

MMA CAPITAL MANAGEMENT, LLC
Form 10-Q
November 09, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 001-11981

MMA CAPITAL MANAGEMENT, LLC
(Exact name of registrant as specified in its charter)

Delaware

52-1449733

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

3600 O'Donnell Street, Suite 600

Baltimore, Maryland

(443) 263-2900

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(Address of principal executive offices)

(Registrant's telephone number, including area code)

21224

(Zip Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class Name of each exchange on which registered

Common Shares, no par value Nasdaq Capital Market

Common Stock Purchase Rights Nasdaq Capital Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files) Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes
" No

There were 5,846,269 shares of common shares outstanding at November 1, 2018.

MMA Capital Management, LLC

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Cautionary Statement Regarding Forward Looking Statements

*This Quarterly Report on Form 10-Q for the period ended September 30, 2018 (this “**Report**”) should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2017 (“**2017 Annual Report**”), filed with the United States Securities and Exchange Commission (“**SEC**”), to which reference is hereby made. This Report contains forward-looking statements intended to qualify for the safe harbor contained in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). Forward-looking statements often include words such as “may,” “will,” “should,” “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “seek,” “would,” “could,” and similar words or expressions and are made in connection with discussions of future events and future operating or financial performance.*

Forward-looking statements reflect our management’s expectations at the date of this Report regarding future conditions, events or results. They are not guarantees of future performance. By their nature, forward-looking statements are subject to risks and uncertainties. Our actual results and financial condition may differ materially from what is anticipated in the forward-looking statements. There are many factors that could cause actual conditions, events or results to differ from those anticipated by the forward-looking statements contained in this Report. For a discussion of certain of those risks and uncertainties and the factors that could cause our actual results to differ materially because of those risks and uncertainties, see Part I, Item 1A, Risk Factors of our 2017 Annual Report.

Readers are cautioned not to place undue reliance on forward-looking statements in this Report or that we may make from time to time, and to consider carefully the factors discussed in Part I, Item 1A. “Risk Factors” of the 2017 Annual Report in evaluating these forward-looking statements. We do not undertake to update any forward-looking statements contained herein, except as required by law.

PART I – FINANCIAL INFORMATION***MMA Capital Management, LLC*****Consolidated Financial Highlights****(Unaudited)**

(in thousands, except per common share data)	As of and for the quarterly period ended				
	3Q18	2Q18	1Q18	4Q17	3Q17
Selected income statement data					
Net interest income	\$2,603	\$3,209	\$2,895	\$1,666	\$1,817
Non-interest revenue	204	293	220	225	793
Total revenues, net of interest expense	2,807	3,502	3,115	1,891	2,610
Operating and other expenses	4,607	4,213	9,279	13,152	20,640
Net gains (losses) from bonds and other continuing operations	10,533	3,608	3,136	(3,644)	10,058
Net income (loss) from continuing operations before income taxes	8,733	2,897	(3,028)	(14,905)	(7,972)
Income tax (expense) benefit	(122)	(754)	790	1,977	(384)
Net income from discontinued operations, net of tax	13	619	20,578	6,939	5,095
Loss allocable to noncontrolling interests from continuing operations				11,346	12,717
Loss allocable to noncontrolling interests from discontinued operations				151	465
Net income allocable to common shareholders	\$8,624	\$2,762	\$18,340	\$5,508	\$9,921
Earnings per share data					
Net income allocable to common shareholders: Basic	\$1.49	\$0.48	\$3.25	\$0.94	\$1.69
Diluted	1.41	0.42	3.25	0.89	1.69
Average shares: Basic	5,804	5,697	5,650	5,838	5,871
Diluted	6,087	6,074	5,650	6,223	5,871
Market and per common share data					
Market capitalization	\$149,981	\$150,870	\$153,699	\$134,274	\$143,952
Common shares at period-end	5,830	5,770	5,746	5,618	5,836
Share price during period:					
High	28.00	29.40	30.58	26.60	25.05
Low	25.18	25.45	23.85	23.70	18.00
Closing price at period-end	26.18	26.60	27.20	24.30	25.05
Book value per common share: Basic	33.20	32.35	31.05	24.49	23.26
Diluted	32.96	32.02	30.82	24.48	23.26
Selected balance sheet data (period end)					

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Cash and cash equivalents	\$ 15,556	\$ 27,045	\$ 33,444	\$ 35,693	\$ 29,356
Investments in debt securities (without consolidated funds and ventures ("CFVs"))	147,808	162,261	157,824	143,604	142,951
Investment in partnerships	146,104	128,206	122,432	128,820	119,883
All other assets (without CFVs)	94,430	99,800	99,666	34,737	40,937
Assets of discontinued operations				61,220	65,862
Assets of CFVs				127,812	136,507
Total assets	\$ 403,898	\$ 417,312	\$ 413,366	\$ 531,886	\$ 535,496
Debt (without CFVs)	\$ 187,172	\$ 203,087	\$ 205,099	\$ 209,427	\$ 209,233
All other liabilities (without CFVs)	23,179	27,543	29,854	27,580	25,562
Liabilities of discontinued operations				17,212	15,603
Liabilities of CFVs				50,565	48,320
Noncontrolling interests				89,529	101,052
Total liabilities and noncontrolling interests	210,351	230,630	234,953	394,313	399,770
Common shareholders' equity	\$ 193,547	\$ 186,682	\$ 178,413	\$ 137,573	\$ 135,726
Rollforward of common shareholders' equity					
Common shareholders' equity - at beginning of period	\$ 186,682	\$ 178,413	\$ 137,573	\$ 135,726	\$ 127,547
Net income allocable to common shareholders	8,624	2,762	18,340	5,508	9,921
Other comprehensive income allocable to common shareholders	(3,375)	4,047	9,160	2,154	61
Common share repurchases	(772)	(3,341)		(5,694)	(1,161)
Common shares issued and options exercised	4,057	5,034	4,125		
Cumulative change due to change in accounting principles			9,206		
Other changes in common shareholders' equity	(1,669)	(233)	9	(121)	(642)
Common shareholders' equity - at end of period	\$ 193,547	\$ 186,682	\$ 178,413	\$ 137,573	\$ 135,726

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

Overview

MMA Capital Management, LLC was organized in 1996 as a Delaware limited liability company. Unless the context otherwise requires, and when used in this Report, the “**Company**,” “**MMA**,” “**we**,” “**our**” or “**us**” refers to MMA Capital Management, LLC and its subsidiaries.

The Company invests in debt associated with renewable energy infrastructure and real estate. We focus on investments with attractive risk-adjusted returns that generate positive environmental or social impacts. Our investments, other assets and liabilities are organized into three portfolios:

Energy Capital – This portfolio consists primarily of investments that we have made through joint ventures with an institutional capital partner in loans that finance renewable energy projects;

· Leveraged Bonds – This portfolio primarily includes tax-exempt mortgage revenue bonds that are leveraged; and

Other Assets and Liabilities – This portfolio includes certain loan receivables, cash, real estate-related investments, subordinated debt and the balance of the Company’s assets and liabilities.

Commencing on January 8, 2018, we became externally managed by Hunt Investment Management, LLC, an investment adviser registered with the SEC (our “**External Manager**”). In conjunction with this change, and as further discussed in the 2017 Annual Report, we completed the sale of the following businesses and assets to Hunt (Hunt Companies, Inc. and/or its affiliates are herein referred to as “**Hunt**” and this sale transaction is hereinafter referred to as the “**Disposition**”):

· our Low Income Housing Tax Credit (“**LIHTC**”) business;

our international asset and investment management business;

the loan origination, servicing and management components of our Energy Capital business (including certain management, expense reimbursement and other contractual rights that were held by the Company with respect to this business line);

our bond servicing platform; and

certain miscellaneous investments.

Given these changes to our business model and effective the first quarter of 2018, we operate as a single reporting segment. As a result, we no longer operate, or present the results of our operations, through three reportable segments that, as of December 31, 2017, included United States (“**U.S.**”) Operations, International Operations and Corporate Operations.

Proposed Conversion to a Corporation

On August 7, 2018, the Board of Directors (“**Board**”) approved the conversion of our legal form of organization from a limited liability company to a corporation. Since its inception, the Company has followed a corporate form of governance and, in July 2013, elected to be taxed as a corporation. The proposed conversion would conform our legal form of organization to that of our tax and governance attributes.

If the conversion is approved by our shareholders, our common shares will be converted on a one-for-one basis from common shares of a limited liability company to common shares of a corporation and our current governance framework, including Board of Directors, will remain in place. Similarly, the measurement of our assets, liabilities and other tax, financial and accounting attributes for financial reporting purposes will be unchanged. However, upon conversion, we will be governed by the Delaware General Corporation Law (the “**DGCL**”) and a new certificate of incorporation instead of by the Delaware Limited Liability Company Act (the “**LLC Act**”) and our current limited liability company operating agreement.

The proposed conversion of the Company’s legal form to that of a corporation is subject to the approval of our shareholders. Accordingly, the Company will hold a special shareholders’ meeting on November 20, 2018 at which shareholders will be provided an opportunity to vote on the Company’s proposed conversion. The Company filed a proxy statement with the SEC on September 28, 2018 that provides more information about the Company’s proposed conversion including the differences between the DGCL and our proposed corporate documents as compared with the LLC Act and our current limited liability company operating agreement.

Energy Capital Portfolio

In our Energy Capital portfolio, we invest in loans that finance renewable energy projects to enable developers, design and build contractors and system owners to develop, build and operate renewable energy systems throughout North America. These loans include late-stage development, construction and permanent loans. We typically invest in these loans directly or through Renewable Energy Lending, LLC (“**REL**”) with an institutional capital partner in multiple ventures that include: Solar Construction Lending, LLC (“**SCL**”); Solar Permanent Lending, LLC (“**SPL**”); and Solar Development Lending, LLC (“**SDL**”) (REL, SCL, SPL and SDL are collectively referred to hereinafter as, the “**Solar Ventures**”). Our External Manager provides loan origination, servicing, asset management and other management services to the Solar Ventures.

On June 1, 2018, the Company became the sole owner of REL and consolidates this venture for reporting purposes. The Company’s buyout of its prior investment partner’s interest in REL enabled it to increase the amount of equity we are able to deploy into renewable energy investments through the Solar Ventures, provided the Company with full decision-making control over REL and eliminated the preferred return that was payable to our prior investment partner. At September 30, 2018, REL holds a 50% membership interest in each of SCL and SPL that had a carrying value of \$101.1 million and \$2.9 million, respectively.

Upon the formation of SDL, the Company and its institutional capital partner each agreed to contribute 50% of the initial and incremental capital contributions to the partnership. However, during the third quarter of 2017, the partners agreed that the Company would fund 10% and our capital partner would fund the remaining 90% for a particular portfolio of loans, thereby causing our ownership interest in SDL to decrease in percentage terms. At September 30, 2018, the Company’s investment in SDL had a carrying value of \$11.5 million, representing approximately a 50% ownership interest in this venture.

On July 13, 2018, the Company extended the investment period in SDL, SCL and SPL with our institutional capital partner through July 15, 2023.

At September 30, 2018, the loans that were funded through the Solar Ventures had an aggregate UPB of \$178.7 million, a weighted-average remaining maturity of five months and a weighted-average coupon of 9.2%. These loans generated origination fees that ranged from 1% to 2% on committed capital and had fixed-rate coupons that ranged from 7.0% to 13.5%.

Leveraged Bonds Portfolio

In our Leveraged Bonds portfolio, we primarily invest in bonds that finance affordable housing and infrastructure in the U.S.

The bonds we hold are fixed rate and unrated. Our bonds are also generally tax-exempt and collateralized by affordable multifamily rental properties. Substantially all of the rental units in these multifamily properties, some of which may be subsidized by the government, have tenant income and rent restrictions.

The Company also has two municipal bonds that finance the development of infrastructure (“**Infrastructure bonds**”) for a mixed-use town center development and are secured by incremental tax revenues generated from the development.

The Company has financed its ownership of a majority of its investments in bonds through total return swap (“**TRS**”) agreements. These financing arrangements enable the Company to retain the economic risks and rewards of the fixed rate bonds that are referenced in such agreements and generally require the Company to pay a variable rate of interest that resets on a weekly basis. The Company also has executed TRS agreements to synthetically acquire the total return of multifamily bonds that it does not own. The Company has hedged a portion of the interest rate risk associated with its TRS agreements and other sources of variable interest rate exposure using various interest rate risk management agreements.

Table 1 provides key metrics related to all bonds in which we have an economic interest, including bonds in which we acquired an economic interest through TRS agreements (such bonds and TRS agreements are hereinafter referred to collectively as the “**Bond Portfolio**”). See Notes to Consolidated Financial Statements – Note 6, “Debt,” and Note 7, “Derivative Instruments,” for more information about how TRS and interest rate risk management agreements are reported in the Company’s financial statements.

Table 1: Bond Portfolio - Summary

(dollars in thousands)	At September 30, 2018								
	Unpaid		Principal		Wtd. Avg. Debt Service Coverage (7)	Number of Bonds (8)	Number of Multifamily Properties (8)	Wtd. Avg. Pay Rate (6)	Wtd. Avg. Coupon (5)
	Balance ("UPB")	Fair Value	Wtd. Avg. Coupon	Wtd. Avg. Pay Rate					
Multifamily tax-exempt bonds									
Performing	\$167,687	\$176,728	6.42 %	6.42 %	1.22 x	21	19		
Non-performing (1)	9,869	12,966	6.45 %	3.70 %	0.89 x	1	1		
Subordinated cash flow (2)	9,620	10,674	6.78 %	1.98 %	N/A	3			
Total multifamily tax-exempt bonds	\$187,176	\$200,368	6.42 %⁽⁵⁾	6.27 %⁽⁵⁾	1.20 x	25	20		
Infrastructure bonds (3)	\$26,825	\$21,576	6.75 %	6.75 %	0.60 x	2	N/A		
Total Bond Portfolio (4)	\$214,001	\$221,944	6.47 %⁽⁵⁾	6.33 %⁽⁵⁾	1.12 x	27	20		

(1) Includes bond investments that are 30 days or more past due in either principal or interest payments.

(2) Coupon interest on these investments is payable only to the extent sufficient cash flows are available for the debtor to make such payments. As a result, debt service coverage is not calculated for these investments.

(3) On October 30, 2018, the Company agreed to restructure its two infrastructure bond investments into a single tax-exempt bond with a UPB of \$27.2 million, a coupon of 6.30% and a contractual term of 30.1 years. See Notes to Consolidated Financial Statements – Note 17, "Subsequent Events," for more information on the restructuring.

(4) Includes nine bonds with a combined UPB and fair value of \$70.3 million and \$74.1 million, respectively, that were financed with TRS agreements that had a combined notional amount of \$71.6 million and that were accounted for as derivatives at September 30, 2018. The Bond Portfolio also includes eight bonds with a combined UPB and fair value of \$81.0 million and \$85.5 million, respectively, that were financed with TRS agreements that had a combined notional amount of \$81.5 million and where the transfer of underlying bond investments was accounted for as a secured borrowing.

(5) Excludes the effects of subordinated cash flow bonds. If the Company had included the effects of subordinated cash flow bonds in the determination of these amounts, the weighted average coupon for total multifamily tax-exempt bonds and for the total bond portfolio would have been 6.44% and 6.48%, respectively, at September 30, 2018, and the weighted-average pay rate for total multifamily tax-exempt bonds and for the total bond portfolio would have

been 6.05% and 6.14%, respectively, at September 30, 2018.

⁽⁶⁾ *Reflects cash interest payments collected as a percentage of the average UPB of corresponding bond investments for the preceding 12 months at September 30, 2018.*

⁽⁷⁾ *Calculated on a rolling 12-month basis using property level information as of the prior quarter-end for those bonds with must pay coupons that are collateralized by multifamily properties or incremental tax revenues in the case of infrastructure bonds.*

⁽⁸⁾ *For comparative purposes, at June 30, 2018, the Bond Portfolio was comprised of 29 bonds, which included 25 multifamily tax-exempt bonds that were collateralized by 20 affordable multifamily rental properties. During the third quarter of 2018, the Company sold its two bond investments that were classified as "Other bonds" that had a UPB and fair value of \$14.8 million and \$15.3 million, respectively, at June 30, 2018.*

The fair value of the Bond Portfolio as a percentage of its UPB increased from 103.3% at June 30, 2018 to 103.7% at September 30, 2018, while the weighted-average debt service coverage ratio of the Bond Portfolio was 1.12x at both June 30, 2018 and September 30, 2018.

The contractual terms of investments in the Bond Portfolio include provisions that permit bonds to be prepaid at par after a specified date that is prior to their stated maturity date. Table 2 provides information about the UPB and fair value of bonds that were prepayable at par at September 30, 2018, and stratifies such information based upon the periods in which such instruments become prepayable at par.

Interest Rate Risk Hedge Positions

We use interest rate swaps and caps to hedge interest rate risk associated with this portfolio. The net fair value of these financial instruments was \$1.8 million at September 30, 2018.

Table 2: Stratification of the Bond Portfolio Based Upon Prepayment Features

(in thousands)	UPB	Fair Value
September 30, 2018	\$26,825	\$21,576
October 1 through December 31, 2018	1,855	2,113
2019	5,170	5,222
2020	18,006	18,685
2021	55,612	59,864
2022	81,778	88,493
Thereafter	24,755	25,991
Bonds that may not be prepaid		
Total	\$214,001	\$221,944

Other Assets and Liabilities Portfolio

In our Other Assets and Liabilities portfolio, we manage the Company's cash, loan receivables, real estate-related investments, subordinated debt and other assets and liabilities of the Company. An overview of the primary assets and liabilities within this portfolio follows.

Cash

As of September 30, 2018, we had \$15.6 million of unrestricted cash and \$10.9 million of restricted cash that was primarily pledged as collateral in connection with risk management and financing agreements.

Hunt Note

As consideration for the Disposition, Hunt agreed to pay the Company \$57.0 million and to assume certain liabilities of the Company. The Company provided seller financing to Hunt through a \$57.0 million note receivable from Hunt that has a term of seven years, is prepayable at any time and bears interest at the rate of 5% per annum. The unpaid principal balance on the note will amortize in 20 equal quarterly payments of \$2.85 million beginning on March 31, 2020.

On October 4, 2018, the Company's note receivable from Hunt increased to \$67.0 million as part of Hunt's settlement of the MGM Agreements as defined and further discussed below within "Interests in MGM" and Notes to Consolidated Financial Statements — Note 17, "Subsequent Events."

Real Estate-Related Investments

When the Company conveyed its international asset and investment management business to Hunt, it retained an 11.85% ownership interest in the South Africa Workforce Housing Fund ("SAWHF"), along with related financing for that investment and a foreign currency hedge agreement for risk management purposes. SAWHF is a multi-investor fund managed by affiliates of International Housing Solutions S.à r.l. ("IHS") that began operations in April 2008 and is currently in the process of exiting its investments. The carrying value of the Company's investment in SAWHF was \$10.7 million at September 30, 2018.

At September 30, 2018, we owned one direct investment in real estate consisting of a land parcel. This undeveloped real estate is located just outside the city of Winchester in Frederick County, Virginia and had a carrying value of \$3.7 million as of September 30, 2018.

At September 30, 2018, we were an equity partner in four real estate-related investments consisting of (i) an 80.0% ownership interest in a mixed-use town center development whose incremental tax revenues secure our infrastructure bond investments and (ii) three limited partner interests in partnerships that owned affordable housing and in which our ownership interest ranged from 74.25% to 74.92%. The carrying value of these four investments was \$19.9 million at September 30, 2018.

Deferred Tax Assets

Deferred taxes arise from differences between assets and liabilities measured for financial reporting versus income tax return purposes. Deferred tax assets ("DTAs") are recognized if we assess that it is more likely than not that tax benefits, including net operating losses ("NOLs") and other tax attributes, will be realized prior to their expiration. As of December 31, 2017, the carrying value of our DTAs was \$140 million, although these assets were fully reserved because management determined that, as of such reporting date, it was not more likely than not that the Company would realize its DTAs. The Company's DTAs remain fully reserved as of September 30, 2018.

Debt Obligations

This portfolio includes the Company's subordinated debt, notes payable and other debt. The carrying value and weighted-average yield of these debt obligations at September 30, 2018 is provided below in Table 21.

Interest Rate Risk Hedge Positions

We use interest rate swaps and caps to hedge interest rate risk associated with debt obligations in this portfolio. The net fair value of these financial instruments was \$5.1 million at September 30, 2018.

Interests in MGM

As consideration for the sale of our LIHTC business to Morrison Grove Management, LLC ("MGM") in 2014, the Company received an option to acquire the LIHTC business of MGM, which primarily manages LIHTC investments on behalf of third party investors and for its own account. This purchase option was converted on January 8, 2018, into a purchase and sale agreement that required the Company to complete the purchase of MGM subject to certain conditions precedent. On January 8, 2018, the Company also (i) executed agreements to acquire from an affiliate of MGM certain assets pertaining to a specific LIHTC property and (ii) purchased a \$9.0 million senior loan from an MGM affiliate. This senior loan, which is secured by assets of MGM, bears interest at 11% payable quarterly. The unpaid principal balance of this loan, which was \$9.0 million as of September 30, 2018, is payable in full in June 2020.

On October 4, 2018, Hunt exercised its option to take assignment of the Company's agreements to acquire (i) the LIHTC business of MGM and (ii) certain assets pertaining to a specific LIHTC property from affiliates of MGM (these agreements are collectively referred hereinafter to as the "**MGM Agreements**"). As a result of the concurrent assignment of the MGM Agreements and Hunt's closing thereunder, the Company expects to recognize an increase in common shareholders' equity of approximately \$14.2 million in the fourth quarter of 2018, or approximately \$2.35 per share based upon diluted shares outstanding at September 30, 2018.

In connection with the closing of the MGM Agreements, the Company executed a series of additional transactions completing the Company's disposition of MGM and other LIHTC related assets. Those additional transactions included the acquisition by Hunt of (i) the Company's \$9.0 million held for sale loan for \$9.4 million of cash that the Company had previously acquired from an affiliate of MGM and (ii) the Company's remaining general partner

interests in two nonconsolidated LIHTC funds. In addition, the Company acquired \$10.0 million in Hunt notes from the MGM principals for \$5.0 million in cash and \$5.0 million in a Company note. This purchase increased the aggregate principal balance of the Company's existing \$57.0 million note from Hunt to \$67.0 million. The Company's \$5.0 million note to the MGM principals bears interest at 5.0%, is payable quarterly in arrears and has a varying amortization schedule that fully amortizes the note by its maturity date of January 1, 2026.

Our External Manager

In conjunction with the Disposition, we entered into a management agreement with the External Manager (the "**Management Agreement**") that took effect on January 8, 2018. At the time of the Disposition, all employees of the Company were hired by the External Manager. In consideration for the management services being provided by the External Manager, the Company pays the External Manager (i) a base management fee, which is payable quarterly in arrears and is calculated as a percentage of the Company's GAAP common shareholders' equity, with certain annual true-ups, and (ii) an annual incentive fee equal to 20% of the total annual return of diluted common shareholders' equity per share in excess of 7%. However, for the first and second quarters of 2018, the base management fee was fixed at \$1 million per quarter. The Company also agreed to reimburse the External Manager for certain allocable overhead costs including costs associated with an allocable share of the costs of (i) noninvestment personnel of the External Manager who spend all or a portion of their time managing the Company's operations and reporting as a public company (based on their time spent on such matters) and (ii) the Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**") based on the percentage of their time spent managing the Company. Such reimbursement is, however, subject to a cap of \$2.5 million through 2019 and \$3.5 million thereafter, until the Company's GAAP common shareholders' equity exceeds \$500 million.

SUMMARY OF FINANCIAL PERFORMANCE

Net Worth

Common shareholders' equity increased \$6.9 million in the third quarter to \$193.5 million at September 30, 2018. This change was driven by \$5.3 million in comprehensive income that was allocable to common shareholders and by \$1.6 million of other increases in common shareholders' equity.

Diluted common shareholders' equity ("**Book Value**") per share increased \$0.94 per share in the third quarter of 2018 to \$32.96 at September 30, 2018.

Refer to "Consolidated Balance Sheet Analysis" for more information about changes in common shareholders' equity and other components of our Consolidated Balance Sheets.

Comprehensive Income

We recognized comprehensive income that was allocable to common shareholders of \$5.3 million in the third quarter of 2018, which consisted of \$8.6 million of net income that was allocable to common shareholders and \$3.3 million of other comprehensive loss that was allocable to common shareholders. In comparison, we recognized \$10.0 million of comprehensive income that was allocable to common shareholders during the third quarter of 2017, which consisted of \$9.9 million of net income that was allocable to common shareholders and \$0.1 million of other comprehensive income that was allocable to common shareholders.

Net income that we recognized in the third quarter of 2018 was primarily driven by net interest income, net gains on bonds and equity in income from unconsolidated funds and ventures. Refer to "Consolidated Results of Operations" for more information about changes in common shareholders' equity that is attributable to net income allocable to common shareholders.

Other comprehensive loss that we reported in the third quarter of 2018 was primarily attributable to the reclassification of unrealized holding gains out of accumulated other comprehensive income (“AOCI”) and into our Consolidated Statements of Operations due to the sale of certain bond investments. The impact of this reclassification was partially offset by net unrealized holding gains that we recognized in AOCI during the third quarter in connection with our Bond Portfolio. Refer to “Consolidated Balance Sheet Analysis” for more information about other comprehensive income.

Other Considerations

As further discussed in “Introduction – Overview” in Item 2 of this Report, the Company sold certain business lines and assets to Hunt and converted to an externally managed business model by engaging Hunt to perform management services for the Company. By executing this strategic transaction, the Company no longer recognizes:

- asset management fees and expense reimbursement revenues from international operations, LIHTC and renewable energy funds that we previously managed;

- investment income associated with conveyed equity co-investments in previously-managed funds;

- guarantee revenues or expenses associated with our LIHTC business line;

- various legal and other professional fees that are incurred in the normal course to manage the previously managed investment funds;

- employee salaries and benefits (other than stock compensation expense associated with unexercised options that were not conveyed and that is reported as a component of “Salaries and benefits” expense in our Consolidated Statements of Operations); and

- other income and expense associated with conveyed interests and employees.

The Disposition also resulted in the deconsolidation from the Company’s Consolidated Balance Sheets on January 8, 2018 of all guaranteed LIHTC funds and derecognition of nearly all other CFVs that were recognized in our Consolidated Balance Sheets at December 31, 2017. As a result, the Company will no longer recognize in future reporting periods revenues, expenses, assets, liabilities and noncontrolling interests associated with such CFVs.

In place of the aforementioned revenues and expenses, and notwithstanding revenues and expenses associated with assets and liabilities of the Company that were excluded from the sale transaction, the Company recognizes interest income associated with its loan receivable from Hunt and will recognize various costs set forth in the Management

Agreement, including base management fees, incentive management fees and reimbursements to the External Manager for certain allocable overhead costs.

Information that is provided in this Report's "Consolidated Balance Sheet Analysis" and "Consolidated Results of Operations" should be reviewed in consideration of the aforementioned changes.

CONSOLIDATED BALANCE SHEET ANALYSIS

This section provides an overview of changes in our assets, liabilities and equity and should be read together with our consolidated financial statements, including the accompanying notes to the financial statements.

Table 3 provides a balance sheet summary for the periods presented. For presentation purposes, assets, liabilities and equity that were attributable to noncontrolling interest holders of CFVs are presented in Table 3 as separate line items because the Company generally has a minimal ownership interest in these consolidated entities. For the periods presented, the assets, liabilities and noncontrolling interests related to these CFVs were attributable to consolidated property partnerships and certain LIHTC funds in which we guaranteed minimum yields on investment to investors and for which we agreed to indemnify the purchaser of our general partner interest in such funds from investor claims related to those guarantees. However, the Disposition resulted in the deconsolidation from the Company's Consolidated Balance Sheets in the first quarter of 2018 of all guaranteed LIHTC funds and derecognition of nearly all other CFVs that were recognized in our Consolidated Balance Sheets at December 31, 2017. See Notes to Consolidated Financial Statements – Note 14, “Discontinued Operations,” and Note 15, “Consolidated Funds and Ventures,” for more information about CFVs.

Table 3: Balance Sheet Summary

(in thousands, except per share data)	At September 30, 2018	At June 30, 2018	At March 31, 2018	At December 31, 2017	Change for 3Q 2018
Assets					
Cash and cash equivalents	\$ 15,556	\$27,045	\$ 33,444	\$ 35,693	\$ (11,489)
Restricted cash (without CFVs)	10,944	15,916	15,870	21,271	(4,972)
Investments in debt securities (without CFVs)	147,808	162,261	157,824	143,604	(14,453)
Investments in partnerships (without CFVs)	146,104	128,206	122,432	128,820	17,898
Loans	67,299	66,299	66,299	736	1,000
Other assets (without CFVs)	16,187	17,585	17,497	12,730	(1,398)
Assets of discontinued operations				61,220	
Assets of CFVs ⁽¹⁾				127,812	
Total assets	\$ 403,898	\$417,312	\$413,366	\$ 531,886	\$ (13,414)
Liabilities and Noncontrolling Interests					
Debt (without CFVs)	\$ 187,172	\$203,087	\$ 205,099	\$ 209,427	\$ (15,915)

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Accounts payable and accrued expenses	3,166	3,405	4,137	6,098	(239)
Other liabilities (without CFVs) ^{(1), (2)}	20,013	24,138	25,717	21,482	(4,125)
Liabilities of discontinued operations				17,212	
Liabilities of CFVs				50,565	
Noncontrolling interests related to CFVs				89,529	
Total liabilities and noncontrolling interests	\$ 210,351	\$ 230,630	\$ 234,953	\$ 394,313	\$ (20,279)
Common Shareholders' Equity	\$ 193,547	\$ 186,682	\$ 178,413	\$ 137,573	\$ 6,865
Common shares outstanding	5,830	5,770	5,746	5,618	60
Common shareholders' equity per common share	\$ 33.20	\$ 32.35	\$ 31.05	\$ 24.49	\$ 0.85
Diluted common shareholders' equity ⁽³⁾	\$ 198,978	\$ 196,205	\$ 188,947	\$ 146,915	\$ 2,773
Diluted common shares outstanding	6,037	6,128	6,130	6,002	(91)
Diluted common shareholders' equity per common share	\$ 32.96	\$ 32.02	\$ 30.82	\$ 24.48	\$ 0.94

Deferred revenue balances associated with financial guarantees that were made by the Company to 11 guaranteed LIHTC funds had been eliminated for reporting purposes in conjunction with prepaid guarantee assets of CFVs because the Company had consolidated such guaranteed LIHTC funds for reporting purposes. The unamortized ⁽¹⁾balances of such deferred revenue and prepaid assets, which are equal and offsetting, were \$7.5 million at December 31, 2017. The 11 guaranteed LIHTC funds were deconsolidated as of March 31, 2018, and, as a result, related deferred revenue balances were derecognized from the Company's Consolidated Balance Sheets as of such reporting date.

Includes \$14.1 million of deferred revenue associated with the Company's sale of its LIHTC business as of September 30, 2018, June 30, 2018 and March 31, 2018 and \$10.3 million as of December 31, 2017. See Notes to Consolidated Financial Statements — Note 17, "Subsequent Events," for more information regarding the realization of such deferred revenue in the fourth quarter of 2018.

Diluted common shareholders' equity measures common shareholders' equity assuming that all outstanding employee common share options that are dilutive were exercised in full at September 30, 2018, June 30, 2018, March 31, 2018 and December 31, 2017. In this case, liabilities recognized by the Company in its Consolidated Balance Sheets that relate to options that are dilutive would be reclassified into common shareholders' equity upon their assumed exercise. These liabilities are measured at fair value and, therefore, are sensitive to changes in the market price for the Company's common shares. The carrying value of liabilities that relate to all outstanding employee common share options was \$5.4 million, \$9.5 million, \$10.5 million and \$9.3 million at September 30, 2018, June 30, 2018, March 31, 2018 and December 31, 2017, respectively.

Common Shareholders' Equity

Table 4 summarizes the changes in common shareholders' equity for the periods presented.

Table 4: Changes in Common Shareholders' Equity

(in thousands)	For the three months ended			For the nine months ended		
	September 30, 2018	September 30, 2017	Change	September 30, 2018	September 30, 2017	Change
Net income allocable to common shareholders	\$ 8,624	\$ 9,921	\$(1,297)	\$ 29,726	\$ 13,894	\$ 15,832
Other comprehensive (loss) income allocable to common shareholders	(3,375)	61	(3,436)	9,832	1,181	8,651
Other changes in common shareholders' equity	1,616	(1,803)	3,419	16,416	(4,673)	21,089
Net change in common shareholders' equity	\$ 6,865	\$ 8,179	\$(1,314)	\$ 55,974	\$ 10,402	\$ 45,572

Other Comprehensive Income Allocable to Common Shareholders

Table 5 summarizes other comprehensive income that was allocable to common shareholders for the periods presented.

Table 5: Other Comprehensive Income Allocable to Common Shareholders

(in thousands)	For the three months ended September 30,			For the nine months ended September 30,		
	2018	2017	Change	2018	2017	Change
Bond related activity:						
Bond fair value adjustments	\$ 1,025	\$ (274)	\$ 1,299	\$ 2,143	\$ (1,135)	\$ 3,278
Increase in accumulated other comprehensive income due to equity in losses from LTTPs		897	(897)		3,104	(3,104)
Reclassification of realized gains on sold or redeemed bonds into the Consolidated Statements of Operations	(5,080)	(620)	(4,460)	(5,080)	(620)	(4,460)
Reclassification of realized losses to the Consolidated Statements of Operations related to bond investments assessed as OTTI	141	39	102	6	39	(33)
Recognition of unrealized holding gains due to deconsolidation of consolidated LTTPs				9,415		9,415
Other comprehensive (loss) income related to bond activity	(3,914)	42	(3,956)	6,484	1,388	5,096
Income tax benefit	14		14			
Cumulative translation adjustment	525	19	506	3,348	(207)	3,555
Other comprehensive (loss) income allocable to common shareholders	\$ (3,375)	\$ 61	\$ (3,436)	\$ 9,832	\$ 1,181	\$ 8,651

The other comprehensive loss that was allocable to common shareholders for the three months ended September 30, 2018 was primarily a result of the reclassification out of AOCI and into our Consolidated Statements of Operations of \$5.1 million of realized gains associated with two bond investments that were sold in the third quarter of 2018. This decline was partially offset by a net increase in unrealized holdings gains that we recognized in the third quarter of 2018 in connection with our bond investments.

Other comprehensive income that was allocable to common shareholders for the nine months ended September 30, 2018 increased compared to other comprehensive income for the nine months ended September 30, 2017, primarily as a result of (i) the recognition of net unrealized holding gains associated with bond investments that were no longer eliminated for reporting purposes in the first quarter of 2018 due to the derecognition of corresponding lower tier property partnerships, (ii) net increase in unrealized holding gains that we recognized in the third quarter of 2018 in connection with our bond investments and (iii) the reversal of a \$3.4 million cumulative translation adjustment due to the sale of our international asset and investment management business in the first quarter of 2018. These increases were partially offset by the reclassification out of AOCI and into our Consolidated Statements of Operations of \$5.1 million of realized gains associated with two bond investments that were sold in the third quarter of 2018.

Other Changes in Common Shareholders' Equity

Table 6 summarizes other changes in common shareholders' equity for the periods presented.

Table 6: Other Changes in Common Shareholders' Equity

(in thousands)	For the three months ended			For the nine months ended		
	September 30,		Change	September 30,		Change
	2018	2017		2018	2017	
Common share repurchases	\$ (772)	\$ (1,161)	\$389	\$ (4,113)	\$ (3,913)	\$ (200)
Common shares issued				8,375		8,375
Net change due to change in accounting principles				9,206		9,206
Purchases of shares in a subsidiary (including price adjustments on prior purchases)		(724)	724	(73)	(931)	858
Director and employee share awards	82	82		246	171	75
Options exercised	4,057		4,057	4,841		4,841
Options tendered for payment of withholding taxes	(1,751)		(1,751)	(2,066)		(2,066)

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Other changes in common shareholders' equity	\$ 1,616	\$ (1,803)	\$3,419	\$ 16,416	\$ (4,673)	\$21,089
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The amount of other changes in common shareholders' equity for the three months ended September 30, 2018 increased compared to that reported for the three months ended September 30, 2017, primarily as a result of (i) the exercise of stock options previously granted to our officers and (ii) the decline in the number of common shares that were repurchased by the Company during the third quarter of 2018 compared to that purchased by the Company in the third quarter of 2017.

The amount of other changes in common shareholders' equity for the nine months ended September 30, 2018 increased compared to that reported for the nine months ended September 30, 2017, primarily as a result of (i) a \$9.2 million transition adjustment to retained earnings that we recognized in connection with the adoption of new accounting standards on January 1, 2018 (see "Adoption of New Accounting Standards" within Notes to Consolidated Financial Statements – Note 1, "Summary of Significant Accounting Policies"), (ii) the issuance of 250,000 common shares to Hunt during the nine months ended September 30, 2018 in connection with the Disposition and (iii) the exercise of stock options during 2018 that were previously granted to our officers.

CONSOLIDATED RESULTS OF OPERATIONS

This section provides a comparative discussion of our Consolidated Results of Operations for the three months and nine months ended September 30, 2018 and September 30, 2017 and should be read in conjunction with our financial statements, including the accompanying notes. See “Critical Accounting Policies and Estimates” for more information concerning the most significant accounting policies and estimates applied in determining our results of operations.

For presentation purposes, income (loss) that was attributable to noncontrolling interest holders of CFVs are excluded from our comparative discussion of our results of operations because (i) the Company had a minimal ownership interest in these consolidated entities and (ii) such income (loss) does not affect the measurement of diluted common shareholders’ equity per common share, which is a key metric that is used by management to evaluate the Company’s financial performance. In this regard, the discussion and analysis of consolidated results of operations herein is focused on income (loss) that is allocable to common shareholders. Additionally, income (loss) that was attributable to businesses or assets that were conveyed by the Company in the Disposition was reclassified for all reporting periods and is presented as discontinued operations. The Disposition resulted in the deconsolidation from the Company’s Consolidated Balance Sheets in the first quarter of 2018 of all guaranteed LIHTC funds and the derecognition of nearly all other CFVs that were recognized in our Consolidated Balance Sheets at December 31, 2017. See Notes to Consolidated Financial Statements – Note 15, “Consolidated Funds and Ventures,” for more information about income (loss) that was attributable to noncontrolling interest holders of CFVs.

Net Income Allocable to Common Shareholders

Table 7 summarizes net income allocable to common shareholders for the periods presented.

Table 7: Net Income Allocable to Common Shareholders

(in thousands)	For the three months ended September 30,			For the nine months ended September 30,		
	2018	2017	Change	2018	2017	Change
Net interest income	\$ 2,603	\$ 1,814	\$ 789	\$ 8,707	\$ 6,361	\$ 2,346

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Other income	204	793	(589)	717	1,302	(585)
Operating and other expenses:						
Other interest expense	(1,166)	(953)	(213)	(3,353)	(3,331)	(22)
Operating expenses	(3,441)	(7,933)	4,492	(14,746)	(16,697)	1,951
Net gains on bonds, derivatives, real estate sales and operations, loans and debt extinguishment of liabilities	7,260	5,390	1,870	11,622	5,129	6,493
Equity in income from unconsolidated funds and ventures	3,273	6,531	(3,258)	5,655	11,472	(5,817)
Net loss allocated to common shareholders related to CFVs		(897)	897		(3,094)	3,094
Net income to common shareholders from continuing operations before income taxes	8,733	4,745	3,988	8,602	1,142	7,460
Income tax expense	(122)	(384)	262	(86)	(550)	464
Net income to common shareholders from discontinued operations, net of tax	13	5,095	(5,082)	21,210	11,787	9,423
Net losses allocable to noncontrolling interests in CFVs related to discontinued operations		465	(465)		1,515	(1,515)
Net income allocable to common shareholders	\$ 8,624	\$ 9,921	\$(1,297)	\$ 29,726	\$ 13,894	\$ 15,832

Net Interest Income

Net interest income represents interest income earned on our investment in bonds, loans and other interest-earning assets less our cost of funding associated with short-term borrowings and long-term debt that we use to finance such assets.

Table 8 summarizes net interest income for the periods presented.

Table 8: Net Interest Income

(in thousands)	For the three months ended September 30,			For the nine months ended September 30,		
	2018	2017	Change	2018	2017	Change
Interest income:						
Interest on bonds	\$ 2,178	\$ 2,194	\$ (16)	\$ 7,425	\$ 7,049	\$ 376
Interest on loans and short-term investments	1,055	91	964	3,196	638	2,558
Total interest income	3,233	2,285	948	10,621	7,687	2,934
Asset related interest expense:						
Bond related debt	(630)	(471)	(159)	(1,914)	(1,326)	(588)
Total interest expense	(630)	(471)	(159)	(1,914)	(1,326)	(588)
Net interest income	\$ 2,603	\$ 1,814	\$ 789	\$ 8,707	\$ 6,361	\$ 2,346

Net interest income for the three months and nine months ended September 30, 2018 increased compared to that reported for the three months and nine months ended September 30, 2017 primarily due to (i) interest income on a \$57.0 million note receivable that we recognized during 2018 in connection with the Disposition and (ii) the recognition of interest income on a \$9.0 million senior loan during 2018 that we acquired from an affiliate of MGM. The impact associated with these items was partially offset by an increase in interest expense associated with bond related debt that was prompted by the reclassification of notes payable and other debt to bond related debt. The reclassification of such debt obligations was made in connection with the two bond investments that were recognized in the first quarter of 2018 upon the deconsolidation of various CFVs.

Other Income

Other Income includes asset management fees and reimbursements as well as other miscellaneous income.

Table 9 summarizes other income for the periods presented.

Table 9: Other Income

For the three months ended September 30,	For the nine months ended September 30,
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(in thousands)	2018	2017	Change	2018	2017	Change
Other income	\$ 204	\$ 793	\$ (589)	\$ 717	\$ 1,302	\$ (585)

Other income for the three months and nine months ended September 30, 2018 declined compared to that reported for the three months and nine months ended September 30, 2017 primarily due to the recognition of approximately \$0.6 million of non-recurring income that was received in the third quarter of 2017 in connection with the reimbursement by MMA Capital TC Fund I, LLC of a mandatory loan that the Company had made to fulfill a guaranteed obligation.

Other Interest Expense

Other interest expense represents our cost of funding associated with debt obligations that do not finance our interest earning assets.

Table 10 summarizes other interest expense for the periods presented.

Table 10: Other Interest Expense

(in thousands)	For the three months ended			For the nine months ended		
	September 30,			September 30,		
	2018	2017	Change	2018	2017	Change
Subordinated debt	\$ (891)	\$ (782)	\$ (109)	\$ (2,472)	\$ (3,003)	\$ 531
Notes payable and other debt	(275)	(171)	(104)	(881)	(328)	(553)
Other interest expense	\$ (1,166)	\$ (953)	\$ (213)	\$ (3,353)	\$ (3,331)	\$ (22)

Other interest expense for the three months and nine months ended September 30, 2018 increased compared to that reported for the three months and nine months ended September 30, 2017 primarily as a result of (i) the issuance of debt in the third quarter of 2017 that was used to finance our purchase of an 11.85% ownership interest in SAWHF and (ii) an increase in variable interest rates associated with our subordinated debt. The impact of these items was partially offset by a reduction in other interest expense that was attributable to our discounted purchase during the first nine months of 2017 of \$26.4 million of the Company's subordinated debt of which \$19.9 million and \$6.5 million pertained to purchases during the second and third quarters of 2017, respectively.

Operating Expenses

Operating expenses include salaries and benefits, management fees and reimbursable expenses payable to our External Manager, general and administrative expense, professional fees and other miscellaneous expenses.

Table 11 summarizes operating expenses for the periods presented.

Table 11: Operating Expenses

(in thousands)	For the three months ended September 30,			For the nine months ended September 30,		
	2018	2017	Change	2018	2017	Change
Salaries and benefits	\$ (33)	\$ (4,204)	\$ 4,171	\$ (1,128)	(9,471)	\$ 8,343
External management fees and reimbursable expenses	(1,059)		(1,059)	(5,762)		(5,762)
General and administrative	(328)	(411)	83	(1,032)	(1,184)	152
Professional fees	(1,230)	(2,077)	847	(5,031)	(4,408)	(623)
Other expenses	(791)	(1,241)	450	(1,793)	(1,634)	(159)
Operating expenses	\$ (3,441)	\$ (7,933)	\$ 4,492	\$ (14,746)	\$ (16,697)	\$ 1,951

Operating expenses for the three months ended September 30, 2018 declined compared to those reported for the three months ended September 30, 2017 primarily due to (i) a decrease in employee-related compensation and other overhead costs that stemmed from the Company's conversion to an externally managed business model upon settlement of the Disposition, (ii) a non-recurring \$0.9 million other-than-temporary impairment charge recognized in the third quarter of 2017 in connection with one of our investments in infrastructure bonds and (iii) non-recurring professional fees that were incurred during the three months ended September 30, 2017 primarily associated with the Disposition. The impact of these items was partially offset by (i) the incurrence in 2018 of external management fees

and reimbursable expenses payable to our External Manager and (ii) \$0.6 million of foreign currency losses associated with the remeasurement of foreign currency-denominated assets and liabilities to U.S. dollars during the three months ended September 30, 2018.

Operating expenses for the nine months ended September 30, 2018 declined compared to those reported for the nine months ended September 30, 2017 primarily due a reduction in (i) employee-related compensation and other overhead costs that stemmed from the Company's conversion to an externally managed business model upon settlement of the Disposition and (ii) stock compensation-related expense that was attributable to decreases in the volume of outstanding stock options driven by the exercise thereof in 2018 by our officers. The impact of these items was partially offset by (i) the incurrence in 2018 of external management fees and reimbursable expenses payable to our External Manager, (ii) an increase in non-recurring professional fees during the first quarter of 2018 that were largely driven by the Disposition and (iii) \$0.5 million of foreign currency losses associated with the remeasurement of foreign currency-denominated assets and liabilities to U.S. dollars during the nine months ended September 30, 2018.

Net Gains (Losses) Relating to Bonds, Derivatives, Real Estate-Related Investments, Loans and Extinguishment of Liabilities

Net gains (losses) relating to bonds, derivatives, real estate-related investments, loans and extinguishment of liabilities (“**Net gains**”) includes net realized and unrealized gains and losses associated with loans and derivative instruments, as well as includes gains that are realized by the Company in connection with the extinguishment of its recognized debt obligations.

Table 12 summarizes Net gains for the periods presented.

Table 12: Net Gains

(in thousands)	For the three months ended			For the nine months ended		
	September 30,			September 30,		
	2018	2017	Change	2018	2017	Change
Net gains on bonds	\$ 5,080	\$ 620	\$4,460	\$ 5,080	\$ 620	\$4,460
Net gains on derivatives	1,102	1,430	(328)	5,464	2,501	2,963
Net gains on real estate-related investments	1,092	1,526	(434)	1,092	1,700	(608)
Net gains (losses) on loans		805	(805)		(4,530)	4,530
N						