

2006 Report to the Community

St. Louis Equity Fund, Inc.





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.

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General Partners
Professional Consultants
Staff



A Letter from the President

This past year brought continued success as we completed our 19th year, raising an annual fund totaling \$19,200,000 which represented a 14% increase from the previous year. I am pleased to announce that Pulaski Bank, Peoples National Bank, and Centene Corporation represent new investment of \$3.2 million. In addition, existing investors increased their participation by \$2.45 million, a grand total of new investment of \$5.65 million. The 2006 Fund will invest in three affordable developments and one historic development. This will bring the total number of housing units created since the inception of the Fund to 3,013.

The Kansas City Equity Fund initiative is well underway. Several pledges to invest have been made and several other investors are close to making a commitment. The Fund is also actively reviewing four investment proposals at this time.

We are proud of our role in meeting the housing needs of the region, and look forward to expanding our leadership role in building communities throughout the state of Missouri and Southern Illinois. As always, we would like to thank our investors, developer partners, government agencies and officials, lenders and all others who participate with us in making investments that build communities.

We look forward to expanding our leadership role in building communities throughout the state of Missouri and Southern Illinois.



Sincerely,

A handwritten signature in black ink that reads "John J. Wuest". The signature is written in a cursive, flowing style.

John J. Wuest

President and CEO

Today's Housing Needs and the Tax Credit Program

The St. Louis Equity Fund has played a critical role in affordable housing during the past 19 years. It provides long-term solutions for many people who are faced with the challenge of finding decent, affordable housing. The St. Louis Equity Fund raises capital on an annual basis from financial institutions and corporations and invests this capital in affordable and historic rental housing units by purchasing federal and state tax credits. Approximately 50% of these credits are purchased from not-for-profit general partners who are addressing the most critical housing needs in the many communities that they serve. The tax benefits generated by the investment in the developments are then allocated to the investors, providing them a market rate of return on their investment.



*The Rudman Building
48 Units*

The St. Louis Equity Fund has worked diligently to provide benefits to investors, residents and area neighborhoods throughout the region.

St. Louis Equity Fund

The St. Louis Equity Fund is very proud of its many achievements in 2006. It raised over \$19 million from our investor group, has assisted sponsor partners with more than \$500,000 in Pre-Development Loans, and completed a strategic planning process which provided for a restructuring of the organization and geographic expansion.

The 2006 annual fund will invest in Franklin School Apartments, Park Avenue Apartments, Frankie Freeman Homes II, and Mary Louise Homes. This brings the total number of homes developed since its inception to 3,013 with a total development cost of nearly \$347 million.

The Pre-Development Loan Fund, established in 1998, provides a funding source to developers of affordable housing and historically significant buildings in the earliest stages of development. It allows developers and non-profit organizations to receive loans up to \$200,000 to cover expenses such as architectural fees, engineering fees, survey costs, appraisal fees, and acquisition costs.

Major objectives of St. Louis Equity Fund's new Strategic Plan included a major restructuring of the governance of the organization, a goal to increase the annual fund size to \$40 million over the next five years, and geographic expansion to include the Kansas City metropolitan area and Southern Illinois.



*King Louis Square II
148 units*



The change in governance was approved by the Board of Directors in March of 2006. The major changes include the creation of a Governance and Nominating Committee, an Audit Committee, an Investment Committee and a Finance Committee. Each seat on the Board and the various Committees is filled by an investor representative. The geographic expansion includes the newly opened Kansas City Equity Fund, LLC in Kansas City, Missouri, and plans to expand into Southern Illinois.

As the need for affordable housing continues to grow, the St. Louis Equity Fund will be there to assist in meeting the demand.

The changes and achievements of 2006 illustrate St. Louis Equity Fund's commitment to what is best for investors, developers and the communities it serves, and demonstrate its ability to respond to an ever changing market place.



*Ville Estates
12 Units*

Kansas City Equity Fund

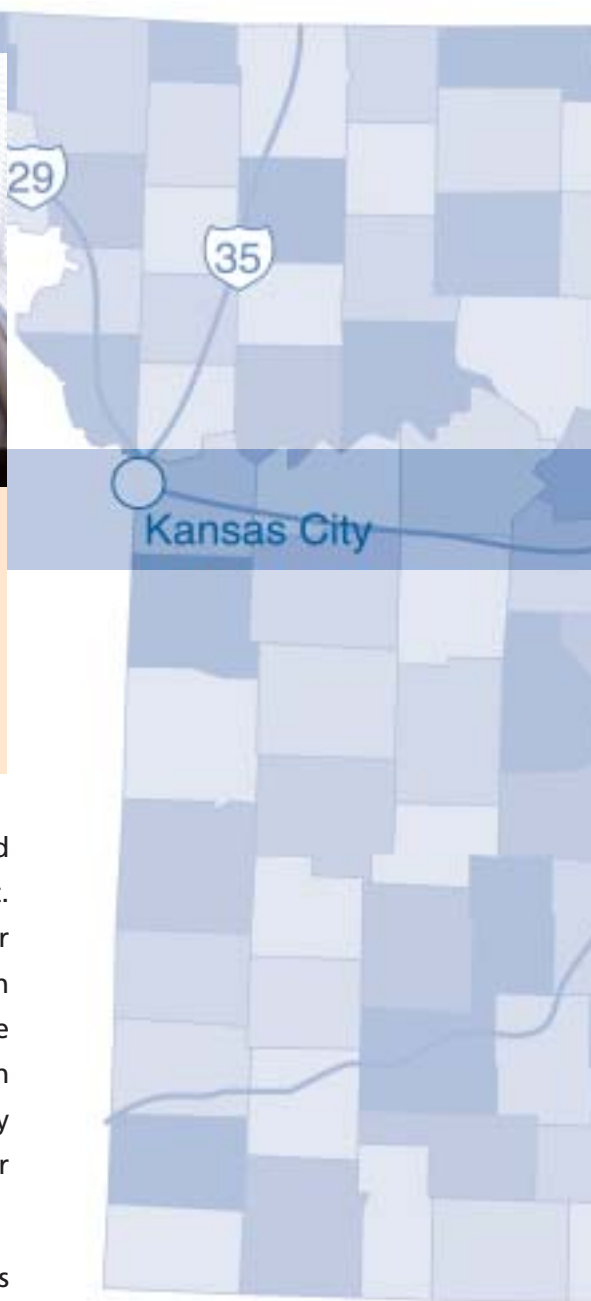
The fourth quarter of 2006 saw the establishment of the Kansas City Equity Fund, LLC, with Erica Dobreff being named as President. The fund is part of the long-range plans for expansion into larger portions of the state, and will be an excellent way to capture Low Income Housing Tax Credits allocated to this specific geographic region.

Prior to being named President of the Kansas City Equity Fund, Erica had been director of the Kansas Housing Resources Corporation, as well as executive director of the Missouri Housing Development Commission. We are confident that Erica's considerable experience in affordable housing programs will provide the Kansas City Equity Fund with valuable leadership as she begins raising capital for their 2007 fund.





The Kansas City Equity Fund is part of the long-range plans for expansion into larger portions of the State.



Erica anticipates a \$5 million fund for 2007, and has already received several pledges to invest. An office located at 2 Emanuel Cleaver Boulevard has also been established. Although the Kansas City Equity Fund is overseen by the St. Louis Equity Fund, the money raised in Kansas City will be invested in the Kansas City area. Additionally, the new SLEFI governance structure provides for three Board seats to be filled by Kansas City investors.

A grand opening is planned for the second quarter, and Kansas City Equity Fund looks forward to a successful 2007.



Erica A. Dobreff
President



Maryann Nieweg
Executive Assistant

C ommunity Asset Management Company

Community Asset Management Company (CAMCO) continues to fill a niche in the St. Louis affordable rental market by providing professional property management and resident support services for private owners, public investors, and not-for-profit owners. The company was created in 1998 by St. Louis Equity Fund and Beyond Housing with two simple goals in mind: provide property management to area owners of affordable rental housing and provide opportunities for the residents to better their lives through CAMCO's support service programs.

By improving the quality and stability of its residents' lives, CAMCO hopes to improve the quality and stability of our communities.



CAMCO's Management Team: (from left) Angela Lewis, Regional Property Manager; George Robnett, President; Glenn Warnecke, Chief Operating Officer





CAMCO provides property management services for 54 different apartment communities totaling more than 1,485 units. President and CEO George Robnett explains, “CAMCO’s first and foremost responsibility is to ensure the long-term viability of the properties it manages.” This means that CAMCO must be concerned with the physical condition of the neighborhood, closely monitor the financial performance of the development, and connect with the residents to minimize resident turnover.

In addition to property management, CAMCO places great emphasis on its resident support service programs. As Tiffany Ross, a resident at a CAMCO managed development, explains, “I attend monthly meetings to learn how to budget. I just never would have imagined they would do so much for the residents.” In 2006, CAMCO provided assistance with nursing home placements, home moves, food pantry referrals, and employment referrals. Additionally, 78 residents were given personalized financial literacy education in their homes, and 65 of them received utility and/or rental assistance totaling more than \$27,000. By improving the quality and stability of its residents’ lives, CAMCO works to improve the quality and stability of our communities.



*Ruskin Townhomes
14 units*

2006 Developments

Salisbury Park II

SLEFI, M&I Community Development Corporation and Better Living Communities partnered a second time to develop Salisbury Park II. This development is located in the Hyde Park neighborhood and consists of 22 units. The first phase included 16 units and was completed in November of 2005 and is currently 100% occupied. Both developments are part of a redevelopment plan for the tract of land that lies between Salisbury Street, N. Florissant Ave., and Palm Street in North St. Louis City. The plan calls for affordable rental housing, for-sale market rate housing, and commercial development.



Quick Facts Number of Units: 22 • Type of Tax Credit Utilized: State and Federal Low Income Housing Tax Credits • Location: Hyde Park Neighborhood/St. Louis City • Developer: Better Living Communities • General Partner: BLC Properties Two LLC • Consultant: ND Consulting • General Contractor: The Meyer Company • Architect: Garen Miller, Inc. • Permanent Lender: Missouri Housing Development Commission • Property Manager: Community Asset Management Company



Franklin School Apartments



SLEFI, together with National City Bank, invested in the Franklin School Apartments, located at 19th and Delmar. This building was opened in 1911 as an elementary school and, after various incarnations, permanently closed in 1995. The most significant use of the building was as the segregated Booker T. Washington Technical High School, from 1939-1956, where students learned skills essential to succeeding in an industrial society. After sitting vacant for 10 years, and suffering from neglect and deterioration, developers Bob Wood and Pete Rothschild purchased the building for redevelopment as The Franklin School Apartments. The 75 affordable units will be occupied by residents age 55 and older, and the project will include a gated parking lot with 80 parking spaces for the tenants.

Quick Facts *Number of Units: 75 • Type of Tax Credit Utilized: State and Federal Low Income Housing Tax Credits; State and Federal Historic Tax Credits, AHAP Credits, Brownfield Credits, and Tax Exempt Bonds • Location: Downtown West Neighborhood/St. Louis City • Developer: Robert Wood Realty Company & Rothschild Development, Ltd. • General Partner: 19th Street Partners • General Contractor: HBD Construction • Architect: Klitzing Welsh Associates • Permanent Lender: Missouri State Bank • Property Manager: Robert Wood Realty Company LLC*

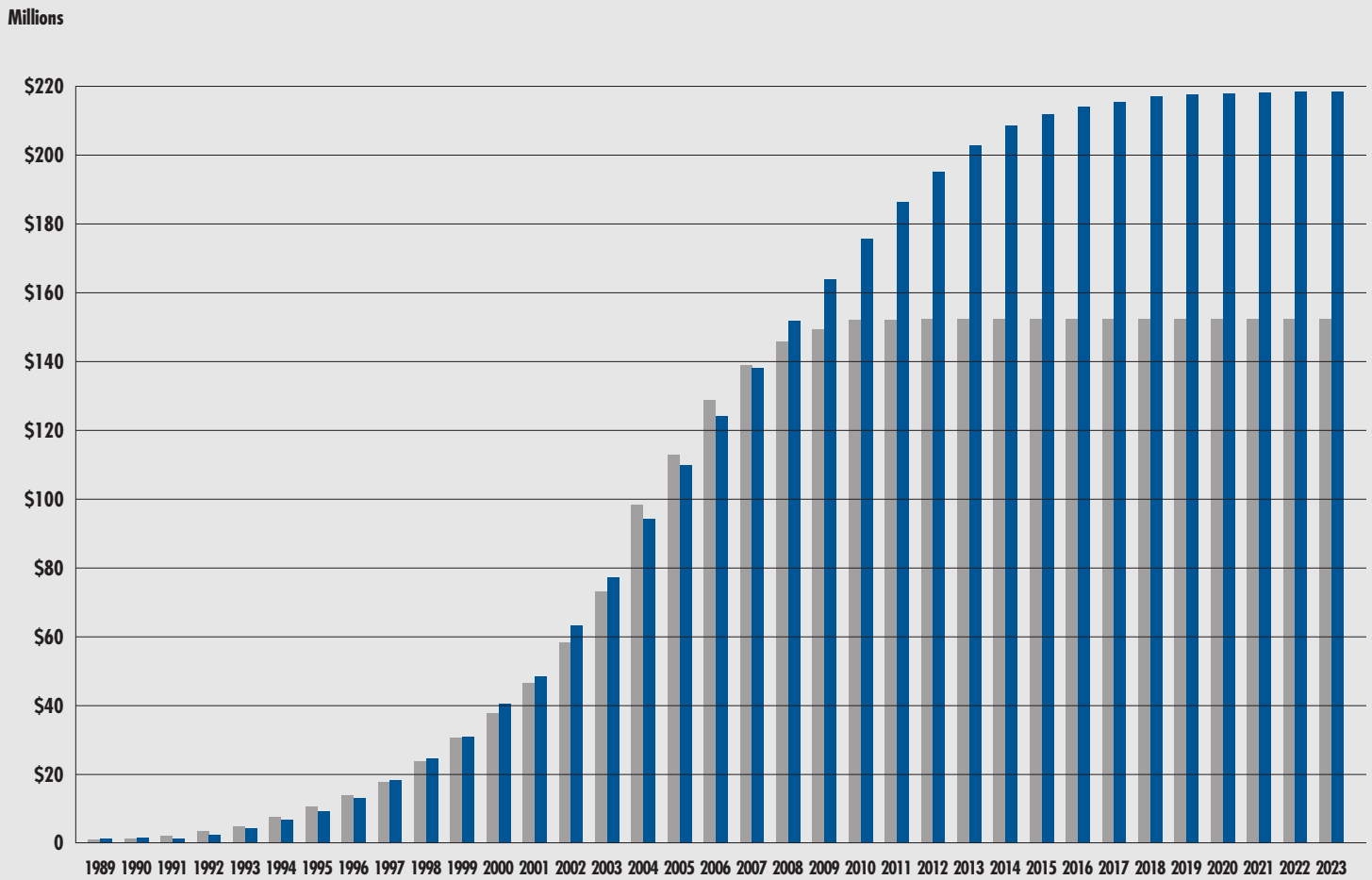


*Franklin School Apartments
under construction*

Investment Summary

The St. Louis Equity Fund works diligently to provide its Investors with a positive financial return on their investment while at the same time contributing to the community through affordable housing developments and neighborhood revitalization. With a solid track record behind us, and a comprehensive strategic plan for the future, St. Louis Equity Fund promises to remain a strong leader in affordable housing for many years to come.

CUMULATIVE CONTRIBUTION VS. CUMULATIVE BENEFIT



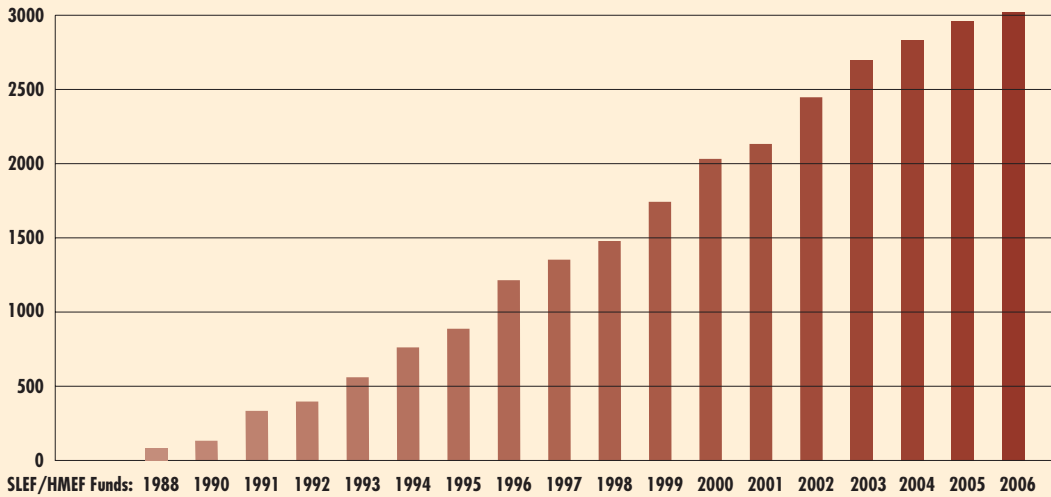
■ Cumulative Contribution
■ Cumulative Benefit

Data from 1989-2005 depicts actual results, and data from 2006-2023 depicts projected results. The above financial information is presented only as a summary of the investments made by the

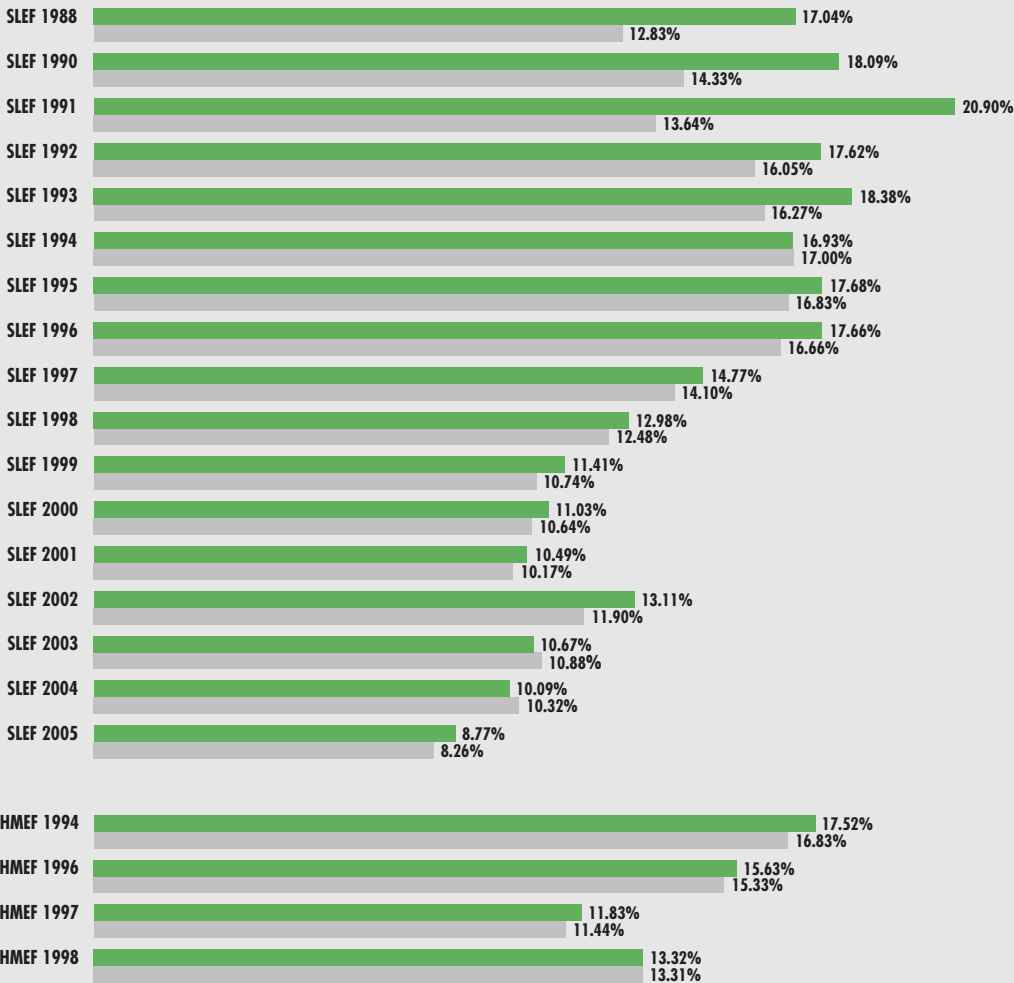
St. Louis Equity Funds and the Housing Missouri Equity Funds, and should not be relied upon for purposes of making an investment decision.

PORTFOLIO GROWTH 1988–2006

Total Units



ACTUAL RETURN VS. PROJECTED RETURN



Actual █
 Projected █

St. Louis Equity Fund

St. Louis Equity Fund Investors (1988 – 2006)

Ameren Corporation
Anheuser-Busch Companies, Inc.
Aquila, Inc.
Bank of America, N.A.
The Boeing Company
Boulevard Bank
The Business Bank of St. Louis
Cass Commercial Bank
Centene Corporation
CIPSCO
Citizens National Bank of Greater St. Louis
Commerce Bank, N.A.
CPI Corp.
Emerson Electric Co.
Enterprise Bank & Trust
Exchange National Bank of Jefferson City
Fannie Mae
First Bank
First National Bank of St. Louis
General Dynamics Corporation
Heartland Bank
INDEECO
Irwin Union Bank
Jefferson Bank and Trust Company
Kansas City Life Insurance Company
KLT Investments, Inc.
The Laclede Group

Lindell Bank & Trust Co.
Mallinckrodt Inc.
M & I Community Development Corp.
Macy's
Metropolitan Life Insurance Company
Missouri State Bank & Trust Company
Monsanto Company
National City Bank
Nestlé Purina Pet Care
Peoples National Bank
The PrivateBank
Pulaski Bank
Pulitzer Inc.
Regions Bank
The Reliable Life Insurance Company
Southwest Bank of St. Louis
St. Johns Bank and Trust Company
UMB Bank
US Bancorp CDC



St. Louis Equity Fund, Inc. 2006 Board and Committee Members

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Southwest Bank

Chris Baker
Laclede Gas

John Castagno
Anheuser-Busch Companies

William Gamewell
Commerce Bank

DJ Gidionsen
The Business Bank

Steve Kramer
US Bancorp CDC

Dave Puricelli
Bank of America

Tom Reeves
Pulaski Bank

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National City Bank

Sanford Scott
The PrivateBank

Glennon Thebeau
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Heartland Bank

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David Bentele
Citizens National Bank

Joseph Garea
Boulevard Bank

Bill Peters
Heartland Bank

Michael Spotanski
Laclede Gas

**General Partners
(1988-2006)**

Donald R. Becker

Belle Glade Associates, L.L.C.

Beyond Housing/Neighborhood Housing
Services

BLC Properties, LLC

BiPolar Development, LLC

Luther Boykins

Business Research Institute (BRI)

Carondelet Community Betterment Federation

Coronado Leasing, L.L.C.

DeSales Community Housing Association

DMCS Corporation

Failoni Consultants

Gabel Properties

Goodfellow Apartments, Inc.

Hamilton Heights Neighborhood Organization

Hillsdale Homes Corporation

Housing Revitalization, Inc.

Housing Solutions

I-70 Northwest Development Corp.

Intercommunity Housing Association

JVL Renaissance, Inc.

Kohner Properties

Lister II, LLC

Maplewood Housing Corporation

Metropolitan Investment Properties, Inc.

The Meyer Company

Mid-Missouri Development Company, Inc.

Neighborhood Holdings, LLC

North Newstead Association

Northeast Community Action Corporation

Northside Community Center

Northside Community Housing III, LLC

Ken Nuernberger

Forrest D. Nye

Parkside Development Corporation

Parkview Gardens Association

Patton Development Corporation

Peter & Paul Housing Corporation

Pruitt-Igoe Development Corporation

PIC, Incorporated

Jon M. Pyzyk

Robert Wood

Milton D. Rothschild

Rudman Building GP, LLC

Alan Rudroff

The Siedlund Company

St. Louis Public Development
Corporation X

Smile GP, LLC

Sunset Development, LLC

Tyco Realty

Tyler Development, Inc.

Richard Wagner

Patrick Werner

West Florissant-Carrie, LLC

WireWorks Lofts, LLC

19th Street Partners

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Consultants
(2006)**

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Attorneys at Law

RubinBrown
Certified Public Accountants

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John F. Kennedy
Vice President and CFO



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Senior Asset Manager



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Director of Operations



Matthew G. Nordmann
*Senior Investment
Acquisition Officer*



Chris Clark
Analyst



Stanley L. Jones
*Director of Construction
Management*



Colleen Kirby
Junior Asset Manager



Eldina Qirici
Accounting Manager



Caryn Ulsas
*Asset Manager –
Financial Reporting*



Jim D. Mader
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Geraldine Stock
*Asset Management
Assistant*

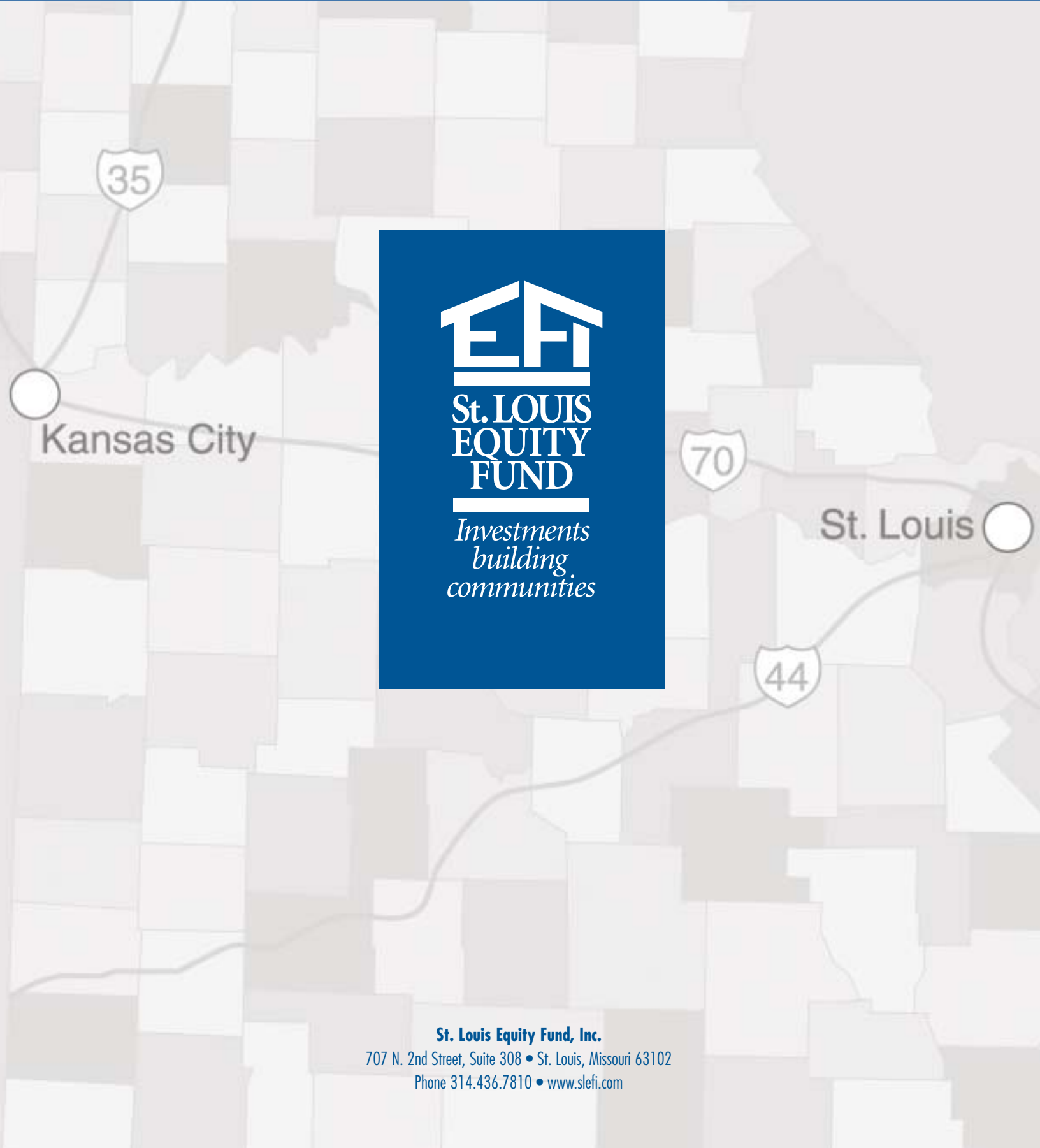


Acknowledgements:

**Editor & Production Coordinator
Amy McDermott**

Design by Scott Hueting

**Printing by Stolze Printing
Company, Inc.**



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