BBX CAPITAL CORP
Form 10-Q
May 08, 2015

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2015

OR

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

For the transition period from _______ to _______

Commission files number 001-13133

BBX CAPITAL CORPORATION

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Florida | 65-0507804 |
| (State or other jurisdiction of | (I.R.S. Employer |
| incorporation or organization) | Identification No.) |
| | 33301 |
| 401 East Las Olas Boulevard Suite 800 | (Zip Code) |
| Fort Lauderdale, Florida | |

(Address of principal executive offices)

(954) 940-4000

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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, and (2) has been subject to such filing requirements for the past 90 days. [X] YES [ ] NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). [X] YES [ ] NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ] Accelerated filer [ X ]
Non-accelerated filer [ ] Small reporting company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). [ ] YES [X] NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

| Title of Each Class | Outstanding at May 4, 2015 |
|---|---|
| Class A Common Stock, par value $0.01 per share | 15,977,322 |
| Class B Common Stock, par value $0.01 per share | 195,045 |

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BBX CAPITAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION-UNAUDITED

| (In thousands, except share data) | | March 31, 2015 | December 31, 2014 |
|---|---|---|---|
| ASSETS | | | |
| Cash and interest bearing deposits in banks ($2,738 and $4,993 in Variable Interest Entities ("VIEs")) | $ | 39,952 | 58,819 |
| Restricted cash and time deposits at financial institutions ($250 and $0 in VIEs) | | 2,645 | - |
| Loans held-for-sale ($32,072 and $35,423 in VIEs) | | 32,072 | 35,423 |
| Loans receivable, net of allowance for loan losses of $381 and $977 ($18,740 and $18,972, net of allowance of $381 and $977 in VIEs) | | 26,582 | 26,844 |
| Trade receivables, net of allowance for bad debts of $101 and $148 | | 12,264 | 13,416 |
| Real estate held-for-investment ($19,346 and $19,156 in VIEs) | | 83,335 | 75,590 |
| Real estate held-for-sale ($13,059 and $13,745 in VIEs) | | 39,763 | 41,733 |
| Investment in unconsolidated real estate joint ventures | | 15,807 | 16,065 |
| Investment in Woodbridge Holdings, LLC | | 78,829 | 73,026 |
| Properties and equipment, net ($8,439 and $8,350 in VIEs) | | 17,542 | 17,679 |
| Inventories | | 15,228 | 14,505 |
| Goodwill and other intangible assets, net | | 15,660 | 15,817 |
| Other assets ($1,512 and $1,017 in VIEs) | | 5,848 | 4,019 |
| Total assets | $ | 385,527 | 392,936 |
| LIABILITIES AND EQUITY | | | |
| Liabilities: | | | |
| BB&T preferred interest in FAR, LLC ($6,132 and $12,348 in VIEs) | $ | 6,132 | 12,348 |
| Notes payable to related parties | | 11,750 | 11,750 |
| Notes payable | | 17,158 | 17,923 |
| Principal and interest advances on residential loans ($11,364 and $11,171 in VIEs) | | 11,364 | 11,171 |
| Other liabilities ($980 and $1,431 in VIEs) | | 25,604 | 28,464 |
| Total liabilities | | 72,008 | 81,656 |
| Commitments and contingencies (Note 13) | | | |
| Equity: | | | |
| Preferred stock, $.01 par value, 10,000,000 shares authorized; | | | |

| | | |
|---|---|---|
| none issued and outstanding | - | - |
| Class A common stock, $.01 par value, authorized 25,000,000 shares; issued and outstanding 15,977,322 and 15,977,322 shares | 160 | 160 |
| Class B common stock, $.01 par value, authorized 1,800,000 shares; issued and outstanding 195,045 and 195,045 shares | 2 | 2 |
| Additional paid-in capital | 349,168 | 347,937 |
| Accumulated deficit | (37,362) | (38,396) |
| Accumulated other comprehensive income | 191 | 85 |
| Total BBX Capital Corporation shareholders' equity | 312,159 | 309,788 |
| Noncontrolling interest | 1,360 | 1,492 |
| Total equity | 313,519 | 311,280 |
| Total liabilities and equity | $ 385,527 | 392,936 |

See Notes to Consolidated Financial Statements - Unaudited

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BBX CAPITAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS - UNAUDITED

| | | For the Three Months Ended March 31, | |
|---|---|---|---|
| (In thousands, except share and per share data) | | 2015 | 2014 |
| Revenues: | | | |
| Trade sales | $ | 19,535 | 16,555 |
| Interest income | | 818 | 1,776 |
| Net gains (losses) on the sales of assets | | 2 | (49) |
| Income from real estate operations | | 926 | 1,493 |
| Other | | 428 | 1,041 |
| Total revenues | | 21,709 | 20,816 |
| Costs and expenses: | | | |
| Cost of goods sold | | 13,835 | 12,101 |
| BB&T's priority return in FAR distributions | | 54 | 331 |
| Interest expense | | 139 | 496 |
| Real estate operating expenses | | 1,180 | 1,553 |
| Selling, general and administrative expenses | | 15,535 | 10,882 |
| Total costs and expenses | | 30,743 | 25,363 |
| Equity earnings in Woodbridge Holdings, LLC | | 5,803 | 6,222 |
| Equity losses in unconsolidated real estate joint ventures | | (304) | (6) |
| Foreign currency exchange loss | | (469) | (307) |
| Recoveries from loan losses | | 3,821 | 1,248 |
| Asset recoveries (impairments), net | | 1,063 | (1,319) |
| Income before income taxes | | 880 | 1,291 |

| | | |
|---|---|---|
| Provision for income taxes | 3 | - |
| Net income | 877 | 1,291 |
| Less: net loss attributable to non-controlling interest | 157 | 67 |
| Net income attributable to BBX Capital Corporation | $ 1,034 | 1,358 |
| Basic earnings per share | $ 0.06 | 0.08 |
| Diluted earnings per share | $ 0.06 | 0.08 |
| Basic weighted average number of common shares outstanding | 16,172,389 | 15,985,772 |
| Diluted weighted average number of common and common equivalent shares outstanding | 16,725,344 | 16,698,628 |

See Notes to Consolidated Financial Statements - Unaudited

BBX CAPITAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME UNAUDITED

| | | For the Three Months Ended March 31, | |
|---|---|---|---|
| (In thousands) | | 2015 | 2014 |
| Net income | $ | 877 | 1,291 |
| Other comprehensive income, net of tax: | | | |
| Foreign currency translation adjustments, net of tax | | 131 | 30 |
| Comprehensive income | | 1,008 | 1,321 |
| Less: net loss attributable to non-controlling interest | | 157 | 67 |
| Foreign currency translation adjustments attributable to non-controlling interest | | (25) | (6) |
| Total comprehensive income attributable to BBX Capital Corporation | $ | 1,140 | 1,382 |

See Notes to Consolidated Financial Statements - Unaudited

BBX CAPITAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF TOTAL EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014 - UNAUDITED

| (In thousands) | | Common Stock | Additional Paid-in Capital | (Accumulated Deficit) | Accumulated Other Comprehensive Income | BBX Capital Corporation Equity | Non-Controlling Interest | Total Equity |
|---|---|---|---|---|---|---|---|---|
| BALANCE, DECEMBER 31, 2013 | $ | 160 | 345,300 | (43,091) | 13 | 302,382 | 1,184 | 303,566 |
| Net income | | - | - | 1,358 | - | 1,358 | (67) | 1,291 |
| Noncontrolling interest distributions | | - | - | - | - | - | (157) | (157) |
| Noncontrolling interest contributions | | - | - | - | - | - | 99 | 99 |
| Other comprehensive income | | - | - | - | 24 | 24 | 6 | 30 |
| Share-based compensation expense | | - | 855 | - | - | 855 | - | 855 |
| BALANCE, MARCH 31, 2014 | $ | 160 | 346,155 | (41,733) | 37 | 304,619 | 1,065 | 305,684 |
| | | | | | | | | |
| BALANCE, DECEMBER 31, 2014 | $ | 162 | 347,937 | (38,396) | 85 | 309,788 | 1,492 | 311,280 |
| Net income | | - | - | 1,034 | - | 1,034 | (157) | 877 |
| Other comprehensive income | | - | - | - | 106 | 106 | 25 | 131 |
| Share based compensation expense | | - | 1,231 | - | - | 1,231 | - | 1,231 |
| BALANCE, MARCH 31, 2015 | $ | 162 | 349,168 | (37,362) | 191 | 312,159 | 1,360 | 313,519 |

See Notes to Consolidated Financial Statements - Unaudited

BBX CAPITAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS - UNAUDITED

| | | For the Three Months Ended March 31, | |
|---|---|---|---|
| (In thousands) | | 2015 | 2014 |
| Net cash used in operating activities | $ | (10,849) | (7,710) |
| Investing activities: | | | |
| Proceeds from redemption and maturities of tax certificates | | 96 | 321 |
| Repayments of loans receivable, net | | 6,658 | 5,605 |
| Proceeds from the sales of loans receivable | | 89 | - |
| Additions to real estate held-for-investment | | (7,024) | (193) |
| Proceeds from sales of real estate held-for-sale | | 2,866 | 4,852 |
| Proceeds from the contribution of real estate to unconsolidated real estate joint ventures | | - | 2,880 |
| Purchases of properties and equipment | | (496) | (14) |
| Investments in unconsolidated real estate joint ventures | | (68) | (72) |
| Increase in restricted cash and time deposits at financial institutions | | (2,645) | - |
| Acquisitions of businesses, net of cash acquired | | - | (1,900) |
| Net cash (used in) provided by investing activities | | (524) | 11,479 |
| Financing activities: | | | |
| Repayment of BB&T preferred interest in FAR, LLC | | (6,216) | (14,013) |
| Proceeds from notes payable to related parties | | - | 600 |
| Repayments of notes payable to related parties | | - | (250) |
| Repayment of notes payable | | (1,278) | (267) |
| Noncontrolling interest contributions | | - | 99 |
| Noncontrolling interest distributions | | - | (157) |
| Net cash used in financing activities | | (7,494) | (13,988) |
| Decrease in cash and cash equivalents | | (18,867) | (10,219) |
| Cash and cash equivalents at the beginning of period | | 58,819 | 43,138 |
| Cash and cash equivalents at end of period | $ | 39,952 | 32,919 |
| Cash paid for: | | | |
| Interest paid | $ | 305 | 765 |
| Income taxes | | 3 | - |
| Supplementary disclosure of non-cash investing and financing activities: | | | |
| Loans and tax certificates transferred to real estate held-for-investment or real estate held-for-sale | | 2,156 | 12,406 |
| Real estate held-for-investment transferred to investment in real estate joint ventures | | - | 1,920 |
| Transfer from real estate-held-for-investment to real estate-held-for-sale | | 1,027 | - |
| Change in accumulated other comprehensive income | | 131 | 30 |

See Notes to Consolidated Financial Statements - Unaudited

BBX CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

1. Presentation of Interim Financial Statements

Basis of Financial Statement Presentation – BBX Capital Corporation (formerly BankAtlantic Bancorp, Inc.) together with its subsidiaries is referred to herein as “the Company”, “we”, “us,” or “our” and is referred to herein without its subsidiaries as “BBX Capital”. BBX Capital was organized under the laws of the State of Florida in 1994. We are involved in the ownership, financing, acquisition, development and management of real estate and real estate related assets, and we are also involved in the investment in or acquisition of operating businesses.

BBX Capital’s principal asset until July 31, 2012 was its ownership of BankAtlantic and its subsidiaries (“BankAtlantic”). BankAtlantic was a federal savings bank headquartered in Fort Lauderdale, Florida. On July 31, 2012, BBX Capital completed the sale to BB&T Corporation (“BB&T”) of all of the issued and outstanding shares of capital stock of BankAtlantic (the stock sale and related transactions described herein are collectively referred to as the “BB&T Transaction”). Prior to the closing of the BB&T Transaction, BankAtlantic formed two wholly-owned subsidiaries, BBX Capital Asset Management, LLC (“CAM”) and Florida Asset Resolution Group, LLC (“FAR”).

Prior to the closing of the BB&T Transaction, BankAtlantic contributed approximately $82 million in cash to CAM and certain non-performing commercial loans, commercial real estate and previously written-off assets that had an aggregate carrying value on BankAtlantic’s balance sheet of $125 million as of July 31, 2012. CAM assumed all liabilities related to these assets. Prior to the closing of the BB&T Transaction, BankAtlantic distributed all of the membership interests in CAM to the Company. CAM remains a wholly-owned subsidiary of the Company.

BankAtlantic contributed to FAR certain performing and non-performing loans, tax certificates and real estate that had an aggregate carrying value on BankAtlantic’s balance sheet of approximately $346 million as of July 31, 2012. FAR assumed all liabilities related to these assets. BankAtlantic also contributed approximately $50 million in cash to FAR on July 31, 2012 and thereafter distributed all of the membership interests in FAR to the Company. At the closing of the BB&T Transaction, the Company transferred to BB&T 95% of the outstanding preferred membership interests in FAR in connection with BB&T’s assumption of the Company’s $285.4 million in principal amount of outstanding trust preferred securities (“TruPS”) obligations. The Company retained the remaining 5% of FAR’s preferred membership interests. Under the terms of the Amended and Restated Limited Liability Company agreement of FAR, which was entered into by the Company and BB&T at the closing, BB&T was entitled to hold its 95% preferred interest in the net cash flows of FAR until it recovered $285 million in preference amount plus a priority return of LIBOR + 200 basis points per annum on any unpaid preference amount. At that time, BB&T’s interest in FAR terminates, and the Company is entitled to any and all residual proceeds from FAR through its ownership of FAR’s Class R units. BB&T’s preferred interest in FAR as of March 31, 2015 had been reduced through cash distributions to $6.1 million. On May 6, 2015, BB&T’s preferred interest in FAR was repaid in full and redeemed and BBX Capital became the sole member of FAR.

In April 2013, BBX Capital acquired a 46% equity interest in Woodbridge Holdings, LLC (“Woodbridge”). Woodbridge’s principal asset is its ownership of Bluegreen Corporation and its subsidiaries

(“Bluegreen”). Bluegreen manages, markets and sells the Bluegreen Vacation Club, a points-based, deeded vacation ownership plan with more than 180,000 owners. BFC Financial Corporation (“BFC”), the controlling shareholder of the Company, owns the remaining 54% of Woodbridge (see Note 2 Investment in Woodbridge Holdings, LLC).

In October 2013, Renin Holdings, LLC (“Renin”), a joint venture owned 81% by BBX Capital and 19% by BFC, acquired substantially all of the assets and certain liabilities of Renin Corp. (“the Renin Transaction”). Renin manufactures interior closet doors, wall décor, hardware and fabricated glass products. Renin is headquartered in Canada and has two manufacturing, assembly and distribution facilities in Canada and the United States and a distribution facility in the United Kingdom.

In December 2013, BBX Sweet Holdings, LLC (“BBX Sweet Holdings”), a wholly-owned subsidiary of BBX Capital, acquired the outstanding equity interests in Hoffman’s Chocolates and its subsidiaries Boca Bons, LLC and S&F Good Fortunes, LLC (collectively, “Hoffman’s”). Hoffman’s is a manufacturer of gourmet chocolates, with retail locations in South Florida. In January 2014, BBX Sweet Holdings acquired Williams and Bennett, a Florida based manufacturer of quality chocolate products. In July 2014, BBX Sweet Holdings acquired Jer’s Chocolates, a California based distributor of peanut butter chocolate products internationally and in the United States and Helen Grace Chocolates, a California based manufacturer of premium chocolate confections, chocolate bars, chocolate candies and truffles. In October 2014, BBX Sweet Holdings acquired Anastasia Confections Inc., an Orlando, Florida based manufacturer of gourmet candy and

BBX CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

chocolate gift products. In April 2015, BBX Sweet Holdings acquired the assets of Kencraft, Inc. (“Kencraft”). Kencraft is a Utah based manufacturer of hard candies including lollipops, sugar Easter eggs, bubblegum and icing decorations.

Certain business combination disclosures required by Topic 805-10-50 for the Kencraft asset acquisition, such as the fair value of the net assets acquired and the supplemental pro forma information, were not available at the date of filing. The Company engaged valuation firms to provide estimates of the fair value of the assets acquired and liabilities assumed and the valuation reports were not completed as of the filing date. Additionally, the seller was not able to timely provide the financial information requested by the Company necessary to prepare the supplemental pro forma information as of the filing date.

On April 30, 2015, BFC purchased 4,771,221 of the Company’s Class A common stock through a tender offer increasing its ownership percent to approximately 81% of the issued and outstanding shares of the Company’s Class A common stock, which together with the shares of BBX Capital’s Class B common stock owned by BFC, represents an approximate 81% equity interest and 90% voting interest in BBX Capital.

The Company has two classes of common stock. Holders of the Class A common stock are entitled to one vote per share, which in the aggregate represents 53% of the combined voting power of the Class A common stock and the Class B common stock. Class B common stock represents the remaining 47% of the combined vote. At March 31, 2015 BFC owned 100% of the Company’s Class B common stock and 51% of the Company’s outstanding Class A common stock resulting in BFC owning 51% of the Company’s aggregate outstanding common stock and 74% of the voting power of the Company’s common stock as of that date. The percentage of total common equity represented by Class A and Class B common stock was 99% and 1% at March 31, 2015, respectively. The fixed voting percentages will be eliminated, and shares of Class B common stock will be entitled to only one vote per share from and after the date that BFC or its affiliates no longer own in the aggregate at least 97,523 shares of Class B common stock (which is one-half of the number of shares it now owns). Class B common stock is convertible into Class A common stock on a share for share basis.

All significant inter-company balances and transactions have been eliminated in consolidation. Throughout this document, the term “fair value” in each case is an estimate of fair value as discussed herein.

In management's opinion, the accompanying unaudited consolidated financial statements contain all adjustments (consisting only of normal recurring adjustments) as are necessary for a fair statement of the Company's consolidated financial condition at March 31, 2015, the consolidated results of operations and consolidated statement of comprehensive income for the three months ended March 31, 2015 and 2014, and the consolidated total equity and cash flows for the three months ended March 31, 2015 and 2014. The results of operations for the three months ended March 31, 2015 are not necessarily indicative of results of operations that may be expected for the subsequent interim period during 2015 or for the year ended December 31, 2015. The consolidated financial statements and related notes are presented as permitted by Form 10-Q and should be read in conjunction with the consolidated financial statements appearing in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

Certain amounts for prior years have been reclassified to conform to the revised financial statement presentation for 2014.

Basic earnings per share excludes dilution and is computed by dividing net income attributable to the Company by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if options to issue common shares were exercised or restricted stock units of the Company were to vest. In calculating diluted earnings per share, net income attributable to the Company is divided by the weighted average number of common shares. Options and restricted stock units are included in the weighted average number of common shares outstanding based on the treasury stock method, if dilutive. During the three months ended March 31, 2015 and 2014, options to acquire 15,481 and 21,282 shares of Class A common stock were anti-dilutive, respectively.

New Accounting Pronouncements:

The FASB has issued the following accounting pronouncements and guidance relevant to the Company's operations during the first quarter of 2015 (See the Company's annual report on Form 10-K for the year ended December 31, 2014 for accounting pronouncements issued prior to the first quarter of 2015 relevant to the Company's operations):

Update Number 2015-05 — Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement. This update provides guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The standard is effective for annual and interim reporting periods beginning after December 15, 2015. Early application is permitted. The adoption of this update is not expected to have a material impact on the Company's financial statements.

Update Number 2015-03 — Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. This update requires that debt issuance costs related to a recognized debt liability be presented in the Statement of Financial Condition as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The standard is effective for annual and interim reporting periods beginning after December 15, 2015. Early application is permitted. The adoption of this update is not expected to have a material impact on the Company's financial statements.

2. Investment in Woodbridge Holdings, LLC

On April 2, 2013, the Company invested $71.75 million in Woodbridge in exchange for a 46% equity interest in Woodbridge. The investment was made in connection with Woodbridge's acquisition on April 2, 2013 of the publicly held shares of Bluegreen. BFC holds the remaining 54% of Woodbridge's outstanding equity interests and is the managing member of Woodbridge. Since BFC is the majority owner of Woodbridge and the managing member, the Company's investment in Woodbridge is accounted for under the equity method. The Company's investment in Woodbridge consisted of $60.4 million in cash (including $0.4 million in transaction costs) and a promissory note in Woodbridge's favor in the principal amount of $11.75 million. In connection with the Company's investment in Woodbridge, the Company and BFC entered into an Amended and Restated Operating Agreement of Woodbridge, which sets forth the Company's and BFC's respective rights as members of Woodbridge and provides, among other things, for unanimity on certain specified "major decisions" and for distributions to be made on a pro rata basis in accordance with the Company's and BFC's percentage equity interests in Woodbridge.

The following is the investment in Woodbridge activity under the equity method for the three months ended March 31, 2015 and March 31, 2014, respectively (in thousands):

| | For the Three Months Ended March 31, | |
|---|---|---|
| | 2015 | 2014 |
| Investment in Woodbridge - beginning of period | 73,026 | 78,573 |
| Equity earnings in Woodbridge | 5,803 | 6,222 |
| Dividends received from Woodbridge | - | - |
| Investment in Woodbridge - end of period | $ 78,829 | 84,795 |

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

The condensed Statements of Financial Condition as of the dates indicated of Woodbridge Holdings, LLC were as follows (in thousands):

| | | March 31, 2015 | December 31, 2014 |
|---|---|---|---|
| Assets | | | |
| Cash and restricted cash | $ | 256,627 | 240,427 |
| Notes receivable, net | | 410,904 | 424,267 |
| Notes receivable from related parties | | 11,750 | 11,750 |
| Inventory of real estate | | 203,260 | 194,713 |
| Properties and equipment, net | | 71,968 | 72,319 |
| Intangible assets | | 62,149 | 63,913 |
| Other assets | | 73,022 | 53,158 |
| Total assets | $ | 1,089,680 | 1,060,547 |
| Liabilities and Equity | | | |
| Accounts payable, accrued liabilities and other | $ | 117,616 | 114,263 |
| Deferred tax liabilities, net | | 101,216 | 92,609 |
| Notes payable | | 503,600 | 502,465 |
| Junior subordinated debentures | | 150,675 | 150,038 |
| Total liabilities | | 873,107 | 859,375 |
| Total Woodbridge members' equity | | 170,535 | 157,920 |
| Noncontrolling interest | | 46,038 | 43,252 |
| Total equity | | 216,573 | 201,172 |
| Total liabilities and equity | $ | 1,089,680 | 1,060,547 |

The condensed Statements of Operations of Woodbridge Holdings, LLC were as follows (in thousands):

| | | For the Three Months Ended March 31, 2015 | 2014 |
|---|---|---|---|
| Total revenues | $ | 128,430 | 129,920 |

| | | |
|---|---|---|
| Total costs and expenses | 105,489 | 104,979 |
| Other income | 1,066 | 688 |
| Income from continuing operations before taxes | 24,007 | 25,629 |
| Provision for income taxes | 8,606 | 9,145 |
| Net income | 15,401 | 16,484 |
| Net income attributable to noncontrolling interest | (2,786) | (2,958) |
| Net income attributable to Woodbridge | 12,615 | 13,526 |
| BBX Capital 46% equity earnings in Woodbridge | $ 5,803 | 6,222 |

3. Consolidated Variable Interest Entities

FAR

BB&T's preferred equity interest in FAR entitled it to a $285 million preference amount plus the related priority return. Based on the amended and restated limited liability agreement, FAR was required to make quarterly distributions or more frequently as approved by FAR's Board of Managers, of excess cash flows from its operations and the orderly disposition of its assets to redeem the preferred membership interests. As such, the Class A units were considered mandatorily redeemable and are reflected as debt obligations in the Company's Consolidated Statement of Financial Condition and the priority return is considered interest expense in the Company's Consolidated Statements of Operations.

The activities of FAR are governed by an amended and restated limited liability agreement which grants the Board of Managers decision-making authority over FAR.  Prior to May 6, 2015 the Board had four members, two members elected

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BBX CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

by the Company and two members elected by BB&T. The two Board members designated by BB&T resigned on May 6, 2015 in connection with the redemption of BB&T's preferred interest in FAR.

The carrying amount of the assets and liabilities of FAR and the classification of these assets and liabilities in the Company's Statement of Financial Condition was as follows (in thousands):

| | | March 31, 2015 | December 31, 2014 |
|---|---|---|---|
| Cash and interest bearing deposits in banks | $ | 2,650 | 4,976 |
| Restricted cash | | 250 | - |
| Loans held-for-sale | | 32,072 | 35,423 |
| Loans receivable, net | | 18,740 | 18,972 |
| Real estate held-for-investment | | 18,503 | 18,340 |
| Real estate held-for-sale | | 13,059 | 13,745 |
| Properties and equipment, net | | 8,439 | 8,350 |
| Other assets | | 1,126 | 638 |
| Total assets | $ | 94,839 | 100,444 |
| BB&T preferred interest in FAR, LLC | $ | 6,132 | 12,348 |
| Principal and interest advances on residential loans | | 11,364 | 11,171 |
| Other liabilities | | 838 | 1,315 |
| Total liabilities | $ | 18,334 | 24,834 |

Prior to the repayment of BB&T's preference amount, the proceeds from the monetization of FAR's assets were restricted to payments of expenses, including the priority return and estimated working capital requirements of FAR, and the repayment of FAR's preferred membership interests. FAR finances its activities through revenues from principal and interest payments received and the monetization of its assets.

JRG/BBX Development, LLC ("North Flagler")

In October 2013, an indirect wholly-owned subsidiary of BBX Capital entered into the North Flagler joint venture with JRG USA, and in connection with the formation of the joint venture JRG USA assigned to the joint venture a contract to purchase for $10.8 million a 4.5 acre real estate parcel overlooking the Intracoastal Waterway in West Palm Beach Florida and we invested $0.5 million of cash. During 2015, the zoning district surrounding this property was changed to permit up to 15 stories in building height from 4 stories in building height. We are entitled to receive

80% of any joint venture distributions until we recover our capital investment and then will be entitled to receive 70% of any joint venture distributions thereafter. We are the managing member and have control of all aspects of the operations of the joint venture.

The carrying amount of the assets and liabilities of North Flagler and the classification of these assets and liabilities in the Company's Statement of Financial Condition was as follows (in thousands):

| | | March 31, 2015 | December 31, 2014 |
|---|---|---|---|
| Cash and interest bearing deposits in banks | $ | 88 | 17 |
| Real estate held-for-investment | | 843 | 816 |
| Other assets | | 386 | 379 |
| Total assets | $ | 1,317 | 1,212 |
| Other liabilities | $ | 142 | 116 |
| Noncontrolling interest | $ | 132 | 132 |

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BBX Capital's maximum loss exposure in North Flagler if all of North Flagler's assets were deemed worthless would have been $1.0 million as of March 31, 2015.

4. Investments in Unconsolidated Real Estate Joint Ventures

The Company had the following investments in unconsolidated real estate joint ventures (in thousands):

| | | March 31, 2015 | December 31, 2014 |
|---|---|---|---|
| Altis at Kendall Square, LLC | $ | 1,230 | 1,264 |
| Altis at Lakeline - Austin Investors LLC | | 5,000 | 5,000 |
| New Urban/BBX Development, LLC | | 968 | 996 |
| Sunrise and Bayview Partners, LLC | | 1,676 | 1,723 |
| Hialeah Communities, LLC | | 4,988 | 5,091 |
| PGA Design Center Holdings, LLC | | 1,945 | 1,991 |
| Investments in unconsolidated real estate joint ventures | $ | 15,807 | 16,065 |

Altis at Kendall Square, LLC ("Kendall Commons")

In March 2013, the Company invested $1.3 million in a joint venture to develop 321 apartment units. The Company is entitled to receive 13% of the joint venture distributions until a 15% internal rate of return has been attained and then the Company will be entitled to receive 9.75% of any joint venture distributions thereafter.

Altis at Lakeline – Austin Investors, LLC

In December 2014, the Company invested $5.0 million in a joint venture to develop 354 apartment units in Austin, Texas.  The Company contributed 34% of the capital to the joint venture. After the Company receives a preferred return of 9% and all of its capital is returned, the Company will then be entitled to receive 26.3% of any joint venture distributions until an 18% internal rate of return has been attained and thereafter the Company will be entitled to receive 18.8% of any joint venture distributions.

New Urban/BBX Development, LLC (“Village at Victoria Park”)

In December 2013, the Company entered into a joint venture agreement with New Urban Communities to develop 2 acres of vacant land located near downtown Fort Lauderdale, Florida as 30 single-family homes. The Company and New Urban Communities each have a 50% membership interest in the joint venture and New Urban Communities serves as the developer and the manager.

In April 2014, the joint venture obtained an acquisition, development and construction loan from a financial institution and the Company and New Urban Communities each contributed $692,000 to the joint venture as a capital contribution. The joint venture purchased the two acre site from the Company for $3.6 million consisting of $1.8 million in cash (less $0.2 million in selling expenses) and a $1.6 million promissory note.  The promissory note bears interest at 8% per annum and is subordinated to the financial institution’s acquisition, development and construction loan.  The Company recorded a deferred gain of $1.1 million included in other liabilities in the Company’s Statement of Financial Condition as of March 31, 2015 and December 31, 2014 on the sale of the vacant land to the joint venture.  The sale of appreciated property to the joint venture resulted in a joint venture basis difference as the Company’s carrying value of the land was $1.1 million lower than the fair value.  The Company accounted for the sale of the vacant land to the joint venture using the cost recovery method.  During the three months ended March 31, 2015, the Company increased by $11,000 the joint venture basis adjustment for the capitalization of interest expense on its average carrying value of investments and advances to the joint venture for the period.  The Company will recognize the deferred gain as the principal balance of the note receivable is paid.  The Company will recognize the joint venture basis adjustment as joint venture equity earnings as the single-family units are sold by the joint venture.

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Sunrise and Bayview Partners

In June 2014, the Company entered into a joint venture agreement with an affiliate of Procacci Development Corporation ("PDC") and the Company and PDC each contributed $1.8 million in the Sunrise and Bayview Partners joint venture. The Company and PDC each have a 50% interest in the joint venture. In July 2014, the joint venture borrowed $5.0 million from PDC and acquired for $8.0 million three acres of real estate in Fort Lauderdale, Florida from an unrelated third party. The property is improved with an approximate 84,000 square foot office building along with a convenience store and gas station. The joint venture refinanced the PDC borrowings with a financial institution and the Company provided the financial institution with a guarantee of 50% of the outstanding balance of the joint venture's $5.0 million loan.

PGA Design Center Holdings, LLC ("PGA Design Center")

In December 2013, the Company purchased for $6.1 million a commercial property with three existing buildings consisting of 145,000 square feet of mainly furniture retail space. In January 2014, the Company entered into a joint venture with Stiles Development, and in connection with the formation of the joint venture, the Company sold the commercial property to the joint venture in exchange for $2.9 million in cash and a 40% interest in the joint venture. The joint venture intends to seek governmental approvals to change the use of a portion of the property from retail to office and subsequently sell or lease the property. The property contributed to the joint venture excluded certain residential development entitlements with an estimated value of $1.2 million which were transferred to adjacent parcels owned by the Company.

Hialeah Communities, LLC

In July 2014, the Company entered into a joint venture agreement with CC Bonterra to develop approximately 394 homes in a portion of the newly proposed Bonterra community in Hialeah, Florida. The Company transferred approximately 50 acres of land at an agreed upon value of approximately $15.6 million subject to an $8.3 million mortgage which was assumed by the joint venture. In exchange, the Company received $2.2 million in cash and a joint venture interest with an agreed upon assigned initial capital contribution value of $4.9 million. The Company is entitled to receive 57% of any joint venture distributions until it receives its aggregate capital contributions plus a 9% per annum return on capital. Any distributions thereafter will be shared 45% by the Company and 55% by CC Bonterra. The Company contributes 57% of the capital and remained liable as a co-borrower on the $8.3 million mortgage that was assumed by the joint venture. The transfer of the land to the joint venture as an initial capital contribution resulted in a deferred gain of $1.6 million included in other liabilities in the Company's Statement of Financial Condition as of March 31, 2015 and December 31, 2014 and a joint venture basis adjustment of $2.1 million. The Company determined that the transfer of the land to the joint venture should be accounted for on the cost recovery method. During the three months ended March 31, 2015, the Company recognized an increase of $57,000 joint venture basis adjustment for the capitalization of interest expense on its average joint venture carrying value for the period. The deferred gain of $1.6 million will be recognized upon the repayment of the principal balance of the $8.3 million mortgage. The Company will recognize the joint venture basis adjustment as joint venture equity earnings as single-family units are sold by the joint venture.

In September 2014, the Company contributed additional capital to the joint venture of $1.8 million with CC Bonterra contributing $1.4 million. The additional capital contributions funded the joint venture purchase of property adjacent to the project for $0.9 million. The joint venture advanced $2.3 million to a wholly-owned subsidiary of the Company and the wholly-owned subsidiary of the Company used the funds received from the joint venture to purchase $2.3 million of additional property adjacent to the project. The Company will repay the joint venture advance upon the sale of the property.

In March 2015, the joint venture refinanced the $8.3 million mortgage loan with proceeds from a $31.0 million acquisition and development loan. The Company is a guarantor of 26.3% of the $31.0 million joint venture acquisition and development loan.

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The condensed Statement of Operations for the three months ended March 31, 2015 and 2014 for the above equity method joint ventures in the aggregate was as follows (in thousands):

| | For the Three Months Ended March 31, | |
|---|---|---|
| | 2015 | 2014 |
| Total revenues | $ 379 | 75 |
| Total costs and expenses | (1,071) | (89) |
| Net loss | $ (692) | (14) |

5. Loans Held-for-Sale

Loans held-for-sale were as follows (in thousands):

| | March 31, 2015 | December 31, 2014 |
|---|---|---|
| Residential | $ 24,334 | 27,331 |
| Second-lien consumer | 2,468 | 2,351 |
| Small business | 5,270 | 5,741 |
| Total loans held-for-sale | $ 32,072 | 35,423 |

Loans held-for-sale are reported at the lower of cost or fair value. The Company transfers loans to held-for-sale when, based on the current economic environment and related market conditions, it does not have the intent to hold those loans for the foreseeable future. The Company sold residential loans and first-lien consumer loans in July 2014 and is currently soliciting buyers for its loans held-for-sale portfolio. The Company transfers loans previously held-for-sale to loans held-for-investment at the lower of cost or fair value on the transfer date. All loans held-for-sale at March

31, 2015 and December 31, 2014 were owned by FAR.

During the three months ended March 31, 2015, the Company sold two charged off loans for an aggregate gain of $89,000.

As of March 31, 2015, foreclosure proceedings were in-process on $16.2 million of residential loans held for sale.

6. Loans Receivable

The loans receivable portfolio consisted of the following components (in thousands):

| | | March 31, 2015 | December 31, 2014 |
|---|---|---|---|
| Commercial non-real estate | $ | 1,308 | 1,326 |
| Commercial real estate | | 24,069 | 24,189 |
| Consumer | | 1,586 | 2,306 |
| Residential | | - | - |
| Total gross loans | | 26,963 | 27,821 |
| Allowance for loan losses | | (381) | (977) |
| Loans receivable -- net | $ | 26,582 | 26,844 |

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As of March 31, 2015, foreclosure proceedings were in-process on $1.2 million of consumer loans.

The recorded investment (unpaid principal balance less charge-offs and deferred fees) of non-accrual loans receivable was (in thousands):

| Loan Class | | March 31, 2015 | December 31, 2014 |
|---|---|---|---|
| Commercial non-real estate | $ | 1,308 | 1,326 |
| Commercial real estate | | 14,464 | 14,464 |
| Consumer | | 1,497 | 1,990 |
| Residential | | - | - |
| Total nonaccrual loans | $ | 17,269 | 17,780 |

An age analysis of the past due recorded investment in loans receivable as of March 31, 2015 and December 31, 2014 was as follows (in thousands):

| March 31, 2015 | | 31-59 Days Past Due | 60-89 Days Past Due | 90 Days or More (1) | Total Past Due | Current | Total Loans Receivable |
|---|---|---|---|---|---|---|---|
| Commercial non-real estate | $ | - | - | 330 | 330 | 978 | 1,308 |
| Commercial real estate | | - | - | 5,458 | 5,458 | 18,611 | 24,069 |
| Consumer | | - | 130 | 1,320 | 1,450 | 136 | 1,586 |
| Residential | | - | - | - | - | - | - |
| Total | $ | - | 130 | 7,108 | 7,238 | 19,725 | 26,963 |

| December 31, 2014 | | 31-59 Days Past Due | 60-89 Days Past Due | 90 Days or More (1) | Total Past Due | Current | Total Loans Receivable |
|---|---|---|---|---|---|---|---|
| Commercial non-real estate | $ | - | - | 330 | 330 | 996 | 1,326 |
| Commercial real estate | | - | - | 5,458 | 5,458 | 18,731 | 24,189 |
| Consumer | | - | 227 | 1,703 | 1,930 | 376 | 2,306 |
| Residential | | - | - | - | - | - | - |

| | | | | | | |
|---|---|---|---|---|---|---|
| Total | $ - | 227 | 7,491 | 7,718 | 20,103 | 27,821 |

(1) The Company had no loans that were 90 days or more past due and still accruing interest as of March 31, 2015 or December 31, 2014.

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The activity in the allowance for loan losses for the three months ended March 31, 2015 and 2014 was as follows (in thousands):

| | | For the Three Months Ended March 31, | |
|---|---|---|---|
| | | 2015 | 2014 |
| Allowance for Loan Losses: | | | |
| Beginning balance | $ | 977 | 2,713 |
| Charge-offs : | | (675) | (2,017) |
| Recoveries : | | 3,900 | 2,140 |
| Provision: | | (3,821) | (1,248) |
| Ending balance | $ | 381 | 1,588 |
| Ending balance individually evaluated for impairment | $ | - | - |
| Ending balance collectively evaluated for impairment | | 381 | 1,588 |
| Total | $ | 381 | 1,588 |
| Loans receivable: | | | |
| Ending balance individually evaluated for impairment | $ | 17,018 | 37,153 |
| Ending balance collectively evaluated for impairment | $ | 9,945 | 24,008 |
| Total | $ | 26,963 | 61,161 |
| Proceeds from loan sales | $ | 89 | - |
| Transfer to loans held-for-sale | $ | - | - |
| Transfer from loans held-for-sale | $ | - | - |

Impaired Loans - Loans are considered impaired when, based on current information and events, the Company believes it is probable that it will be unable to collect all amounts due according to the contractual terms of the loan agreement. For a loan that has been restructured, the contractual terms of the loan agreement refer to the contractual terms specified by the original loan agreement, not the contractual terms specified by the restructured agreement. Impairment is evaluated based on past due status for consumer and residential loans. Impairment is evaluated for commercial and small business loans based on past payment history, financial strength of the borrower or guarantors, and cash flow associated with the collateral or business. If a loan is impaired, a specific valuation allowance is established, if necessary, based on the present value of estimated future cash flows using the loan's existing interest rate or based on the fair value of the loan. Collateral dependent impaired loans are charged down to the fair value of collateral less cost to sell. Interest payments on impaired loans are recognized on a cash basis. Impaired loans, or portions thereof, are charged off when deemed uncollectible.

Impaired loans as of March 31, 2015 and December 31, 2014 were as follows (in thousands):

| | As of March 31, 2015 | | | As of December 31, 2014 | | |
|---|---|---|---|---|---|---|
| | Recorded Investment | Unpaid Principal Balance | Related Allowance | Recorded Investment | Unpaid Principal Balance | Related Allowance |
| Total with allowance recorded | $ 273 | 583 | 273 | 735 | 1,664 | 735 |
| Total with no allowance recorded | 17,085 | 31,367 | - | 17,361 | 35,812 | - |
| Total | $ 17,358 | 31,950 | 273 | 18,096 | 37,476 | 735 |

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Average recorded investment and interest income recognized on impaired loans for the three months ended March 31, 2015 and March 31, 2014 were (in thousands):

| | For the Three Months Ended | | | |
|---|---|---|---|---|
| | March 31, 2015 | | March 31, 2014 | |
| | Average Recorded Investment | Interest Income Recognized | Average Recorded Investment | Interest Income Recognized |
| Total with allowance recorded | $ 273 | 1 | 811 | - |
| Total with no allowance recorded | 17,145 | 228 | 44,380 | 274 |
| Total | $ 17,418 | 229 | 45,191 | 274 |

Impaired loans without specific valuation allowances represent loans that were written-down to the fair value of the collateral less cost to sell, loans in which the collateral value less cost to sell was greater than the carrying value of the loan, loans in which the present value of the cash flows discounted at the loans' effective interest rate were equal to or greater than the carrying value of the loans, or were collectively measured for impairment.

The Company had no commitments to lend additional funds on impaired loans as of March 31, 2015.

Troubled Debt Restructured Loans

The restructuring of a loan is considered a "troubled debt restructuring" if both (i) the borrower is experiencing financial difficulties and (ii) the creditor has granted a concession. Concessions may include interest rate reductions, principal forgiveness, restructuring amortization schedules, extending loan maturities, deferring loan payments until the loan maturity date and other actions intended to minimize potential losses. The majority of concessions for consumer loans have involved changing monthly payments from interest and principal payments to interest only payments or deferring several monthly loan payments until the loan maturity date. Commercial real estate and non-real estate loan concessions were primarily interest rate reductions to below market interest rates and extensions of maturity dates based on the risk profile of the loan.

There were no troubled debt restructurings during the three months ended March 31, 2015 and 2014.  There were no loans modified in troubled debt restructurings beginning January 1, 2014 through March 31, 2015 that experienced a payment default during the three months ended March 31, 2015. There were no loans modified in troubled debt restructurings beginning January 1, 2013 through March 31, 2014 that experienced a payment default during the three months ended March 31, 2014.

7. Real Estate Held-for-Investment and Real Estate Held-for-Sale

Although the Company has purchased certain property, substantially all of the Company's real estate has been acquired through foreclosures, settlements or deeds in lieu of foreclosure. Upon acquisition, real estate is classified as real estate held-for-sale or real estate held-for-investment. Real estate is classified as held-for-sale when the property is available for immediate sale in its present condition, management commits to a plan to sell the property, an active program to locate a buyer has been initiated, the property is being marketed at a price that is reasonable in relation to its current fair value and it is likely that a sale will be completed within one year. When the property does not meet the real estate held-for-sale criteria, the real estate is classified as held-for-investment.

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The following table presents real estate held-for-sale grouped in the following classifications (in thousands):

| | As of March 31, 2015 | As of December 31, 2014 |
|---|---|---|
| Land | $ 31,546 | 33,505 |
| Rental properties | 1,748 | 1,748 |
| Residential single-family | 6,120 | 4,385 |
| Other | 349 | 2,095 |
| Total held-for-sale | $ 39,763 | 41,733 |

The following table presents real estate held-for-investment grouped in the following classifications (in thousands):

| | As of March 31, 2015 | As of December 31, 2014 |
|---|---|---|
| Land | $ 67,938 | 60,356 |
| Rental properties | 14,374 | 14,445 |
| Other | 1,023 | 789 |
| Total held-for-investment | $ 83,335 | 75,590 |

The following table presents the activity in real estate held-for-sale and held-for-investment for the three months ended March 31, 2015 and 2014 (in thousands):

| | For the Three Months Ended | | | |
|---|---|---|---|---|
| | March 31, 2015 | | March 31, 2014 | |
| | Real Estate | | Real Estate | |
| | Held-for-Sale | Held-for-Investment | Held-for-Sale | Held-for-Investment |
| Beginning of period | $ 41,733 | 75,590 | 33,971 | 107,336 |

| | | | | |
|---|---|---|---|---|
| Acquired through foreclosure | 2,156 | - | 849 | 11,562 |
| Transfers | (1,027) | 1,027 | 3,571 | (3,571) |
| Purchases | - | - | - | - |
| Improvements | - | 7,024 | - | 192 |
| Accumulated depreciation | - | (81) | - | (103) |
| Sales | (2,952) | - | (4,810) | (4,800) |
| Impairments | (147) | (225) | (137) | (2,186) |
| End of Period | $ 39,763 | 83,335 | 33,444 | 108,430 |

The following table presents the real estate held-for-sale valuation allowance activity for the three months ended March 31, 2015 and 2014 (in thousands):

| | For the Three Months Ended March 31, | |
|---|---|---|
| | 2015 | 2014 |
| Beginning of period | $ 2,940 | 4,818 |
| Transfer to held-for-investment | (93) | - |
| Impairments (recoveries) | 147 | (27) |
| Sales | (577) | (574) |
| End of period | $ 2,417 | 4,217 |

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8. Inventories

Inventories were as follows (in thousands):

| | March 31, 2015 | December 31, 2014 |
|---|---|---|
| Raw materials | $ 4,946 | 4,628 |
| Paper goods and packaging materials | 4,261 | 3,834 |
| Finished goods | 6,021 | 6,043 |
| Total | $ 15,228 | 14,505 |

Inventories consisted of $8.8 million for Renin and $6.4 million for BBX Sweet Holdings as of March 31, 2015, respectively. Inventories consisted of $8.6 million for Renin and $5.9 million for BBX Sweet Holdings as of December 31, 2014, respectively. Included in the Company's Statement of Operations as selling, general, and administrative expenses for the three months ended March 31, 2015 and 2014 were $1.4 million and $1.1 million, respectively, of costs associated with shipping goods to customers.

9. Notes Payable

The following notes payable were outstanding as of March 31, 2015 and December 31, 2014 (in thousands):

| | As of March 31, 2015 | | As of December 31, 2014 | |
|---|---|---|---|---|
| | | Carrying Amount of | | Carrying Amount of |

| | Debt Balance | Interest Rate | Pledged Assets | Debt Balance | Interest Rate | Pledged Assets |
|---|---|---|---|---|---|---|
| Wells Fargo Capital Finance | 7,679 | various | 22,915 | 8,028 | various | 24,062 |
| Anastasia Note | 7,244 | 5.00% | 11,736 | 7,214 | 5.00% | 11,699 |
| Centennial Bank | 1,637 | 5.25% | 2,132 | 1,645 | 5.25% | 2,145 |
| Holdback notes | 580 | various | - | 1,016 | various | - |
| Other | 18 | 0.90% | 25 | 20 | 0.90% | 26 |
| Total Notes Payable | $ 17,158 | | 36,808 | $ 17,923 | | $ 37,932 |

The Wells Fargo Capital Finance term loan and revolving advance facility bear interest at the Bank Prime Interest Rate or the daily three month LIBOR Interest rate plus a margin specified in the credit agreement ranging from 0.5% to 3.25%.  The loans are collateralized by all of Renin's assets.  Renin was in compliance with the debt covenants of the loans as of March 31, 2015.

Repayment of the Anastasia note is guaranteed by BBX Capital and secured by the common stock of Anastasia.

In October 2014, a wholly-owned subsidiary of BBX Sweet Holdings borrowed $1.7 million from Centennial Bank.  BBX Sweet Holdings and BBX Capital are guarantors of the note.

The Holdback Notes relate to purchase consideration paid under the Hoffman's and Williams and Bennett acquisitions.  The notes bear interest at interest rates ranging from 1.65% to 1.93% and mature on December 31, 2015. The Holdback Notes serve as security for the sellers' obligations under the respective purchase and sale agreements including the indemnity obligations and performance under each of the seller's non-competition agreements and provide BBX Sweet Holdings with a set-off right.  BBX Capital is the guarantor on BBX Sweet Holdings' holdback notes.

In April 2015, a wholly-owned subsidiary of BBX Sweet Holdings borrowed $1.0 million from a financial institution in the form of a promissory note in order to partially fund the Kencraft asset acquisition.  The promissory note bears interest at 2.35% per annum and the principal balance is payable on April 1, 2017 or sooner upon demand.  Interest is payable monthly.  The promissory note is secured by a $1.0 million certificate of deposit and a blanket lien on the Kencraft assets acquired.  Additionally, in April 2015, a wholly-owned subsidiary of BBX Sweet Holdings issued a $400,000

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promissory note to the seller in connection with the Kencraft asset acquisition. This note is secured by the Kencraft assets acquired and bears interest at 6% per annum payable quarterly beginning on July 1, 2015. The entire principal amount of the promissory note is due and payable on April 1, 2017.

## 10. Related Parties

The Company, BFC and Bluegreen are entities under common control. The controlling shareholder of the Company and Bluegreen is BFC. Shares of BFC's capital stock representing a majority of the voting power are owned or controlled by the Company's Chairman and Vice Chairman, both of whom are also executive officers of the Company, executive officers and directors of BFC and directors and Chairman and Vice Chairman of Bluegreen. The Company, BFC and Bluegreen share certain office premises and employee services, pursuant to the agreements described below.

Effective December 1, 2012, the Company entered into an agreement with BFC under which the Company provides office facilities to BFC and is reimbursed by BFC based on cost. BFC also provides risk management services to the Company and BFC is reimbursed by the Company based on cost. The Company's employees are provided health insurance under policies maintained by Bluegreen for which Bluegreen is reimbursed at cost.

The table below shows the effect of these related party agreements and arrangements on the Company's consolidated statements of operations for the three months ended March 31, 2015 and 2014 (in thousands):

| | | For the Three Months Ended March 31, | |
|---|---|---|---|
| | | 2015 | 2014 |
| Other revenues | $ | 99 | 115 |
| Expenses: | | | |
| Employee compensation and benefits | | (185) | (70) |
| Other - back-office support | | (30) | (43) |
| Net effect of affiliate transactions before income taxes | $ | (116) | 2 |

On October 30, 2013, Renin, which is owned 81% by the Company and 19% by BFC, was formed by the Company and BFC to complete the Renin Transaction. Bluegreen funded approximately $9.4 million of the Renin Transaction consideration in the form of a loan and revolver facility and the remaining funds necessary to complete the Renin Transaction were funded by BBX Capital and BFC pro rata in accordance with their percentage equity interests. Renin recognized $181,000, respectively, of interest expense under the Bluegreen loan for the three months ended March 31, 2014.

As disclosed in Note 2, on April 2, 2013, the Company invested $71.75 million in Woodbridge in exchange for a 46% equity interest in Woodbridge. The investment was made in connection with Woodbridge's acquisition of the publicly held shares of Bluegreen. BFC holds the remaining 54% of Woodbridge. The Company contributed $60 million in cash and issued to Woodbridge an $11.75 million note payable in connection with the Company's acquisition of its 46% equity interest in Woodbridge. During each of the three month periods ending March 31, 2015 and 2014, the Company recognized $147,000 of interest expense in connection with the Woodbridge note payable.

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## 11. Segment Reporting

The information provided for Segment Reporting is based on internal reports utilized by management. Results of operations are reported through four reportable segments: BBX, FAR, Renin and Sweet Holdings.

The BBX reportable segment includes the results of operations of CAM and BBX Partners and the Company's equity interest in Woodbridge. BBX's activities consisted of the activities associated with managing its commercial loan portfolio, real estate properties, and portfolio of charged off loans as well as its investment in Woodbridge and investments in real estate joint ventures.

The FAR reportable segment consists of the activities associated with overseeing the management and monetization of FAR's assets with a view to the repayment of BB&T's preferred membership interest and maximizing the cash flows of any remaining assets.

The Renin reportable segment consists of the activities of Renin. Total revenues for the Renin reportable segment include $6.5 million of trade sales to two major customers and their affiliates. Renin's revenues and properties and equipment located outside of the United States totaled $7.6 million and $1.4 million, respectively, at March 31, 2015.

The Sweet Holdings reportable segment consisted of the activities of Hoffman's, Williams & Bennett Jer's, Helen Grace and Anastasia for the three months ended March 31, 2015. The Sweet Holdings reportable segment consisted of the activities of Hoffman's and Williams & Bennett for the three months ended March 31, 2014.

The accounting policies of the segments are generally the same as those described in the summary of significant accounting policies. Intersegment transactions are eliminated in consolidation.

During the three months ended March 31, 2015 acquisition related costs of $165,000 incurred in connection with the Sweet Holdings reportable segments acquisition activities were included in the results of operations of the BBX reportable segment in costs and expenses.

Depreciation and amortization consist of: depreciation on properties and equipment and amortization of leasehold improvements, intangible assets and deferred financing costs.

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The Company evaluates segment performance based on segment net income after tax. The table below provides segment information for the three months ended March 31, 2015 and 2014 (in thousands):

| For the Three Months Ended: | | BBX | FAR | Renin | Sweet Holdings | Adjusting and Elimination Entries | Total |
|---|---|---|---|---|---|---|---|
| March 31, 2015: | | | | | | | |
| Revenues | $ | 872 | 1,440 | 13,524 | 6,011 | (138) | 21,709 |
| Costs and expenses | | (8,776) | (1,675) | (13,882) | (6,548) | 138 | (30,743) |
| Foreign currency exchange loss | | - | - | (469) | - | - | (469) |
| Recoveries from loan losses | | 3,198 | 623 | - | - | - | 3,821 |
| Asset (impairments) recoveries | | (38) | 1,101 | - | - | - | 1,063 |
| Equity earnings in unconsolidated companies | | 5,499 | - | - | - | - | 5,499 |
| Segment income (loss) before income taxes | | 755 | 1,489 | (827) | (537) | - | 880 |
| Provision for income tax | | 3 | - | - | - | - | 3 |
| Net income (loss) | $ | 752 | 1,489 | (827) | (537) | - | 877 |
| Total assets | $ | 551,834 | 94,839 | 22,915 | 31,861 | (315,922) | 385,527 |
| Equity method investments included in total assets | $ | 94,636 | - | - | - | - | 94,636 |
| Expenditures for segment assets | $ | 13 | 175 | - | 308 | - | 496 |
| Depreciation and amortization | $ | 49 | 166 | 149 | 419 | - | 783 |

| For the Three Months Ended: | | BBX | FAR | Renin | Sweet Holdings | Adjusting and Elimination Entries | Segment Total |
|---|---|---|---|---|---|---|---|
| March 31, 2014: | | | | | | | |
| Revenues | $ | 1,016 | 3,310 | 13,826 | 2,729 | (65) | 20,816 |
| Costs and expenses | | (6,274) | (2,671) | (13,871) | (2,612) | 65 | (25,363) |
| Foreign currency exchange loss | | - | - | (307) | - | - | (307) |
| Recoveries from loan losses | | 1,004 | 244 | - | - | - | 1,248 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Asset impairments | (81) | (1,238) | - | - | - | (1,319) |
| Equity earnings in unconsolidated companies | 6,216 | - | - | - | - | 6,216 |
| Segment income (loss) before income taxes | 1,881 | (355) | (352) | 117 | - | 1,291 |
| Provision for income tax | - | - | - | - | - | - |
| Net income (loss) | $ 1,881 | (355) | (352) | 117 | - | 1,291 |
| Total assets | $ 532,178 | 150,536 | 23,976 | 8,786 | (298,581) | 416,895 |
| Equity method investments included in total assets | $ 88,141 | - | - | - | - | 88,141 |
| Expenditures for segment assets | $ 8 | - | 6 | - | - | 14 |
| Depreciation and amortization | $ 151 | 148 | 137 | 98 | - | 534 |

12. Fair Value Measurement

There were no assets or liabilities measured at fair value on a recurring basis in the Company’s financial statements as of March 31, 2015 and December 31, 2014.

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BBX CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

The following table presents major categories of assets measured at fair value on a non-recurring basis as of March 31, 2015 (in thousands):

| | | Fair Value Measurements Using | | | |
|---|---|---|---|---|---|
| | | Quoted prices in Active Markets | Significant Other | Significant | Total Impairments (1) |
| | As of March 31, | for Identical Assets | Observable Inputs | Unobservable Inputs | For the Three Months Ended March 31, |
| Description | 2015 | (Level 1) | (Level 2) | (Level 3) | 2015 |
| Loans measured for impairment using the fair value of the underlying collateral | $ 110 | - | - | 110 | 117 |
| Impaired real estate held-for-sale and held-for-investment | 1,631 | - | - | 1,631 | 372 |
| Total | $ 1,741 | - | - | 1,741 | 489 |

(1) Total impairments represent the amount of losses recognized during the three months ended March 31, 2015 on assets that were held and measured at fair value as of March 31, 2015.

Quantitative information about significant unobservable inputs within Level 3 on major categories of assets measured on a non-recurring basis is as follows (dollars in thousands):

| As of March 31, 2015 Description | Fair Value | Valuation Technique | Unobservable Inputs | Range (Average) (1)(2) |
|---|---|---|---|---|
| Loans measured for impairment using the fair value of the underlying collateral | $ 110 | Fair Value of Collateral | Discount Rates and Appraised Value less Cost to Sell | $0.3 million |
| Impaired real estate held-for-sale and held-for-investment | 1,631 | Fair Value of Property | Discount Rates and Appraised Value less Cost to Sell | $0.2 - $1.0 million ($0.6 million) |
| Total | $ 1,741 | | | |

(1) Range and average appraised values were reduced by costs to sell.

(2) Average was computed by dividing the aggregate appraisal amounts by the number of appraisals.

BBX CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

The following table presents major categories of assets measured at fair value on a non-recurring basis as of March 31, 2014 (in thousands):

| | | Fair Value Measurements Using | | | |
|---|---|---|---|---|---|
| Description | As of March 31, 2014 | Quoted prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total Impairments (1) For the Three Months Ended March 31, 2014 |
| Loans measured for impairment using the fair value of the underlying collateral | $ 57 | - | - | 57 | 32 |
| Impaired real estate held-for-sale and held-for-investment | 10,541 | - | - | 10,541 | 2,321 |
| Impaired loans held-for-sale | 5,607 | - | - | 5,607 | 305 |
| Total | $ 16,205 | - | - | 16,205 | 2,658 |

(1) Total impairments represent the amount of losses recognized during the three months ended March 31, 2014 on assets that were held and measured at fair value as of March 31, 2014.

Quantitative information about significant unobservable inputs within Level 3 on major categories of assets measured on a non-recurring basis is as follows (dollars in thousands):

| As of March 31, 2014<br>Description | Fair<br>Value | Valuation<br>Technique | Unobservable<br>Inputs | Range (Average)<br>(1)(2) |
|---|---|---|---|---|
| Loans measured for impairment using the fair value of the underlying collateral | $ 57 | Fair Value of Collateral | Discount Rates and Appraised Value less Cost to Sell | $0.1 - $.2 million ($0.2 million) |
| Impaired real estate held-for-sale and held-for-investment | 10,541 | Fair Value of Property | Discount Rates and Appraised Value less Cost to Sell | $0.1 - $9.0 million ($2.2 million) |
| Impaired loans held-for-sale | 5,607 | Fair Value of Collateral | Discount Rates and Appraised Value less Cost to Sell | $0.1 -$0.7 million ($0.1 million) |
| Total | $ 16,205 | | | |

(1) Range and average appraised values were reduced by costs to sell.

(2) Average was computed by dividing the aggregate appraisal amounts by the number of appraisals.

There were no material liabilities measured at fair value on a non-recurring basis in the Company’s financial statements as of March 31, 2015 and December 31, 2014.

Loans Measured For Impairment

Impaired loans are generally valued based on the fair value of the underlying collateral less cost to sell as the majority of the Company’s loans are collateral dependent. The fair value of our loans may significantly increase or decrease based on changes in property values as our loans are primarily secured by real estate. The Company primarily uses third party appraisals to assist in measuring non-homogenous impaired loans and broker price opinions to assist in measuring homogenous