

MUNICIPAL MORTGAGE & EQUITY LLC

Form 8-K

July 12, 2002

MUNICIPAL MORTGAGE & EQUITY, LLC

SUPPLEMENTAL INFORMATION

QUARTER ENDED MARCH 31, 2002

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Units and Average Rents for Bond Portfolio

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

| | For the three months ended March 31, | |
|---|---|-----------------|
| | 2002 | 2001 |
| SOURCES OF CASH: | | |
| Interest on bonds, other bond-related investments, other notes and loans | \$ 22,963 | \$ 20,693 |
| Interest on short-term investments | 487 | 356 |
| Loan servicing fees | 1,908 | 1,632 |
| Loan origination and brokerage fees | 3,126 | 2,364 |
| Other income | 2,330 | 2,311 |
| Net gain on sales | 40 | - |
| TOTAL SOURCES OF CASH | 30,854 | 27,356 |
| EXPENSES: | | |
| Salaries and benefits | 4,827 | 4,445 |
| Professional fees | 172 | 691 |
| Other operating expenses | 2,191 | 1,523 |
| Interest expense | 8,290 | 7,668 |
| Income taxes | 414 | 39 |
| TOTAL EXPENSES | 15,894 | 14,366 |
| CASH AVAILABLE FOR DISTRIBUTION | 14,960 | 12,990 |
| LESS: | | |
| Cash allocable to preferred shares and term growth shares, including preferred shareholders in a subsidiary company | 3,147 | 3,049 |
| CASH AVAILABLE FOR DISTRIBUTION TO COMMON SHARES | \$ 11,813 | \$ 9,941 |
| CAD PER COMMON SHARE | \$ 0.469 | \$ 0.462 |
| RECURRING CAD PER COMMON SHARE | \$ 0.469 | \$ 0.462 |
| CALCULATION OF CASH DISTRIBUTION: | | |
| CASH AVAILABLE FOR DISTRIBUTION TO COMMON SHARES | \$ 11,813 | \$ 9,941 |
| ACTUAL AMOUNT PAID | \$ 10,968 | \$ 9,137 |
| PAYOUT RATIO | 92.8% | 91.9% |

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| | | |
|------------------------------------|------------|------------|
| COMMON SHARES OUTSTANDING | 25,213,482 | 21,499,295 |
| | ===== | ===== |
| CASH DISTRIBUTION PER COMMON SHARE | \$ 0.4350 | \$ 0.4250 |
| | ===== | ===== |

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

1st Quarter 2002 Compared to 1st Quarter 2001:

Total income for the first quarter of 2002 increased \$3.5 million over the same period last year due primarily to: (1) an increase of \$2.3 million in interest income due to increase in interest collected on bond and other bond-related investments, as well as an increase in interest earned on construction lending activities; (2) an increase in loan servicing fees of \$0.3 million; and (3) an increase in loan origination and brokerage fees of \$0.8 million due primarily to an increase in fees associated with tax credit and conventional equity transactions.

Total expenses for the first quarter increased \$1.5 million over the same period last year due primarily to: (1) an increase of \$0.4 million in salary and related benefits expense associated with 2001 new hires; (2) an increase of \$0.7 million in other operating expenses primarily driven by completion and deployment of accounting information systems and other upgrades in technology infrastructure, as well as commissions earned on increased syndication production, which was partially offset by a decrease of \$0.5 million in professional fees; (3) an increase of \$0.6 million in interest expense primarily associated with increased construction lending production and an increase in financing costs associated with securitizations accounted for as borrowings; and (4) an increase of \$0.4 million in income taxes primarily due to an increase in taxable fee income.

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

| | Qtr Ended 03/31/02 | Qtr Ended 12/31/01 | Qtr Ended 09/30/01 |
|---|-----------------------|-----------------------|-----------------------|
| SOURCES OF CASH: | | | |
| Interest on bonds, other bond-related investments, other notes and loans | \$ 22,963 | \$ 22,708 | \$ 21,266 |
| Interest on short-term investments | 487 | 539 | 23 |
| Loan servicing fees | 1,908 | 1,962 | 1,65 |
| Loan origination and brokerage fees | 3,126 | 4,131 | 4,70 |
| Other income | 2,330 | 1,345 | 1,82 |
| Net gain on sales | 40 | 251 | |
| Nonrecurring gain (loss), net | - | 130 | (19) |
| TOTAL SOURCES OF CASH | 30,854 | 31,066 | 29,49 |
| EXPENSES: | | | |
| Salaries and benefits | 4,827 | 6,379 | 5,52 |
| Professional fees | 172 | 1,468 | 1,11 |
| Other operating expenses | 2,191 | 1,801 | 1,89 |
| Interest expense | 8,290 | 7,101 | 7,35 |
| Income taxes | 414 | (61) | 30 |
| TOTAL EXPENSES | 15,894 | 16,688 | 16,18 |
| CASH AVAILABLE FOR DISTRIBUTION | 14,960 | 14,378 | 13,30 |
| LESS: | | | |
| Cash allocable to preferred shares and term growth shares, including preferred shareholders in a subsidiary company | 3,147 | 3,376 | 2,96 |
| CASH AVAILABLE FOR DISTRIBUTION TO COMMON SHARES | \$ 11,813 | \$ 11,002 | \$ 10,34 |
| CAD PER COMMON SHARE | \$ 0.47 | \$ 0.50 | \$ 0.4 |
| RECURRING CASH FLOW PER COMMON SHARE | \$ 0.47 | \$ 0.50 | \$ 0.4 |
| CALCULATION OF CASH DISTRIBUTION: | | | |
| CASH AVAILABLE FOR DISTRIBUTION TO COMMON SHARES | \$ 11,813 | \$ 11,002 | \$ 10,34 |
| ACTUAL AMOUNT PAID | \$ 10,968 | \$ 9,438 | \$ 9,29 |
| PAYOUT RATIO | 92.8% | 85.8% | 89.9 |
| COMMON SHARES OUTSTANDING | 25,213,482 | 21,820,266 | 21,618,14 |
| CASH DISTRIBUTION PER COMMON SHARE | \$ 0.4350 | \$ 0.4325 | \$ 0.430 |

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MUNICIPAL MORTGAGE & EQUITY, LLC
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME
 (Unaudited)

(In thousands, except share and per share data)

| | For th |
|--|------------------------|
| | ----- 2002 ----- |
| INCOME: | |
| Interest on bonds, other bond-related investments, other notes and loans | \$ |
| Interest on short-term investments | |
| Loan servicing fees | |
| Loan origination and brokerage fees | |
| Other income | |
| Net gain on sales | |
| | ----- |
| Total income | ----- |
| EXPENSES: | |
| Salaries and benefits | |
| Professional fees | |
| Operating expenses | |
| Amortization | |
| Interest expense | |
| Other-than-temporary impairments related to investments in bonds and other bond-related investments | |
| | ----- |
| Total expenses | ----- |
| Net holding gains (losses) on trading securities | |
| Income tax expense | |
| Income allocable to preferred shareholders in a subsidiary company | |
| Cumulative effect on prior years of change in accounting for derivative financial instruments | |
| | ----- |
| Net income (loss) | \$ ===== |
| LESS: | |
| Net income allocable to preferred shares and term growth shares | |
| | ----- |
| Net income (loss) allocated to common shares | \$ ===== |
| OPERATING NET INCOME ALLOCATED TO COMMON SHARES (Note 1) | \$ ===== |
| NET INCOME (LOSS) PER COMMON SHARE: | |
| Basic net income (loss) per common share: | |
| Basic net income before cumulative effect of accounting change | |
| | ===== |
| Basic net income (loss) per common share | |
| | ===== |
| Weighted average common shares outstanding | 23,5 |

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Diluted net income (loss) per common share:

Diluted net income before cumulative effect of accounting change

Diluted net income (loss) per common share

Weighted average common shares outstanding

Operating net income per common share (Note 1)

Note 1 - Operating Net Income is Net Income before the change in market value of the Company's derivative financial instruments.

VARIANCE ANALYSIS FOR GAAP

1st Quarter 2002 compared to 1st Quarter 2001:

Total income for the first quarter of 2002 increased \$2.9 million over the same period last year due primarily to: (1) an increase of \$3.6 million in interest income due to increase in interest collected on bond and other bond-related investments, as well as an increase in interest earned on construction lending activities; (2) a \$0.5 million decrease in interest on short-term investments resulting from the use of equity offering proceeds to repurchase senior interests in current securitization trusts and funding of other operations, as well as a decrease in interest collected on margin call accounts; (3) a decrease in other income of \$3.1 million primarily due to other income associated with the Dynex transaction in the first quarter of 2001; (4) a \$2.0 million increase in gain on sales associated with a \$1.2 million gain on the sale of taxable loans and a \$1.0 million sale of an investment in RITES; and (5) an increase in loan origination and brokerage fees of \$0.6 million due primarily to an increase in fees associated with tax credit and conventional equity transactions.

Total expenses for the first quarter of 2002 decreased \$1.9 million over the same period last year due primarily to: (1) an increase of \$0.4 million in salary and related benefits expense associated with 2001 new hires; (2) an increase of \$0.7 million in other operating expenses driven primarily by completion and deployment of accounting information systems and other upgrades in technology infrastructure, as well as commissions earned on increased syndication production, which was partially offset by a decrease of \$0.5 million in professional fees; (3) an increase of \$1.1 million in interest expense primarily associated with increased construction lending production and an increase in financing costs associated with securitizations accounted for as borrowings; (4) a decrease of \$0.4 million in amortization expense due to changes in accounting guidelines relating to amortization of goodwill; and (5) a \$3.1 million impairment recorded in 2001 associated with the Dynex transaction.

The company recorded net holding gains for mark to market adjustments on derivative financial instruments of \$3.1 million for the first quarter of 2002. Excluding this quarter's mark to market adjustment, earnings from net operating income was \$0.50 per common share.

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

| | Qtr Ended 03/31/02 | Qtr Ended 12/31/01 | Qtr Ended 09/30/01 |
|---|-----------------------|-----------------------|-----------------------|
| INCOME: | | | |
| Interest on mortgage revenue bonds and other bond-related investments | \$ 15,593 | \$ 17,311 | \$ 12,153 |
| Interest on loans | 7,999 | 7,930 | 8,461 |
| Interest on short-term investments | 487 | 899 | 487 |
| Loan servicing fees | 1,908 | 1,962 | 1,659 |
| Loan origination and brokerage fees | 2,707 | 3,820 | 3,381 |
| Other income | 1,689 | 216 | 1,395 |
| Net gain on sales | 2,166 | 1,334 | 4,753 |
| | 32,549 | 33,472 | 32,289 |
| EXPENSES: | | | |
| Salaries and benefits | 4,827 | 6,379 | 5,527 |
| Professional fees | 172 | 1,468 | 1,114 |
| Operating expenses | 2,191 | 2,280 | 1,881 |
| Goodwill and other intangible amortization | 318 | 494 | 694 |
| Interest expense | 8,972 | 7,228 | 7,873 |
| Other-than-temporary impairments | 110 | - | - |
| | 16,590 | 17,849 | 17,089 |
| Net holding gains (losses) on trading securities | 3,112 | 2,691 | (4,670) |
| Income tax expense | (1,031) | (351) | (805) |
| Income allocable to preferred shareholders in a subsidiary company | (2,994) | (2,961) | (2,606) |
| Cumulative effect on prior years of change in accounting for derivative financial instruments | - | - | - |
| | \$ 15,046 | \$ 15,002 | \$ 7,119 |
| LESS: | | | |
| Net income allocable to preferred shares and term growth shares | 153 | 418 | 605 |
| | \$ 14,893 | \$ 14,584 | \$ 6,514 |
| OPERATING NET INCOME ALLOCATED TO COMMON SHARES | \$ 11,781 | \$ 11,893 | \$ 11,184 |
| EARNINGS PER COMMON SHARE: | | | |
| Basic earnings before cumulative effect of accounting change | \$ 0.63 | \$ 0.67 | \$ 0.30 |
| | \$ 0.63 | \$ 0.67 | \$ 0.30 |
| Basic net income (loss) per common share | \$ 0.63 | \$ 0.67 | \$ 0.30 |
| Diluted earnings before cumulative effect of accounting change | \$ 0.62 | \$ 0.65 | \$ 0.29 |
| | \$ 0.62 | \$ 0.65 | \$ 0.29 |
| Diluted net income (loss) per common share | \$ 0.62 | \$ 0.65 | \$ 0.29 |
| Weighted average shares outstanding: | | | |

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| | | | |
|---------------------------------------|------------|------------|------------|
| Basic | 23,584,635 | 21,708,191 | 21,590,584 |
| Diluted | 24,200,030 | 22,349,645 | 22,397,981 |
| Operating net income per common share | \$ 0.50 | \$ 0.55 | \$ 0.52 |

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

| | For the three months ended March 31, 2002 | | | For the three months ended March 31, 2001 |
|--|---|---------------|-----------|---|
| | Income | Shares | Per Share | Income |
| | (Numerator) | (Denominator) | Amount | (Numerator) |
| (In thousands, except share and per share data) | | | | |
| Basic EPS | | | | |
| Income allocable to common shares | \$ 14,893 | 23,584,635 | \$ 0.63 | \$ (9,064) |
| Effect of Dilutive Securities | | | | |
| Options and deferred shares | - | 482,540 | | - |
| Earnings contingency | - | 132,855 | | - |
| Diluted EPS | | | | |
| Income allocable to common shares plus assumed conversions | \$ 14,893 | 24,200,030 | \$ 0.62 | \$ (9,064) |

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

| | For the three months ended March 31, 2002 |
|--|---|
| INCOME: | |
| Interest on bonds, other bond-related investments, other notes and loans | \$ |
| Interest on short-term investments | |
| Loan servicing fees | |
| Loan origination and brokerage fees | |

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| | | |
|--|--|-------|
| Other income | | |
| Net gain on sales | | |
| | | ----- |
| Total income | | ----- |
| EXPENSES: | | |
| Salaries and benefits | | |
| Professional fees | | |
| Operating expenses | | |
| Amortization | | |
| Interest expense | | |
| Other-than-temporary impairments related to investments in bonds and other bond-related investments | | |
| | | ----- |
| Total expenses | | ----- |
| Net holding gains on trading securities | | |
| Income tax expense | | |
| Income allocable to preferred shareholders in a subsidiary company | | |
| | | ----- |
| Net income | | \$ |
| | | ===== |
| LESS: | | |
| Net income allocable to term growth shares | | |
| | | ----- |
| Net income allocated to common shares | | \$ |
| | | ===== |
| Conversion to Cash Available for Distribution: | | |
| Amortization of intangibles and fees | | |
| Valuation allowances and impairments | | |
| Origination fees and other income | | |
| Net gain on sale | | |
| Mark to market adjustments | | |
| Deferred tax expense | | |
| | | ----- |
| Cash Available for Distribution | | \$ |
| | | ===== |

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

| | (Unaudited) March 31, 2002 | December 31, 2001 |
|--|----------------------------------|----------------------|
| | ----- | ----- |
| ASSETS: | | |
| Cash, cash equivalents and interest receivable | \$ 90,964 | \$ 113,232 |
| Investment in bonds and other bond-related investments | 650,940 | 629,755 |
| Investment in derivative financial instruments | 2,452 | 2,912 |
| Loans receivable, net | 381,998 | 440,031 |
| Other assets | 74,426 | 74,341 |
| Goodwill and other intangible assets | 29,005 | 29,005 |
| | ----- | ----- |

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| | | |
|--|--------------|--------------|
| TOTAL | \$ 1,229,785 | \$ 1,289,276 |
| ===== | | |
| LIABILITIES AND EQUITY: | | |
| Current liabilities | \$ 26,632 | \$ 31,974 |
| Notes payable | 333,757 | 420,063 |
| Investment in other bond-related investments | 5,630 | 7,979 |
| Investment in derivative financial instruments | 15,074 | 18,646 |
| Short-term debt | 53,500 | 78,560 |
| Long-term debt | 138,370 | 134,881 |
| Preferred shareholders' equity in a subsidiary company | 160,465 | 160,465 |
| Shareholders' equity | 496,357 | 436,708 |
| ----- | | |
| TOTAL | \$ 1,229,785 | \$ 1,289,276 |
| ===== | | |
| BOOK VALUE PER COMMON SHARE | \$ 19.68 | \$ 19.31 |
| ===== | | |

MUNICIPAL MORTGAGE & EQUITY, LLC
 ADJUSTED BALANCE SHEET
 (In thousands)
 (unaudited)

| | Mar 31, 2002 | Adj |
|---|--------------|-------|
| | ----- | ----- |
| Cash and cash equivalents | \$ 75,775 | |
| Investment in bonds and loans, net | 632,688 | |
| Off balance sheet assets | - | |
| Other assets | 500,618 | |
| ----- | | |
| Total net assets | \$ 1,209,081 | |
| ===== | | |
| Liabilities, including short-term debt | \$ 413,889 | |
| Off balance sheet debt | - | |
| Long-term debt | 138,370 | |
| ----- | | |
| Total liabilities | \$ 552,259 | |
| ===== | | |
| Leverage Ratio | | |
| (1) Adjustments to bonds and loans: | | |
| Remove Midland loans from assets and liabilities | \$ 348,717 | |
| Remove Oxford from assets and liabilities | 5,420 | |
| Adjustment to reflect CAD sale of pari passu taxable loans accounted for as borrowings | 17,163 | |
| Adjustment to reflect effect of highly leveraged obligations | 63,831 | |
| ----- | | |
| TOTAL | \$ 435,131 | |
| ===== | | |
| (2) Off-balance sheet assets includes the following: | | |
| FSA A Bonds | \$ 67,500 | |
| Other A Bonds | 23,789 | |
| Demand Notes | 16,247 | |
| P-Floats | 306,759 | |

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| | | |
|-----|---|------------|
| | TOTAL | \$ 414,295 |
| (3) | Remove goodwill | \$ 29,004 |
| (4) | Adjustments to liabilities: | |
| | Remove other liabilities and normal accruals | \$ 26,632 |
| | Adjustment to reflect CAD sale of pari passu taxable loans accounted for as borrowings | 18,997 |
| | Remove Oxford from assets and liabilities | 5,410 |
| | Remove Midland loans from assets and liabilities | 333,694 |
| | TOTAL | \$ 384,733 |

MUNICIPAL MORTGAGE & EQUITY, LLC
 2002 INVESTMENTS
 FIRST QUARTER
 (In thousands)

BOND PRODUCTION:

| PROPERTY | CITY | STATE | PERMANENT INTEREST RATE | CONSTR |
|-----------------------|-------------|-------|-------------------------------|--------|
| The Chancellor II (1) | Los Angeles | CA | 7.350% | |
| Walnut Village (1) | Los Angeles | CA | 7.350% | |
| Las Trojas (1) | North Hills | CA | 7.350% | |
| Monroe B (2) | Monroe | LA | 7.200% | |
| TOTAL | | | | |

(1) The Company's initial investment in these bonds was \$51,000 per bond. The remaining balance of each bond is estimated to be drawn in August, 2002. The Company earned a 1.25% origination fee.

(2) The Company made an additional investment in two existing properties located in Monroe, LA. The company earned a 7% origination fee.

CONSTRUCTION/PERMANENT LENDING AND SYNDICATION PRODUCTION:

| | QUA VO |
|---|-----------|
| Tax Credit Equity Syndications (Equity Raised) | \$ 3 |
| Tax Credit Lending Production | \$ 2 |
| Conventional Equity Syndication (Equity Raised) | \$ |

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| | |
|--|---------|
| Conventional Lending Production | \$ |
| Taxable Construction Loan Production (generating a weighted average spread of 1.12%) | \$ 6 |
| Taxable Permanent Loan Production | \$ 6 |
| Working Capital Loans | \$ 1 |
| OTHER INFORMATION: | |
| Balance as of 3/31/02 of Midland Servicing Portfolio under Management | \$ 1,05 |
| Balance as of 3/31/02 of Midland Equity Syndication Portfolio under Management | \$ 67 |

MUNICIPAL MORTGAGE & EQUITY, LLC
PARTICIPATING BOND PORTFOLIO
NET OPERATING INCOME - TREND
As of March 31, 2002

| Property ----- | Q1 2001 Actual ----- | Q4 2001 Actual ----- | Q1 2002 (2) Actual ----- |
|-------------------------------|----------------------------|----------------------------|--------------------------------|
| Alban | 255,263 | 238,545 | 275,263 |
| (1) Arlington | 0 | 0 | 0 |
| Barkley Place | 376,725 | 379,015 | 427,224 |
| Cobblestone | 162,306 | 179,580 | 171,467 |
| (1) Cool Springs | 0 | 0 | 0 |
| Creekside | 236,937 | 241,272 | 278,383 |
| Crossings | 223,004 | 192,690 | 172,282 |
| Gilman Meadows | 177,968 | 178,290 | 197,869 |
| Hamilton Grove | 249,607 | 208,703 | 266,232 |
| Jefferson Commons | 558,561 | 376,176 | 551,513 |
| Lakeview | 174,579 | 157,497 | 193,404 |
| Mallard I | 38,063 | 58,433 | 46,473 |
| Mallard II | 123,457 | 133,411 | 134,853 |
| Montclair | 440,570 | 305,474 | 425,197 |
| Newport Village | 283,680 | 318,144 | 331,262 |
| Nicollet Ridge | 397,875 | 394,316 | 403,026 |
| North Pointe | 546,620 | 540,006 | 578,480 |
| Palisades Park | 190,014 | 226,929 | 224,810 |
| Riverset I | 417,320 | 408,873 | 367,083 |
| Riverset II | 176,749 | 170,854 | 162,840 |
| Steeplechase Falls Meadows | 347,592 | 370,708 | 412,440 |
| | 165,775 | 171,553 | 180,895 |
| Timber Ridge | 146,225 | 154,997 | 169,739 |
| Villas at LaRiviera | 193,084 | 249,233 | 225,414 |
| Whispering Lake | 331,086 | 302,653 | 345,122 |
| Winter Oaks | 272,870 | 184,575 | 249,654 |
| | ----- | | |
| Total | 6,485,930 | 6,141,927 | 6,790,925 |
| Same Store Growth | 6,485,930 | 6,141,927 | 6,790,925 |

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- (1) Under construction
 (2) Q1 2002 represents two months actual, one month budget

MUNICIPAL MORTGAGE & EQUITY, LLC
 REAL ESTATE TABLE

| Apartment Community | Month/Year Acquired | Apartment Units | Occupancy | | | Month Ended February |
|---------------------------------------|---------------------|-----------------|----------------------------|-------------------------------|----------------------------|----------------------|
| | | | Month Ended March 31, 2002 | Month Ended December 31, 2001 | Month Ended March 31, 2001 | |
| Participating Mortgage Bonds: | | | | | | |
| Alban Place | Sep-86 | 194 | 94.3% | 90.7% | 92.8% | |
| Cobblestone | Aug-99 | 184 | 94.6% | 94.0% | 94.0% | |
| Creekside Village | Nov-87 | 296 | 99.7% | 99.7% | 99.7% | |
| Crossings | Jan-97 | 200 | 93.5% | 95.5% | 97.0% | |
| Jefferson Commons | Dec-00 | 173 | 93.8% | 94.8% | 97.7% | |
| Lakeview | Sep-87 | 180 | 97.8% | 97.2% | 98.4% | |
| North Pointe | Sep-86 | 540 | 96.9% | 96.9% | 93.9% | |
| Timber Ridge | Dec-00 | 168 | 94.6% | 96.4% | 95.5% | |
| Villas at LaRiviera | Jun-99 | 199 | 98.0% | 96.5% | 97.6% | |
| Subtotal Participating Mortgage Bonds | | 2,134 | | | | |
| Mortgage Bonds: | | | | | | |
| Applewood (a.k.a. Paola) | Jul-99 | 48 | 93.8% | 91.7% | 93.8% | |
| Buchanan Bay | Mar-01 | 228 | 73.0% | 71.5% | N/A | |
| Cielo Vista | Aug-99 | 378 | 97.1% | 89.7% | 87.8% | |
| Charter House (2) | Dec-96 | - | N/A | N/A | N/A | |
| Country Club | Jul-99 | 101 | 94.1% | 87.1% | 85.7% | |
| Delta Village | Jun-99 | 80 | 98.8% | 93.8% | 96.5% | |
| Elmbrooke | Aug-00 | 54 | 100.0% | 100.0% | 80.1% | |
| Florida A&M | Feb-00 | 96 | 72.9% | 69.8% | 93.8% | |
| Gannon (Broward) | Feb-98 | 315 | 96.5% | 97.5% | 94.6% | |
| Gannon (Dade) (3) | Feb-98 | 1,252 | 95.4% | 95.1% | 97.2% | |
| Gannon (St. Louis) | Feb-98 | 336 | 92.3% | 91.1% | 92.0% | |
| Gannon A Bond | Feb-98 | - | N/A | N/A | N/A | |
| Hidden Valley | Dec-96 | 82 | 90.2% | 87.8% | 97.6% | |
| Honey Creek | Mar-99 | 656 | 93.9% | 91.6% | 96.8% | |
| Hunter's Glen | Mar-01 | 383 | 91.1% | 91.1% | N/A | |
| Lake Piedmont | Apr-98 | 648 | 92.4% | 85.0% | 79.5% | |
| Monroe (Oakmont, Towne Oak) | Dec-98 | 364 | 98.6% | 98.4% | 99.5% | |
| Mountain View (Willowgreen) | Nov-86 | 241 | 95.4% | 92.5% | 98.2% | |
| Northridge Park II | Aug-87 | 128 | 99.2% | 97.7% | 97.0% | |
| Oakbrook | Dec-96 | 170 | 95.9% | 95.9% | 97.5% | |
| Orangevale | Apr-98 | 64 | 100.0% | 100.0% | 100.0% | |
| Parkwood | Jun-99 | 180 | 97.8% | 97.2% | 99.0% | |
| Riverset II (1) | Jan-96 | - | N/A | N/A | N/A | |
| Sahuarita | Jun-99 | 52 | 78.8% | 75.0% | 100.0% | |

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| | | | | | |
|---------------------------|--------|-----|-------|--------|-------|
| Santa Fe Springs | Jun-00 | 310 | 81.9% | 88.4% | 92.5% |
| Shadowbrook | Jun-99 | 193 | 97.9% | 96.4% | 98.0% |
| Torries Chase | Dec-96 | 99 | 92.9% | 99.0% | 97.0% |
| Villa Hialeah | Nov-87 | 245 | 97.6% | 97.1% | 98.0% |
| Village at Stone Mountain | Oct-97 | 722 | 92.5% | 93.1% | 95.9% |
| Village Green | Feb-00 | 200 | 88.5% | 90.5% | 93.8% |
| Western Hills | Dec-98 | 80 | 97.5% | 100.0% | 94.8% |
| Willow Key | Mar-99 | 384 | 98.7% | 99.0% | 99.2% |
| Woodmark | Jun-99 | 173 | 97.7% | 97.7% | 96.4% |

Subtotal Mortgage Bonds 8,262

Participating Subordinate Mortgage Bonds:

| | | | | | |
|---------------------|--------|-----|-------|-------|-------|
| Barkley Place | May-87 | 156 | 91.7% | 92.9% | 93.5% |
| Gilman Meadows | Mar-87 | 125 | 93.6% | 94.4% | 93.6% |
| Hamilton Chase | Feb-87 | 300 | 97.7% | 94.0% | 92.8% |
| Mallard Cove I & II | Feb-87 | 198 | 85.9% | 87.4% | 97.1% |
| Meadows | Jan-88 | 200 | 93.0% | 98.5% | 92.8% |
| Montclair | Oct-86 | 159 | 91.8% | 90.6% | 94.0% |
| Newport Village | Dec-86 | 220 | 95.0% | 95.9% | 98.6% |
| Nicollet Ridge | Dec-87 | 339 | 90.6% | 90.0% | 95.6% |
| Riverset II | Jan-96 | 148 | 89.0% | 88.2% | 92.6% |
| Steeplechase | Oct-88 | 450 | 98.7% | 96.2% | 93.8% |
| Whispering Lake | Oct-87 | 384 | 93.8% | 88.3% | 88.3% |

Subtotal Participating Subordinate Mortgage Bonds 2,679

Occupancy

| Apartment Community | Month/Year Acquired | Apartment Units | Month Ended | Month Ended | Month Ended |
|-----------------------------|---------------------|-----------------|----------------|-------------------|----------------|
| | | | March 31, 2002 | December 31, 2001 | March 31, 2001 |
| Subordinate Mortgage Bonds: | | | | | |
| CAPREIT | Sep-99 | - | N/A | N/A | N/A |
| Cinnamon Ridge | Jan-99 | - | N/A | N/A | N/A |
| Farmington Meadows | Aug-99 | 69 | 98.6% | 100.0% | 100.0% |
| Independence Ridge | Aug-96 | 336 | 83.9% | 83.9% | 86.6% |
| Locarno | Aug-96 | 110 | 92.7% | 92.7% | 93.6% |
| Olde English Manor | Nov-99 | - | N/A | N/A | N/A |
| Peaks of Conyer | Sep-01 | 260 | N/A | N/A | N/A |
| Rillito Village | Jul-00 | - | N/A | N/A | N/A |
| Winter Oaks | Nov-99 | 460 | 91.5% | 86.1% | 92.3% |

Subtotal Subordinate Mortgage Bonds 1,235

Other Bond-Related Investments:

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| | | | | | |
|--|--------|-------|--------|--------|--------|
| Briarwood | Dec-98 | 600 | 98.7% | 97.3% | 94.3% |
| Cinnamon Ridge | Dec-97 | 264 | 97.0% | 95.8% | 95.4% |
| Golfside Villas (f.k.a. Club West) | Mar-99 | 194 | 100.0% | 99.0% | 98.5% |
| Park Center | Oct-01 | 325 | 92.9% | 92.9% | N/A |
| Park at Landmark | Sep-00 | 396 | 95.0% | 94.7% | 98.0% |
| Poplar Glen | Jun-97 | 191 | 99.0% | 98.4% | 96.1% |
| rites - Charter House | Dec-96 | 280 | 89.6% | 89.3% | 93.2% |
| rites - Indian Lakes | Jul-97 | 296 | 87.8% | 91.9% | 88.2% |
| rites - LaPaloma | Apr-99 | 120 | 99.2% | 100.0% | 97.0% |
| rites - LeMirador (Coleman Senior) | Apr-98 | 141 | 98.6% | 96.5% | 99.7% |
| rites - Museum Towers | Apr-01 | 286 | 88.5% | 89.5% | N/A |
| rites - Oklahoma City (4) | Aug-98 | 772 | 87.4% | 88.1% | 94.3% |
| rites - Olde English Manor | Jun-98 | 264 | 92.8% | 91.3% | 95.5% |
| rites - Palisades Park | Feb-98 | 304 | 98.4% | 99.3% | 98.5% |
| rites - Pavillion | Apr-99 | 132 | 99.2% | 99.2% | 99.5% |
| rites - Queen Anne IV | Jul-98 | 110 | 99.1% | 99.1% | 91.5% |
| rites - Rancho/Villas | May-00 | 417 | 92.8% | 85.8% | 93.5% |
| rites - Rillito Village | Aug-98 | 272 | 93.4% | 86.8% | 89.3% |
| rites - Riverset (1) | Aug-88 | 352 | 89.0% | 88.2% | 92.6% |
| rites - Riverset II (1) | Jan-96 | - | N/A | N/A | N/A |
| rites - Sienna (a.k.a. Italian Gardens) | Apr-98 | 140 | 97.1% | 95.0% | 100.0% |
| rites - Sonterra | May-98 | 156 | 80.8% | 76.3% | 77.4% |
| rites - Southgate Crossings | Jun-97 | 215 | 95.8% | 100.0% | 96.8% |
| rites - Southwood | Nov-97 | 1,286 | 84.0% | 82.0% | 82.6% |

Subtotal Other Bond-Related
Investments

7,513

Total Units/Weighted Average
Investments

21,823
=====

Total/Same Stores

20,341

93.3%

92.2%

93.6%

Construction/Substantial Rehab Properties and Other Investments:

| | | | | | |
|----------------------------|--------|-------|-------|-------|-------|
| Arlington | Dec-00 | 176 | N/A | N/A | N/A |
| Barrington at Beach Street | Oct-00 | 398 | 28.6% | N/A | N/A |
| Bedford Park | Oct-00 | 312 | 74.4% | 41.0% | 48.8% |
| CAPREIT (5) | Mar-01 | 2,942 | 93.3% | 93.7% | 95.6% |
| Chancellor | Nov-01 | 101 | N/A | N/A | N/A |
| Chancellor II | Mar-02 | 46 | N/A | N/A | N/A |
| Cool Springs | Aug-00 | 124 | 21.8% | 17.7% | N/A |
| Fort Branch | Dec-00 | 250 | N/A | N/A | N/A |
| Hidden Brooks | Sep-01 | 201 | 80.1% | 87.1% | N/A |
| Las Trojas | Mar-02 | 49 | N/A | N/A | N/A |
| Lincoln Corner | Dec-01 | 134 | N/A | N/A | N/A |
| Meridian at Bridgewater | Nov-99 | 90 | 64.4% | 52.2% | 10.0% |
| North White Road | Nov-01 | 157 | N/A | N/A | N/A |
| Oak Grove Commons | Dec-01 | 168 | N/A | N/A | N/A |
| Penn Valley | Dec-01 | 42 | N/A | N/A | N/A |
| Riverview | Jun-00 | 224 | 51.3% | 17.0% | N/A |
| Silver Springs | Dec-99 | 250 | 88.0% | 86.4% | 19.2% |
| Southwind | Aug-00 | 88 | 85.5% | 96.6% | 69.0% |
| Village Apartments | May-00 | 210 | 96.2% | 84.8% | 82.1% |
| Village at Sun Valley | May-00 | 276 | 49.6% | 32.6% | N/A |
| Walnut Tree | Mar-02 | 64 | N/A | N/A | N/A |
| Weatherstone | Sep-00 | 100 | 54.0% | 40.0% | N/A |

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| | | | | | |
|---|--------|--------|-------|-------|-------|
| Woodglen | Dec-99 | 250 | 93.2% | 92.4% | 79.6% |
| | | ----- | | | |
| Subtotal Construction/Rehab Properties | | 6,652 | | | |
| | | ----- | | | |
| Total Units | | 28,475 | | | |
| | | ===== | | | |

- (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 eight properties.
- (4) The Oklahoma City Portfolio represents three properties.
- (5) The CAPREIT Portfolio represents eleven properties.
- (6) Same Store includes properties reporting for each of past three quarters.