

PRESS RELEASE

For immediate release

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Portland Family of Funds

Portland Family of Funds Closes 3 New Markets Tax Credits Real Estate Transactions in July, 2005.

PORTLAND, Oregon, August 1, 2005. Portland Family of Funds (www.portlandfunds.com), a financial consultant and fund manager in Portland, Oregon, has announced the successful completion of three New Markets Tax Credits real estate transactions with a total project cost of \$137 million. PFF was able to utilize \$35.25 million in NMTCs from three Community Development Entities to provide \$6.62 million in equity to projects that will provide meaningful community benefits to underserved areas of Portland.

The Oregon Clinic Medical Office Building

Portland Family of Funds (PFF) has structured New Markets Tax Credits financing for the first phase of construction of The Oregon Clinic's new Medical Office Building, an approximately \$32 million, 101,600SF project. NMTC financing closed in July, 2005. Using \$17.75 million in tax credits allocated by the Portland New Markets Fund I, LLC, PFF was able to generate \$3 million in net financing to help design and build structural enhancements that may add up to ten floors of housing or other uses in later phases.

The three-story building will be designed for clinical use for 170 highly skilled physicians and staff and will supply critical medical services to the dramatically underserved Gateway community in east Portland. A new 540 space parking structure will serve employees and park-and-ride transit commuters. The building is planned to achieve LEED Silver certification, including energy saving amenities such as harvesting rainwater for 44% of the non-potable water needs, natural daylighting to make it 30% more energy efficient, and advanced use of recycled and non-toxic building materials.

Portland Development Commission, the Controlling Entity of the Portland New Markets Fund, approved the allocation of up to \$18 million in tax credits for the project. Due to the use of New Markets Tax Credits, PDC was able to reduce the amount of Tax Increment Financing needed to complete financing.

Union Gospel Mission

Portland Family of Funds has structured and closed an NMTC transaction for Union Gospel Mission which is building a new \$7 million, 28,500SF drug rehabilitation and job training facility to respond to the dramatic increase in methamphetamine abuse. Located at Burnside and NW Third Avenue in Portland's Old Town, the new facility will have capacity for 75 residents, doubling its current capacity, and will include classrooms, computer labs, a library and the mission's administrative offices.

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In addition to its faith-based, 4-year drug rehabilitation program, Union Gospel Mission also provides job training that creates productive workers out of former addicts that were virtually unemployable. It also provides clothing and hot meals to people in need seven days a week. The new facility is planned to open in July 2006.

In a four-month turnaround, Portland Family of Funds closed the New Markets Tax Credits portion of the project financing in July, 2005, bringing \$1.81 million to the project using New Markets Tax Credits from the Portland New Markets Fund (PNMF). Last year, PNMF received a \$100 million NMTC allocation; Portland Development Commission is the Controlling Entity and makes investment decisions regarding the allocation while Portland Family of Funds is the managing member of the fund.

The Civic Redevelopment

In July, 2005, Portland Family of Funds closed New Markets Tax Credits financing for the retail portion of the \$98 million Civic Redevelopment project in Portland, Oregon. The project will redevelop the 60-year old Civic Apartment building on West Burnside adjacent to PGE Park stadium, into a new mixed-use development with low income rental and for-sale housing, retail space and underground parking. The project will also feature an eco-roof and a new pedestrian street that will traverse the two residential buildings providing permeability that encourages human interaction and pedestrian access through the site. The Civic Redevelopment will create construction and full time jobs, and conforms to The Housing Authority of Portland's "No Net Loss" policy for low income housing in the central city.

The program for the redevelopment includes a mix of 140 studio, one- and two-bedroom rental apartment units to serve residents at incomes ranging between 30% of MFI and above, and 45 units expected to be affordable to households ranging from zero to 30% MFI. Approximately 260 condominium units will be constructed for private ownership, many of which will be targeted toward first-time homebuyers who are currently renting in the area. Lastly, the project will include approximately 40,000 SF of ground level retail and three levels of sub-grade parking serving the retail and residential units above.

The project is being developed by Gerding/Edlen Development in partnership with SERA Architects, Hoffman Construction and the Housing Authority of Portland. The project is targeted for Silver LEED certification, and is conveniently located at the intersection of major bus lines and light rail, providing excellent public transit access to residents and shoppers.

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