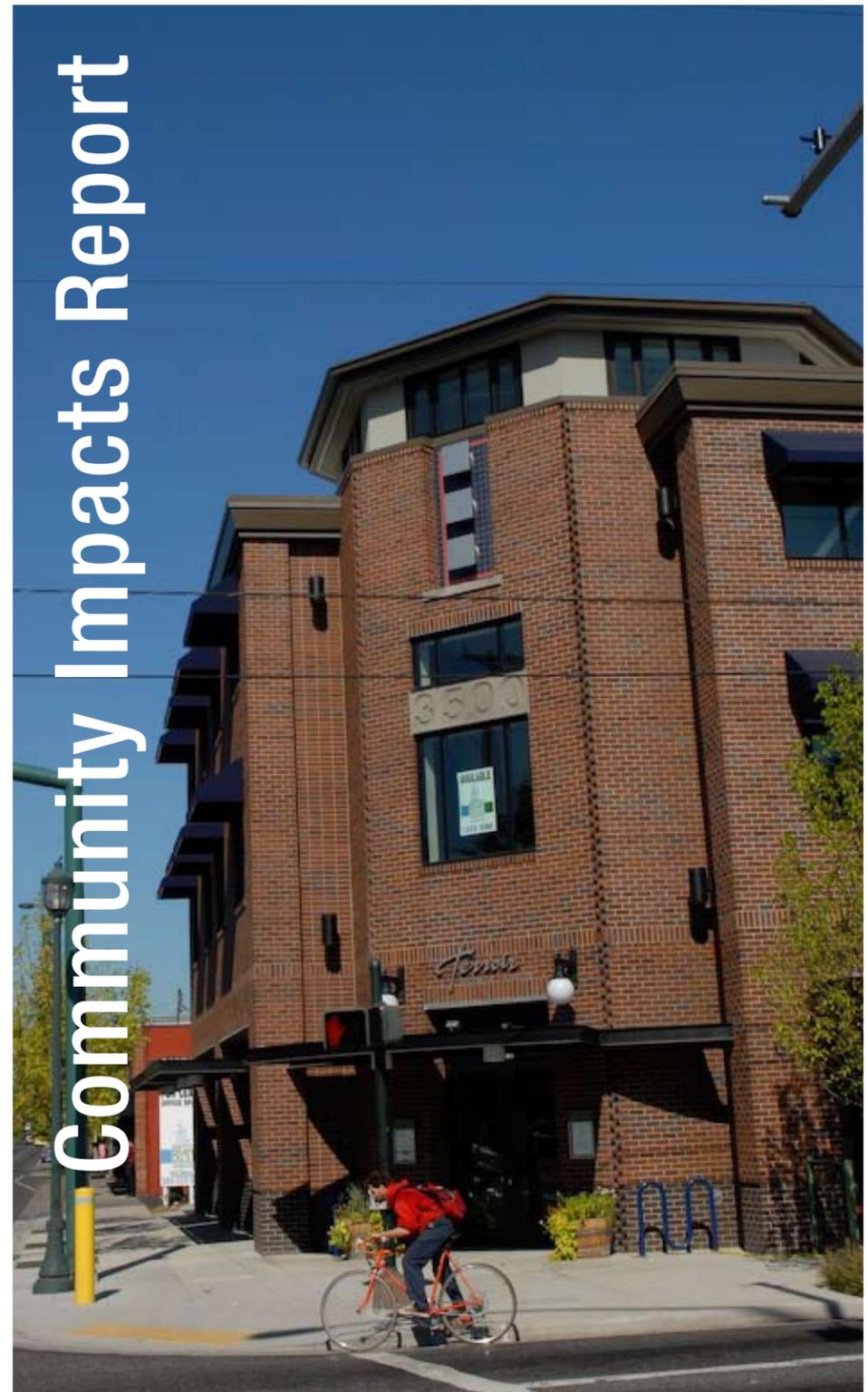


OFFICE SPACE AND RESTAURANT THE FREMONT BUILDING



The Fremont Building
3500 NE MLK Jr. Blvd., Portland, Oregon 97212



SITE DESCRIPTION

The Fremont Building property laid vacant at the corner of Fremont Street and Martin Luther King Jr. Boulevard in Northeast Portland. The intersection has historical importance in the social, cultural and economic life of the city and is home to Portland's most ethnically diverse population. This 9,500 SF building includes a restaurant on the ground floor, second floor office space and parking. The building reached the LEED Silver level of sustainable design, as targeted. Prior to the availability of New Markets Tax Credits, the area had difficulty attracting new investments.

LOW INCOME COMMUNITY METRICS

- + Census Tract poverty rate: greater than 30 percent
- + Median Family Income: less than 60 percent of Oregon State MFI
- + Unemployment rate at least 1.5 times the national average
- + Federally-designated Empowerment Zone, Enterprise Community, or Renewal Community
- + Small Business Administration designated HUB Zone
- + CDFI Hot Zone
- + Urban Renewal Area

PROJECT GOALS

- + Develop a vacant property in a critically underserved area to reduce blight and unused land in the neighborhood
- + Reestablish Martin Luther King Blvd. as an economically healthy, thriving neighborhood for residents and businesses
- + Create a magnet-type building that will provide services to diners, create jobs, job opportunities and additional office space for local businesses
- + Create an environmentally sustainable space for the health and welfare of the community long-term

ECONOMIC IMPACTS SUMMARY

An allocation of \$4.2 million in New Markets Tax Credits leveraged a total project cost of \$4.2 million. The construction and 10 years of operations of the Fremont Building are predicted to produce a total economic impact of \$56.6 million. Investment of these funds are associated with the provision of 72 temporary jobs during the 12-month construction period, and 46 permanent jobs created and retained during 10 years of operations of the restaurant and adjoining office spaces. An estimated total of \$18.3 million in direct, indirect and induced wages will be paid during the construction period and ten years of operations. \$6.7 million in Federal, State and Local tax revenues will be generated over the eleven years, including \$917 k during the construction period, and \$577 k annually when fully operational.

BENEFIT OF TAX CREDITS

The total project cost for the acquisition and development of this building was \$4.2 million. The Portland New Markets Fund I utilized \$4.2 million of its \$100 million NMTC allocation as approved by its Controlling Entity, the Portland Development Commission (PDC). PDC provided approximately \$2.9 million in financing. Use of the \$0.39 tax credit will effectively allow \$1.6 million in foregone federal taxes to help generate \$4.2 million in new federal taxes over 11 years and, more importantly, bring \$56.6 million in total economic impact during that period to Multnomah County through this project in one Portland's most challenged communities.

“The future is literally in our hands to mold as we like. But we cannot wait until tomorrow. Tomorrow is now.”

— Eleanor Roosevelt

NEW MARKETS TAX CREDITS PROGRAM

The New Markets Tax Credit (NMTC) program, established by Congress in 2000 (Omnibus H.R. 4577), was created to encourage private investment in underserved communities in the United States. The NMTC program permits taxpayers to receive a credit against Federal income taxes for making qualified equity investments in designated Community Development Entities (CDEs). Substantially all of the qualified equity investment must in turn be used by the CDE to provide investments in low-income communities.

The credit provided to the investor totals 39% of the cost of the investment and is claimed over a seven-year credit allowance period. Investors may not redeem their investments in CDEs prior to the conclusion of the seven-year period.

The appeal of the NMTC program is financing availability for projects in underserved geographic areas, with extremely favorable terms, for businesses and real estate developers or owners. The result of these investments is to enable non-financeable projects to be completed, and often to allow projects to be enhanced with community-oriented components, both of which generate measurable community impacts as described in this report.

METHODOLOGY

The economic, employment and fiscal impacts shown in this Community Impacts Report were generated using IMPLAN® Professional, the industry standard econometric software used by over 1,000 companies, organizations and government agencies to estimate the impacts of an economic event. IMPLAN® uses “input-output accounting” and closely follows the accounting conventions used in the “Input-Output Study of the U.S. Economy” by the Bureau of Economic Analysis (1980) and the rectangular format recommended by the United Nations. Results shown in this report are based on total construction costs and a New Markets Tax Credits allocation amount that are not final. Actual results will vary according to local economic conditions, wages, materials costs, tax rates, and more.

The community impacts contained herein are based on a \$4.2 million total project cost. Jobs are measured in hours worked and, using a multiplier, are represented as FTEs (full time equivalents). Construction jobs are temporary and will be spread out over the construction period, depending on the level of construction spending in each year. Operations jobs are permanent. The fiscal impact figures represent the Federal and State/Local tax revenue resulting from the direct, indirect and induced economic activity during the discrete construction period and the first ten years of facility operations. The total impact figure represents the direct, indirect and induced economic impacts of the discrete construction period plus the first ten years of operations. The total impacts figure does not include the fiscal impact, which is considered separately. All output is in 2007 dollars.

United Fund Advisors serves as the financial consultant for Portland Family of Funds (“PFF”). PFF is the controlling entity for the New Markets Tax Credits allocatee, Portland New Markets Fund I, LLC.



24 NW First Avenue, Suite 470
Portland, Oregon, 97209
T: 503.226.1370 F: 503.796.5865
www.unitedfundadvisors.com

THE FREMONT BUILDING



3BLSM

United Fund AdvisorsSM is a financial services firm that provides triple bottom line returns to partners, projects, and communities nationwide.

TRIPLE BOTTOM LINE RETURNS

FINANCIAL UFA transactions are structured to deliver appropriate yields to all types of investors, lenders and project developers. Whether it's a green building or a wind farm, a strong financial foundation allows UFA and its partners to be financially rewarded for building projects that deliver more deeply to the community and the natural environment.

SOCIAL While a single UFA project cannot change the fortunes of a city or the world, it is hoped that strong focus on what's best for the people who live there can be a magnet for ideas, improvements and investment. UFA projects create jobs and job training, build wealth and property ownership, deliver healthy buildings and clean energy, provide access to transit, enable historic preservation, and support education and culture.

ENVIRONMENTAL Buildings are responsible for approximately 48% of the energy use and emission of greenhouse gases in the United States, and the demand for clean, renewable energy is increasing rapidly. UFA is making change by creating tax-advantaged investment opportunities which result in financing for projects with reduced energy costs and enhanced property values.

PARTNERS IN THE FREMONT BUILDING PROJECT:

- Fremont Partners, LLC
- Portland Family of Funds
- Portland Development Commission
- Portland New Markets Fund I, LLC
- Wells Fargo Community Development Corporation

NEW MARKETS TAX CREDITS ECONOMIC IMPACTS:

Location	3500 NE Martin Luther King Jr. Blvd., Portland, OR
Development Type	Office Space with Ground-Floor Restaurant
Size	9,500 SF
Owner / Developer	Fremont Partners, LLC
Total Project Cost	\$4,200,000
Allocation Required	\$4,200,000
CDEs	Portland New Markets Fund I, LLC
Low Income Community	Unemployment Rate: at least 1.5 times the national average Poverty Rate: greater than 30% Median Family Income: less than 60 percent of Oregon State MFI
Project Timeline	Project Complete: Summer 2007
LEED Certification Level	Silver

JOBS*
+118

WAGES*
\$18.3M

FISCAL IMPACT*
\$6.7M

TOTAL IMPACT*
\$56.6M

* Figures shown are direct, indirect, and induced impacts of construction and first 10 years of operations. Please see www.unitedfundadvisors.com for more information.

+ ADDITIONAL COMMUNITY IMPACTS

- + Low cost financing: lower costs of funds enabled by NMTCs means more money invested in the project
- + The project is providing much needed new retail activity to the neighborhood
- + The project creates new office space that will, in turn, create new business activity and bring workers to the neighborhood
- + The project develops a vacant lot into a productive building, with plans for row housing in a second phase
- + Environmentally sustainable design: LEED Silver. A Silver designation includes efficient use of water, power, lighting, air conditioning and recycled materials