

tion beginning in 2005 and have a weighted average term of four years.

Portfolio Investing

CharterMac had a record year in its core business of revenue bond acquisitions. During 2003, CharterMac acquired revenue bonds, provided additional fundings, and issued forward commitments aggregating approximately \$517.7 million, secured by more than 10,700 units of multifamily housing located in 17 states. CharterMac's investment activity during 2003 represents a 3.0% increase over the Company's investment activi-

ty in 2002. The tax-exempt first mortgage bonds funded in 2003 have a weighted average interest rate of 6.55%, a weighted average maturity of 38 years, and a weighted average prepayment lockout of 14 years.

We continue to build a strong and diversified portfolio, with no single bond representing more than 2.53% of the Company's portfolio. As of December 31, 2003, CharterMac had direct and indirect ownership interests in a geographically diversified portfolio of taxable and tax-exempt first mortgage revenue bonds and tax-exempt subor-

dinate revenue bonds with a fair value of approximately \$1.9 billion, secured by mortgages on more than 40,500 multifamily housing units. The tax-exempt first mortgage revenue bonds in our portfolio have a weighted average interest rate of 6.83%, a weighted average maturity of 35 years, and a weighted average prepayment lockout of 12 years.

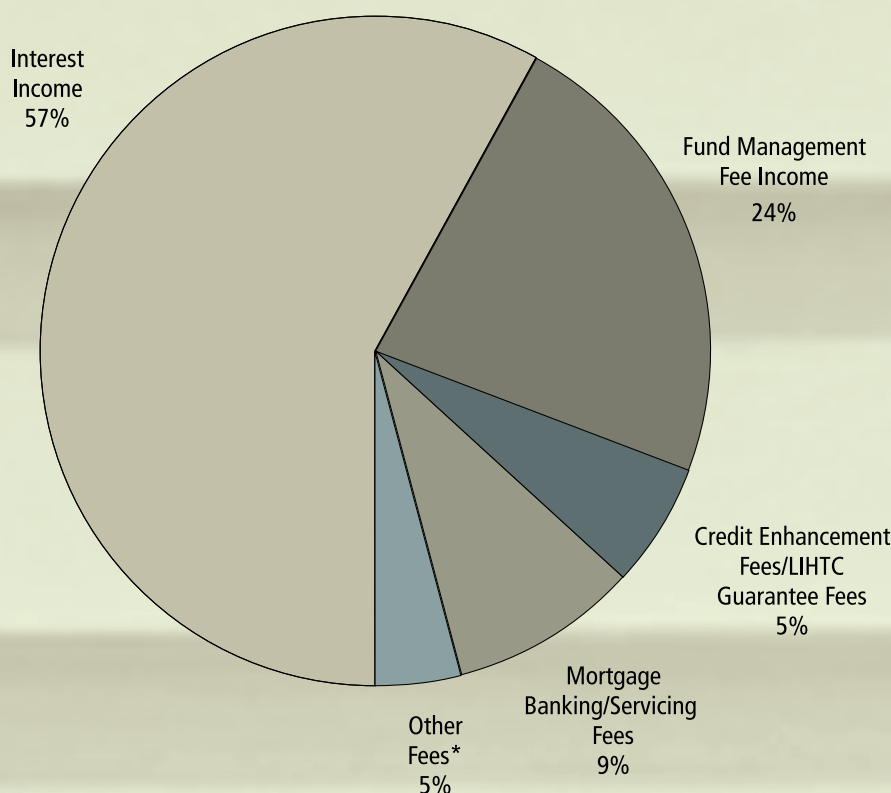
As of December 31, 2003, approximately 33.5% of CharterMac's revenue bond portfolio was comprised of stabilized bonds, with a weighted average debt service coverage ratio of 1.20:1. Average occupancy for the entire stabilized

portfolio at year end stayed constant at approximately 92%. We continue to take a very active and hands-on approach to servicing our loan portfolio and monitoring property performance. We are extremely proud of our asset management and loan servicing groups, as they continue to add enormous value to the Company and clearly help distinguish CharterMac from its competitors.

Fund Management

CharterMac's new fund management subsidiary, RCC, also had a record year in 2003, during which it raised approximately \$890.4 million

Projected Revenue Sources for 2004



* Other consists of contingent interest, construction and letter of credit fees, low floater fees, and ARCap revenue.