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MUNICIPAL MORTGAGE & EQUITY LLC

Form 8-K/A

August 13, 2003

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

FORM 8-K/A

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

July 17, 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 or organization)	011-11981 (Commission File Number)	52-1449733 (I.R.S. Employer Identification No.)
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218 North Charles Street, Suite 500, Baltimore, Maryland (Address of Principal Executive Offices)	21201 (Zip Code)
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(443) 263-2900
(Registrant's Telephone Number, including Area Code)

Exhibit 99.1 to this Form 8-K/A amends and restates Exhibit 99.1 to the Form 8-K filed by Municipal Mortgage & Equity, LLC on July 17, 2003.

Item 7. Financial Statements and Exhibits.

(c) Exhibits.

Exhibit No.	Description of Document
99.1	Earnings Package, dated June 30, 2003
99.2	Earnings Press Release and Financial Statements, dated June 30, 2003
99.3	Production Press Release, dated June 30, 2003

Item 12. Results of Operations and Financial Condition.

On July 17, 2003, Municipal Mortgage & Equity, LLC (the "Company"), distributed an earnings package to Analysts relating to the Company's financial

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performance for the quarter ended June 30, 2003. A copy of the package, dated June 30, 2003, is attached hereto as Exhibit 99.1.

On July 17, 2003, the Company distributed an earnings press release and financial statements relating to the Company's financial performance for the quarter ended June 30, 2003. A copy of the press release and financial statements, dated June 30, 2003, is attached hereto as Exhibit 99.2.

On July 17, 2003, the Company distributed a production press release relating to the Company's production volume for the quarter ended June 30, 2003. A copy of the press release, dated June 30, 2003, is attached hereto as Exhibit 99.3.

Exhibit 99.1

MUNICIPAL MORTGAGE AND EQUITY, LLC

EARNINGS PACKAGE

QUARTER ENDED JUNE 30, 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 months end June 30,	
	2003	2002
INCOME:		
Interest income		
Interest on bonds and residual interests in bond securitizations	\$ 13,929	\$ 15,3
Interest on loans	7,563	8,5
Interest on short-term investments	332	2
Total interest income	21,824	24,2
Fee income		
Syndication fees	1,825	2,3
Origination fees	2,219	1,5
Loan servicing fees	1,838	1,6
Asset management and advisory fees	1,198	1,0
Other income	3,309	1,2
Total fee income	10,389	7,8
Net gain on sales	1,453	7
Total income	33,666	32,7
EXPENSES:		
Interest expense	8,724	8,4
Salaries and benefits	8,671	5,9
General and administrative	2,113	1,6
Professional fees	877	1,9
Amortization of mortgage servicing rights and other intangibles	414	3
Total expenses	20,799	18,4
Net holding gains (losses) on derivatives	(2,449)	(7,7
Impairments and valuation allowances related to investments	(1,144)	
Net gains (losses) from equity investments in partnerships	(1,606)	
Income tax benefit (expense)	540	(8

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Income allocable to preferred shareholders and minority interests in subsidiary companies	(2,854)	(2,9
	5,354	2,9
Net income from continuing operations	25,748	
Discontinued operations	\$ 31,102	\$ 2,9
Net Income	-	-
LESS:		
Net income allocable to term growth shares	-	
Net income allocated to common shares	\$ 31,102	\$ 2,9
EARNINGS PER COMMON SHARE:		
Basic earnings per common share:		
Net income from continuing operations	\$ 0.19	\$ 0.
Discontinued operations	0.89	
Basic earnings per common share	\$ 1.08	\$ 0.
Weighted average common shares outstanding	28,857,305	25,252,1
Diluted earnings per common share:		
Net income from continuing operations	\$ 0.18	\$ 0.
Discontinued operations	0.88	
Diluted earnings per common share	\$ 1.06	\$ 0.
Weighted average common shares outstanding	29,213,062	25,835,8

VARIANCE ANALYSIS FOR GAAP

2nd Quarter 2003 Compared to 2nd Quarter 2002:

Total income for the second quarter of 2003 increased \$0.9 million over the same period last year due primarily to the following changes: (1) a \$2.1 million increase in other income due primarily to: (i) a \$1.0 million fee collected on a conventional equity deal; (ii) \$0.8 million collected as the result of a collateral release after the sale of a property; (iii) \$0.8 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 \$0.8 million increase in net gain on sales due to the termination of interest rate swaps; (3) a \$0.7 million increase in origination fees due to increased volume; and (4) a \$2.5 million decrease in accrual of interest on bonds, residual interests in bond securitizations and loans.

Total expenses for the second quarter increased \$2.4 million over the same period last year due primarily to the following changes: (1) a \$2.7 million increase in salaries and benefits resulting from a \$0.8 million increase in salaries and other compensation and a \$2.0 million increase in bonus expense; (2) a \$0.4 million increase in general and administrative expenses due primarily to: (i) increases totaling \$0.3 million due to telephone, bank fees, memberships and dues and costs related to the integration of HCI; and (ii) a \$0.1 million increase in travel and entertainment; (3) a \$0.2 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; and (4) a \$1.1 million decrease in professional fees due primarily to: (i) a \$0.5 million decrease in commission expense; and (ii) a \$0.4 million decrease in legal fees due to information systems and other corporate initiatives in the prior year. Commission expense is no longer

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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 recorded net holding losses of \$2.4 million for the change in market value of the Company's derivative financial instruments, which is a \$5.3 million decrease from the same period of 2002 due primarily to the termination of interest rate swaps. The Company recorded impairments totaling \$1.1 million on one bond and three taxable loans. Losses from equity investments totaled \$1.6 million, which is a \$1.7 million increase from the same period of 2002 due to losses from the CAPREIT Tera investment and warehoused tax credit equity properties. The Company also recorded \$0.5 million in income tax benefit. Income tax expense decreased \$1.4 million from the same period in 2002 primarily as a result of taxable losses generated by the CAPREIT investments.

The Company also recorded \$25.7 million in discontinued operations resulting from the sale of a property that was previously held by the Company.

Year-to-Date 2003 Compared to Year-to-Date 2002:

Total income for the six months ended June 30, 2003 increased \$2.3 million over the same period last year due primarily to the following changes: (1) a \$3.1 million increase in other income due primarily to: (i) \$1.6 million in fees collected on a conventional equity deal; (ii) \$1.7 million in prepayment fees collected from the early payment of tax-exempt bond investments; (iii) \$0.8 million collected as the result of a collateral release after the sale of a property; and (iv) a \$1.0 million decrease in commission income; and (2) a \$0.8 million decrease in syndication fees due to a decrease in the volume of syndications closed combined with 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 2003.

Total expenses for the six months ended June 30, 2003 increased \$5.4 million over the same period last year due primarily to the following changes: (1) a \$3.9 million increase in salaries and benefits resulting from a \$1.0 million increase in salaries and other compensation and a \$2.9 million increase in bonus expense; (2) a \$1.6 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; (3) a \$0.5 million increase in general and administrative expenses due primarily to: (i) increases totaling \$0.4 million due to telephone, bank fees, letter of credit fees, memberships and dues and costs related to the integration of HCI; and (ii) a \$0.1 million increase in investment acquisition expenses; and (4) a \$0.7 million decrease in professional fees due primarily to: (i) a \$1.0 million decrease in commission expense and (ii) a \$0.3 million increase in consulting fees due to an internal controls project and research related to the HCI acquisition.

The Company recorded net holding losses of \$0.4 million for the change in market value of the Company's derivative financial instruments, which is a \$5.0 million decrease from the \$4.6 million of losses recorded in 2002 due primarily to the termination of interest rate swaps. The Company recorded impairments totaling \$1.1 million on one bond and three taxable loans. Losses from equity investments totaled \$2.4 million, which is a \$2.1 million increase from the same period of 2002 due to losses from the CAPREIT Tera investment and warehoused tax credit equity properties. The Company also recorded \$0.5 million in income tax benefit. Income tax expense decreased \$2.3 million from 2002 primarily as a result of taxable losses generated by the CAPREIT investments.

The Company also recorded \$25.7 million in discontinued operations resulting from the sale of a property that was previously held by the Company.

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

INCOME:	Qtr Ended 06/30/03	Qtr Ended 03/31/03	Qtr Ended 12/31/02
	-----	-----	-----
Interest income			
Interest on bonds and residual interests in bond securitizations	\$ 13,929	\$ 15,985	\$ 13,9
Interest on loans	7,563	9,503	9,1
Interest on short-term investments	332	192	2
	-----	-----	-----
Total interest income	21,824	25,680	23,4
	-----	-----	-----
Fee income			
Syndication fees	1,825	1,411	2,4
Origination fees	2,219	698	2,0
Loan servicing fees	1,838	1,909	1,7
Asset management and advisory fees	1,198	1,076	1,0
Other income	3,309	2,197	1,1
	-----	-----	-----
Total fee income	10,389	7,291	8,3
	-----	-----	-----
Net gain on sales	1,453	1,278	5,0
	-----	-----	-----
Total income	33,666	34,249	36,7
	-----	-----	-----
EXPENSES:			
Interest expense	8,724	10,368	10,3
Salaries and benefits	8,671	5,966	6,4
General and administrative	2,113	1,825	1,8
Professional fees	877	989	1,4
Amortization of mortgage servicing rights and other intangibles	414	389	3
	-----	-----	-----
Total expenses	20,799	19,537	20,5
	-----	-----	-----
Net holding gains (losses) on derivatives	(2,449)	2,873	(3
Impairments and valuation allowances related to investments	(1,144)	-	(6
Net gains (losses) from equity investments in partnerships	(1,606)	(747)	(1,3
Income tax benefit (expense)	540	(68)	(2
Income allocable to preferred shareholders and minority interests in subsidiary companies	(2,854)	(2,825)	(2,9
	-----	-----	-----
Net income from continuing operations	5,354	13,945	10,7
Discontinued operations	25,748	-	-
	-----	-----	-----
Net income allocated to common shares	\$ 31,102	\$ 13,945	\$ 10,7
	=====	=====	=====
EARNINGS PER COMMON SHARE:			
Basic earnings per common share:			
Net income from continuing operations	\$ 0.19	\$ 0.51	\$ 0.
Discontinued operations	0.89	-	-

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Basic earnings per common share	\$ 1.08	\$ 0.51	\$ 0.
Weighted average common shares outstanding	28,857,305	27,342,870	25,426,2
Diluted earnings per common share:			
Net income from continuing operations	\$ 0.18	\$ 0.50	\$ 0.
Discontinued operations	0.88	-	
Diluted earnings per common share	\$ 1.06	\$ 0.50	\$ 0.
Weighted average common shares outstanding	29,213,062	27,681,511	25,917,6

Note: Certain prior quarter amounts have been reclassified to conform to the 06/30/03 presentation

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

	For the three months ended June 30, 2003			For the t
	Income	Shares	Per Share	Income
(Numerator) (Denominator) Amount	(Numerator)	(Denominator)	Amount	
(in thousands, except share and per share data)				
Basic EPS				
Net income from continuing operations	\$ 5,354		\$ 0.19	\$ 2,9
Discontinued operations	25,748		0.89	
Income allocable to common shares	\$ 31,102	28,857,305	\$ 1.08	\$ 2,9
Effect of Dilutive Securities				
Options and deferred shares		355,757		
Earnings contingency		-		
Diluted EPS				
Net income from continuing operations	\$ 5,354		\$ 0.18	\$ 2,9
Discontinued operations	25,748		0.88	
Income allocable to common shares plus assumed conversions	\$ 31,102	29,213,062	\$ 1.06	\$ 2,9
For the six months ended June 30, 2003				
	Income	Shares	Per Share	Income
(Numerator) (Denominator) Amount	(Numerator)	(Denominator)	Amount	
(in thousands, except share and per share data)				

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Basic EPS

Net income from continuing operations	\$ 19,299		\$ 0.69	\$ 17,8
Discontinued operations	25,748		0.91	
	-----		-----	-----
Income allocable to common shares	\$ 45,047	28,104,281	\$ 1.60	\$ 17,8
	=====		=====	=====

Effect of Dilutive Securities

Options and deferred shares 347,199

Earnings contingency -----

Diluted EPS

Net income from continuing operations	\$ 19,299		\$ 0.68	\$ 17,8
Discontinued operations	25,748		0.90	
	-----		-----	-----
Income allocable to common shares plus assumed conversions	\$ 45,047	28,451,480	\$ 1.58	\$ 17,8
	=====	=====	=====	=====

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

INCOME:	Qtr Ended 06/30/03	Qtr Ended 03/31/03	Qtr Ended 12/31/02
	-----	-----	-----
Interest income			
Interest on bonds and residual interests in bond securitizations	\$ 13,929	\$ 15,985	\$ 13,95
Interest on loans	7,563	9,503	9,19
Interest on short-term investments	332	192	26
	-----	-----	-----
Total interest income	21,824	25,680	23,41
	-----	-----	-----
Fee income			
Syndication fees	1,825	1,411	2,45
Origination fees	2,219	698	2,02
Loan servicing fees	1,838	1,909	1,71
Asset management and advisory fees	1,198	1,076	1,01
Other income	3,309	2,197	1,13
	-----	-----	-----
Total fee income	10,389	7,291	8,33
	-----	-----	-----
Net gain on sales	1,453	1,278	5,03
	-----	-----	-----
Total income	33,666	34,249	36,77
	-----	-----	-----
EXPENSES:			
Interest expense	8,724	10,368	10,36
Salaries and benefits	8,671	5,966	6,47
General and administrative	2,113	1,825	1,88
Professional fees	877	989	1,47

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Amortization of mortgage servicing rights and other intangibles	414	389	32
	20,799	19,537	20,52
Total expenses			
Net holding gains (losses) on derivatives	(2,449)	2,873	(33)
Impairments and valuation allowances related to investments	(1,144)	-	(62)
Net gains (losses) from equity investments in partnerships	(1,606)	(747)	(1,34)
Income tax benefit (expense)	540	(68)	(26)
Income allocable to preferred shareholders and minority interests in subsidiary companies	(2,854)	(2,825)	(2,95)
	5,354	13,945	10,746
Net income from continuing operations			
Discontinued operations	25,748	-	
	\$ 31,102	\$ 13,945	\$ 10,74
Conversion to Cash Available for Distribution:			
(1) Mark to market adjustments	\$ 2,449	\$ (2,873)	\$ 33
(2) Equity investments	3,181	2,409	2,83
(3) Net gain on sales	(10,486)	(327)	(3,39)
(3) Amortization of capitalized mortgage servicing fees	414	352	32
(4) Origination fees and other income, net	1,335	282	1,37
(5) Valuation allowances and other-than-temporary impairments	1,097	-	62
(6) Deferred tax expense	984	628	70
(7) Discontinued operations	(25,748)	-	
(7) Interest income	10,793	-	
	\$ 15,121	\$ 14,416	\$ 13,54
Cash Available for Distribution (CAD)			

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. In addition, a portion of the income or loss from partnerships is reduced by a minority interest for both GAAP and CAD.
- (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.

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- (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.
- (7) For GAAP reporting, the Company recognized a gain upon the sale of a property. This gain was required to be classified as discontinued operations because the Company owned the property prior to the sale. For CAD reporting, the gain was significantly less due to recording a portion of the proceeds as interest income. In addition, the carrying value of the tax-exempt bond associated with the property was significantly more for CAD due to an impairment previously recognized for GAAP.

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

	For the three months ended June 30,	
	2003	2002
SOURCES OF CASH:		
Interest on bonds, residual interests in bond securitizations and loans	\$ 31,597	\$ 23,300
Interest on short-term investments	332	2
Syndication fees	1,825	2,300
Origination fees	2,711	3,000
Loan servicing fees	1,835	1,600
Asset management and advisory fees	1,198	1,000
Distributions from equity investments in partnerships	1,716	1,000
Other income	4,221	1,200
Net gain (loss) on sales	(9,033)	1,000
TOTAL SOURCES OF CASH	36,402	33,200
EXPENSES:		
Interest expense	8,102	7,900
Salaries and benefits	8,671	5,900
Professional fees	877	1,900
General and administrative	2,113	1,600
Loan loss expense	47	0
Income tax expense (benefit)	(1,524)	300
TOTAL EXPENSES	18,286	17,800
CASH AVAILABLE FOR DISTRIBUTION	18,116	15,300
LESS:		
Cash allocable to preferred shareholders and term growth shares,		

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including preferred shareholders in a subsidiary company	2,995	2,9
	-----	-----
CASH AVAILABLE FOR DISTRIBUTION TO COMMON SHARES	\$ 15,121	\$ 12,3
	=====	=====
CAD PER COMMON SHARE	\$ 0.52	\$ 0.
	=====	=====
CALCULATION OF CASH DISTRIBUTION:		
CASH AVAILABLE FOR DISTRIBUTION TO COMMON SHARES	\$ 15,121	\$ 12,3
	=====	=====
ACTUAL AMOUNT PAID	\$ 12,903	\$ 11,0
	=====	=====
PAYOUT RATIO	85.3%	89
	=====	=====
COMMON SHARES OUTSTANDING	28,832,443	25,308,0
	=====	=====
CASH DISTRIBUTION PER COMMON SHARE	\$ 0.4475	\$ 0.43
	=====	=====

The primary differences between Net Income as calculated under generally accepted accounting principles ("GAAP") and Cash Available For Distribution ("CAD") result from the timing of income and expense recognition and non-cash events. These differences between CAD and GAAP income include the treatment of loan origination fees, which for CAD purposes are recognized when received but for GAAP purposes are amortized over the life of the associated loan. In addition, there are differences related to non-cash gains and losses associated with bond valuations and sales, non-cash gains and losses associated with changes in market value of derivative financial instruments, amortization of goodwill and intangibles and capitalization of mortgage servicing rights, net of deferred taxes for GAAP purposes, which are not included in the calculation of CAD.

The common shares outstanding reported for Cash Available for Distribution are the actual shares outstanding at the end of the quarter. For GAAP, the weighted average shares outstanding during the period are reported for the basic net income per share calculation. 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, conversion of the preferred shares and provision for shares to be awarded under the Midland acquisition earn out provision.

VARIANCE ANALYSIS FOR CAD

2nd Quarter 2003 Compared to 2nd Quarter 2002:

Total income for the second quarter of 2003 increased \$3.2 million over the same period last year due primarily to the following changes: (1) an \$8.2 million increase in interest on bonds, residual interests in bond securitizations and loans due primarily to: (i) \$10.8 million of deferred base interest and yield maintenance collected upon the sale of a property; offset by (ii) \$1.0 million of interest that was reclassified to other income due to the Company holding the property prior to sale to a third party; and (iii) a \$1.6 million decrease in

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collections of interest on bonds, residual interests in bond securitizations and loans; (2) a \$3.0 million increase in other income due primarily to: (i) a \$1.0 million fee collected on a conventional equity deal; (ii) \$1.0 million of interest collected from a property that was held by the Company prior to sale to a third party; (iii) \$0.8 million collected as the result of a collateral release after the sale of a property; (iv) \$0.8 million in prepayment fees collected from the early payment of tax-exempt bond investments; and (v) a \$0.5 million decrease in commission income; (3) a \$1.5 million increase in distributions from equity investments in partnerships due primarily to an increase in income from the CAPREIT investments; (4) a \$9.1 million decrease in net gain (loss) on sales due primarily to a \$10.8 million loss on the termination of interest rate swaps offset in part by a \$1.5 million gain recorded on the payoff of the tax-exempt bond and taxable loan on a property that was sold during the quarter; and (5) a \$0.6 million decrease in syndication fees due to a decrease in the volume of syndications closed.

Total expenses for the second quarter increased \$0.4 million over the same period last year due primarily to the following changes: (1) a \$2.7 million increase in salaries and benefits resulting from a \$0.8 million increase in salaries and other compensation and a \$2.0 million increase in bonus expense; (2) a \$0.4 million increase in general and administrative expenses due primarily to: (i) increases totaling \$0.3 million due to telephone, bank fees, memberships and dues and costs related to the integration of HCI; and (ii) a \$0.1 million increase in travel and entertainment; (3) a \$0.2 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; (4) a \$1.9 million decrease in income tax expense primarily as a result of taxable losses generated by the CAPREIT investments; and (5) a \$1.1 million decrease in professional fees due primarily to: (i) a \$0.5 million decrease in commission expense; and (ii) a \$0.4 million decrease in legal fees due to information systems and other corporate initiatives in the prior year. 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.

Year-to-Date 2003 Compared to Year-to-Date 2002:

Total income for the six months ended June 30, 2003 increased \$7.8 million over the same period last year due primarily to the following changes: (1) a \$10.1 million increase in interest on bonds, residual interests in bond securitizations and loans due primarily to: (i) \$10.8 million of deferred base interest and yield maintenance collected upon the sale of a property; partially offset by (ii) \$1.0 million of interest that was reclassified to other income due to the Company holding the property prior to sale to a third party; (2) a \$3.7 million increase in other income due primarily to: (i) \$1.7 million in prepayment fees collected from the early payment of tax-exempt bond investments; (ii) \$1.6 million in fees collected on a conventional equity deal; (iii) \$1.0 million of interest collected from a property that was held by the Company prior to sale to a third party; (iv) \$0.8 million collected as the result of a collateral release after the sale of a property; (v) a \$1.0 million decrease in commission income; and (vi) a \$0.3 million decrease in the collection of loan related fees such as cancellation, application and extension fees; (3) a \$3.3 million increase in distributions from equity investments in partnerships due primarily to an increase in income from the CAPREIT investments; (4) an \$8.2 million decrease in net gain (loss) on sales due primarily to: (i) a \$10.8 million loss on the termination of interest rate swaps; (ii) a \$1.5 million gain recorded on the payoff of the tax-exempt bond and taxable loan on a property that was sold; and (iii) a \$1.1 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; (5) a \$0.8 million decrease in syndication fees due to a decrease in the volume of syndications closed combined

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with 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 2003; and (6) a \$0.6 million decrease in origination fees due primarily to an origination fee recognized on the CAPREIT transaction in 2002.

Total expenses for the six months ended June 30, 2003 increased \$2.6 million over the same period last year due primarily to the following changes: (1) a \$3.9 million increase in salaries and benefits resulting from a \$1.0 million increase in salaries and other compensation and a \$2.9 million increase in bonus expense; (2) a \$1.8 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; (3) a \$0.5 million increase in general and administrative expenses due primarily to: (i) increases totaling \$0.4 million due to telephone, bank fees, letter of credit fees, memberships and dues and costs related to the integration of HCI; and (ii) a \$0.1 million increase in investment acquisition expenses; (4) a \$2.8 million decrease in income tax expense primarily as a result of tax losses generated by the CAPREIT investments; and (5) a \$0.7 million decrease in professional fees due primarily to: (i) a \$1.0 million decrease in commission expense; and (ii) a \$0.3 million increase in consulting fees due to an internal controls project and the HCI acquisition.

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

	Qtr Ended 06/30/03	Qtr Ended 03/31/03	Qtr 12/
SOURCES OF CASH:			
Interest on bonds, residual interests in bond securitizations and loans	\$ 31,597	\$ 24,848	\$
Interest on short-term investments	332	192	
Syndication fees	1,825	1,411	
Origination fees	2,711	1,160	
Loan servicing fees	1,835	1,909	
Asset management and advisory fees	1,198	1,076	
Distributions from equity investments in partnerships	1,716	1,831	
Other income	4,221	2,091	
Net gain (loss) on sales	(9,033)	951	
	36,402	35,469	
EXPENSES:			
Interest expense	8,102	9,839	
Salaries and benefits	8,671	5,966	
Professional fees	877	989	
General and administrative	2,113	1,825	
Loan loss expense	47	-	
Income tax expense (benefit)	(1,524)	(560)	
	18,286	18,059	
CASH AVAILABLE FOR DISTRIBUTION	18,116	17,410	
LESS:			

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Cash allocable to preferred shareholders in a subsidiary company and term growth shares	2,995	2,994	-----
CASH AVAILABLE FOR DISTRIBUTION TO COMMON SHARES	\$ 15,121	\$ 14,416	\$ -----
CAD PER COMMON SHARE	\$ 0.52	\$ 0.50	\$ -----
CALCULATION OF CASH DISTRIBUTION:			
CASH AVAILABLE FOR DISTRIBUTION TO COMMON SHARES	\$ 15,121	\$ 14,416	\$ -----
ACTUAL AMOUNT PAID	\$ 12,903	\$ 12,837	\$ -----
PAYOUT RATIO	85.3%	89.0%	-----
COMMON SHARES OUTSTANDING	28,832,443	28,846,327	25,5 -----
CASH DISTRIBUTION PER COMMON SHARE	\$ 0.4475	\$ 0.4450	\$ -----

Note: Certain prior quarter amounts have been reclassified to conform to the 06/30/03 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 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 10.

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

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30,
December
31,
2003

ASSETS:

Investment in tax-exempt bonds and residual interests in bond securitizations	\$ 788,892
Loans receivable, net	451,397
Loans receivable held for sale	11,023
Investments in partnerships	98,239
Investment in derivative financial instruments	3,170
Cash, cash equivalents and interest receivable	98,587
Other assets	115,798
Goodwill	33,607
TOTAL	\$ 1,600,713

LIABILITIES AND EQUITY:

Notes payable	\$ 436,949
Short-term debt	211,670
Long-term debt	142,006
Residual interests in bond securitizations	1,343
Investment in derivative financial instruments	21,792
Other liabilities	48,150
Preferred shareholders' and minority interests' equity in subsidiary companies	160,142
Shareholders' equity	578,661
TOTAL	\$ 1,600,713

BOOK VALUE PER COMMON SHARE	\$ 20.07
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MUNICIPAL MORTGAGE & EQUITY, LLC
2003 INVESTMENTS
SECOND QUARTER
(In thousands)

BOND PRODUCTION:

PROPERTY	CITY	STATE	PERMANENT INTEREST RATE	QUARTER BOND AMOUNT	
				CONSTRUCTION	PERM
Eden Park of Ironwood (1)	Gainesville	FL	7.200%	\$ 4,250	\$
Lake Pleasant Village (2)	Peoria	AZ	7.200%	9,450	
Stapleton	Denver	CO	7.875%	11,000	1
Woodland Village (3)	Leavenworth	KS	6.950%	8,160	
TOTAL				\$ 32,860	\$ 3

(1) The Company's initial investment was \$0.2 million. The Company earned a 1.25% origination fee on this deal. (2) The Company's initial investment was \$1.5 million. The Company earned a 1.25% origination fee on this deal. (3) The Company's initial investment was \$2.8 million. The Company earned a 1.25%

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origination fee on this deal.

CONSTRUCTION/PERMANENT LENDING, SYNDICATION AND OTHER PRODUCTION:

	QUARTER VOLUME	TOTAL RECOG THIS Q FOR
Tax Credit Equity Syndications (Equity Raised)	\$ 31,318	\$
Tax Credit Lending Production	\$ 65,984	\$
Conventional Equity Production	\$ 46,865	\$
Taxable Construction Loan Production (generating a weighted average spread of 1.12%)	\$ 93,986	\$
Taxable Permanent Loan Production	\$ 118,379	\$
Supplemental Loans	\$ 7,660	\$
OTHER INFORMATION:		
Balance as of 6/30/03 of Midland Servicing Portfolio under Management	\$ 1,126,819	\$
Balance as of 6/30/03 of Midland Equity Syndication Portfolio under Management	\$ 917,138	\$

MUNICIPAL MORTGAGE & EQUITY, LLC
PARTICIPATING BOND PORTFOLIO
NET OPERATING INCOME - TREND
As of June 30, 2003

Property	Q2 2002 Actual	Q1 2003 Actual	Q2 2003 (2) Actual	Q
Alban (4)	268,978	260,814	242,359	
Arlington (1)	0	-39,943	3,078	
Barkley Place	255,837	331,248	322,958	
Barrington at Beach Street (1) (3)	41,853	201,476	275,036	
Cobblestone	179,912	147,956	142,040	
Cool Springs (1)	-54,690	-2,816	98,309	
Creekside	271,875	291,969	281,675	
Crossings	179,332	182,192	164,531	
Gilman Meadows	158,870	172,281	139,078	
Hamilton Grove	212,804	173,874	201,481	
Jefferson Commons	513,627	400,144	401,808	
Lakeview	187,987	164,215	179,455	
Mallard I	25,891	38,539	23,398	
Mallard II	95,771	102,270	96,956	
Montclair	288,782	344,427	379,300	
Newport Village	242,984	193,723	215,054	
Nicollet Ridge	362,343	320,571	345,463	
Palisades Park	245,556	245,324	245,127	

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Riverset I	316,555	376,154	372,406
Riverset II	139,242	162,217	146,790
Steeplechase Falls	377,633	343,626	391,736
Meadows	129,467	120,149	146,680
Timber Ridge	137,432	129,561	137,329
Villas at LaRiviera (3)	193,778	226,573	223,566
Whispering Lake	326,079	316,850	337,477
Winter Oaks	282,800	275,783	287,367
Total	5,380,697	5,479,179	5,800,457
Same Store Growth	5,393,534	5,320,462	5,424,035

- (1) In Lease-up. Quarterly totals are not included in Same Store Growth calculations.
- (2) Q2 2003 uses April and May actuals plus the June budget unless otherwise noted.
- (3) Q2 2003 - operating budget is not available, total includes April actuals and two times May actual results.
- (4) Q2 3003 - includes April actual results plus May and June budget.

Apartment Community	Month/Year Acquired	Apartment Units	Occupancy	
			Month Ended June 30, 2003	Month Ended March 31, 2003
Alban Place	Sep-86	194	96.0%	94.8%
Cobblestone	Aug-99	184	95.7%	92.4%
Creekside Village	Nov-87	296	98.3%	99.7%
Crossings	Jan-97	200	89.5%	89.0%
Jefferson Commons	Dec-00	173	87.9%	87.9%
Lakeview	Sep-87	180	98.9%	96.1%
Timber Ridge	Dec-00	168	94.0%	96.4%
Villas at LaRiviera	Jun-99	199	80.5%	91.0%
Subtotal Participating Mortgage Bonds		1,594		
Mortgage Bonds				
Applewood (a.k.a. Paola)	Jul-99	48	95.8%	93.8%
Autumn Oaks/Crest at Thousand Oaks	Feb-03	410	100.0%	95.4%
Buchanan Bay	Mar-01	228	86.4%	89.0%
Charter House (2)	Dec-96	-	N/A	N/A
Cielo Vista	Aug-99	378	96.3%	90.5%
Country Club	Jul-99	101	84.2%	85.1%
Delta Village	Jun-99	80	97.5%	95.0%
Elmbrooke	Aug-00	54	100.0%	100.0%
Florida A&M	Feb-00	96	57.3%	86.5%
Gannon (Dade) (3)	Feb-98	575	96.3%	96.7%
Gannon (St. Louis)	Feb-98	336	93.5%	93.2%
Hidden Valley	Dec-96	82	91.5%	93.9%
Honey Creek	Mar-99	656	89.6%	97.7%
Hunter's Glen	Mar-01	383	75.0%	N/A
Lake Piedmont	Apr-98	648	92.1%	88.4%
Monroe (Oakmont, Towne Oak)	Dec-98	364	93.7%	97.5%

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Mountain View (Willowgreen)	Nov-86	241	94.6%	91.3%
Northridge Park II	Aug-87	128	99.2%	90.6%
Oakbrook	Dec-96	170	83.5%	100.0%
Oklahoma City (4)	Aug-98	774	90.9%	95.3%
Orangevale	Apr-98	64	100.0%	98.4%
Parkwood	Jun-99	180	97.2%	99.4%
Riverset II (1)	Jan-96	-	N/A	N/A
Riverview	Jun-00	228	96.1%	97.8%
Sahuarita	Jun-99	52	100.0%	86.5%
Santa Fe Springs	Jun-00	310	78.1%	77.1%
Shadowbrook	Jun-99	193	95.3%	97.9%
Silver Springs	Dec-99	250	92.4%	90.0%
Southwind	Aug-00	88	100.0%	100.0%
Torries Chase	Dec-96	99	92.9%	89.9%
Village Apartments	May-00	210	95.2%	96.7%
Village at Stone Mountain	Oct-97	722	84.9%	88.9%
Village Green	Feb-00	200	81.5%	87.0%
Weatherstone	Sep-00	100	97.0%	90.0%
Western Hills	Dec-98	80	75.0%	77.5%
Willow Key	Mar-99	384	95.3%	95.8%
Woodglen	Dec-99	250	79.2%	82.4%
Woodmark	Jun-99	173	97.1%	97.7%

Subtotal Mortgage Bonds

9,335

Participating Subordinate Mortgage Bonds:

Barkley Place	May-87	156	95.5%	98.7%
Gilman Meadows	Mar-87	125	93.6%	91.2%
Hamilton Chase	Feb-87	300	92.7%	91.7%
Mallard Cove I & II	Feb-87	198	94.9%	94.4%
Meadows	Jan-88	200	93.0%	91.0%
Montclair	Oct-86	159	93.1%	92.5%
Newport Village	Dec-86	220	84.1%	85.5%
Nicollet Ridge	Dec-87	339	90.9%	90.6%
Riverset II	Jan-96	148	89.0%	90.0%
Steeplechase	Oct-88	450	95.1%	94.0%
Whispering Lake	Oct-87	384	93.8%	90.4%

Subtotal Participating Subordinate Mortgage Bonds

2,679

Avg. Monthly R
Per Apartment

Apartment Community	Month/Year Acquired	Apartment Units	Month	Month
			Ended May 31, 2003	Ended March 31, 2003
Participating Mortgage Bonds:				
Alban Place	Sep-86	194	927	923
Cobblestone	Aug-99	184	578	581
Creekside Village	Nov-87	296	595	591
Crossings	Jan-97	200	754	754
Jefferson Commons	Dec-00	173	1,230	1,230
Lakeview	Sep-87	180	716	715

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Timber Ridge	Dec-00	168	467	496
Villas at LaRiviera	Jun-99	199	709	702

Subtotal Participating Mortgage Bonds		1,594		

Mortgage Bonds				
Applewood (a.k.a. Paola)	Jul-99	48	518	518
Autumn Oaks/Crest at Thousand Oaks	Feb-03	410	493	560
Buchanan Bay	Mar-01	228	717	718
Charter House (2)	Dec-96	-	N/A	N/A
Cielo Vista	Aug-99	378	387	391
Country Club	Jul-99	101	449	446
Delta Village	Jun-99	80	584	587
Elmbrooke	Aug-00	54	1,063	1,062
Florida A&M	Feb-00	96	1,440	1,374
Gannon (Dade) (3)	Feb-98	575	794	788
Gannon (St. Louis)	Feb-98	336	587	586
Hidden Valley	Dec-96	82	576	567
Honey Creek	Mar-99	656	538	536
Hunter's Glen	Mar-01	383	582	583
Lake Piedmont	Apr-98	648	494	488
Monroe (Oakmont, Towne Oak)	Dec-98	364	488	489
Mountain View (Willowgreen)	Nov-86	241	643	643
Northridge Park II	Aug-87	128	1,015	1,007
Oakbrook	Dec-96	170	462	456
Oklahoma City (4)	Aug-98	774	489	485
Orangevale	Apr-98	64	968	968
Parkwood	Jun-99	180	478	475
Riverset II (1)	Jan-96	-	N/A	N/A
Riverview	Jun-00	228	655	657
Sahuarita	Jun-99	52	489	422
Santa Fe Springs	Jun-00	310	594	587
Shadowbrook	Jun-99	193	493	484
Silver Springs	Dec-99	250	774	774
Southwind	Aug-00	88	756	727
Torries Chase	Dec-96	99	517	515
Village Apartments	May-00	210	568	568
Village at Stone Mountain	Oct-97	722	761	761
Village Green	Feb-00	200	635	643
Weatherstone	Sep-00	100	813	800
Western Hills	Dec-98	80	519	515
Willow Key	Mar-99	384	706	705
Woodglen	Dec-99	250	672	669
Woodmark	Jun-99	173	680	680

Subtotal Mortgage Bonds		9,335		

Participating Subordinate Mortgage Bonds:				
Barkley Place	May-87	156	2,085	2,074
Gilman Meadows	Mar-87	125	998	1,010
Hamilton Chase	Feb-87	300	626	623
Mallard Cove I & II	Feb-87	198	714	714
Meadows	Jan-88	200	609	605
Montclair	Oct-86	159	1,830	1,844
Newport Village	Dec-86	220	850	846
Nicollet Ridge	Dec-87	339	949	913
Riverset II	Jan-96	148	722	711
Steeplechase	Oct-88	450	611	609
Whispering Lake	Oct-87	384	656	652

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Subtotal Participating Subordinate Mortgage Bonds 2,679

Apartment Community -----	Month/Year Acquired -----	Apartment Units -----	Month Ended June 30, 2003 -----	Month Ended March 31, 2003 -----	Occupancy -----
Subordinate Mortgage Bonds:					
CAPREIT	Sep-99	-	N/A	N/A	
Cinnamon Ridge	Jan-99	-	N/A	N/A	
Farmington Meadows	Aug-99	69	100.0%	100.0%	
Independence Ridge	Aug-96	336	75.0%	69.9%	
Locarno	Aug-96	110	90.9%	90.9%	
Olde English Manor	Nov-99	-	N/A	N/A	
Peaks of Conyer	Sep-01	260	81.2%	85.0%	
Rillito Village	Jul-00	-	N/A	N/A	
Winter Oaks	Nov-99	460	92.2%	95.4%	

Subtotal Subordinate Mortgage Bonds		1,235			

Other Bond Related Investments:					
Briarwood	Dec-98	600	98.3%	94.8%	
Cinnamon Ridge	Dec-97	264	97.3%	92.8%	
Golfside Villas (f.k.a. Club West)	Mar-99	194	99.5%	99.0%	
Park at Landmark	Sep-00	396	95.7%	94.2%	
Poplar Glen	Jun-97	191	93.2%	93.7%	
RITES - Charter House	Dec-96	280	91.4%	89.6%	
RITES - Indian Lakes	Jul-97	296	84.8%	75.0%	
RITES - LaPaloma	Apr-99	120	98.3%	100.0%	
RITES - LeMirador (Coleman Senior)	Apr-98	141	83.7%	87.2%	
RITES - Museum Towers	Apr-01	286	96.2%	93.0%	
RITES - Olde English Manor	Jun-98	264	79.5%	82.2%	
RITES - Palisades Park	Feb-98	304	93.8%	96.4%	
RITES - Pavillion	Apr-99	132	100.0%	99.2%	
RITES - Queen Anne IV	Jul-98	110	91.8%	82.7%	
RITES - Rancho/Villas	May-00	417	88.6%	86.6%	
RITES - Rillito Village	Aug-98	272	91.5%	91.2%	
RITES - Riverset (1)	Aug-88	352	89.0%	90.0%	
RITES - Riverset II (1)	Jan-96	-	N/A	N/A	
RITES - Sienna (a.k.a. Italian Gardens)	Apr-98	140	90.0%	91.4%	
RITES - Sonterra	May-98	156	87.8%	90.4%	
RITES - Southgate Crossings	Jun-97	215	98.1%	94.0%	
RITES - Southwood	Nov-97	1,286	72.0%	74.2%	

Subtotal Other Bond Related Investments		6,416			

Total Units/Weighted Average Investments		21,259	90.1%	90.7%	
		=====			
Total/Same Stores (5) 2001		20,261	89.9%	88.9%	
Total/Same Stores (5) 2002		20,403	90.1%	89.2%	
Construction/Substantial Rehab Properties and Other Investments					
Arlington	Dec-00	176	34.1%	31.8%	
Barrington at Beach Street	Oct-00	398	65.1%	59.5%	

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Bedford Park	Oct-00	312	69.6%	64.1%
CAPREIT Joint Venture (6)	Jun-02	6,279	95.6%	94.1%
CAPREIT TERA (7)	Mar-01	2,942	94.1%	94.1%
Chancellor	Nov-01	101	N/A	N/A
Chancellor II	Mar-02	46	N/A	N/A
City Views at Rosa Burney Park	Dec-02	180	80.6%	N/A
Cliffs at Grove Barton	Apr-03	132	N/A	N/A
Cool Springs	Aug-00	124	54.8%	53.2%
Coronel Village	Apr-02	48	N/A	N/A
Eden Park	May-03	104	N/A	N/A
Fort Branch	Dec-00	250	88.0%	69.2%
Hidden Brooks	Sep-01	201	76.6%	84.6%
Jefferson at Town Lake	Dec-02	216	N/A	N/A
Lake Pleasant Village	May-03	152	N/A	N/A
Las Trojas	Mar-02	49	N/A	N/A
Liberty Park Townhomes	Feb-03	184	64.7%	72.3%
Lincoln Corner	Dec-01	134	N/A	N/A
Meridian at Bridgewater	Nov-99	90	82.2%	81.1%
Mountain View Village	Jun-02	220	N/A	N/A
North White Road	Nov-01	157	N/A	N/A
Oak Grove Commons	Dec-01	168	23.8%	N/A
Olathe Senior Residences	Dec-02	144	N/A	N/A
Osborne Place Manor	Dec-02	50	N/A	N/A
Penn Valley	Dec-01	42	N/A	N/A
Sanger Trails	Dec-02	208	N/A	N/A
Sycamore Senior Village	Jun-02	300	N/A	N/A
Village at Sun Valley	May-00	276	85.9%	89.1%
Walnut Tree	Mar-02	64	N/A	N/A
Woodland Village	May-03	198	N/A	N/A

Subtotal Construction/Rehab Properties	-----	13,945		

Total Units	-----	35,204		
	=====			

Avg. Monthly R
Per Apartment

Apartment Community	Month/Year Acquired	Apartment Units	Month	Month
			Ended May 31, 2003	Ended March 31, 2003

Subordinate Mortgage Bonds:				
CAPREIT	Sep-99	-	N/A	N/A
Cinnamon Ridge	Jan-99	-	N/A	N/A
Farmington Meadows	Aug-99	69	814	814
Independence Ridge	Aug-96	336	555	554
Locarno	Aug-96	110	898	891
Olde English Manor	Nov-99	-	N/A	N/A
Peaks of Conyer	Sep-01	260	737	737
Rillito Village	Jul-00	-	N/A	N/A
Winter Oaks	Nov-99	460	558	557

Subtotal Subordinate Mortgage Bonds		1,235		

Other Bond Related Investments:

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Briarwood	Dec-98	600	639	633
Cinnamon Ridge	Dec-97	264	952	938
Golfside Villas (f.k.a. Club West)	Mar-99	194	618	617
Park at Landmark	Sep-00	396	1,075	1,081
Poplar Glen	Jun-97	191	988	974
rites - Charter House	Dec-96	280	625	625
rites - Indian Lakes	Jul-97	296	781	790
rites - LaPaloma	Apr-99	120	652	654
rites - LeMirador (Coleman Senior)	Apr-98	141	855	835
rites - Museum Towers	Apr-01	286	1,355	1,342
rites - Olde English Manor	Jun-98	264	496	494
rites - Palisades Park	Feb-98	304	560	555
rites - Pavillion	Apr-99	132	673	667
rites - Queen Anne IV	Jul-98	110	1,102	1,108
rites - Rancho/Villas	May-00	417	498	476
rites - Rillito Village	Aug-98	272	469	463
rites - Riverset (1)	Aug-88	352	710	705
rites - Riverset II (1)	Jan-96	----	N/A	N/A
rites - Sienna (a.k.a. Italian Gardens)	Apr-98	140	813	811
rites - Sonterra	May-98	156	869	863
rites - Southgate Crossings	Jun-97	215	1,005	992
rites - Southwood	Nov-97	1,286	498	496

Subtotal Other Bond Related Investments		6,416		

Total Units/Weighted Average Investments		21,259	686	696
		=====		
Total/Same Stores (5) 2001		20,261	689	686
Total/Same Stores (5) 2002		20,403	705	701
Construction/Substantial Rehab Properties and Other Investments				
Arlington	Dec-00	176	1,389	1,388
Barrington at Beach Street	Oct-00	398	778	803
Bedford Park	Oct-00	312	532	530
CAPREIT Joint Venture (6)	Jun-02	6,279	748	751
CAPREIT TERA (7)	Mar-01	2,942	606	608
Chancellor	Nov-01	101	N/A	N/A
Chancellor II	Mar-02	46	N/A	N/A
City Views at Rosa Burney Park	Dec-02	180	560	N/A
Cliffs at Grove Barton	Apr-03	132	N/A	N/A
Cool Springs	Aug-00	124	1,938	1,919
Coronel Village	Apr-02	48	N/A	N/A
Eden Park	May-03	104	N/A	N/A
Fort Branch	Dec-00	250	735	738
Hidden Brooks	Sep-01	201	1,050	1,026
Jefferson at Town Lake	Dec-02	216	N/A	N/A
Lake Pleasant Village	May-03	152	N/A	N/A
Las Trojas	Mar-02	49	N/A	N/A
Liberty Park Townhomes	Feb-03	184	492	490
Lincoln Corner	Dec-01	134	N/A	N/A
Meridian at Bridgewater	Nov-99	90	N/A	N/A
Mountain View Village	Jun-02	220	N/A	N/A
North White Road	Nov-01	157	N/A	N/A
Oak Grove Commons	Dec-01	168	N/A	N/A
Olathe Senior Residences	Dec-02	144	N/A	N/A
Osborne Place Manor	Dec-02	50	N/A	N/A
Penn Valley	Dec-01	42	N/A	N/A
Sanger Trails	Dec-02	208	N/A	N/A
Sycamore Senior Village	Jun-02	300	N/A	N/A
Village at Sun Valley	May-00	276	684	684

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Walnut Tree	Mar-02	64	N/A	N/A
Woodland Village	May-03	198	N/A	N/A

Subtotal Construction/Rehab Properties		13,945		

 Total Units		 35,204		
		=====		

- (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 three 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.

MUNICIPAL MORTGAGE & EQUITY, LLC
CONFERENCE CALL SCRIPT - COMBINED TAX CREDIT EQUITY BUSINESS
FOR THE YEAR ENDED DECEMBER 31, 2003

* OVERALL ACCRETION/DILUTION FOR 2003:

* For CAD purposes, the acquisition of the HCI business is expected to generate an additional three to five (5) cents per common share for the remainder of 2003. For 2004, we think the acquisition will generate twice as much accretion as the high end of the range for second half of 2003.

* In the past we have not provided any guidance for GAAP earnings. However, under the new rules effective the end of Q1, we are now required to reconcile any non-GAAP measurements to GAAP. At this time, we anticipate that the acquisition will be 15 to 20 cents per share dilutive to basic earnings per share. After reviewing the main business components of the acquisition, we will review in more detail the differences between CAD and GAAP.

* Lumpiness - with the addition of the fee generating business, we're confident that the earnings are available to us. However, we will probably see more variability in quarterly earnings. We're anticipating stronger second and fourth quarters and weaker first and third quarters on a relative basis.

* Continue to believe the tax-exempt percentage will be in the mid 80's but is still subject to further review and refinement of financing options.

* REVENUES: We now will walk through how we primarily earn money in the tax credit equity business. There are two main parts:

* Syndication Fees; in addition some portion of this business is based on a guarantee format, therefore, guarantee fee revenue * Asset Management Fees, which are like servicing fees

Production:

* Combined syndication equity raise for fiscal year 2003 is

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anticipated to be \$425M to \$450M * Our previous estimates for MEC total syndication equity raise was \$200M to \$250M * Increase in production almost doubles previous outlook * Reflecting the integration of our equity syndication business, we will no longer distinguish between MEC and HCI; all forecasted production reflects integrated business. * Overall production goal: HCI production goals are considered additive to legacy MEC production goals because of minimal overlap in developer clients and minimal overlap in investors. * Overall fund syndication fees percentage expected to be about 4%, up slightly from legacy MEC.

Other Revenues:

* As a result of combined business, total tax credit equity fund assets are expected to grow to approximately \$4 billion from \$685 million by year-end 2003, earning 30 to 35 bps in asset management fees.

* Other miscellaneous revenues associated with the new combined business include guarantee fee premiums (approximately \$1M for second half of 2003), revenues associated with investment valuation services performed by HCI personnel, and other miscellaneous revenues approximating \$3.6M for the second half of 2003.

* EXPENSES:

* Operating expenses - total operating expenses associated with the addition of the HCI business are expected to run about \$14M for the second half of 2003. [This includes incentive bonuses for all production personnel and staff of approximately \$3.5M.] * Interest expense associated with warehousing and bridging not absorbed by the funds is expected to go up due to an increase in property acquisition production and timing of placement activity.

* FINANCING ASSUMPTIONS (subject to further review and refinement and future market conditions) associated with financing the acquisition are as follows:

* RBC Line of Credit for \$120M to cover purchase price, costs associated with the acquisition and initial working capital needs * \$120M at Libor plus 290 bps beginning 7/1/03 * \$75M of Line is taken out with taxable trust preferred equity at 8.75% for total raise of \$77.4M in fourth quarter * Remaining \$45M taken out in early 2004 with common equity

* PRIMARY CAD TO GAAP DIFFERENCES:

* For GAAP purposes, the net assets of all guaranteed funds will be consolidated into the balance sheet of MMA. As a result, all guarantee fee premiums associated with these funds will not be reflected in the net income of MMA. These premiums will be booked for CAD. * Asset management fees receivable associated with the acquisition will not be reflected in the GAAP net income of MMA. In addition, any asset management fees collected on guaranteed funds will not be recognized for GAAP purposes due to the consolidation of these funds discussed above. For CAD purposes, asset management fees will be recognized to the extent of cash received. For 2003, approximately 1/2 of the total fees collected for CAD relate to the purchased receivable.

* The amortization of the capitalized portion of the acquired asset management contracts will be reflected in GAAP net income of MMA. This non-cash charge does not affect CAD or the cash flow generated from the operations of the business.

* NOTE: There are several other identified differences between GAAP and CAD. However, at this time, these differences are expected to be immaterial. As a result, the impacts of these differences have not

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been reflected in the forecasted numbers discussed above. Further note is that the audits of the HCI unit in accordance with US GAAP have not been completed as of today. They will be completed and filed in September 2003 along with the Form 8K. As a result, there may be other CAD and GAAP adjustments in addition to the ones previously discussed.

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, thereunto duly authorized.

MUNICIPAL MORTGAGE & EQUITY, LLC

Date: August 13, 2003

By: /s/ William S. Harrison

Name: William S. Harrison
Title: SVP and Chief Financial Officer

Exhibit 99.2

INFORMATION FOR RELEASE

MuniMae Reports 2003 Second Quarter Results 26th Consecutive Increase in Distribution to Common Shares

BALTIMORE (July 17, 2003) - Municipal Mortgage & Equity, LLC (NYSE: MMA), known as MuniMae, reported net income allocated to common shares of \$30.6 million for the quarter ended June 30, 2003, compared to \$2.9 million for the same period in 2002. Diluted earnings per share were \$1.05 for the quarter, compared to \$0.11 for the same period in 2002.

Cash Available for Distribution ("CAD"), the primary measure of the Company's distribution paying ability, increased 18% for the quarter ended June 30, 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 distribution to common shares to \$0.4475, an increase of 2% over the same period in 2002.

Mark K. Joseph, Chairman of the Board and CEO of MuniMae, commented, "We are pleased to announce the 26th consecutive increase to our dividend. We are pleased with our second quarter performance as well. MuniMae continues to

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diversify its product base, and as announced previously, has purchased the Housing and Community Investing (HCI) unit of Lend Lease Real Estate Investments, formerly known as Boston Financial Group. HCI is a market leader in the syndication of low-income housing tax credits and we expect their strong franchise to contribute meaningfully to our continuing efforts to increase our cash available for distribution, or CAD, and shareholder value."

Mr. Joseph added, "During the second quarter, the Company also experienced a significant increase in GAAP earnings due to the sale of a bond. For CAD, a large portion of the income generated by the sale of the bond was offset by the Company's sale of certain interest rate swaps. However, because of a previous GAAP write-off of a portion of this bond, the GAAP net income resulting from these two transactions was significantly greater than the CAD net income."

Summary Results - GAAP

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

	Second Quarter	
	2003	2002
Net Income to Common Shares from Continuing Operations (\$ millions)	\$4.8	\$2.9
Per Share Results from Continuing Operations		
Basic (\$)	\$0.17	\$0.12
Diluted (\$)	\$0.16	\$0.11
Net Income to Common Shares (\$ millions)	\$30.6	\$2.9
Per Share Results		
Basic (\$)	\$1.06	\$0.12
Diluted (\$)	\$1.05	\$0.11

The attached condensed consolidated statements of income represent the GAAP results of operations of the Company for the three- and six-month periods ended June 30, 2003 and 2002.

Summary Results - CAD

For the second quarter of 2003, CAD was \$18.1 million and CAD to common shares was \$15.1 million. The 2003 second quarter per share distribution to common shareholders of \$0.4475 represents a payout ratio of 85%. (The Company uses CAD as the primary performance measure and believes it to be illustrative for 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.)

	Second Quarter		
	2003	2002	Cha
Total CAD (\$ millions)	\$18.1	\$15.4	18%
CAD to Common (\$ millions)	\$15.1	\$12.4	22%
CAD per Common Share (\$)	\$0.52	\$0.49	6%

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

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Second Quarter Distribution

MuniMae's second quarter distribution to common shareholders of \$0.4475 annualizes to \$1.79 per share. Based on yesterday's closing share price of \$25.63, MuniMae common shares have an annualized yield to shareholders of 7%. Based on the assumption that the Company's income is 85% exempt from Federal income tax, absent the impact of capital gains and assuming a 35% tax bracket, the taxable equivalent yield would be 10.2%. The record date for the quarterly distribution is July 28, and the payment date is August 8.

About Municipal Mortgage & Equity

MuniMae and its subsidiaries originate, service and asset manage investments in multifamily debt and equity for its own account and on behalf of others. As of June 30, 2003, assets under management totaled \$3.7 billion secured by 933 properties containing 96,168 units in 48 states and the U.S. Virgin Islands. As of July 1, 2003, at the completion of the HCI acquisition, assets under management totaled \$7.5 billion representing approximately 2,044 properties containing 218,144 units. For its proprietary accounts, MuniMae primarily holds tax-exempt multifamily housing bonds. This on-balance sheet portfolio of tax-exempt bonds is secured by 148 properties containing 35,204 units in 28 states. For a portion of these 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. This press release does not constitute an offer to sell any securities of Municipal Mortgage & Equity, LLC.

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.

MUNIMAE: TAX-EXEMPT DISTRIBUTIONS AND GROWTH THROUGH REAL ESTATE
www.munimaemidland.com / www.mmafin.com

Contacts

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Investor Relations:
Angela Richardson, 888/788-3863

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

	For the three months ended June 30,	
	2003	2002
INCOME:		
Interest income		
Interest on bonds and residual interests in bond securitizations	\$ 13,929	\$ 15,3
Interest on loans	7,563	8,5
Interest on short-term investments	332	2
Total interest income	21,824	24,2
Fee income		
Syndication fees	1,825	2,3
Origination fees	2,219	1,5
Loan servicing fees	1,838	1,6
Asset management and advisory fees	1,198	1,0
Other income	3,309	1,2
Total fee income	10,389	7,8
Net gain on sales	1,453	7
Total income	33,666	32,7
EXPENSES:		
Interest expense	8,724	8,4
Salaries and benefits	8,671	5,9
General and administrative	2,113	1,6
Professional fees	877	1,9
Amortization of mortgage servicing rights and other intangibles	414	3
Total expenses	20,799	18,4
Net holding gains (losses) on derivatives	(2,449)	(7,7
Impairments and valuation allowances related to investments	(1,144)	
Net gains (losses) from equity investments in partnerships	(2,157)	
Income tax benefit (expense)	540	(8
Income allocable to preferred shareholders and minority interests in subsidiary companies	(2,854)	(2,9
Total	4,803	2,9
Discontinued operations	25,748	
Net Income	\$ 30,551	\$ 2,9
LESS:		
Net income allocable to term growth shares	-	

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Net income allocated to common shares	\$ 30,551	\$ 2,9
EARNINGS PER COMMON SHARE:		
Basic earnings per common share:		
Net income from continuing operations	\$ 0.17	\$ 0.
Discontinued operations	0.89	
Basic earnings per common share	\$ 1.06	\$ 0.
Weighted average common shares outstanding	28,857,305	25,252,1
Diluted earnings per common share:		
Net income from continuing operations	\$ 0.16	\$ 0.
Discontinued operations	0.89	
Diluted earnings per common share	\$ 1.05	\$ 0.
Weighted average common shares outstanding	29,213,062	25,835,8

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

	For the three months ended June 30,		F
	2003	2002	
INCOME:			
Interest income			
Interest on bonds and residual interests in bond securitizations	\$ 13,929	\$ 15,399	\$
Interest on loans	7,563	8,594	
Interest on short-term investments	332	244	
Total interest income	21,824	24,237	
Fee income			
Syndication fees	1,825	2,380	
Origination fees	2,219	1,505	
Loan servicing fees	1,838	1,660	
Asset management and advisory fees	1,198	1,040	
Other income	3,309	1,259	
Total fee income	10,389	7,844	
Net gain on sales	1,453	703	
Total income	33,666	32,784	
EXPENSES:			
Interest expense	8,724	8,487	
Salaries and benefits	8,671	5,930	
General and administrative	2,113	1,697	
Professional fees	877	1,967	

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Amortization of mortgage servicing rights and other intangibles	414	333	
	20,799	18,414	
Total expenses			
Net holding gains (losses) on derivatives	(2,449)	(7,721)	
Impairments and valuation allowances related to investments	(1,144)	-	
Net gains (losses) from equity investments in partnerships	(2,157)	94	
Income tax benefit (expense)	540	(828)	
Income allocable to preferred shareholders and minority interests in subsidiary companies	(2,854)	(2,995)	
	4,803	2,920	
Net income from continuing operations			
Discontinued operations	25,748	-	
	\$ 30,551	\$ 2,920	
Net income			
LESS:			
Net income allocable to term growth shares	-	-	
	\$ 30,551	\$ 2,920	
Net income allocated to common shares - GAAP Basis			
Conversion to Cash Available for Distribution:			
(1)Mark to market adjustments	\$ 2,449	\$ 7,721	\$
(2)Equity investments	3,732	79	
(3)Net gain on sales	(10,486)	(601)	
(3)Amortization of capitalized mortgage servicing fees	414	333	
(4)Origination fees and other income, net	1,335	1,450	
(5)Valuation allowances and other-than-temporary impairments	1,097	-	
(6)Deferred tax expense	984	483	
(7)Discontinued operations	(25,748)	-	
(7)Interest income	10,793	-	
	\$ 15,121	\$ 12,385	
Cash Available for Distribution (CAD)			

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. In addition, a portion of the income or loss from partnerships is reduced by a minority interest for both GAAP and CAD.

(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.

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(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.

(7) For GAAP reporting, the Company recognized a gain upon the sale of a property. This gain was required to be classified as discontinued operations because the Company owned the property prior to the sale. For CAD reporting, the gain was significantly less due to recording a portion of the proceeds as interest income. In addition, the carrying value of the tax-exempt bond associated with the property was significantly more for CAD due to an impairment previously recognized for GAAP.

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

	For the three months ended June 30,	
	2003	2002
SOURCES OF CASH:		
Interest on bonds, residual interests in bond securitizations and loans	\$ 31,597	\$ 23,300
Interest on short-term investments	332	2,300
Syndication fees	1,825	2,300
Origination fees	2,711	3,000
Loan servicing fees	1,835	1,600
Asset management and advisory fees	1,198	1,000
Distributions from equity investments in partnerships	1,716	1,000
Other income	4,221	1,200
Net gain (loss) on sales	(9,033)	1,000
	36,402	33,200
EXPENSES:		
Interest expense	8,102	7,900
Salaries and benefits	8,671	5,900
Professional fees	877	1,900
General and administrative	2,113	1,600
Loan loss expense	47	0
Income tax expense (benefit)	(1,524)	300
	18,286	17,800
CASH AVAILABLE FOR DISTRIBUTION	18,116	15,300
LESS:		
Cash allocable to preferred shareholders and term growth shares, including preferred shareholders in a subsidiary company	2,995	2,900

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CASH AVAILABLE FOR DISTRIBUTION TO COMMON SHARES	\$ 15,121	\$ 12,3
	=====	=====
CAD PER COMMON SHARE	\$ 0.52	\$ 0.
	=====	=====
CALCULATION OF CASH DISTRIBUTION:		
CASH AVAILABLE FOR DISTRIBUTION TO COMMON SHARES	\$ 15,121	\$ 12,3
	=====	=====
ACTUAL AMOUNT PAID	\$ 12,903	\$ 11,0
	=====	=====
PAYOUT RATIO	85.3%	89
	=====	=====
COMMON SHARES OUTSTANDING	28,832,443	25,308,0
	=====	=====
CASH DISTRIBUTION PER COMMON SHARE	\$ 0.4475	\$ 0.43
	=====	=====

The primary differences between Net Income as calculated under generally accepted accounting principles ("GAAP") and Cash Available For Distribution ("CAD") result from the timing of income and expense recognition and non-cash events. These differences between CAD and GAAP income include the treatment of loan origination fees, which for CAD purposes are recognized when received but for GAAP purposes are amortized over the life of the associated loan. In addition, there are differences related to non-cash gains and losses associated with bond valuations and sales, non-cash gains and losses associated with changes in market value of derivative financial instruments, amortization of goodwill and intangibles and capitalization of mortgage servicing rights, net of deferred taxes for GAAP purposes, which are not included in the calculation of CAD.

The common shares outstanding reported for Cash Available for Distribution are the actual shares outstanding at the end of the quarter. For GAAP, the weighted average shares outstanding during the period are reported for the basic net income per share calculation. 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, conversion of the preferred 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)
June 30,
2003

ASSETS:	
Investment in tax-exempt bonds and residual interests in bond securitizations	\$ 788,892

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Loans receivable, net		451,397
Loans receivable held for sale		11,023
Investments in partnerships		97,688
Investment in derivative financial instruments		3,170
Cash, cash equivalents and interest receivable		98,587
Other assets		115,798
Goodwill		33,607

TOTAL	\$	1,600,162
		=====
LIABILITIES AND EQUITY:		
Notes payable	\$	436,949
Short-term debt		211,670
Long-term debt		142,006
Residual interests in bond securitizations		1,343
Investment in derivative financial instruments		21,792
Other liabilities		48,150
Preferred shareholders' and minority interests' equity in subsidiary companies		160,142
Shareholders' equity		578,110

TOTAL	\$	1,600,162
		=====

Exhibit 99.3

INFORMATION FOR RELEASE

MuniMae Structures \$399 Million of Multifamily Financing

And Raises \$38 Million in Capital During Second Quarter

BALTIMORE (July 17, 2003) -- Municipal Mortgage & Equity, LLC (NYSE: MMA) known as MuniMae, announced today that it structured \$399 million of financing for multifamily housing during the second quarter of 2003. In addition, the Company raised \$38 million in tax credit equity.

Mark K. Joseph, Chairman of the Board and CEO of MuniMae, commented, "We are very pleased with the second quarter production activity. As is usually the case, our production volumes tend to increase as the year goes on because of cyclical issues unique to affordable housing. With the recent purchase of HCI, a market leader in syndication of low income housing tax credit equity investments, and our existing pipeline showing healthy growth, we expect that our production will be stronger for the second half of the year. We look forward to the opportunity of servicing our clients as a one stop financing source."

Investment Activity Summary

Highlights of second quarter and year-to-date origination activity include:

	Second Quarter Volume (in millions)	Volu
Taxable Construction/Permanent Lending	\$212.4	
Tax-exempt Bonds Construction/Permanent	65.7	
Supplemental Loans	7.7	
Equity Investments	112.8	

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Total

\$398.6

Capital Activity Summary

In the second quarter of 2003, the Company raised \$38.7 million of tax credit equity from five third-party investors, bringing the year-to-date total to \$74.0 million in equity raised.

About Municipal Mortgage & Equity

MuniMae and its subsidiaries originate, service and asset manage investments in multifamily debt and equity for its own account and on behalf of others. As of June 30, 2003, assets under management totaled \$3.7 billion secured by 933 properties containing 96,168 units in 48 states and the U.S. Virgin Islands. As of July 1, 2003, at the completion of the HCI acquisition, assets under management totaled \$7.5 billion representing approximately 2,044 properties containing 218,144 units. For its proprietary accounts, MuniMae primarily holds tax-exempt multifamily housing bonds. This on-balance sheet portfolio of tax-exempt bonds is secured by 148 properties containing 35,204 units in 28 states. For a portion of these bonds, MuniMae participates 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.

MUNIMAE: TAX-EXEMPT DISTRIBUTIONS AND GROWTH THROUGH REAL ESTATE

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