

ESIC Realty Partners and U.S. Bancorp Close \$17 Million New Markets Tax Credit Transaction

COLUMBIA, Md., Feb. 7 -- ESIC Realty Partners, Inc. (ERP) and investment partner U.S. Bancorp Community Development Corporation today announced that they have closed a \$17 million New Markets Tax Credit (NMTC) transaction. The investment will finance the new construction of a 133,000- square-foot, 9-story office building at 33 East Main Street in Madison, Wis. The development will consist of a mix of retail and office tenants, and represents the final phase of Block 89, the comprehensive redevelopment of a city block across from the State Capitol.

The investment, which provides both a senior and subordinate loan to the project, is ERP's first leveraged fund transaction using New Markets Tax Credits. The leveraged fund structure maximizes the benefit of New Markets Tax Credits by pooling capital from a tax credit investor and a lender. The lender to the leveraged fund was Johnson Bank, with corporate offices in Racine and Sturtevant, Wis. Another local recipient of NMTCs, Impact 7, provided tax credits to the project through a parallel financing structure.

ERP President Charles Werhane remarked, "The 33 East Main Street investment was a very unique deal as it enabled ERP the opportunity to leverage a favorable relationship between Johnson Bank and U.S. Bank. Partnering with these corporate leaders resulted in additional funding for the final stage of a crucial project, which is transforming an area that has long been a focus of redevelopment efforts. 33 East Main is one of many vital projects that ERP is helping to succeed through the NMTC program."

The developer for the project is Urban Land Interests, a local real estate development firm specializing in the adaptive re-use of existing structures and the development of new office, retail, and multifamily properties. This is the first New Markets Tax Credit development for the firm.

"We are very excited to proceed with the last phase of Block 89, which originally began in 1986," said Brad Binkowski, co-founder of Urban Land Interests. "Working with partners like ERP, U.S. Bank and the City of Madison made it possible for us to undertake this important development."

U.S. Bancorp Community Development Corporation provided more than \$6 million in equity for the transaction through an investment partnership with ERP, which provided New Markets Tax Credits to the transaction. Marc Hirshman, senior vice president of U.S. Bancorp Community Development Corporation said, "The 33 East Main project furthers the goal of the New Markets Tax Credit program and of U.S. Bancorp Community Development Corporation to provide financing for projects that serve as catalysts to economic development in communities across the country. This project enables us to continue our 150-year commitment of serving the financial needs of the city of Madison and the state of Wisconsin. We enjoyed working with our investment partners and hope to continue our strong relationship with them."

The 33 East Main Street site is located on Madison's Capitol Square, which is home to a variety of office, commercial, and governmental uses. Madison has experienced healthy economic

activity over the past several years, and the construction of 33 East Main will contribute to this trend by creating over 200 construction jobs and over 660 permanent jobs upon building completion. Construction is expected to be complete in March 2006.

The initial three phases of Block 89, consisting of a new five-level underground parking garage, two new office buildings, and the renovation of two existing buildings, are complete. The construction of 33 East Main will be the final step in creating a unique environment that integrates office, retail, and restaurants into the fabric of downtown Madison.

ESIC Realty Partners (ERP) is a subsidiary of The Enterprise Social Investment Corporation. Founded in 2002, ERP utilizes New Markets Tax Credits and Historic Rehabilitation Tax Credits as well as other incentives, to provide real estate capital for commercial development in underserved and emerging markets. ERP was one of the top recipients in the Treasury's first and second allocations of the credits - receiving an award of \$90 million in 2003 and \$140 million in 2004.

The Enterprise Social Investment Corporation (ESIC) is a national leader in affordable housing and community revitalization efforts. Founded in 1984 as a socially motivated for-profit corporation, ESIC has four business lines: ESIC Syndication and Asset Management, Enterprise Homes, Enterprise Mortgage Investments, and ESIC Realty Partners. These affiliated companies work with a variety of investment and development partners to finance, develop, acquire and manage a portfolio of affordable housing and other community development initiatives. In aggregate, their activities result in the annual investment in or direct development of nearly \$1 billion of high-quality affordable housing and related community enrichment facilities in underserved neighborhoods across the country. The company, headquartered in Columbia, Maryland, is associated with The Enterprise Foundation.

Urban Land Interests was organized in 1974 by Bradley A. Binkowski and Thomas M. Neujahr. The company is committed to high quality urban development and architectural design. Urban Land Interests develops for its own account and holds and manages property for the long term.

U.S. Bancorp Community Development Corporation, with assets of nearly \$1.4 billion, is one of the largest new market tax credit investors in the country. It also makes equity investments in low-income housing and historic tax credits in exchange for tax benefits and CRA investment credits usable by U.S. Bank. Both are subsidiaries of U.S. Bancorp (NYSE: USB - News), with assets of \$195 billion, it is the 6th largest financial services holding company in the United States. The company operates 2,370 banking offices and 4,620 ATMs, and provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses and institutions. U.S. Bancorp is home of the Five Star Service Guarantee which assures customers of certain key banking benefits and services or customers will be paid for their inconvenience. U.S. Bancorp is the parent company of U.S. Bank. Visit U.S. Bancorp on the web at <http://usbank.com>.

Source: ESIC Realty Partners, Inc.