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MUNICIPAL MORTGAGE & EQUITY LLC

Form 8-K

April 23, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

Current Report Pursuant to Section 13 or 15 (d) of the
Securities Exchange Act of 1934

April 22, 2003
(Date of Report (Date of Earliest Event Reported))

MUNICIPAL MORTGAGE & EQUITY, LLC
(Exact Name of Registrant as Specified in Its Charter)

| | | |
|---|--|---|
| Delaware (State or other jurisdiction of incorporation) | 011-11981 (Commission File Number) | 52-1449733 (I.R.S. Employer Identification No.) |
|---|--|---|

| | |
|---|---------------------|
| 218 North Charles Street, Suite 500, Baltimore, Maryland (Address of Principal Executive Offices) | 21201 (Zip Code) |
|---|---------------------|

(443) 263-2900
(Registrant's Telephone Number, including Area Code)

Item 7. Financial Statements and Exhibits.

(c) Exhibits.

Exhibit No. Description of Document

99.1 Earnings Package, dated March 31, 2003

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- 99.2 Earnings Press Release and Financial Statements, dated March 31, 2003
- 99.3 Production Press Release, dated March 31, 2003

Item 12. Results of Operations and Financial Condition.

On April 22, 2003, Municipal Mortgage & Equity, LLC (the "Company"), distributed an earnings package to Analysts relating to the Company's financial performance for the quarter ended March 31, 2003. A copy of the package, dated March 31, 2003, is attached hereto as Exhibit 99.1.

On April 22, 2003, the Company distributed an earnings press release and financial statements relating to the Company's financial performance for the quarter ended March 31, 2003. A copy of the press release and financial statements, dated March 31, 2003, are attached hereto as Exhibit 99.2.

On April 22, 2003, the Company distributed a production press release relating to the Company's production volume for the quarter ended March 31, 2003. A copy of the press release, dated March 31, 2003, is attached hereto as Exhibit 99.3.

Exhibit 99.1

MUNICIPAL MORTGAGE AND EQUITY, LLC
EARNINGS PACKAGE
QUARTER ENDED MARCH 31, 2003

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MUNICIPAL MORTGAGE & EQUITY, LLC
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except share and per share data)
(unaudited)

| | For the three March |
|--|--------------------------|
| | ----- 2003 ----- |
| INCOME: | |
| Interest income | |
| Interest on bonds and residual interests in bond securitizations | \$ 15,985 |
| Interest on loans | 9,503 |
| Interest on short-term investments | 192 |
| Total interest income | ----- 25,680 ----- |
| Fee income | |
| Syndication fees | 1,411 |
| Origination fees | 698 |
| Loan servicing fees | 1,909 |
| Asset management and advisory fees | 1,076 |
| Other income | 2,197 |
| Total fee income | ----- 7,291 ----- |
| Net gain on sales | ----- 1,278 ----- |
| Total income | ----- 34,249 ----- |
| EXPENSES: | |
| Interest expense | 10,368 |
| Salaries and benefits | 5,966 |
| General and administrative | 1,656 |
| Professional fees | 989 |
| Amortization of mortgage servicing rights and other intangibles | 389 |
| Total expenses | ----- 19,368 ----- |

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| | |
|--|------------|
| Net holding gains on derivatives | 2,873 |
| Impairments and valuation allowances related to investments | - |
| Net losses from equity investments in partnerships | (747) |
| Income tax expense | (68) |
| Income allocable to preferred shareholders in a subsidiary company | (2,994) |
| Net income | \$ 13,945 |
| LESS: | |
| Net income allocable to term growth shares | - |
| Net income allocated to common shares | \$ 13,945 |
| EARNINGS PER COMMON SHARE: | |
| Basic earnings per common share: | |
| Basic earnings per common share | \$ 0.51 |
| Weighted average common shares outstanding | 27,342,870 |
| Diluted earnings per share: | |
| Diluted earnings per common share | \$ 0.50 |
| Weighted average common shares outstanding | 27,681,511 |

VARIANCE ANALYSIS FOR GAAP

1st Quarter 2003 Compared to 1st Quarter 2002:

Total income for the first quarter of 2003 increased \$1.4 million over the same period last year due primarily to the following changes: (1) a \$1.6 million increase in total interest income due primarily to a \$1.9 million increase in collections of interest on bonds, residual interests in bond securitizations and loans. This increase resulted from an increase in on-balance sheet assets related to securitizations and larger average notes receivable balances and was offset by a \$0.3 million decrease in interest on short-term investments resulting from funding of operations as well as lower investment yields; (2) a \$0.7 million increase in fee income due primarily to a \$1.1 million increase in other income related to prepayment fees from early payment of tax-exempt bond investments, offset by a \$0.4 million decrease in origination fees related to a decrease in the volume of permanent loan and conventional equity transactions closed during the quarter; and (3) a \$0.9 million decrease in gain on sales due primarily to: (i) a \$0.8 million decrease in the gain on sales of permanent loans caused by a decrease in the volume of permanent loans sold; (ii) a \$1.0 million gain that was recognized in first quarter of 2002 related to the restructuring of a securitization trust; offset by (iii) a \$0.8 million increase in the gain on sales of loans related to an increase in premiums on the delivery of loans to HUD and gain on sales of loans to a new conduit lender; and (iv) a \$0.1 million gain on sales of investments in partnerships.

Total expenses for the first quarter of 2003 increased \$2.9 million over the same period last year due primarily to the following changes: (1) a \$1.4 million increase in interest expense associated with an increase in financing costs related to on-balance-sheet securitizations and larger average notes payable balances outstanding during the quarter; (2) a \$1.1 million increase in salaries and benefits resulting from a \$0.3 million increase in salaries and other compensation and a \$0.9 million increase in bonus expense, offset by a \$0.1 million decrease in temporary assistance and employment advertising; and (3) a \$0.4 million increase in professional fees due primarily to a \$0.2 million increase in legal fees, a \$0.5 million increase in consulting fees and a \$0.1

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million increase in printing expense, offset by a \$0.5 million decrease in commission expense. Commission expense is no longer incurred by the Company because the pass-through of commission income and expense has been transferred to the syndicated tax credit equity funds.

The Company also recorded net holding gains of \$2.9 million for the change in market value of the Company's derivative financial instruments, \$0.7 million of losses from equity investments in partnerships and \$0.1 million in income tax expense in the first quarter of 2003. Income tax expense decreased by \$0.9 million from the same period in 2002 primarily as a result of taxable losses generated by the investment in the CAPREIT 3M venture.

MUNICIPAL MORTGAGE & EQUITY, LLC
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except share and per share data)
(unaudited)

| | Qtr Ended 03/31/03 | Qtr Ended 12/31/02 | Qtr 09/ |
|--|-----------------------|-----------------------|------------|
| | ----- | ----- | ----- |
| INCOME: | | | |
| Interest income | | | |
| Interest on bonds and residual interests in bond securitizations | \$ 15,985 | \$ 13,953 | \$ |
| Interest on loans | 9,503 | 9,195 | |
| Interest on short-term investments | 192 | 264 | |
| Total interest income | ----- 25,680 | ----- 23,412 | |
| Fee income | | | |
| Syndication fees | 1,411 | 2,456 | |
| Origination fees | 698 | 2,023 | |
| Loan servicing fees | 1,909 | 1,711 | |
| Asset management and advisory fees | 1,076 | 1,011 | |
| Other income | 2,197 | 1,132 | |
| Total fee income | ----- 7,291 | ----- 8,333 | |
| Net gain on sales | ----- 1,278 | ----- 5,032 | |
| Total income | ----- 34,249 | ----- 36,777 | |
| EXPENSES: | | | |
| Interest expense | 10,368 | 10,366 | |
| Salaries and benefits | 5,966 | 6,475 | |
| General and administrative | 1,656 | 1,841 | |
| Professional fees | 989 | 1,472 | |
| Amortization of mortgage servicing rights and other intangibles | 389 | 329 | |
| Total expenses | ----- 19,368 | ----- 20,483 | |
| Net holding gains (losses) on derivatives | 2,873 | (333) | |
| Impairments and valuation allowances related to investments | - | (620) | |
| Net gains (losses) from equity investments in partnerships | (747) | (1,341) | |
| Income tax benefit (expense) | (68) | (260) | |
| Income allocable to preferred shareholders in a subsidiary company | (2,994) | (2,994) | |
| | ----- | ----- | |

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| | | | |
|--|------------|------------|------|
| Net income | \$ 13,945 | \$ 10,746 | \$ |
| ===== | | | |
| LESS: | | | |
| Net income allocable to term growth shares | - | - | |
| ----- | | | |
| Net income allocated to common shares | \$ 13,945 | \$ 10,746 | \$ |
| ===== | | | |
| EARNINGS PER COMMON SHARE: | | | |
| Basic earnings per common share: | | | |
| Basic earnings per common share | \$ 0.51 | \$ 0.42 | \$ |
| ----- | | | |
| Weighted average common shares outstanding | 27,342,870 | 25,426,254 | 25,3 |
| Diluted earnings per common share: | | | |
| Diluted earnings per common share | \$ 0.50 | \$ 0.41 | \$ |
| ----- | | | |
| Weighted average common shares outstanding | 27,681,511 | 25,917,641 | 25,9 |

Note: Certain prior quarter amounts have been reclassified to conform to the 03/31/03 presentation.

Municipal Mortgage & Equity, LLC
Reconciliation of Basic and Diluted EPS
(unaudited)

| | For the three months ended March 31, 2003 | | | For the |
|---|---|---------------|-----------|---------|
| | Income | Shares | Per Share | Inco |
| | (Numerator) | (Denominator) | Amount | (Numer |
| | ----- | ----- | ----- | ----- |
| (in thousands, except share and per share data) | | | | |
| Basic EPS | | | | |
| Income allocable to common shares | \$ 13,945 | 27,342,870 | \$ 0.51 | \$ 14 |
| | | | | ===== |
| Effect of Dilutive Securities | | | | |
| Options and deferred shares | - | 338,641 | | |
| Earnings contingency | - | - | | |
| | | | | ----- |
| Diluted EPS | | | | |
| Income allocable to common shares plus assumed conversions | \$ 13,945 | 27,681,511 | \$ 0.50 | \$ 14 |
| | | | | ===== |

MUNICIPAL MORTGAGE & EQUITY, LLC
RECONCILIATION OF GAAP NET INCOME TO CASH AVAILABLE FOR DISTRIBUTION
(In thousands)
(unaudited)

| | | |
|-----------|-----------|--------|
| Qtr Ended | Qtr Ended | Qtr En |
| 03/31/03 | 12/31/02 | 09/30/ |

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| | | | |
|--|------------|-----------|-----------|
| INCOME: | | | |
| Interest income | | | |
| Interest on bonds and residual interests in bond securitizations | \$ 15,985 | \$ 13,953 | \$ 15,985 |
| Interest on loans | 9,503 | 9,195 | 8,950 |
| Interest on short-term investments | 192 | 264 | 1,000 |
| Total interest income | 25,680 | 23,412 | 25,935 |
| Fee income | | | |
| Syndication fees | 1,411 | 2,456 | 1,411 |
| Origination fees | 698 | 2,023 | 2,023 |
| Loan servicing fees | 1,909 | 1,711 | 1,909 |
| Asset management and advisory fees | 1,076 | 1,011 | 1,076 |
| Other income | 2,197 | 1,132 | 2,197 |
| Total fee income | 7,291 | 8,333 | 6,626 |
| Net gain on sales | 1,278 | 5,032 | 1,278 |
| Total income | 34,249 | 36,777 | 31,836 |
| EXPENSES: | | | |
| Interest expense | 10,368 | 10,366 | 8,950 |
| Salaries and benefits | 5,966 | 6,475 | 5,966 |
| General and administrative | 1,656 | 1,841 | 1,656 |
| Professional fees | 989 | 1,472 | 989 |
| Amortization of mortgage servicing rights and other intangibles | 389 | 329 | 389 |
| Total expenses | 19,368 | 20,483 | 17,940 |
| Net holding gains (losses) on derivatives | 2,873 | (333) | (9,999) |
| Impairments and valuation allowances related to investments | - | (620) | - |
| Net gains (losses) from equity investments in partnerships | (747) | (1,341) | (1,341) |
| Income tax benefit (expense) | (68) | (260) | - |
| Income allocable to preferred shareholders in a subsidiary company | (2,994) | (2,994) | (2,994) |
| Net income | \$ 13,945 | \$ 10,746 | \$ 13,945 |
| LESS: | | | |
| Net income allocable to term growth shares | - | - | - |
| Net income allocated to common shares - GAAP Basis | \$ 13,945 | \$ 10,746 | \$ 13,945 |
| Conversion to Cash Available for Distribution: | | | |
| (1)Mark to market adjustments | \$ (2,873) | \$ 333 | \$ 9,999 |
| (2)Equity investments | 2,409 | 2,836 | 3,409 |
| (3)Net gain on sales | (327) | (3,395) | - |
| (3)Amortization of capitalized mortgage servicing fees | 352 | 329 | - |
| (4)Origination fees and other income, net | 282 | 1,377 | - |
| (5)Valuation allowances and other-than-temporary impairments | - | 620 | - |
| (6)Deferred tax expense | 628 | 703 | - |
| Cash Available for Distribution (CAD) | \$ 14,416 | \$ 13,549 | \$ 12,416 |

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Notes

(1) For GAAP reporting, the Company records the non-cash change in fair value of its investment in interest rate swaps and other derivative financial instruments through net income. These non-cash gains and losses are not included in the Company's calculation of CAD.

(2) For GAAP reporting, the Company accounts for various investments in partnerships using the equity accounting method. As a result, the Company's allocable share of the income or loss from the partnerships is reported in income (losses) from equity investments in partnerships. The income from these partnerships includes depreciation expense and changes in the fair value of investments in derivatives. For GAAP reporting, distributions are treated as a return of capital. For CAD reporting, the Company records the cash distributions it receives from the partnerships as other income.

(3) For GAAP reporting, the Company recognizes non-cash gains and losses associated with the sale of assets or capitalization of mortgage servicing rights. The capitalized mortgage servicing rights are amortized into expense over the estimated life of the serviced loans. The non-cash gains and the associated amortization expense are not included in CAD.

(4) Origination fees and certain other income amounts are recognized as income when received for CAD purposes, but for GAAP reporting these items are deferred and amortized into income over the life of the associated investment. This adjustment represents the net difference, for the relevant period, between fees taken into income when received for CAD and the amortization of fees recorded for GAAP.

(5) For GAAP reporting, the Company records valuation allowances and other-than-temporary impairments on its investments in loans, bonds and other bond-related investments. Such non-cash charges do not affect the cash flow generated from the operation of the underlying properties, distributions to shareholders, or the tax-exempt status of the income of the financial obligation under the bonds. Therefore, these items are not included in the calculation of CAD.

(6) For GAAP reporting, the Company's income tax expense contains both a current and a deferred component. Only the Company's current income tax expense is reflected in CAD.

MUNICIPAL MORTGAGE & EQUITY, LLC
 CALCULATION OF CASH AVAILABLE FOR DISTRIBUTION
 (In thousands, except share and per share data)
 (unaudited)

| | | For the t Ma |
|---|----|-----------------|
| | | ----- |
| | | 2003 |
| | | ----- |
| SOURCES OF CASH: | | |
| Interest on bonds, residual interests in bond securitizations and loans | \$ | 24,848 |
| Interest on short-term investments | | 192 |
| Loan servicing fees | | 1,909 |
| Origination and syndication fees | | 2,571 |
| Other income | | 4,998 |
| Net gain on sales | | 951 |

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| | |
|---|------------|
| TOTAL SOURCES OF CASH | 35,469 |
| EXPENSES: | |
| Interest expense | 9,839 |
| Salaries and benefits | 5,966 |
| Professional fees | 989 |
| General and administrative | 1,825 |
| Income taxes | (560) |
| TOTAL EXPENSES | 18,059 |
| CASH AVAILABLE FOR DISTRIBUTION | 17,410 |
| LESS: | |
| Cash allocable to preferred shareholders in a subsidiary company and term growth shares | 2,994 |
| CASH AVAILABLE FOR DISTRIBUTION TO COMMON SHARES | \$ 14,416 |
| CAD PER COMMON SHARE | \$ 0.50 |
| CALCULATION OF CASH DISTRIBUTION: | |
| CASH AVAILABLE FOR DISTRIBUTION TO COMMON SHARES | \$ 14,416 |
| ACTUAL AMOUNT PAID | \$ 12,837 |
| PAYOUT RATIO | 89.0 |
| COMMON SHARES OUTSTANDING | 28,846,327 |
| CASH DISTRIBUTION PER COMMON SHARE | \$ 0.4450 |

Cash Available for Distribution ("CAD") differs from net income because of variations between generally accepted accounting principles ("GAAP") income and actual cash received. There are three primary differences between CAD and GAAP income. The first is the treatment of loan origination fees, which for CAD purposes are recognized as income when received but for GAAP purposes are amortized into income over the life of the associated investment. The second difference is the non-cash gain and loss recognized for GAAP associated with valuations, sales of investments and capitalization of mortgage servicing rights, which are not included in the calculation of CAD. The third difference is the treatment of the Company's investments in partnerships. For GAAP, the Company records its allocable share of the income (loss) from the partnership as income, while for CAD reporting, the Company records the cash distributions it receives from the partnership as income. For a reconciliation of GAAP net income to CAD, see page 9.

CAD per common share is calculated based on the number of shares outstanding at the end of each quarter. For GAAP, basic net income per share is calculated based on the weighted average shares outstanding during the period. The weighted average shares outstanding for diluted net income per share include

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the potential dilutive effect from the exercise of options, vesting of restricted shares, and provision for shares to be awarded under the Midland acquisition earn out provision.

VARIANCE ANALYSIS FOR CAD

1st Quarter 2003 Compared to 1st Quarter 2002:

Total income for the first quarter of 2003 increased \$4.6 million over the same period last year due primarily to the following changes: (1) a \$2.7 million increase in other income due primarily to: (i) a \$1.7 million increase in income from the CAPREIT investments made in the third quarter of 2002; (ii) a \$0.6 million commitment fee collected on a conventional equity deal; (iii) \$0.9 million in prepayment fees collected from the early payment of tax-exempt bond investments; and (iv) a \$0.5 million decrease in commission income; (2) a \$1.9 million increase in collections of interest on bonds, residual interests in bond securitizations and loans; (3) a \$0.9 million increase in gain on sales related to an increase in premiums on the delivery of loans to HUD and gain on sale on delivery of loans to a new conduit lender; and (4) a \$0.6 million decrease in origination and syndication fees. The \$0.4 million decrease in origination fees is due to a decrease in the volume of permanent loans and conventional equity transactions closed during the quarter. The \$0.2 million decrease in syndication fees is a result of taking \$0.5 million in organizational and offering cost reimbursements related to closed syndicated tax credit equity funds into income during the first quarter of 2002, whereas no such fees were recognized during the first quarter of 2003. This decrease was partially offset by an increase in the volume of syndications closed.

Total expenses for the first quarter increased \$2.2 million over the same period last year due primarily to the following changes: (1) a \$1.5 million increase in interest expense associated with an increase in financing costs related to on-balance-sheet securitizations and larger average notes payable balances outstanding during the quarter; (2) a \$1.1 million increase in salaries and benefits resulting from a \$0.3 million increase in salaries and other compensation and a \$0.9 million increase in bonus expense, offset by a \$0.1 million decrease in temporary assistance and employment advertising; (3) a \$1.0 million decrease in income tax expense primarily as a result of taxable losses generated by the investment in the CAPREIT 3M venture; and (4) a \$0.4 million increase in professional fees due primarily to a \$0.2 million increase in legal fees, a \$0.5 million increase in consulting fees and a \$0.1 million increase in printing expense, offset by a \$0.5 million decrease in commission expense. Commission expense is no longer incurred by the Company because the pass-through of commission income and expense has been transferred to the syndicated tax credit equity funds.

MUNICIPAL MORTGAGE & EQUITY, LLC
CALCULATION OF CASH AVAILABLE FOR DISTRIBUTION
(In thousands, except share and per share data)
(unaudited)

| Qtr Ended | Qtr Ended | Qtr E |
|-----------|-----------|-------|
| 03/31/03 | 12/31/02 | 09/30 |

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SOURCES OF CASH:

| | | | | | | |
|---|----|--------|----|--------|----|---|
| Interest on bonds, other bond-related investments, other notes and loans | \$ | 24,848 | \$ | 22,596 | \$ | 2 |
| Interest on short-term investments | | 192 | | 264 | | |
| Loan servicing fees | | 1,909 | | 1,711 | | |
| Origination and syndication fees | | 2,571 | | 5,463 | | |
| Other income | | 4,998 | | 4,155 | | |
| Net gain on sales | | 951 | | 1,637 | | |

| | | | | | | |
|-----------------------|--|--------|--|--------|--|---|
| TOTAL SOURCES OF CASH | | 35,469 | | 35,826 | | 3 |
|-----------------------|--|--------|--|--------|--|---|

EXPENSES:

| | | | | | | |
|--------------------------|--|-------|--|-------|--|--|
| Interest expense | | 9,839 | | 9,899 | | |
| Salaries and benefits | | 5,966 | | 6,475 | | |
| Professional fees | | 989 | | 1,472 | | |
| Other operating expenses | | 1,825 | | 1,880 | | |
| Income taxes | | (560) | | (443) | | |

| | | | | | | |
|----------------|--|--------|--|--------|--|---|
| TOTAL EXPENSES | | 18,059 | | 19,283 | | 1 |
|----------------|--|--------|--|--------|--|---|

| | | | | | | |
|---------------------------------|--|--------|--|--------|--|---|
| CASH AVAILABLE FOR DISTRIBUTION | | 17,410 | | 16,543 | | 1 |
|---------------------------------|--|--------|--|--------|--|---|

LESS:

| | | | | | | |
|--|--|-------|--|-------|--|--|
| Cash allocable to preferred shareholders in a subsidiary company and term growth shares | | 2,994 | | 2,994 | | |
|--|--|-------|--|-------|--|--|

| | | | | | | |
|---|----|--------|----|--------|----|---|
| CASH AVAILABLE FOR DISTRIBUTION TO COMMON SHARES | \$ | 14,416 | \$ | 13,549 | \$ | 1 |
|---|----|--------|----|--------|----|---|

| | | | | | | |
|----------------------|----|------|----|------|----|--|
| CAD PER COMMON SHARE | \$ | 0.50 | \$ | 0.53 | \$ | |
|----------------------|----|------|----|------|----|--|

CALCULATION OF CASH DISTRIBUTION:

| | | | | | | |
|---|----|--------|----|--------|----|---|
| CASH AVAILABLE FOR DISTRIBUTION TO COMMON SHARES | \$ | 14,416 | \$ | 13,549 | \$ | 1 |
|---|----|--------|----|--------|----|---|

| | | | | | | |
|--------------------|----|--------|----|--------|----|---|
| ACTUAL AMOUNT PAID | \$ | 12,837 | \$ | 11,304 | \$ | 1 |
|--------------------|----|--------|----|--------|----|---|

| | | | | | | |
|--------------|--|-------|--|-------|--|--|
| PAYOUT RATIO | | 89.0% | | 83.4% | | |
|--------------|--|-------|--|-------|--|--|

| | | | | | | |
|---------------------------|--|------------|--|------------|--|-------|
| COMMON SHARES OUTSTANDING | | 28,846,327 | | 25,546,010 | | 25,34 |
|---------------------------|--|------------|--|------------|--|-------|

| | | | | | | |
|------------------------------------|----|--------|----|--------|----|---|
| CASH DISTRIBUTION PER COMMON SHARE | \$ | 0.4450 | \$ | 0.4425 | \$ | 0 |
|------------------------------------|----|--------|----|--------|----|---|

Note: Certain prior quarter amounts have been reclassified to conform to the 03/31/03 presentation.

CAD differs from net income because of variations between GAAP income and actual cash received. There are three primary differences between CAD and GAAP income. The first is the treatment of loan origination fees, which for CAD purposes are recognized as income when received but for GAAP purposes are amortized into income over the life of the associated investment. The second difference is the non-cash gain and loss recognized for GAAP associated with valuations, sales of investments and capitalization of mortgage servicing rights, which are not included in the calculation of CAD. The third difference is the treatment of the Company's investments in partnerships. For GAAP, the Company records its allocable share of the income (loss) from the partnership as

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income, while for CAD reporting, the Company records the cash distributions it receives from the partnership as income. For a reconciliation of GAAP net income to CAD, see page 9.

CAD per common share is calculated based on the number of shares outstanding at the end of each quarter. For GAAP, basic net income per share is calculated based on the weighted average shares outstanding during the period. The weighted average shares outstanding for diluted net income per share include the potential dilutive effect from the exercise of options, vesting of restricted shares, and provision for shares to be awarded under the Midland acquisition earn out provision.

MUNICIPAL MORTGAGE & EQUITY, LLC CONDENSED CONSOLIDATED BALANCE SHEETS (In thousands)

| | (unaudited) March 31, 2003 | Dece 2 |
|--|----------------------------------|---------------|
| | ----- | ----- |
| ASSETS: | | |
| Investment in tax-exempt bonds and residual interests in bond securitizations | \$ 812,287 | \$ |
| Loans receivable, net | 440,112 | |
| Investments in partnerships | 98,756 | |
| Investment in derivative financial instruments | 18,404 | |
| Cash, cash equivalents and interest receivable | 65,986 | |
| Other assets | 84,805 | |
| Goodwill | 33,589 | |
| | ----- | ----- |
| TOTAL | \$ 1,553,939 | \$ 1, |
| | ===== | ===== |
| LIABILITIES AND EQUITY: | | |
| Notes payable | \$ 381,073 | \$ |
| Short-term debt | 219,590 | |
| Long-term debt | 146,987 | |
| Residual interests in bond securitizations | 1,438 | |
| Investment in derivative financial instruments | 46,128 | |
| Current liabilities | 31,052 | |
| Preferred shareholders' equity in a subsidiary company | 160,465 | |
| Shareholders' equity | 567,206 | |
| | ----- | ----- |
| TOTAL | \$ 1,553,939 | \$ 1, |
| | ===== | ===== |
| BOOK VALUE PER COMMON SHARE | \$ 19.66 | \$ |
| | ===== | ===== |

MUNICIPAL MORTGAGE & EQUITY, LLC
2003 INVESTMENTS
FIRST QUARTER
(In thousands)

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BOND PRODUCTION:

| PROPERTY | CITY | STATE | PERMANENT INTEREST RATE |
|-------------------------------|-------------|-------|-------------------------------|
| Autumn Oaks/Thousand Oaks (1) | San Antonio | TX | 7.200% |
| Liberty Park (2) | Camden | NJ | 7.450% |
| TOTAL | | | |

(1) The Company earned a 1.00% origination fee on this deal.

(2) The Company's initial investment in these bonds was \$5.3 million. The Company earned a 1.25% origination fee on this deal.

CONSTRUCTION/PERMANENT LENDING, SYNDICATION AND OTHER PRODUCTION:

Tax Credit Equity Syndications (Equity Raised)

Tax Credit Lending Production

Conventional Equity Production

Taxable Construction Loan Production (generating
a weighted average spread of 1.18%)

Taxable Permanent Loan Production

Supplemental Loans

OTHER INFORMATION:

Balance as of 3/31/03 of Midland Servicing Portfolio
under Management

Balance as of 3/31/03 of Midland Equity Syndication
Portfolio under Management

MUNICIPAL MORTGAGE & EQUITY, LLC
PARTICIPATING BOND PORTFOLIO
NET OPERATING INCOME - TREND
As of March 31, 2003

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| Property ----- | Q1 2002 Actual ----- | Q4 2002 Actual ----- | Q1 2003 (2) Actual ----- |
|--------------------------------|----------------------------|----------------------------|--------------------------------|
| Alban | 275,263 | 239,695 | 250,336 |
| (1) Arlington | 0 | -10,989 | -2,315 |
| Barkley Place | 408,233 | 167,026 | 309,728 |
| (1) Barrington at Beach Street | 33,844 | 137,698 | 176,137 |
| Cobblestone | 171,316 | 165,532 | 152,517 |
| (1) Cool Springs | -99,615 | 31,961 | 37,840 |
| Creekside | 290,387 | 292,195 | 286,799 |
| Crossings | 166,016 | 153,686 | 193,113 |
| Gilman Meadows | 185,601 | 156,969 | 169,690 |
| Hamilton Grove | 238,469 | 178,965 | 174,555 |
| Jefferson Commons | 524,771 | 284,836 | 412,727 |
| Lakeview | 207,168 | 188,801 | 154,182 |
| Mallard I | 34,090 | 34,006 | 35,081 |
| Mallard II | 106,062 | 111,175 | 98,128 |
| Montclair | 398,527 | 259,291 | 341,713 |
| Newport Village | 280,354 | 216,901 | 208,174 |
| Nicollet Ridge | 339,652 | 357,517 | 379,039 |
| North Pointe | 582,135 | 558,835 | 641,338 |
| Palisades Park | 242,262 | 247,662 | 248,546 |
| Riverset I | 365,203 | 383,727 | 387,552 |
| Riverset II | 160,726 | 182,374 | 164,847 |
| Steeplechase Falls Meadows | 387,299 | 317,990 | 441,482 |
| Timber Ridge | 171,587 | 137,729 | 139,658 |
| Villas at LaRiviera | 159,811 | 149,129 | 139,260 |
| Whispering Lake | 238,384 | 254,038 | 229,933 |
| Winter Oaks | 290,339 | 332,708 | 320,967 |
| | 272,164 | 301,480 | 289,681 |
| Total | 6,430,050 | 5,830,937 | 6,380,707 |
| Same Store Growth | 6,495,820 | 5,672,267 | 6,169,045 |

- (1) In Lease-up. Quarterly totals are not included in Same Store Growth calculations.
(2) Q1 2003 represents two months actual, one month budget

| Apartment Community ----- | Month/Year Acquired ----- | Apartment Units ----- | Month Ended March 31, 2003 ----- |
|-------------------------------|---------------------------------|-----------------------------|---|
| Participating Mortgage Bonds: | | | |
| Alban Place | Sep-86 | 194 | 94.8% |
| Cobblestone | Aug-99 | 184 | 92.4% |
| Creekside Village | Nov-87 | 296 | 99.7% |
| Crossings | Jan-97 | 200 | 89.0% |
| Jefferson Commons | Dec-00 | 173 | 88.0% |
| Lakeview | Sep-87 | 180 | 96.1% |
| North Pointe | Sep-86 | 540 | 90.9% |

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| | | | |
|---|--------|-------|--------|
| Timber Ridge | Dec-00 | 168 | 96.4% |
| Villas at LaRiviera | Jun-99 | 199 | 91.0% |
| | | ----- | |
| Subtotal Participating Mortgage Bonds | | 2,134 | |
| | | ----- | |
| Mortgage Bonds | | | |
| Applewood (a.k.a. Paola) | Jul-99 | 48 | 97.9% |
| Buchanan Bay | Mar-01 | 228 | 89.0% |
| Charter House (2) | Dec-96 | ---- | N/A |
| Cielo Vista | Aug-99 | 378 | 90.5% |
| Country Club | Jul-99 | 101 | 85.1% |
| Delta Village | Jun-99 | 80 | 95.0% |
| Elmbrooke | Aug-00 | 54 | 100.0% |
| Florida A&M | Feb-00 | 96 | 86.5% |
| Gannon (Dade) (3) | Feb-98 | 799 | 96.7% |
| Gannon (St. Louis) | Feb-98 | 336 | 93.2% |
| Hidden Valley | Dec-96 | 82 | 92.7% |
| Honey Creek | Mar-99 | 656 | 97.7% |
| Hunter's Glen | Mar-01 | 383 | 74.4% |
| Lake Piedmont | Apr-98 | 648 | 88.4% |
| Monroe (Oakmont, Towne Oak) | Dec-98 | 364 | 97.5% |
| Mountain View (Willowgreen) | Nov-86 | 241 | 91.3% |
| Northridge Park II | Aug-87 | 128 | 90.6% |
| Oakbrook | Dec-96 | 170 | 100.0% |
| Oklahoma City (4) | Aug-98 | 774 | 95.2% |
| Orangevale | Apr-98 | 64 | 98.4% |
| Parkwood | Jun-99 | 180 | 99.4% |
| Riverset II (1) | Jan-96 | ---- | N/A |
| Riverview | Jun-00 | 228 | 97.8% |
| Sahuarita | Jun-99 | 52 | 86.5% |
| Santa Fe Springs | Jun-00 | 310 | 77.1% |
| Shadowbrook | Jun-99 | 193 | 98.4% |
| Silver Springs | Dec-99 | 250 | 90.0% |
| Southwind | Aug-00 | 88 | 100.0% |
| Torries Chase | Dec-96 | 99 | 100.0% |
| Village Apartments | May-00 | 210 | 96.7% |
| Village at Stone Mountain | Oct-97 | 722 | 88.9% |
| Village Green | Feb-00 | 200 | 87.0% |
| Weatherstone | Sep-00 | 100 | 86.0% |
| Western Hills | Dec-98 | 80 | 76.3% |
| Willow Key | Mar-99 | 384 | 95.8% |
| Woodglen | Dec-99 | 250 | 82.4% |
| Woodmark | Jun-99 | 173 | 97.7% |
| | | ----- | |
| Subtotal Mortgage Bonds | | 9,149 | |
| | | ----- | |
| Participating Subordinate Mortgage Bonds: | | | |
| Barkley Place | May-87 | 156 | 98.7% |
| Gilman Meadows | Mar-87 | 125 | 91.2% |
| Hamilton Chase | Feb-87 | 300 | 91.7% |
| Mallard Cove I & II | Feb-87 | 198 | 94.4% |
| Meadows | Jan-88 | 200 | 91.0% |
| Montclair | Oct-86 | 159 | 92.5% |
| Newport Village | Dec-86 | 220 | 85.5% |
| Nicollet Ridge | Dec-87 | 339 | 90.6% |
| Riverset II | Jan-96 | 148 | 90.0% |
| Steeplechase | Oct-88 | 450 | 94.0% |
| Whispering Lake | Oct-87 | 384 | 90.4% |
| | | ----- | |
| Subtotal Participating Subordinate Mortgage Bonds | | 2,679 | |
| | | ----- | |

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| Apartment Community | Month/Year Acquired | Apartment Units | Month Ended February 28, 2003 |
|---------------------------------------|------------------------|--------------------|--|
| Participating Mortgage Bonds: | | | |
| Alban Place | Sep-86 | 194 | 920 |
| Cobblestone | Aug-99 | 184 | 580 |
| Creekside Village | Nov-87 | 296 | 554 |
| Crossings | Jan-97 | 200 | 757 |
| Jefferson Commons | Dec-00 | 173 | 1,280 |
| Lakeview | Sep-87 | 180 | 711 |
| North Pointe | Sep-86 | 540 | 713 |
| Timber Ridge | Dec-00 | 168 | 496 |
| Villas at LaRiviera | Jun-99 | 199 | 704 |
| | | 2,134 | |
| Subtotal Participating Mortgage Bonds | | | |
| Mortgage Bonds | | | |
| Applewood (a.k.a. Paola) | Jul-99 | 48 | 518 |
| Buchanan Bay | Mar-01 | 228 | 716 |
| Charter House (2) | Dec-96 | ---- | N/A |
| Cielo Vista | Aug-99 | 378 | 387 |
| Country Club | Jul-99 | 101 | 445 |
| Delta Village | Jun-99 | 80 | 581 |
| Elmbrooke | Aug-00 | 54 | 1,103 |
| Florida A&M | Feb-00 | 96 | 1,378 |
| Gannon (Dade) (3) | Feb-98 | 799 | 758 |
| Gannon (St. Louis) | Feb-98 | 336 | 585 |
| Hidden Valley | Dec-96 | 82 | 557 |
| Honey Creek | Mar-99 | 656 | 546 |
| Hunter's Glen | Mar-01 | 383 | 580 |
| Lake Piedmont | Apr-98 | 648 | 486 |
| Monroe (Oakmont, Towne Oak) | Dec-98 | 364 | 488 |
| Mountain View (Willowgreen) | Nov-86 | 241 | 642 |
| Northridge Park II | Aug-87 | 128 | 1,017 |
| Oakbrook | Dec-96 | 170 | 452 |
| Oklahoma City (4) | Aug-98 | 774 | 487 |
| Orangevale | Apr-98 | 64 | 968 |
| Parkwood | Jun-99 | 180 | 475 |
| Riverset II (1) | Jan-96 | ---- | N/A |
| Riverview | Jun-00 | 228 | 653 |
| Sahuarita | Jun-99 | 52 | 551 |
| Santa Fe Springs | Jun-00 | 310 | 605 |
| Shadowbrook | Jun-99 | 193 | 494 |
| Silver Springs | Dec-99 | 250 | 773 |
| Southwind | Aug-00 | 88 | 716 |
| Torries Chase | Dec-96 | 99 | 514 |
| Village Apartments | May-00 | 210 | 568 |
| Village at Stone Mountain | Oct-97 | 722 | 760 |
| Village Green | Feb-00 | 200 | 633 |
| Weatherstone | Sep-00 | 100 | 801 |
| Western Hills | Dec-98 | 80 | 515 |
| Willow Key | Mar-99 | 384 | 696 |

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| | | | |
|---|--------|-------|-------|
| Woodglen | Dec-99 | 250 | 668 |
| Woodmark | Jun-99 | 173 | 680 |
| | | ----- | |
| Subtotal Mortgage Bonds | | 9,149 | |
| | | ----- | |
| Participating Subordinate Mortgage Bonds: | | | |
| Barkley Place | May-87 | 156 | 2,075 |
| Gilman Meadows | Mar-87 | 125 | 1,011 |
| Hamilton Chase | Feb-87 | 300 | 622 |
| Mallard Cove I & II | Feb-87 | 198 | 715 |
| Meadows | Jan-88 | 200 | 607 |
| Montclair | Oct-86 | 159 | 1,842 |
| Newport Village | Dec-86 | 220 | 844 |
| Nicollet Ridge | Dec-87 | 339 | 953 |
| Riverset II | Jan-96 | 148 | 714 |
| Steeplechase | Oct-88 | 450 | 608 |
| Whispering Lake | Oct-87 | 384 | 651 |
| | | ----- | |
| Subtotal Participating Subordinate Mortgage Bonds | | 2,679 | |
| | | ----- | |

| Apartment Community | Month/Year Acquired | Apartment Units | Month Ended March 31, 2003 |
|-------------------------------------|---------------------|-----------------|----------------------------|
| ----- | ----- | ----- | ----- |
| Subordinate Mortgage Bonds: | | | |
| CAPREIT | Sep-99 | ---- | N/A |
| Cinnamon Ridge | Jan-99 | ---- | N/A |
| Farmington Meadows | Aug-99 | 69 | 98.6% |
| Independence Ridge | Aug-96 | 336 | 71.1% |
| Locarno | Aug-96 | 110 | 86.4% |
| Olde English Manor | Nov-99 | ---- | N/A |
| Peaks of Conyer | Sep-01 | 260 | 85.0% |
| Rillito Village | Jul-00 | ---- | N/A |
| Winter Oaks | Nov-99 | 460 | 95.4% |
| | | ----- | |
| Subtotal Subordinate Mortgage Bonds | | 1,235 | |
| | | ----- | |
| Other Bond Related Investments: | | | |
| Briarwood | Dec-98 | 600 | 94.8% |
| Cinnamon Ridge | Dec-97 | 264 | 92.8% |
| Golfside Villas (f.k.a. Club West) | Mar-99 | 194 | 99.0% |
| Park at Landmark | Sep-00 | 396 | 94.2% |
| Poplar Glen | Jun-97 | 191 | 93.7% |
| RITES - Charter House | Dec-96 | 280 | 93.2% |
| RITES - Indian Lakes | Jul-97 | 296 | 73.0% |
| RITES - LaPaloma | Apr-99 | 120 | 100.0% |
| RITES - LeMirador (Coleman Senior) | Apr-98 | 141 | 89.4% |
| RITES - Museum Towers | Apr-01 | 286 | 94.1% |
| RITES - Olde English Manor | Jun-98 | 264 | 82.2% |
| RITES - Palisades Park | Feb-98 | 304 | 96.4% |
| RITES - Pavillion | Apr-99 | 132 | 99.2% |
| RITES - Queen Anne IV | Jul-98 | 110 | 82.7% |
| RITES - Rancho/Villas | May-00 | 417 | 86.6% |
| RITES - Rillito Village | Aug-98 | 272 | 91.2% |
| RITES - Riverset (1) | Aug-88 | 352 | 90.0% |

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| | | | |
|---|--------|--------|-------|
| rites - Riverset II (1) | Jan-96 | ---- | N/A |
| rites - Sienna (a.k.a. Italian Gardens) | Apr-98 | 140 | 91.4% |
| rites - Sonterra | May-98 | 156 | 90.4% |
| rites - Southgate Crossings | Jun-97 | 215 | 94.0% |
| rites - Southwood | Nov-97 | 1,286 | 74.2% |
| | | ----- | |
| Subtotal Other Bond Related Investments | | 6,416 | |
| | | ----- | |
| Total Units/Weighted Average Investments | | 21,613 | 90.4% |
| | | ===== | |
| | | | |
| Total/Same Stores (5) 2000 | | 21,025 | 90.5% |
| Total/Same Stores (5) 2001 | | 21,613 | 90.4% |
| | | | |
| Construction/Substantial Rehab Properties and Other Investments | | | |
| Arlington | Dec-00 | 176 | 31.8% |
| Autumn Oaks/Crest at Thousand Oaks | Feb-03 | 410 | N/A |
| Barrington at Beach Street | Oct-00 | 398 | 58.0% |
| Bedford Park | Oct-00 | 312 | 64.1% |
| CAPREIT Joint Venture (6) | Jun-02 | 6,279 | 94.2% |
| CAPREIT TERA (7) | Mar-01 | 2,942 | 93.8% |
| Chancellor | Nov-01 | 101 | N/A |
| Chancellor II | Mar-02 | 46 | N/A |
| City Views at Rosa Burney Park | Dec-02 | 180 | N/A |
| Cool Springs | Aug-00 | 124 | 53.2% |
| Coronel Village | Apr-02 | 48 | N/A |
| Fort Branch | Dec-00 | 250 | 69.2% |
| Hidden Brooks | Sep-01 | 201 | 84.6% |
| Jefferson at Town Lake | Dec-02 | 216 | N/A |
| Las Trojas | Mar-02 | 49 | N/A |
| Liberty Park Townhomes | Feb-03 | 184 | 72.3% |
| Lincoln Corner | Dec-01 | 134 | N/A |
| Meridian at Bridgewater | Nov-99 | 90 | 81.1% |
| Mountain View Village | Jun-02 | 220 | N/A |
| North White Road | Nov-01 | 157 | N/A |
| Oak Grove Commons | Dec-01 | 168 | N/A |
| Olathe Senior Residences | Dec-02 | 144 | N/A |
| Osborne Place Manor | Dec-02 | 50 | N/A |
| Penn Valley | Dec-01 | 42 | N/A |
| Sanger Trails | Dec-02 | 208 | N/A |
| Sycamore Senior Village | Jun-02 | 300 | N/A |
| Village at Sun Valley | May-00 | 276 | 89.1% |
| Walnut Tree | Mar-02 | 64 | N/A |
| | | ----- | |
| Subtotal Construction/Rehab Properties | | 13,769 | |
| | | ----- | |
| Total Units | | 35,382 | |
| | | ===== | |

| Apartment Community | Month/Year Acquired | Apartment Units | Month Ended February 28, 2003 |
|-----------------------------|------------------------|--------------------|--|
| ----- | ----- | ----- | ----- |
| Subordinate Mortgage Bonds: | | | |
| CAPREIT | Sep-99 | ---- | N/A |

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| | | | |
|---|--------|--------|-------|
| Cinnamon Ridge | Jan-99 | ---- | N/A |
| Farmington Meadows | Aug-99 | 69 | 814 |
| Independence Ridge | Aug-96 | 336 | 553 |
| Locarno | Aug-96 | 110 | 890 |
| Olde English Manor | Nov-99 | ---- | N/A |
| Peaks of Conyer | Sep-01 | 260 | 740 |
| Rillito Village | Jul-00 | ---- | N/A |
| Winter Oaks | Nov-99 | 460 | 550 |
| | | ----- | |
| Subtotal Subordinate Mortgage Bonds | | 1,235 | |
| | | ----- | |
| Other Bond Related Investments: | | | |
| Briarwood | Dec-98 | 600 | 630 |
| Cinnamon Ridge | Dec-97 | 264 | 937 |
| Golfside Villas (f.k.a. Club West) | Mar-99 | 194 | 617 |
| Park at Landmark | Sep-00 | 396 | 1,090 |
| Poplar Glen | Jun-97 | 191 | 976 |
| RITES - Charter House | Dec-96 | 280 | 625 |
| RITES - Indian Lakes | Jul-97 | 296 | 786 |
| RITES - LaPaloma | Apr-99 | 120 | 670 |
| RITES - LeMirador (Coleman Senior) | Apr-98 | 141 | 834 |
| RITES - Museum Towers | Apr-01 | 286 | 1,363 |
| RITES - Olde English Manor | Jun-98 | 264 | 492 |
| RITES - Palisades Park | Feb-98 | 304 | 553 |
| RITES - Pavillion | Apr-99 | 132 | 666 |
| RITES - Queen Anne IV | Jul-98 | 110 | 1,115 |
| RITES - Rancho/Villas | May-00 | 417 | 547 |
| RITES - Rillito Village | Aug-98 | 272 | 460 |
| RITES - Riverset (1) | Aug-88 | 352 | 694 |
| RITES - Riverset II (1) | Jan-96 | ---- | N/A |
| RITES - Sienna (a.k.a. Italian Gardens) | Apr-98 | 140 | 810 |
| RITES - Sonterra | May-98 | 156 | 863 |
| RITES - Southgate Crossings | Jun-97 | 215 | 987 |
| RITES - Southwood | Nov-97 | 1,286 | 494 |
| | | ----- | |
| Subtotal Other Bond Related Investments | | 6,416 | |
| | | ----- | |
| Total Units/Weighted Average Investments | | 21,613 | 689 |
| | | ===== | |
| | | | |
| Total/Same Stores (5) 2000 | | 21,025 | 688 |
| Total/Same Stores (5) 2001 | | 21,613 | 689 |
| | | | |
| Construction/Substantial Rehab Properties and Other Investments | | | |
| Arlington | Dec-00 | 176 | 1,388 |
| Autumn Oaks/Crest at Thousand Oaks | Feb-03 | 410 | N/A |
| Barrington at Beach Street | Oct-00 | 398 | 804 |
| Bedford Park | Oct-00 | 312 | 533 |
| CAPREIT Joint Venture (6) | Jun-02 | 6,279 | N/A |
| CAPREIT TERA (7) | Mar-01 | 2,942 | N/A |
| Chancellor | Nov-01 | 101 | N/A |
| Chancellor II | Mar-02 | 46 | N/A |
| City Views at Rosa Burney Park | Dec-02 | 180 | N/A |
| Cool Springs | Aug-00 | 124 | 1,919 |
| Coronel Village | Apr-02 | 48 | N/A |
| Fort Branch | Dec-00 | 250 | 737 |
| Hidden Brooks | Sep-01 | 201 | 1,034 |
| Jefferson at Town Lake | Dec-02 | 216 | N/A |
| Las Trojas | Mar-02 | 49 | N/A |
| Liberty Park Townhomes | Feb-03 | 184 | 358 |
| Lincoln Corner | Dec-01 | 134 | N/A |
| Meridian at Bridgewater | Nov-99 | 90 | N/A |

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| | | | |
|--|--------|--------|-----|
| Mountain View Village | Jun-02 | 220 | N/A |
| North White Road | Nov-01 | 157 | N/A |
| Oak Grove Commons | Dec-01 | 168 | N/A |
| Olathe Senior Residences | Dec-02 | 144 | N/A |
| Osborne Place Manor | Dec-02 | 50 | N/A |
| Penn Valley | Dec-01 | 42 | N/A |
| Sanger Trails | Dec-02 | 208 | N/A |
| Sycamore Senior Village | Jun-02 | 300 | N/A |
| Village at Sun Valley | May-00 | 276 | 675 |
| Walnut Tree | Mar-02 | 64 | N/A |
| | | ----- | |
| Subtotal Construction/Rehab Properties | | 13,769 | |
| | | ----- | |
| Total Units | | 35,382 | |
| | | ===== | |

- (1) The Company owns a participating bond, a participating subordinate bond and a RITES interest collateralized by the Riverset property.
- (2) The Company owns a non-participating bond and a RITES interest collateralized by the Charter House property.
- (3) The Dade Gannon Portfolio represents five properties.
- (4) The Oklahoma City Portfolio represents three properties.
- (5) Same Store includes only properties reporting for all three quarters.
- (6) CAPREIT Joint Venture represents twenty properties (not included previously in CAPREIT Portfolio).
- (7) The CAPREIT TERA Portfolio represents eleven properties.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned hereto duly authorized.

MUNICIPAL MORTGAGE & EQUITY, LLC

BY: /S/ William S. Harrison

 Name: William S. Harrison
 Title: Senior Vice President and
 Chief Financial Officer

DATE: April 22, 2003

Exhibit 99.2

PRESS RELEASE
 FOR IMMEDIATE RELEASE

Contact: Angela Richardson
 Investor Relations
 (888) 788-3863

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----- 25th Consecutive Increase in Dividend to Common Shares

BALTIMORE, MD, April 22, 2003 -- Municipal Mortgage & Equity, LLC (NYSE: MMA) today reported net income allocated to common shares of \$13.9 million for the quarter ended March 31, 2003, a decrease of 7% as compared to the same period in 2002. Diluted earnings per share were \$0.50 for the quarter, compared to \$0.62 for the same period in 2002.

Cash Available for Distribution ("CAD"), the primary measure of the Company's dividend paying ability, increased 16% for the quarter ended March 31, 2003 compared to the same period in 2002. CAD per common share increased 6% compared to the same period in 2002. The Board of Directors raised the quarterly dividend to common shares to \$0.4450, an increase of 2% over the same period in 2002.

MuniMae Chairman and CEO Mark K. Joseph, commenting on the results, stated, "The first quarter of every year has typically been the most difficult for us because the funding and development approvals our clients need are concentrated in the second half of the year. Given this, we are quite pleased to have increased our CAD per share 6% while raising MuniMae's dividend for the 25th consecutive quarter."

Summary Results - GAAP

The table below summarizes the Company's results for the first quarter of 2003 and the prior-year period:

| | First Quarter | | |
|---|---------------|--------|--------|
| | 2003 | 2002 | Change |
| | ----- | ----- | ----- |
| Net Income (\$ millions) | \$13.9 | \$15.0 | -7% |
| Net Income Allocated to Common Shares (\$ millions) | \$13.9 | \$14.9 | -7% |
| Basic Earnings/Common Share (\$) | \$0.51 | \$0.63 | -19% |
| Diluted Earnings/Common Share (\$) | \$0.50 | \$0.62 | -19% |

The attached condensed consolidated statements of income represent the GAAP results of operations of the Company for the three-month periods ended March 31, 2003 and 2002.

Summary Results - CAD

For the first quarter of 2003, CAD was \$17.4 million and CAD to common shares was \$14.4 million. The 2003 first quarter per share distribution to common shareholders of \$0.4450 represents a payout ratio of 89%. (The Company uses CAD as the primary measure of its current earnings and, consequently, its distribution-paying ability. CAD differs from net income because of variations between GAAP income and actual cash received. These variations are described in the note to the attached calculation of CAD statement.)

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| | First Quarter | | |
|-----------------------------|---------------|--------|--------|
| | 2003 | 2002 | Change |
| Total CAD (\$ millions) | \$17.4 | \$15.0 | 16% |
| CAD to Common (\$ millions) | 14.4 | 11.8 | 22% |
| CAD per Common Share (\$) | 0.50 | 0.47 | 6% |

A reconciliation of GAAP net income allocated to common shares to CAD to common shares is attached.

First Quarter Distribution

MuniMae's first quarter distribution to common shareholders of \$0.4450 annualizes to \$1.78 per share. Based on yesterday's closing share price of \$24.63, MuniMae common shares have an annualized yield to shareholders of 7.2%. Assuming the Company's income during the year is 85% exempt from Federal income tax, and assuming a 38.6% tax bracket, the taxable equivalent yield, absent the impact of capital gains, would be 11.1%.

About the Company

MuniMae and its subsidiaries originate, service and asset manage investments in multifamily debt and equity for its own account and on behalf of others. Assets under management total \$3.6 billion secured by 910 properties and 97,624 units in 48 states and the U.S. Virgin Islands. For its proprietary accounts, MuniMae primarily holds tax-exempt multifamily housing bonds. This on-balance sheet portfolio of tax-exempt bonds is secured by 145 properties containing 35,382 units in 27 states. For a portion of bonds, MuniMae participates in the performance of the underlying properties.

MuniMae is organized as a limited liability company. This structure allows MuniMae to combine the limited liability, governance and management characteristics of a corporation with the pass-through income features of a partnership. As a result, the tax-exempt income derived from certain investments remains tax-exempt when passed through to shareholders. Distributions to shareholders are declared quarterly and paid in February, May, August and November.

The calculation of Cash Available for Distribution is the basis for the determination of the Company's quarterly distributions to common shares, is used by securities analysts, and is presented as a supplemental measure of the Company's performance. The calculation is not approved by the Securities and Exchange Commission nor is it required by GAAP and should not be considered as an alternative to net income as an indicator of the Company's operating performance or as an alternative to cash flows as a measure of liquidity. The Company believes that Cash Available for Distribution provides relevant information about its operations and is necessary, along with net income, for understanding its operating results.

This press release contains statements which are forward looking in nature and reflect management's current views with respect to future events and financial performance. These statements are subject to many uncertainties and risks and should not be considered guarantees of future performance. Actual results may vary materially from projected results based on a number of factors, including

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the actual performance of the properties pledged as collateral for the portfolio, general conditions in the local real estate markets in which the properties are located and prevailing interest rates.

MUNIMAE: TAX-EXEMPT DIVIDENDS AND GROWTH THROUGH REAL ESTATE

www.munimaemidland.com

MUNICIPAL MORTGAGE & EQUITY, LLC
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except share and per share data)
(unaudited)

| | For the three March |
|--|------------------------|
| | 2003 |
| INCOME: | |
| Interest income | |
| Interest on bonds and residual interests in bond securitizations | \$ 15,985 |
| Interest on loans | 9,503 |
| Interest on short-term investments | 192 |
| Total interest income | 25,680 |
| Fee income | |
| Syndication fees | 1,411 |
| Origination fees | 698 |
| Loan servicing fees | 1,909 |
| Asset management and advisory fees | 1,076 |
| Other income | 2,197 |
| Total fee income | 7,291 |
| Net gain on sales | 1,278 |
| Total income | 34,249 |
| EXPENSES: | |
| Interest expense | 10,368 |
| Salaries and benefits | 5,966 |
| General and administrative | 1,656 |
| Professional fees | 989 |
| Amortization of mortgage servicing rights and other intangibles | 389 |
| Total expenses | 19,368 |
| Net holding gains on derivatives | 2,873 |
| Impairments and valuation allowances related to investments | - |
| Net losses from equity investments in partnerships | (747) |

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| | | |
|--|----|------------|
| Income tax expense | | (68) |
| Income allocable to preferred shareholders in a subsidiary company | | (2,994) |
| Net income | \$ | 13,945 |
| LESS: | | |
| Net income allocable to term growth shares | | - |
| Net income allocated to common shares | \$ | 13,945 |
| EARNINGS PER COMMON SHARE: | | |
| Basic earnings per common share: | | |
| Basic earnings per common share | | \$ 0.51 |
| Weighted average common shares outstanding | | 27,342,870 |
| Diluted earnings per share: | | |
| Diluted earnings per common share | | \$ 0.50 |
| Weighted average common shares outstanding | | 27,681,511 |

MUNICIPAL MORTGAGE & EQUITY, LLC
RECONCILIATION OF GAAP NET INCOME TO CASH AVAILABLE FOR DISTRIBUTION
(In thousands)
(unaudited)

| | Qtr Ended 03/31/03 | Qtr Ended 03/31/02 |
|--|-----------------------|-----------------------|
| | ----- | ----- |
| INCOME: | | |
| Interest income | | |
| Interest on bonds and residual interests in bond securitizations | \$ 15,985 | \$ 15,162 |
| Interest on loans | 9,503 | 8,430 |
| Interest on short-term investments | 192 | 487 |
| Total interest income | 25,680 | 24,079 |
| Fee income | | |
| Syndication fees | 1,411 | 1,618 |
| Origination fees | 698 | 1,089 |
| Loan servicing fees | 1,909 | 1,908 |
| Asset management and advisory fees | 1,076 | 867 |
| Other income | 2,197 | 1,145 |
| Total fee income | 7,291 | 6,627 |
| Net gain on sales | 1,278 | 2,166 |
| Total income | 34,249 | 32,872 |
| EXPENSES: | | |
| Interest expense | 10,368 | 8,972 |
| Salaries and benefits | 5,966 | 4,827 |

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| | | |
|--|------------|------------|
| General and administrative | 1,656 | 1,726 |
| Professional fees | 989 | 637 |
| Amortization of mortgage servicing rights and other intangibles | 389 | 318 |
| | ----- | ----- |
| Total expenses | 19,368 | 16,480 |
| | ----- | ----- |
| Net holding gains on derivatives | 2,873 | 3,112 |
| Impairments and valuation allowances related to investments | - | (110) |
| Net losses from equity investments in partnerships | (747) | (323) |
| Income tax expense | (68) | (1,031) |
| Income allocable to preferred shareholders in a subsidiary company | (2,994) | (2,994) |
| | ----- | ----- |
| Net income | \$ 13,945 | \$ 15,046 |
| | ===== | ===== |
| LESS: | | |
| Net income allocable to term growth shares | - | 153 |
| | ----- | ----- |
| Net income allocated to common shares - GAAP Basis | \$ 13,945 | \$ 14,893 |
| | ===== | ===== |
| Conversion to Cash Available for Distribution: | | |
| (1)Mark to market adjustments | \$ (2,873) | \$ (3,112) |
| (2)Equity investments | 2,409 | 440 |
| (3)Net gain on sales | (327) | (2,126) |
| (3)Amortization of capitalized mortgage servicing fees | 352 | 318 |
| (4)Origination fees and other income, net | 282 | 673 |
| (5)Valuation allowances and other-than-temporary impairments | - | 110 |
| (6)Deferred tax expense | 628 | 617 |
| | ----- | ----- |
| Cash Available for Distribution (CAD) | \$ 14,416 | \$ 11,813 |
| | ===== | ===== |

Notes

(1) For GAAP reporting, the Company records the non-cash change in fair value of its investment in interest rate swaps and other derivative financial instruments through net income. These non-cash gains and losses are not included in the Company's calculation of CAD.

(2) For GAAP reporting, the Company accounts for various investments in partnerships using the equity accounting method. As a result, the Company's allocable share of the income or loss from the partnerships is reported in income (losses) from equity investments in partnerships. The income from these partnerships includes depreciation expense and changes in the fair value of investments in derivatives. For GAAP reporting, distributions are treated as a return of capital. For CAD reporting, the Company records the cash distributions it receives from the partnerships as other income.

(3) For GAAP reporting, the Company recognizes non-cash gains and losses associated with the sale of assets or capitalization of mortgage servicing rights. The capitalized mortgage servicing rights are amortized into expense over the estimated life of the serviced loans. The non-cash gains and the associated amortization expense are not included in CAD.

(4) Origination fees and certain other income amounts are recognized as income when received for CAD purposes, but for GAAP reporting these items are deferred and amortized into income over the life of the associated investment. This adjustment represents the net difference, for the relevant period, between fees taken into income when received for CAD and the amortization of fees recorded for GAAP.

(5) For GAAP reporting, the Company records valuation allowances and other-than-temporary impairments on its investments in loans, bonds and other

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bond-related investments. Such non-cash charges do not affect the cash flow generated from the operation of the underlying properties, distributions to shareholders, or the tax-exempt status of the income of the financial obligation under the bonds. Therefore, these items are not included in the calculation of CAD.

(6) For GAAP reporting, the Company's income tax expense contains both a current and a deferred component. Only the Company's current income tax expense is reflected in CAD.

MUNICIPAL MORTGAGE & EQUITY, LLC
 CALCULATION OF CASH AVAILABLE FOR DISTRIBUTION
 (In thousands, except share and per share data)
 (unaudited)

| | | For the t Ma |
|---|----|-----------------|
| | | ----- |
| | | 2003 |
| | | ----- |
| SOURCES OF CASH: | | |
| Interest on bonds, residual interests in bond securitizations and loans | \$ | 24,848 |
| Interest on short-term investments | | 192 |
| Loan servicing fees | | 1,909 |
| Origination and syndication fees | | 2,571 |
| Other income | | 4,998 |
| Net gain on sales | | 951 |
| | | ----- |
| TOTAL SOURCES OF CASH | | 35,469 |
| | | ----- |
| EXPENSES: | | |
| Interest expense | | 9,839 |
| Salaries and benefits | | 5,966 |
| Professional fees | | 989 |
| General and administrative | | 1,825 |
| Income taxes | | (560) |
| | | ----- |
| TOTAL EXPENSES | | 18,059 |
| | | ----- |
| CASH AVAILABLE FOR DISTRIBUTION | | 17,410 |
| | | ----- |
| LESS: | | |
| Cash allocable to preferred shareholders in a subsidiary company and term growth shares | | 2,994 |
| | | ----- |
| CASH AVAILABLE FOR DISTRIBUTION TO COMMON SHARES | \$ | 14,416 |
| | | ===== |
| CAD PER COMMON SHARE | \$ | 0.50 |
| | | ===== |
| CALCULATION OF CASH DISTRIBUTION: | | |
| CASH AVAILABLE FOR DISTRIBUTION | | |

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| | | |
|------------------------------------|----|------------|
| TO COMMON SHARES | \$ | 14,416 |
| | | |
| ACTUAL AMOUNT PAID | \$ | 12,837 |
| | | |
| PAYOUT RATIO | | 89.0 |
| | | |
| COMMON SHARES OUTSTANDING | | 28,846,327 |
| | | |
| CASH DISTRIBUTION PER COMMON SHARE | \$ | 0.4450 |
| | | |

CAD differs from net income because of variations between GAAP income and actual cash received. There are three primary differences between CAD and GAAP income. The first is the treatment of loan origination fees, which for CAD purposes are recognized as income when received but for GAAP purposes are amortized into income over the life of the associated investment. The second difference is the non-cash gain and loss recognized for GAAP associated with valuations, sales of investments and capitalization of mortgage servicing rights, which are not included in the calculation of CAD. The third difference is the treatment of the Company's investments in partnerships. For GAAP, the Company records its allocable share of the income (loss) from the partnership as income, while for CAD reporting, the Company records the cash distributions it receives from the partnership as income.

CAD per common share is calculated based on the number of shares outstanding at the end of each quarter. For GAAP, basic net income per share is calculated based on the weighted average shares outstanding during the period. The weighted average shares outstanding for diluted net income per share include the potential dilutive effect from the exercise of options, vesting of restricted shares, and provision for shares to be awarded under the Midland acquisition earn out provision.

MUNICIPAL MORTGAGE & EQUITY, LLC CONDENSED CONSOLIDATED BALANCE SHEETS (In thousands)

| | (unaudited) | |
|--|--------------|-------|
| | March 31, | Decem |
| | 2003 | 2 |
| | ----- | ----- |
| ASSETS: | | |
| Investment in tax-exempt bonds and residual interests in bond securitizations | \$ 812,287 | \$ |
| Loans receivable, net | 440,112 | |
| Investments in partnerships | 98,756 | |
| Investment in derivative financial instruments | 18,404 | |
| Cash, cash equivalents and interest receivable | 65,986 | |
| Other assets | 84,805 | |
| Goodwill | 33,589 | |
| | ----- | ----- |
| TOTAL | \$ 1,553,939 | \$ 1, |
| | ===== | ===== |

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LIABILITIES AND EQUITY:

| | | | |
|--|----|-----------|-------|
| Notes payable | \$ | 381,073 | \$ |
| Short-term debt | | 219,590 | |
| Long-term debt | | 146,987 | |
| Residual interests in bond securitizations | | 1,438 | |
| Investment in derivative financial instruments | | 46,128 | |
| Current liabilities | | 31,052 | |
| Preferred shareholders' equity in a subsidiary company | | 160,465 | |
| Shareholders' equity | | 567,206 | |
| | | ----- | ----- |
| TOTAL | \$ | 1,553,939 | \$ 1, |
| | | ===== | ===== |

EXHIBIT 99.3

PRESS RELEASE
FOR IMMEDIATE RELEASE

Contact: Angela Richardson
Investor Relations
(888) 788-3863

MuniMae Structures \$154 Million of Multifamily Financing And Raises \$107 Million in Capital During First Quarter

BALTIMORE, MD, April 22, 2003 -- Municipal Mortgage & Equity, LLC (NYSE: MMA), announced today that it structured \$154 million of financing for multifamily housing during the first quarter of 2003. In addition, the Company raised \$35 million in tax credit equity and, as previously announced, \$72 million in common equity.

Mark K. Joseph, Chairman of the Board and CEO of MuniMae commented, "The equity markets continue to be supportive of our business. We are appreciative that so many parties have entrusted their equity funds with MuniMae. Our \$154 million of origination volume gives us a good start for 2003."

Mr. Joseph added, "As in past years, we expect production to be back-end loaded with our output ramping up over the next three quarters to meet our 2003 goal of \$1.5 billion. This follows the affordable housing development cycle where tax credits, state loans and tax-exempt bonds are usually awarded mid to late in the year. As these allocations are awarded to our clients over the course of the year, MuniMae will be there to serve their debt and equity needs."

Investment Activity Summary -----

Highlights of first quarter 2003 origination activity include:

| | | First Quarter Volume (in millions) |
|---|----|---------------------------------------|
| | | ----- |
| Taxable Construction/Permanent Lending | \$ | 75.8 |
| Tax-exempt Bonds Construction/Permanent | | 32.1 |
| Supplemental Loans | | 16.8 |
| Equity Investments | | 29.1 |
| | | ----- |
| Total | | \$153.8 |

=====

Capital Raising Activity Summary

In the first quarter of 2003, the Company participated in two capital raising transactions. First, a common equity offering raised net proceeds of \$72 million, including the underwriters' over-allotment option, for future investment opportunities. Second, the Company raised \$35 million of tax credit equity, representing a 9% increase over the same period in 2002, from four third-party investors.

About the Company

MuniMae and its subsidiaries originate, service and asset manage investments in multifamily debt and equity for its own account and on behalf of others. Assets under management total \$3.6 billion secured by 910 properties and 97,624 units in 48 states and the US Virgin Islands. For its proprietary accounts, MuniMae primarily holds tax-exempt multifamily housing bonds. This on-balance sheet portfolio of tax-exempt bonds is secured by 145 properties containing 35,382 units in 27 states. MuniMae participates, for a portion of the bonds, in the performance of the underlying properties.

MuniMae is organized as a limited liability company, which makes it exempt from tax at the corporate level and provides the benefit of corporate governance. In addition, the Company passes through to its shareholders primarily tax-exempt dividends, which are generated by its municipal bond investments. Dividends to shareholders are declared quarterly and paid in February, May, August and November.

This press release contains statements which are forward looking in nature and reflect management's current views with respect to future events and financial performance. These statements are subject to many uncertainties and risks and should not be considered guarantees of future performance. Actual results may vary materially from projected results based on a number of factors, including the actual performance of the properties pledged as collateral for the portfolio, general conditions in the local real estate markets in which the properties are located and prevailing interest rates.

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