, and Mike Thomas, Controller



Left: CAMCO residents enjoyed the annual Easter Egg hunt.

INVESTMENT SUMMARY

ACTUAL RETURN VS. PROJECTED RETURN



Actual Actual results through December 31, 2010 and projected results for the remaining years in the fund.
 Projected Based on the original project projections in each of the funds.

BOARD OF DIRECTORS & COMMITTEES

BOARD OF DIRECTORS:

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Heartland Bank

Jeff Comotto, Vice Chairman
Anheuser Busch

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Jill Claybour
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Laclede Gas

Shannon Thomason
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Elizabeth Wright
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St. Louis Equity Fund, Inc.

INVESTMENT COMMITTEE:

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Loura Gilbert,
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Commerce Bank, N.A.

Jennifer Kelly-Saeger
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Greater St. Louis

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Elizabeth Wright
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John J. Wuest
(nonvoting member)
St. Louis Equity Fund, Inc.

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Brian M. Davies
Great Southern Bank

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Ameren

Eric Forguson
Midland States Bank

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Lindell Bank & Trust Co.

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Frontenac Bank

John Scherer
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Ann Sutter
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Andrew Walshaw
Northern Trust
Company

John J. Wuest
St. Louis Equity Fund, Inc.

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Brian Davies
Great Southern Bank

David Naunheim
UMB Bank, N.A.

Elizabeth Wright
BMO Harris Bank

John J. Wuest
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St. Louis Equity Fund, Inc.

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Heartland Bank

David Bentele
Citizens National Bank
of Greater St. Louis

Darren Meyer
Centene Corporation

Steven Rasche
Laclede Gas

Joseph Sooter, Jr.
Stifel Bank & Trust

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Erica A. Dobreff
Kansas City Equity Fund

Jason Herrington
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Thomas D. Jackson
Metcalf Bank

Jim Perkins
Capitol Federal Savings Bank

Jim Phillips
Brotherhood Bank & Trust

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Equity Bank, N.A.

Kevin Vanderweide
UMB Financial Corporation

Elizabeth Wright
BMO Harris Bank

John J. Wuest
(nonvoting member)
St. Louis Equity Fund, Inc.

INVESTORS & GENERAL PARTNERS

ST. LOUIS EQUITY FUND INVESTORS (1988-2011)

| | | |
|---|-------------------------------------|-------------------------------------|
| Ameren | Fannie Mae | Midland States Bank |
| Anheuser Busch | Fifth Third Bank CDC | Midwest BankCentre |
| Aquila, Inc. | First Bank | Monsanto Company |
| Bank of America Merrill Lynch | First National Bank of St. Louis | Nestlé Purina Pet Care |
| BMO Harris Bank | Frontenac Bank | Northern Trust Corporation |
| The Boeing Company | General Dynamics Corporation | Peoples National Bank |
| Boulevard Bank | Great Southern Bank | PNC Bank, N.A. |
| The Business Bank of St. Louis | Heartland Bank | The PrivateBank |
| Cass Commercial Bank | INDEECO | Pulaski Bank |
| Centene Corporation | Irwin Union Bank | Pulitzer, Inc. |
| Centrue Bank | Jefferson Bank and Trust Company | Regions Bank |
| CIPSCO | Kansas City Life Insurance Company | The Reliable Life Insurance Company |
| Citizens National Bank of Greater St. Louis | KLT Investments, Inc. | Reliance Bank |
| Commerce Bank, N.A. | The Laclede Group, Inc. | St. Johns Bank & Trust Company |
| CPI Corp. | Lindell Bank & Trust Co. | St. Louis Bank |
| Emerson Electric Co. | Mallinckrodt Inc. | Scottrade Bank |
| Enterprise Bank & Trust | Macy's | Stifel Bank & Trust |
| Equity Bank, N.A. | Metcalf Bank | UMB Bank, N.A. |
| Exchange National Bank of Jefferson City | Metropolitan Life Insurance Company | US Bancorp CDC |

GENERAL PARTNERS (1988-2011)

| | | |
|--|--|---|
| Alan Rudroff | Kohner Development Company, Inc. | Patrick W. Werner |
| Better Living Communities | Lindell Leasing, LLC | Peter and Paul Housing Corporation |
| Beyond Housing | LoftWorks, LLC | Places for People, Inc. |
| Cardinal Ritter Senior Services | Luther Boykins | Pruitt-Igoe Development Corporation |
| Carondelet Community Betterment Federation, Inc. | Lutheran Senior Services | Richard Wagner |
| DeSales Community Housing Corporation | Maplewood Housing Corporation | Robert Wood Realty |
| DMCS Corporation | Metropolitan Investment Properties, Inc. | Rudman Building GP, LLC |
| Donald R. Becker | McEagle Properties, LLC | Smile GP, LLC |
| Failoni Consultants | Mid-MO Development Company, Inc. | Sisters of the Most Precious Blood |
| Forrest D. Nye | Milton D. Rothschild | St. Louis Public Development Corporation X |
| Fox Meadows Supportive Living, LLC | North East Community Action Corporation | St. Patrick Center |
| Hamilton Heights Neighborhood Organization, Inc. | Northeast Properties, LLC | The Business Research Institute of Community Economic Development |
| Housing Revitalization, Inc. | North Newstead Association | The Salvation Army |
| Intercommunity Housing Association | Northside Community Housing | The Seidlund Company |
| Irving Partners, LLC | Overland Property Group | |
| I-70 Northwest Development Corporation | Parkside Development Corporation | |
| | Parkview Gardens Association | |

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 BMO Harris Bank
 Brotherhood Bank & Trust
 Capitol Federal Savings Bank
 Commerce Bank, N.A.
 Enterprise Bank and Trust
 Equity Bank, N.A.
 Great Southern Bank
 Metcalf Bank
 PNC Bank
 The PrivateBank
 UMB Bank, N.A.

KCEF GENERAL PARTNERS

Westside Housing Organization
 Fulson Housing Group
 McCormack Baron Salazar, Inc.
 Overland Property Group

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ST. LOUIS STAFF

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President and
CEO



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Senior Vice President
and CFO

Martin T. Knobloch
Vice President
Asset Management

Amy P. McDermott
Vice President
Operations

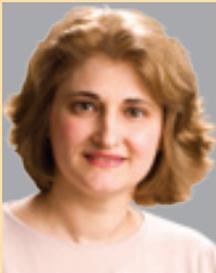
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Financial Reporting

Kristal Yancie
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Erica A. Dobreff
President



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SLEFI facts



SLEFI was founded in 1988
and the first annual fund raised
\$3.25 million



The combined Funds
have provided

3,932

affordable homes
since 1988

The combined Funds
have raised
\$294 million
since 1988



The combined Funds'
investments of \$294 million
have leveraged

\$548 million
of development



Since SLEFI's inception, approximately

6,070 jobs have been
created due to the development
activity of its investments