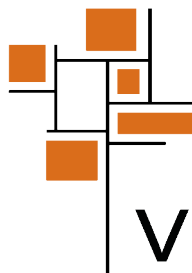
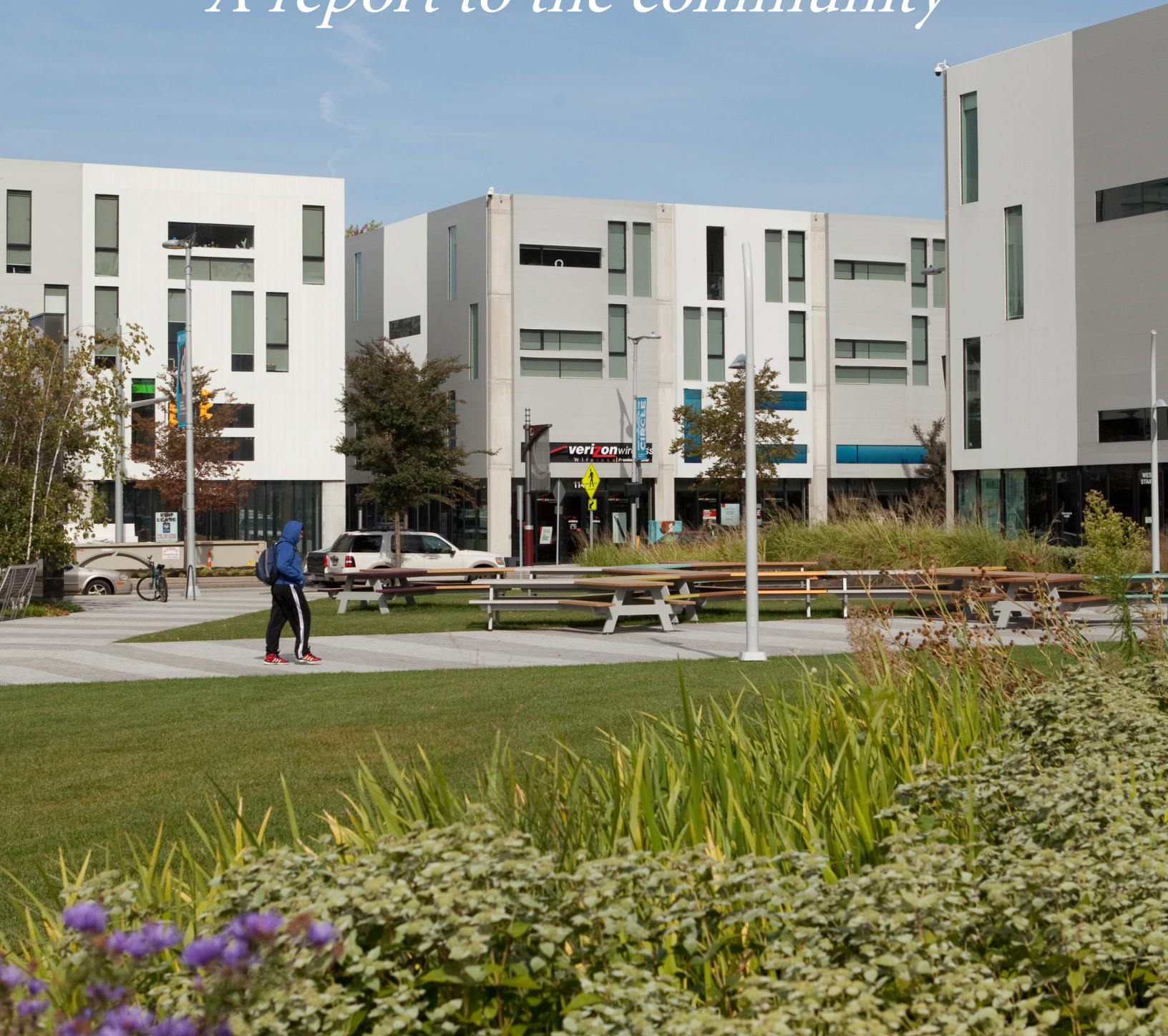


2013

A report to the community



VILLAGE CAPITAL
CORPORATION

To Our Community:

MISSION Through the power of strategic partnerships, Village Capital Corporation provides loan capital and development services in underserved communities by making innovative, catalytic real estate investments that strengthen neighborhood markets in Northeast Ohio.

VCC Board of Trustees

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For Village Capital Corporation (VCC), fiscal year 2013 continued many positive trends. Our net asset ratio is stronger than ever and our portfolio quality and default rate are at pre-real estate collapse levels.

At the same time, VCC reached full deployment (with commitments) at FYE 13, indicating the tremendous demand for VCC's capital. Although the volume of closed loans dipped slightly from previous years, the number of projects supported by VCC – 9 in 7 neighborhoods – was at a four year high.

Among the 9 projects financed by VCC in FY13 were five low-income tax credit partnerships involving 183 units of scattered site lease purchase housing. The 5 projects had reached the end of the fifteen year Low Income Housing Tax Credit compliance period. VCC purchased the first mortgage notes from a conventional lender at a discount, allowing VCC to establish an affordable release price for each family. Consequently, the low income residents in the 183 units are able to purchase their homes for an amount that translates into a monthly payout equivalent to the cost of being a renter, thus increasing the likelihood of success for each family transitioning from tenant to homeowner.

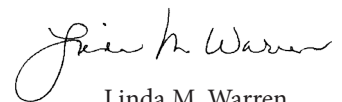
Yet the range of projects VCC has supported remains incredibly diverse, as does VCC's role. The cover highlights a project where VCC served as the Lead Lender on our largest loan ever: an \$8,250,000 facility to the dynamic Uptown Project in Cleveland's expanding and vibrant University Circle area.

None of this would be possible without VCC's generous investors: the Cleveland Foundation, Gund Foundation, US Bank, Greater Cleveland Partnership, Huntington Bank, Enterprise Community Partners and the U.S. Department of Treasury's CDFI Fund. Our ability to support the catalytic projects highlighted in this report, as well as the many other transformative projects we invest in, is directly attributable to their on-going commitment to Cleveland's neighborhoods. For that, VCC remains deeply grateful.

Sincerely,



Kenneth E. Marblestone
Board Chairman

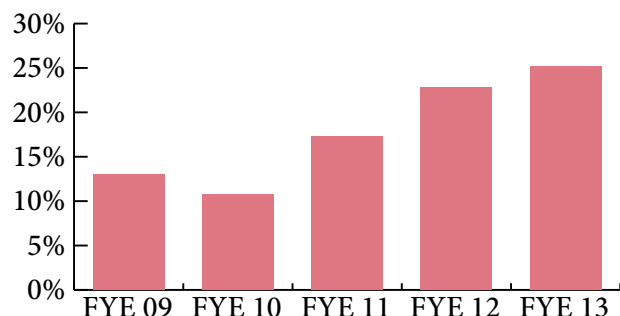


Linda M. Warren
President



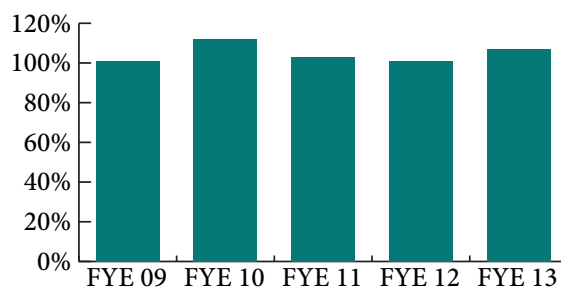
Fiscal Soundness:

Net Assets



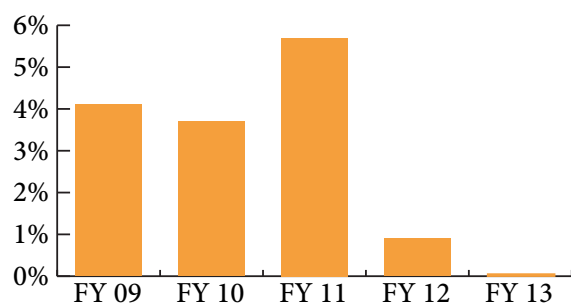
The best indicator of VCC's overall fiscal health was the continued rise in our net asset ratio, which reached 25.3% at FYE 13.

Deployment Rate



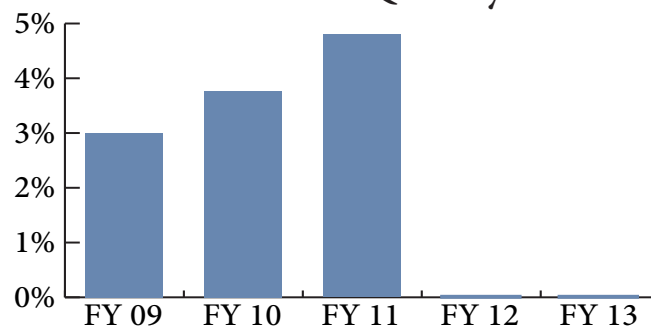
Demand for VCC's capital remained high, as reflected in VCC's Deployment Rate with Commitments.

Default Rate



Similarly, VCC's default rate - after declining precipitously in FY12 - was 0%; another excellent measure of fiscal soundness.

Portfolio Quality



For the second year in a row, VCC's portfolio quality was 0%. With no loans written off in FY12 or FY13, VCC's portfolio reflects tremendous stability.

Statement of Financial Position

ASSETS

	2012	2013
Current Assets -----	8,793,526	11,008,108
Other Assets -----	8,175,290	6,082,378
Total Assets	16,968,816	17,090,486

LIABILITIES

Current Liabilities -----	757,267	958,320
Notes Payable -----	12,105,000	11,605,000
Other Liabilities -----	232,500	232,500

Total Liabilities	13,094,767	12,795,820
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NET ASSETS

Unrestricted -----	3,474,049	4,094,666
Temporarily Restricted -----	400,000	200,000

Total Net Assets	3,874,049	4,294,666
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TOTAL LIABILITIES & NET ASSETS

16,968,816	17,090,486
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VCC 2013 Key Investments:



UPTOWN

Borrower – AJAPPJR, LLC, Ari and Jori Maron, Principals

Uptown is a mixed-use urban development project in University Circle that involves 102 units of market rate rental apartments and 56,000 square feet of commercial space. VCC is the Lead Lender on an \$8,250,000 Construction/Permanent Loan that involves four participants: Cleveland Foundation, Gund Foundation, University Circle, Inc. and VCC which provided \$750,000 of its own capital. Located in Cleveland's University Circle area where nearly \$1.5 billion in development is underway by the Cleveland Museum of Art, the Cleveland Clinic and University Hospitals, the Uptown Project is positioned well to meet the neighborhood's growing demand for retail services and rental housing.



VCC 2013 Key Investments (continued):



VALLEY VIEW TREMONT

Borrower - Sutton Builders, Keith Sutton, Principal

The developer of the Valley View Tremont project is constructing 26 for-sale, market-rate townhomes across from the former Valleyview Estates, a Cuyahoga Metropolitan Housing Authority (CMHA)-owned public housing project. The original CMHA buildings were demolished as part of a Department of Housing and Urban Development HOPE VI award and 210 new townhouses and multi-family units were built for a broad tenant mix of public housing, low-income and moderate-income residents. Valley View Tremont is the market-rate phase of this comprehensive, mixed income re-development. VCC provided a \$370,000 Acquisition and Development Loan to this project and a \$600,000 construction loan.

GABRIEL'S GREEN

Borrower - Gabriel's Green, L.P., a subsidiary of Community Housing Solutions

Gabriel's Green Apartments is an affordable housing community in Cleveland's Central neighborhood. The project features 50 affordable housing units for low-income adults, aged 55 and better. VCC provided a \$148,800 permanent loan to this project. The local community development corporation – Burten, Bell, Carr Development – and Community Housing Solutions collaborated to create this housing.



WAVERLY STATION TOWNHOMES

Borrower - Denison Homes, Michael DeCesare, Principal

Waverly Townhomes is a three-phased planned 22-unit market rate, fee simple townhome development located to the south of the Gordon Square Arts District in Cleveland's Detroit Shoreway neighborhood. The units offer high-end finishes and open floor plans. The project's location has great access to many retail, restaurant and entertainment amenities. For the Waverly Station Townhomes Phase II Project, VCC provided a \$650,000 Revolving Construction Loan.

UNION MILES HOMES

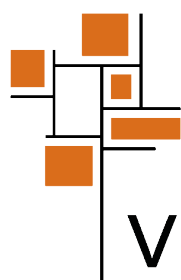
Borrower - Union Miles Homes III, L.P., a subsidiary of Union Miles Development Corporation

VCC provided a \$122,000 Permanent Loan to this 25 unit low-income housing tax credit (LIHTC) project in the Union Miles neighborhood on Cleveland's southeast side. VCC's loan stabilized this affordable housing project as it reached the end of its 15-year LIHTC compliance period. As a scattered site, single family lease-purchase project, VCC's loan provides a reasonable release price for the sale of the individual home to the lease-purchase tenant.



VCC Investors

Cleveland Foundation
Gund Foundation
US Bank
Huntington Bank
Cleveland Development Partnership II
Enterprise Community Partners
U.S. Department of Treasury



VILLAGE CAPITAL CORPORATION

A subsidiary of Neighborhood Progress, Inc.

Investing in City Life

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