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

FORM 10
Amendment No. 2

GENERAL FORM FOR REGISTRATION OF SECURITIES
Pursuant to Section 12(b) or 12(g) of the Securities Exchange Act of 1934

BBX Capital Florida LLC
(Exact Name of Registrant as Specified in Its Charter)

Florida
(State or other jurisdiction of
incorporation or organization)

82-4669146
(I.R.S. Employer
Identification No.)

401 East Las Olas Boulevard, Suite 800, Fort Lauderdale, Florida
(Address of Principal Executive Offices)

33301
(Zip Code)

Registrant's telephone number, including area code (954)940-4900

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

None

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

Class A Common Stock

Class B Common Stock

Preferred Share Purchase Rights

Indicate by check mark if the registrant is a large accelerated filer, an accelerated filer, anon-accelerated filer, smaller reporting company, or an emerging growth company. See the 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

Non-accelerated filer

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.

**INFORMATION REQUIRED IN REGISTRATION STATEMENT
CROSS-REFERENCE SHEET BETWEEN INFORMATION STATEMENT AND ITEMS OF FORM 10**

The Registrant's information statement (the "Information Statement") is filed as Exhibit 99.1 to this Form 10 and is incorporated by reference into this Form 10. The information required by the following Form 10 Registration Statement items is contained in the Information Statement sections that are identified below, each of which is incorporated into this Form 10 by reference. In addition, the information in Exhibit 99.2 to this Form 10 is incorporated by reference into Items 13 and 15 of this Form 10.

<u>Item No.</u>	<u>Caption</u>	<u>Information Statement Section(s) Incorporated into the Item by Reference Where the Information Required by this Item is Contained</u>
Item 1.	Business	"Summary," "Questions and Answers About the Spin-off," "Summary of the Spin-off," "Risk Factors," "The Spin-Off – Relationship Between New BBX Capital and Parent," "Business," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Certain Relationships and Related Party Transactions" and "Where You Can Find More Information"
Item 1A.	Risk Factors	"Risk Factors"
Item 2.	Financial Information	"Summary," "Summary Historical and Pro Forma Financial Information," "Selected Historical Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Quantitative and Qualitative Disclosures About Market Risk"
Item 3.	Properties	"Business—Properties"
Item 4.	Security Ownership of Certain Beneficial Owners and Management	"Security Ownership of Certain Beneficial Owners and Management"
Item 5.	Directors and Executive Officers	"Management"
Item 6.	Executive Compensation	"Executive Compensation" and "Director Compensation"
Item 7.	Certain Relationships and Related Transactions, and Director Independence	"Management," "The Spin-Off – Relationship Between New BBX Capital and Parent" and "Certain Relationships and Related Party Transactions"
Item 8.	Legal Proceedings	"Business—Legal Proceedings"
Item 9.	Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters	"Summary," "Questions and Answers About the Spin-off," "Summary of the Spin-off," "Risk Factors," "The Spin-off," "Dividend Policy," "Executive Compensation" and "Description of Capital Stock"
Item 10.	Recent Sales of Unregistered Securities	"Description of Capital Stock"
Item 11.	Description of Registrant's Securities to be Registered	"Description of Capital Stock"
Item 12.	Indemnification of Directors and Officers	"Description of Capital Stock—Limitation on Liability and Indemnification of Directors and Officers"
Item 13.	Financial Statements and Supplementary Data	"Unaudited Pro Forma Financial Statements" and "Index to Combined Carve-Out Financial Statements" (and the financial statements referenced therein)
Item 14.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	None
Item 15.	Financial Statements and Exhibits	
	(a) Financial Statements	"Index to Combined Carve-Out Financial Statements" (and the financial statements referenced therein)
	(b) Exhibits	See exhibits listed below

The following documents are filed as exhibits hereto, unless otherwise indicated:

Exhibit Number	Description of Exhibit
2.1	Form of Separation and Distribution Agreement by and among BBX Capital Corporation and the Registrant
3.1	Form of Articles of Incorporation of the Registrant+
3.2	Form of Bylaws of the Registrant+
4.1	Form of Rights Agreement between the Registrant and the Rights Agent
4.2	Specimen Class A Common Stock Certificate*
4.3	Specimen Class B Common Stock Certificate*
10.1	Form of Tax Matters Agreement by and among BBX Capital Corporation and the Registrant
10.2	Form of Employee Matters Agreement by and among BBX Capital Corporation and the Registrant
10.3	Form of Transition Services Agreement by and among BBX Capital Corporation and the Registrant
10.4	Form of Promissory Note made by BBX Capital Corporation in favor of the Registrant
10.5	Loan and Security Agreement by and among BBX Capital Corporation, the Registrant, BBX Sweet Holdings, LLC, Food for Thought Restaurant Group-Florida, LLC, and Woodbridge Holdings Corporation, as borrowers, and Iberiabank, as administrative agent and lender, dated March 6, 2018+
10.6	Loan Extension and Modification Agreement by and among the Registrant, BBX Capital Corporation, BBX Sweet Holdings, LLC, Food for Thought Restaurant Group-Florida, LLC, and Woodbridge Holdings Corporation, as borrowers, and Iberiabank, as administrative agent and lender, dated July 17, 2019+
10.7	Loan Agreement by and among Renin Canada Corp. and Renin US LLC, as borrowers, and The Toronto-Dominion Bank, as lender, dated May 12, 2017, as amended by Amending Agreement, dated September 22, 2017, as further amended by Amending Agreement, dated March 29, 2018, as further amended by Amending Agreement dated October 1, 2018, as further amended by Amending Agreement, dated September 23, 2019, as further amended by Amending Agreement, dated February 26, 2020, and as further amended by Amending Agreement, dated June 5, 2020+
10.8	Operating Agreement of The Altman Companies, LLC, by and among, The Altman Companies, LLC, BBX Altman Operating Entities, LLC, Joel L. Altman, AMC Holdings Florida, Inc., Altman Development Corporation, and The Altman Companies, Inc., dated November 30, 2018+
21.1	List of subsidiaries of the Registrant (after giving effect to the spin-off)+
99.1	Information Statement dated August 27, 2020
99.2	Consolidated Financial Statements of Hialeah Communities, LLC and Subsidiary for the Years Ended December 31, 2017 and 2016+

- * Shares of the Registrant's Class A Common Stock and Class B Common Stock are expected to be in uncertificated form, unless otherwise required by applicable law or otherwise determined by the Registrant's Board of Directors. Therefore, no specimen common stock certificates are being filed.
- + Previously filed.

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

BBX Capital Florida LLC

By: /s/ Raymond S. Lopez

Name: Raymond S. Lopez

Title: Chief Financial Officer

Dated: August 27, 2020

SEPARATION AND DISTRIBUTION AGREEMENT

THIS SEPARATION AND DISTRIBUTION AGREEMENT, dated as of _____, 2020 (this “Agreement”), is entered into by and among BBX Capital Corporation, a Florida corporation (“Parent”), and BBX Capital Florida LLC, a Florida limited liability company and wholly-owned subsidiary of Parent (“New BBX Capital”). Each of the foregoing parties is referred to herein as a “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, the Board of Directors of Parent has determined that it is advisable and in the best interests of Parent and its shareholders that New BBX Capital, which is currently a wholly owned subsidiary of Parent and holds (or in accordance with the terms hereof will hold) the subsidiaries and investments which comprise or operate the New BBX Capital Business, be converted into a Florida corporation and become a separate, public company through the spin-off of New BBX Capital, with Parent retaining the Bluegreen Business and continuing as a public company and “pure play” Bluegreen holding company;

WHEREAS, in furtherance of the foregoing, on the terms and subject to the conditions contained herein, the Assets and Liabilities of the Bluegreen Business shall be separated from those of the New BBX Capital Business (the “Separation”) and thereafter Parent shall distribute 100% of the issued and outstanding shares of New BBX Capital Common Stock to holders of Parent Common Stock as of the Record Date (the “Distribution”) and, collectively with the Separation, the “Spin-Off”), all as more fully described in this Agreement;

WHEREAS, the Parties intend in this Agreement to set forth the principal corporate transactions required to effect the Spin-Off and certain other agreements governing various matters relating thereto and the relationship of Parent and New BBX Capital following the Spin-Off; and

WHEREAS, the Parties acknowledge that this Agreement and the Ancillary Agreements represent the integrated agreement of the Parties relating to the Spin-Off, are entered into simultaneously, and would not have been entered into independently.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I DEFINITIONS

Capitalized terms used in this Agreement and not otherwise defined shall have the meanings ascribed to such terms in this Article I.

“Affiliate” means, with respect to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person. For purposes of this definition and the definitions of “Parent Group” and “New BBX Capital Group”, the term “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities, by Contract or otherwise. It is expressly agreed that, for purposes of this Agreement and the other Ancillary Agreements, no member of the New BBX Capital Group shall be deemed to be an Affiliate of any member of the Parent Group, and no member of the Parent Group shall be deemed to be an Affiliate of any member of the New BBX Capital Group.

“Agent” means the Distribution Agent engaged by Parent with respect to the Distribution in accordance with the terms hereof.

“Ancillary Agreements” means the Employee Matters Agreement, the Tax Matters Agreement, the Transition Services Agreement, the Promissory Note, and any other instruments, assignments, documents and agreements executed in connection with the implementation of the transactions contemplated by this Agreement, including any lease or sublease of office space between Parent and New BBX Capital as described in the Information Statement, in each case, including all annexes, exhibits, schedules, attachments and appendices thereto.

“Assets” means all assets, properties, claims and rights (including goodwill) of any kind, nature and description, whether real, personal or mixed, tangible or intangible, whether accrued, contingent or otherwise, and wherever situated and whether or not recorded or reflected, or required to be recorded or reflected, on the books of any Person.

“Bluegreen” means Bluegreen Vacations Corporation, a Florida corporation.

“Bluegreen Business” means Parent’s ownership interest in Woodbridge and its Subsidiaries, including Bluegreen and its Subsidiaries, and the respective businesses and investments thereof.

“Business Day” means each day that is not a Saturday, Sunday or other day on which the Federal Reserve Bank of New York is required to be closed.

“Code” means the Internal Revenue Code of 1986, as amended.

“Consent” means any consent, approval, order or authorization of, filing or registration with, or notification to, any Person.

“Contract” means any written contract, subcontract, instrument, warranty, option, note, bond, mortgage, indenture, lease, license, sublicense, sales or purchase order or other legally binding obligation, commitment, agreement, arrangement or understanding, in each case, as amended and supplemented from time to time.

“Distribution Date” means the date on which the Distribution of New BBX Capital Common Stock to Record Holders is effected pursuant to the terms of this Agreement, as determined by Parent’s Board of Directors.

“Employee Matters Agreement” means the Employee Matters Agreement dated as of the date hereof, by and between Parent and New BBX Capital.

“Environmental Law” means any Law relating to pollution, protection or restoration of or prevention of harm to the environment or natural resources, or protection of human health, including the use, handling, transportation, treatment, storage, disposal, Release or discharge of Hazardous Materials or the protection of or prevention of harm to human health and safety.

“Environmental Liabilities” means all Liabilities relating to, arising out of or resulting from any Hazardous Materials, Environmental Law or Contract relating to environmental, health or safety matters (including all removal, remediation or cleanup costs, investigatory costs, response costs, natural resources damages, property damages, personal injury damages, costs of compliance with any product take back requirements or with any settlement, judgment or other determination of Liability and indemnity, contribution or similar obligations) and all costs and expenses, interest, fines, penalties or other monetary sanctions in connection therewith.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Force Majeure” means, with respect to a Party, an event beyond the control of such Party (or any Person acting on such Party’s behalf), which event (a) does not arise or result from the fault or negligence of such Party (or any Person acting on such Party’s behalf) and (b) by its nature would not reasonably have been foreseen by such Party (or any Person acting on such Party’s behalf), or, if it would reasonably have been foreseen, was unavoidable, and includes, without limitation, acts of God, acts of civil or military authority, embargoes, epidemics, war, riots, insurrections, fires, explosions, earthquakes, hurricanes, tropical storms, floods, other unusually severe weather conditions, public health crises or pandemics (whether regional, national or international), labor problems or unavailability of parts, or, in the case of computer systems, any failure in electrical equipment.

“GAAP” means generally accepted accounting principles in the United States, applied on a consistent basis.

“Governmental Authority” means any government, governmental or quasi-governmental authority, or any regulatory entity or body, department, commission, board, agency, instrumentality, taxing authority, political subdivision, bureau, and any court, tribunal, or judicial body, in each case, whether supranational, national, federal, state, municipal, county or provincial, and whether local or foreign.

“Group” means the Parent Group or the New BBX Capital Group, as the context requires.

“Group Entities” means the members of the Parent Group or the New BBX Capital Group, as the context requires.

“Hazardous Materials” means any chemical, material, substance, waste, pollutant, emission, discharge, release or contaminant that could result in Liability under, or that is prohibited, limited or regulated by or pursuant to, any Environmental Law, and any natural or artificial substance (whether solid, liquid or gas, noise, ion, vapor or electromagnetic) that could cause harm to human health or the environment, including petroleum, petroleum products and byproducts, asbestos and asbestos-containing materials, urea formaldehyde foam insulation, electronic, medical or infectious wastes, polychlorinated biphenyls, radon gas, radioactive substances, chlorofluorocarbons and all other ozone-depleting substances.

“Indebtedness” means any of the following Liabilities or obligations, with respect to any Group: (i) indebtedness for borrowed money (including any principal, premium, accrued and unpaid interest, related expenses, prepayment penalties, commitment and other fees); (ii) Liabilities evidenced by bonds, debentures, notes, or other debt securities; (iii) Liabilities evidencing amounts drawn on letters of credit or banker’s acceptances or similar items; (iv) Liabilities related to the deferred purchase price of property or services (including any seller notes or earn out obligations) other than those trade payables incurred in the ordinary course of business; (v) Liabilities arising from overdrafts; (vi) Liabilities pursuant to capitalized leases that should be, in accordance with GAAP, recorded as capital leases; (vii) Liabilities pursuant to conditional sale or other title retention agreements; (viii) Liabilities arising out of interest rate and currency swap arrangements and any other arrangements designed to provide protection against fluctuations in interest or currency rates; and (ix) indebtedness of others guaranteed by such Group, or any member thereof, or secured by any lien or encumbrance on the assets of such Group or any member thereof.

“Information” means information, including books and records, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data.

“Information Statement” means the information statement forming a part of the Parent Proxy Statement and New BBX Capital Registration Statement.

“Insurance Proceeds” means those monies: (a) received by an insured from any insurance carrier or program; (b) paid by any insurance carrier on behalf of an insured or program; or (c) received (including by way of set-off) from any Third Party in the nature of insurance, contribution or indemnification in respect of any Liability, in each case, net of any deductible or retention amount or any other Third-Party costs or expenses incurred by the Indemnitor in obtaining such recovery, including any increased insurance premiums.

“Intellectual Property” means all of the following whether arising under the Laws of the United States or of any other foreign or multinational jurisdiction: (a) patents, patent applications (including patents issued thereon) and statutory invention registrations, including reissues, divisions, continuations, continuations in part, substitutions, renewals, extensions and reexaminations of any of the foregoing, and all rights in any of the foregoing provided by international treaties or conventions, (b) trademarks, service marks, trade names, service names, trade dress, logos and other source or business identifiers, including all goodwill associated with any of the foregoing, and any and all common law rights in and to any of the foregoing, registrations and applications for registration of any of the foregoing, all rights in and to any of the foregoing provided by international treaties or conventions, and all reissues, extensions and renewals of any of the foregoing, (c) Internet domain names, registrations and related rights, (d) copyrightable works, copyrights, moral rights, mask work rights, database rights and design rights, in each case, other than Software, whether or not registered, and all registrations and applications for registration of any of the foregoing, and all rights in and to any of the foregoing provided by international treaties or conventions, (e) confidential and proprietary information, including trade secrets, invention disclosures, processes and know-how, in each case, other than Software, and (f) intellectual property rights arising from or in respect of any Technology.

“Intercompany Agreements” means Contracts (other than the Ancillary Agreements) between or among any New BBX Capital Entity, on the one hand, and any Parent Entity, on the other hand.

“Law” shall mean any and all applicable federal, state, local, municipal, foreign or other law, statute, constitution, ordinance, code, regulation, ruling or other legal requirement enacted, adopted, implemented or otherwise in effect by or under the authority of any Governmental Authority.

“Legal Proceeding” means any claim, action, charge, lawsuit, litigation, arbitration, hearing or proceeding that has been made public or of which written notice has been received, administrative enforcement proceeding or other similarly formal legal proceeding (including civil, criminal, administrative or appellate proceeding) commenced, brought, conducted or heard by or pending before any Governmental Authority, arbitrator, mediator or other tribunal.

“Liabilities” means any and all debts, obligations and other liabilities, including all contractual obligations, whether absolute or contingent, inchoate or otherwise, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, whenever arising, and including those arising under any pending, threatened or contemplated Legal Proceeding (including the costs and expenses of demands, assessments, judgments, settlements and compromises relating thereto and attorneys’ fees and any and all costs and expenses whatsoever reasonably incurred in investigating, preparing or defending against any such pending, threatened or contemplated Legal Proceeding), any Law, order or consent decree of any Governmental Authority or any award of any arbitrator of any kind, in each case, whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of any Person.

“New BBX Capital Assets” means, to the extent not then owned by New BBX Capital, all interests in the New BBX Capital Subsidiaries immediately prior to the Distribution (after giving effect to the Separation) and:

(a) (i) all Assets included or reflected as assets of New BBX Capital or the members of the New BBX Capital Group on the New BBX Capital Balance Sheet; and (ii) all Assets acquired by any member of the New BBX Capital Group subsequent to the date of the New BBX Capital Balance Sheet that are of a nature or type that would have resulted in such Assets being included or reflected as assets of New BBX Capital or the members of the New BBX Capital Group on a pro forma consolidated balance sheet of New BBX Capital, including the notes thereto, were such balance sheet and notes prepared on a basis consistent with the determination of the Assets included on the New BBX Capital Balance Sheet, in each case, after taking into account any dispositions of any such Assets subsequent to the date of the New BBX Capital Balance Sheet or such acquisition, as the case may be;

(b) all New BBX Capital Real Property and all rights and interests of New BBX Capital or the members of the New BBX Capital Group thereunder;

(c) all New BBX Capital Contracts and all rights and interests of New BBX Capital or the members of the New BBX Capital Group thereunder;

(d) all New BBX Capital Intellectual Property, New BBX Capital Software and New BBX Capital Technology and all rights and interests of New BBX Capital or the members of the New BBX Capital Group thereunder;

(e) all New BBX Capital Permits, and all rights and interests of New BBX Capital or the members of the New BBX Capital Group thereunder;

(f) subject to the provisions herein and the provisions of the applicable Ancillary Agreements, all rights and interests of either Party or any of the members of such Party's Group with respect to Information that is primarily related to the New BBX Capital Assets, the New BBX Capital Liabilities, the New BBX Capital Business or the New BBX Capital Subsidiaries (after giving effect to the Separation);

(g) Subject to Section 6.5, (i) all business and employment records exclusively related to New BBX Capital Business, including the corporate minute books and related stock records of the members of the New BBX Capital Group, (ii) all of the separate financial and Tax records of the members of the New BBX Capital Group that do not form part of the general ledger of Parent or any of its Affiliates (other than the members of the New BBX Capital Group), and (iii) all other books, records, ledgers, files, documents, correspondence, lists, plats, drawings, photographs, product literature (including historical), advertising and promotional materials, distribution lists, customer lists, supplier lists, studies, reports, market and market share data owned by Parent, operating, production and other manuals, manufacturing and quality control records and procedures, research and development files, and accounting and business books, records, files, documentation and materials, in all cases whether in paper, microfilm, microfiche, computer tape or disc, magnetic tape or any other form, that are exclusively related to the New BBX Capital Business (collectively, the "New BBX Capital Books and Records"); provided, however, that (x) none of clauses (i), (ii) or (iii) will include Intellectual Property in any such records, writings or other materials (which is the subject of clause (e), above), (y) Parent will be entitled to retain a copy of the New BBX Capital Books and Records, which will be subject to the provisions hereof regarding confidentiality and (z) neither clause (i) nor (iii) will be deemed to include any books, records or other items or portions thereof (1) with respect to which it is not reasonably practicable to identify and extract the portion thereof exclusively related to New BBX Capital Business, (2) that are subject to restrictions on transfer pursuant to applicable Laws regarding personally identifiable information or Parent's privacy policies regarding personally identifiable information or with respect to which transfer would require any Consent of any Governmental Authority under applicable Law, (3) that relate to performance ratings or assessments of employees of Parent and its Affiliates (including performance history, reports prepared in connection with bonus plan participation and related data (other than individual bonus opportunities based on target bonus as a percentage of base salary)), unless such records are required to be transferred to New BBX Capital under applicable Law, or (4) that relate to any employees that are not to be employees of any member of the New BBX Capital Group following the Spin-Off;

(h) the benefits of all prepaid expenses (other than allocated expenses), including prepaid leases and prepaid rentals, in each case, arising exclusively out of the operation or conduct of the New BBX Capital Business;

(i) the right to enforce the provisions of any confidentiality, non-disclosure, non-competition, non-disparagement or other similar Contracts or covenants to the extent related to the New BBX Capital Business or confidential information relating thereto, and rights to enforce the Intellectual Property assignment provisions of any invention assignment or similar Contract to the extent related to the development of New BBX Capital Intellectual Property;

(j) all rights of the New BBX Capital Group under this Agreement and the any Ancillary Agreements and the certificates, instruments and other documents delivered in connection herewith or therewith; and

(k) the office equipment, trade fixtures and furnishings and other Assets set forth in Schedule 1.1(a) hereto.

For the avoidance of doubt, the New BBX Capital Assets shall not include the Parent Assets or any items expressly governed by the Tax Matters Agreement.

“New BBX Capital Balance Sheet” means the pro forma consolidated balance sheet of New BBX Capital, including the notes thereto, set forth in Schedule 1.2(a) hereto, which has been prepared as of the same date as, and on a consistent basis with, the Parent Balance Sheet, and gives effect to the Spin-Off.

“New BBX Capital Business” means, other than the Bluegreen Business, all of Parent’s investments and Subsidiaries and the businesses thereof.

“New BBX Capital Class A Common Stock” means the Class A Common Stock, par value \$0.01 per share, of New BBX Capital.

“New BBX Capital Class B Common Stock” means the Class B Common Stock, par value \$0.01 per share, of New BBX Capital.

“New BBX Capital Common Stock” means, collectively, the New BBX Capital Class A Common Stock and New BBX Capital Class B Common Stock.

“New BBX Capital Contracts” means all Contracts to which either Party or any member of its Group is a party or by which it or any member of its Group or any of their respective Assets is bound as of the Effective Time that relate exclusively to the New BBX Capital Business, including the following: (a) any customer, distribution, supply or vendor contract or agreement relating exclusively to the New BBX Capital Business; (b) any Real Property Lease that relates primarily to the New BBX Capital Business; (c) any lease (including any capital lease), agreement to lease, option to lease, license, right to use, installment or conditional sale agreement pertaining to the leasing or use of any equipment or other tangible property that relates exclusively to the New BBX Capital Business; (d) any Contract licensing or otherwise granting rights to Intellectual Property that relates exclusively to the New BBX Capital Business. In addition, any Contract in the nature of a guarantee, indemnity or other Liability of either Party or any member of its Group in respect of any other New BBX Capital Contract, any New BBX Capital Liability or the New BBX Capital Business shall be deemed a “New BBX Capital Contract.” Notwithstanding the foregoing, “New BBX Capital Contracts” shall not include any Contract that is contemplated to be retained by Parent or any member of the Parent Group from and after the Effective Time pursuant to any provision of this Agreement or any Ancillary Agreement.

“New BBX Capital Entities” means the members of the New BBX Capital Group.

“New BBX Capital Group” means New BBX Capital and the New BBX Capital Subsidiaries.

“New BBX Capital Indemnitees” means each New BBX Capital Entity, its Affiliates, and all Persons who are or have been shareholders, directors, partners, managers, members, officers, agents or employees of a New BBX Capital Entity or any of its Affiliates (in each case, in their respective capacities as such), in each case, together with their respective heirs, executors, administrators, successors and assigns.

“New BBX Capital Intellectual Property” means all Intellectual Property owned or used by New BBX Capital or any member of the New BBX Capital Group as of the Effective Time in connection with the New BBX Capital Business.

“New BBX Capital Liabilities” means:

(a) all Liabilities related primarily to the New BBX Capital Business, including the Liabilities (including Indebtedness) included or reflected as liabilities or obligations of New BBX Capital or the members of the New BBX Capital Group on the New BBX Capital Balance Sheet;

(b) all Liabilities that are of a nature or type that would have resulted in such Liabilities being included or reflected as liabilities or obligations of New BBX Capital or the members of the New BBX Capital Group on a pro forma consolidated balance sheet of New BBX Capital, including the notes thereto, were such balance sheet and notes prepared on a basis consistent with the determination of the Liabilities included on the New BBX Capital Balance Sheet, in each case, subject to any subsequent discharge of such Liabilities; it being understood for purposes

of clause (a) above and this clause (b) that (i) the New BBX Capital Balance Sheet shall be used to determine the types of, and methodologies used to determine, those Liabilities that are included in this definition of New BBX Capital Liabilities; and (ii) the amounts set forth on the New BBX Capital Balance Sheet with respect to any Liabilities shall not be treated as minimum amounts or limitations on the amount of such Liabilities that are included in this definition of New BBX Capital Liabilities;

(c) all Liabilities, including Environmental Liabilities, relating to, arising out of or resulting from the actions, inactions, events, conduct, omissions, conditions, occurrences, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time), in each case, to the extent that such Liabilities relate to, arise out of or result from the New BBX Capital Business or any New BBX Capital Asset, including, without limitation, the New BBX Capital Real Property, the New BBX Capital Contracts, the New BBX Capital Intellectual Property, the New BBX Capital Software, the New BBX Capital Technology, and the New BBX Capital Permits;

(d) all Liabilities that are expressly provided by this Agreement or any Ancillary Agreement as Liabilities to be assumed by New BBX Capital or any other member of the New BBX Capital Group, and all agreements, obligations and Liabilities of any member of the New BBX Capital Group under this Agreement or any of the Ancillary Agreements and the certificates, instruments and other documents delivered in connection herewith or therewith;

(e) all Liabilities arising out of claims made by any Third Party (including the respective directors, officers, shareholders, employees and agents of Parent and New BBX Capital) against any member of the Parent Group or the New BBX Capital Group to the extent relating to, arising out of or resulting from the New BBX Capital Business or the or the other Liabilities referred to in clauses (a) through (d) above; and

(f) all other Liabilities set forth in Schedule 1.1(b) hereto.

For the avoidance of doubt, the New BBX Capital Liabilities shall not include the Parent Liabilities or any items expressly governed by the Tax Matters Agreement.

“New BBX Capital Permits” means all Permits held by New BBX Capital or any member of the New BBX Capital Group as of the Effective Time in connection with the New BBX Capital Business.

“New BBX Capital Real Property” means the real property owned by New BBX Capital or any member of the New BBX Capital Group, together with all buildings, improvements and structures thereon, and any real property leased by New BBX Capital or any member of the New BBX Capital Group (and any other rights to use or occupy any land, buildings, structures, improvements, fixtures or other interests in real property held by New BBX Capital or any member of the New BBX Capital Group), in each case, as of the Effective Time.

“New BBX Capital Software” means all Software owned by or used exclusively by New BBX Capital or any member of the New BBX Capital Group as of the Effective Time in connection with the New BBX Capital Business.

“New BBX Capital Subsidiaries” means all direct and indirect Subsidiaries of New BBX Capital, after giving effect to the Separation, including, but not limited to, BBX Capital Real Estate, LLC, BBX Sweet Holdings, LLC and Renin Holdings, LLC. For the avoidance of doubt, no Parent Entity shall be a “New BBX Capital Subsidiary.”

“New BBX Capital Technology” means all Technology owned or used by New BBX Capital or any member of the New BBX Capital Group as of the Effective Time in connection with the New BBX Capital Business.

“OTC Markets” means the OTC Markets Group Inc. and the over-the-counter stock markets run by such entity.

“Parent Assets” means:

(a) all interests in Woodbridge and its Subsidiaries, including Bluegreen and its Subsidiaries;

(b) (i) all Assets included or reflected as assets of Parent or the members of the Parent Group on the Parent Balance Sheet; and (ii) all Assets acquired by any member of the Parent Group subsequent to the date of the Parent Balance Sheet that are of a nature or type that would have resulted in such Assets being included or reflected as assets of Parent or the members of the Parent Group on a pro forma consolidated balance sheet of the Parent Group, including the notes thereto, were such balance sheet and notes prepared on a basis consistent with the determination of the Assets included on the Parent Balance Sheet, in each case, after taking into account any dispositions of any such Assets subsequent to the date of the New BBX Capital Balance Sheet or such acquisition, as the case may be;

(c) other than New BBX Capital Assets, all other Assets, including, without limitation, real property, Contracts, Intellectual Property, Software, Technology, Permits and Information, which are owned, held, used or leased by either Party or any member of its Group or to which either Party or any member of its Group is a party or by which either Party or any member of its Group or any of their respective Assets is bound other than New BBX Capital Assets and, in each case, all rights and interests thereunder;

(d) all rights of the Parent Group under this Agreement and the any Ancillary Agreements and the certificates, instruments and other documents delivered in connection herewith or therewith.

For the avoidance of doubt, the Parent Assets shall include all assets of or relating to any Parent Benefit Plan, except to the extent expressly transferred under the Employee Matters Agreement (including to the New BBX Capital Entities), but shall not include the New BBX Capital Assets or any items expressly governed by the Tax Matters Agreement.

“Parent Balance Sheet” means the pro forma consolidated balance sheet of Parent, including the notes thereto, set forth in Schedule 1.2(b) hereto, which has been prepared as of the same date as, and on a consistent basis with, the New BBX Capital Balance Sheet, and gives effect to the Spin-Off.

“Parent Benefit Plan” has the meaning set forth in the Employee Matters Agreement.

“Parent Class A Common Stock” means the Class A Common Stock, par value \$0.01 per share, of Parent.

“Parent Class B Common Stock” means the Class B Common Stock, par value \$0.01 per share, of Parent.

“Parent Common Stock” means, collectively, the Parent Class A Common Stock and Parent Class B Common Stock.

“Parent Entities” means the members of the Parent Group.

“Parent Group” means Parent and Woodbridge and its direct and indirect Subsidiaries, including Bluegreen and its direct and indirect Subsidiaries.

“Parent Indemnitees” means each Parent Entity, its Affiliates, and all Persons who are or have been shareholders, directors, partners, managers, members, officers, agents or employees of a Parent Entity or any of its Affiliates (in each case, in their respective capacities as such), in each case, together with their respective heirs, executors, administrators, successors and assigns.

“Parent Liabilities” means:

(a) all Liabilities, including the trust preferred securities of Woodbridge and Indebtedness of Bluegreen and its Subsidiaries, reflected as Liabilities of Parent and the other Parent Entities on the Parent Balance Sheet;

(b) all Liabilities that are of a nature or type that would have resulted in such Liabilities being included or reflected as liabilities or obligations of Parent or the members of the Parent Group on a pro forma consolidated balance sheet of Parent, including the notes thereto, were such balance sheet and notes prepared on a basis consistent with the determination of the Liabilities included on the Parent Balance Sheet, in each case, subject to any

subsequent discharge of such Liabilities; it being understood for purposes of clause (a) above and this clause (b) that (i) the Parent Balance Sheet shall be used to determine the types of, and methodologies used to determine, those Liabilities that are included in this definition of Parent Liabilities; and (ii) the amounts set forth on the Parent Balance Sheet with respect to any Liabilities shall not be treated as minimum amounts or limitations on the amount of such Liabilities that are included in this definition of Parent Liabilities;

(c) all Liabilities arising out of claims made by any Third Party (including the respective directors, officers, shareholders, employees and agents of Parent and New BBX Capital) against any member of the Parent Group or the New BBX Capital Group to the extent relating to, arising out of or resulting from the Bluegreen Business or the Bluegreen Assets;

(d) all Liabilities related to any Transaction Litigation, including with respect to directors and officers of Parent related thereto;

(e) all Liabilities of Parent and its Subsidiaries arising from or relating the businesses and operations (whether or not such businesses or operations are or have been terminated, divested or discontinued) conducted prior to the Effective Time by Parent and its Subsidiaries (other than any New BBX Capital Liabilities).

For the avoidance of doubt, the New BBX Capital Liabilities shall not include the Parent Liabilities or any items expressly governed by the Tax Matters Agreement.

“Permits” means permits, approvals, authorizations, consents, licenses or certificates issued by any Governmental Authority.

“Person” means any individual, corporation (including any non-profit corporation), limited liability company, joint stock company, general partnership, limited partnership, limited liability partnership, estate, trust, firm, Governmental Authority or other enterprise, association, organization, entity or “group” (as defined in Section 13(d)(3) of the Exchange Act).

“Promissory Note” means the promissory note in the principal amount of \$75 million dated as of the date hereof to be made by Parent in favor of New BBX Capital.

“Record Date” means the close of business on the date to be determined by Parent’s Board of Directors as the record date for determining shareholders of Parent entitled to receive shares of New BBX Capital Common Stock in the Distribution.

“Real Property Leases” means the real property leases, subleases, licenses or other agreements, including all amendments, modifications, supplements, extensions, renewals, guaranties or other agreements with respect thereto, pursuant to which either Party or any of the members of its Group as of the Effective Time is a party.

“Record Holders” means the holders of record of Parent Common Stock on the Record Date.

“Release” means any release, spill, emission, discharge, leaking, pumping, pouring, dumping, injection, deposit, disposal, dispersal, leaching or migration of Hazardous Materials into the environment (including, ambient air, surface water, groundwater and surface or subsurface strata).

“SEC” means the United States Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933, as amended.

“Software” means any and all (a) computer programs, including any and all software implementation of algorithms, models and methodologies, whether in source code, object code, human readable form or other form; (b) databases and compilations, including any and all data and collections of data, whether machine readable or otherwise; (c) descriptions, flow charts and other work products used to design, plan, organize and develop any of the foregoing; (d) screens, user interfaces, report formats, firmware, development tools, templates, menus, buttons and icons; and (e) documentation, including user manuals and other training documentation, relating to any of the foregoing.

“Subsidiary” of any Person means (a) a corporation more than 50% of the combined voting power of the outstanding voting stock of which is owned, directly or indirectly, by such Person or by one or more other Subsidiaries of such Person or by such Person and one or more other Subsidiaries of such Person; (b) a partnership of which such Person or one or more other Subsidiaries of such Person or such Person and one or more other Subsidiaries thereof, directly or indirectly, is the general partner and has the power to direct the policies, management and affairs of such partnership; (c) a limited liability company of which such Person or one or more other Subsidiaries of such Person or such Person and one or more other Subsidiaries of such Person, directly or indirectly, is the manager or managing member (or has the right to appoint the sole manager or managing member, or a majority of the managers or managing members of such company) and has the power to direct the policies, management and affairs of such company; or (d) any other Person (other than a corporation, partnership or limited liability company) in which such Person or one or more other Subsidiaries of such Person or such Person and one or more other Subsidiaries of such Person, directly or indirectly, has at least a majority ownership and the power to direct the policies, management and affairs thereof.

“Tax” or “Taxes” has the meaning set forth in the Tax Matters Agreement.

“Tax Matters Agreement” means the Tax Matters Agreement dated as of the date hereof by and between Parent and New BBX Capital.

“Tax Return” has the meaning set forth in the Tax Matters Agreement.

“Technology” means all technology, designs, formulae, algorithms, procedures, methods, discoveries, processes, techniques, ideas, know-how, research and development, technical data, tools, materials, specifications, processes, inventions (whether patentable or unpatentable and whether or not reduced to practice), apparatus, creations, improvements, works of authorship in any media, confidential, proprietary or nonpublic information, and other similar materials, and all recordings, graphs, drawings, reports, analyses and other writings, and other tangible embodiments of the foregoing in any form whether or not listed herein, in each case, other than Software.

“Third Party” means any Person other than the Parties or any members of their respective Groups.

“Transaction Litigation” means any Legal Proceeding commenced or threatened against Parent or any of its Subsidiaries or Affiliates, or otherwise relating to, involving or affecting Parent or any of its Subsidiaries or Affiliates, in each case, in connection with, arising from or otherwise relating to the Spin-Off or any other transaction contemplated by this Agreement or the Ancillary Agreements, including any Legal Proceeding alleging or asserting any misrepresentation or omission in the Parent Proxy Statement or the New BBX Capital Registration Statement (in each case, including the Information Statement forming a part thereof).

“Transition Services Agreement” means the Transition Services Agreement dated as of the date hereof by and between Parent and New BBX Capital.

“Woodbridge” means Woodbridge Holdings Corporation, a Florida corporation and wholly owned subsidiary of Parent through which Parent holds its indirect ownership interest in Bluegreen.

OTHER TERMS DEFINED IN THIS AGREEMENT

Agreement	Preamble
Effective Time	Section 3.1
CEO Notice	Section 6.18
Convey	Section 2.1(a)
Dispute	Section 6.18
Distribution	Recitals
D&O Insurance	Section 6.12(c)
Guarantee	Section 5.11
Indemnified Persons	Section 6.12(a)
Indemnitee	Section 5.4(a)
Indemnitor	Section 5.4(a)
Indemnity Payment	Section 5.4(a)
Initial Notice	Section 6.18
New BBX Capital	Preamble
New BBX Capital Confidential Information	Section 6.10(a)
New BBX Capital Registration Statement	Section 4.2(e)
New BBX Capital Released Persons	Section 5.1(b)
Omitted Services	Section 6.13
Parent	Preamble
Parent Confidential Information	Section 6.10(b)
Parent Proxy Statement	Section 4.2(d)
Parent Released Persons	Section 5.1(a)
Pre-Spin-Off Insurance Claims	Section 6.9(b)
Pre-Spin-Off Insurance Policies	Section 6.9(a)
Representatives	Section 6.10(a)
Separation	Recitals
Service Provider	Section 6.13
Service Recipient	Section 6.13
Spin-Off	Recitals
Third-Party Claim	Section 5.5(a)
Third-Party Proceeds	Section 5.4(a)

**ARTICLE II
THE SEPARATION**

Section 2.1 Separation. Except as provided in Section 2.2(b) and subject to the terms and conditions of this Agreement, including the conditions set forth in Article IV (other than the consummation of the Separation and any other conditions to be satisfied following the Separation), to the extent not previously effected, effective as of the Effective Time (but, for the avoidance of doubt, prior to the Distribution), the Parties shall take or cause to be taken the actions described in this Section 2.1.

(a) New BBX Capital shall be converted into a Florida corporation. Parent will assign, transfer, convey and deliver ("Convey") (or will cause any applicable Subsidiary of Parent to Convey) to New BBX Capital, or a New BBX Capital Entity, and New BBX Capital will accept, or cause the applicable New BBX Capital Entity to accept, from Parent, or the applicable Subsidiary of Parent, all of Parent's and its applicable Subsidiaries' respective right, title and interest in and to all New BBX Capital Assets (other than any New BBX Capital Assets that are already held as of immediately prior to the Effective Time by New BBX Capital or a New BBX Capital Entity, which New BBX Capital Asset will continue to be held by New BBX Capital or such New BBX Capital Entity).

(b) New BBX Capital or any applicable New BBX Capital Entity will assume all of the New BBX Capital Liabilities (other than any New BBX Capital Liability that as of immediately prior to the Effective Time is already a Liability of New BBX Capital or a New BBX Capital Entity, which will continue to be a Liability of New BBX Capital or such New BBX Capital Entity).

(c) [Intentionally omitted.]

(d) To the extent applicable, (i) New BBX Capital or any applicable New BBX Capital Entity will Convey to Parent or a Subsidiary of Parent, and Parent or its applicable Subsidiary will accept from New BBX Capital or the applicable New BBX Capital Entity, all or New BBX Capital's or the applicable New BBX Capital Entity's right, title and interest in and to any and all Parent Assets (other than any Parent Assets that are already held as of immediately prior to the Effective Time by Parent or a Parent Entity, which Parent Asset will continue to be held by Parent or such Parent Entity) and (ii) Parent or a Subsidiary of Parent will assume all of the Parent Liabilities (other than any Parent Liability that as of immediately prior to the Effective Time is already a Liability of Parent or a Parent Entity, which will continue to be a Liability of Parent or such Parent Entity).

(e) The Parties shall, to the extent applicable, execute and deliver, or cause the execution and delivery of, such bills of sale, quitclaim deeds, certificates of title, assignments of contracts and other instruments of transfer, conveyance and assignment and take such other actions as are necessary to (i) Convey to the appropriate member of the Parent Group or New BBX Capital Group, as applicable, all of the right, title and interest to the Assets Conveyed to it hereunder or under any Ancillary Agreement and (ii) cause the appropriate member of the Parent Group or New BBX Capital Group, as applicable, to assume all of the Liabilities assumed by it hereunder or under any Ancillary Agreement, in each case, in form and substance reasonably acceptable to each Party.

(f) In the event that at any time or from time to time (whether prior to, at or after the Effective Time), any member of the Parent Group or the New BBX Capital Group, respectively, is the owner of, receives or otherwise comes to possess any Asset or Liability that is allocated to a member of the other Group pursuant to this Agreement or any Ancillary Agreement, the applicable Person shall promptly Convey such Asset or Liability to the Person so entitled thereto or responsible therefor, and such Person shall accept and assume the same, as applicable. Prior to any such Conveyance, such Asset or Liability shall be held in accordance with Section 2.2(b);

(g) Each Party hereby waives compliance by the other Party and every member of the other Party's Group with the requirements and provisions of any "bulk-sale" or "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the Conveyance of any or all of Assets hereunder.

Section 2.2 Consents.

(a) To the extent that the consummation of the Spin-Off requires any Consents from any third parties (including any Governmental Authorities), each Party shall use its reasonable best efforts to obtain promptly such Consents; provided, that with respect to Consents from third parties (other than Governmental Authorities) required under existing Contracts, such efforts shall not include any requirement or obligation to make any payment to any such Third Party or assume any Liability not otherwise required to be paid or assumed by the applicable Party pursuant to the terms of an existing Contract or offer or grant any financial accommodation or other benefit to such Third Party not otherwise required to be made by the applicable Party pursuant to the terms of an existing Contract. The obligations set forth in this Section 2.2(a) shall terminate on the one (1) year anniversary of the Distribution Date. Notwithstanding anything in this Section 2.2(a) to the contrary, nothing in this Agreement or any Ancillary Agreement shall be construed as an attempt or agreement to Convey any Asset, including any Contract, permit or other right, if an attempted Conveyance thereof, without the Consent of a Third Party (including any Governmental Authority), would constitute a breach under any agreement to which any Parent Entity or any New BBX Capital Entity is a party or any Law or by which any Parent Entity or any New BBX Capital Entity is bound, or would reasonably be expected to have a material adverse effect on the rights, upon transfer or otherwise, of any New BBX Capital Entity under or with respect to such New BBX Capital Asset or any Parent Entity under or with respect to such Parent Asset, as the case may be.

(b) If the Conveyance or assumption (as applicable) of any Asset or Liability intended to be Conveyed or assumed (as applicable) is not consummated prior to or at the Effective Time, whether as a result of the provisions of Section 2.2(a) or for any other reason (including any misallocated Conveyance subject to Section 2.1(d)), then the Spin-Off shall, subject to the satisfaction of the conditions set forth in Article IV, nevertheless take place on the terms set forth herein, and, insofar as reasonably practicable and to the extent permitted by applicable Law, the Person retaining such Asset or Liability (i) shall thereafter hold such Asset or Liability in trust for the use and benefit and/or burden of the Person entitled thereto (and at such Person's sole expense) until the consummation of the Conveyance or assumption (as applicable) thereof (or as otherwise determined by Parent and New BBX Capital, as applicable, in accordance with Section 2.2(a)); and (ii) use reasonable best efforts to take such other actions as may be reasonably requested by the Person to whom such Asset or Liability is to be Conveyed or assumed (as applicable) (at the expense of the Person to whom such Asset or Liability is to be Conveyed or assumed (as applicable)) in order to place such Person in substantially the same position as if such Asset or Liability had been Conveyed or assumed (as applicable) as contemplated hereby and so that all the benefits and/or burdens relating to such Asset or Liability, including possession, use, risk of loss, potential for gain, any Tax liabilities in respect thereof and dominion, control and command over such Asset or Liability, are to inure from and after the Effective Time to the Person to whom such Asset or Liability is to be Conveyed or assumed (as applicable). Any Person retaining any Asset or Liability due to the deferral of the Conveyance or assumption (as applicable) of such Asset or Liability shall not be required, in connection with the foregoing, to make any payments, assume any Liability, or offer or grant any accommodation or other benefit (financial or otherwise) to any Third Party, except to the extent that the Person entitled to the Asset or responsible for the Liability agrees to reimburse and make whole the Person retaining the Asset or Liability to such Person's reasonable satisfaction, for any payment or other accommodation made by the Person retaining the Asset or Liability at the request of the Person entitled to the Asset or responsible for the Liability. The obligations set forth in this Section 2.2(b) shall terminate on the one (1) year anniversary of the Distribution Date.

Section 2.3 Termination of Intercompany Agreements; Settlement of Intercompany Accounts

(a) Except as set forth in Section 2.3(b) and Section 2.3(c), New BBX Capital, on behalf of itself and each other member of the New BBX Capital Group, on the one hand, and Parent, on behalf of itself and each other member of the Parent Group, on the other hand, shall terminate, effective as of the Effective Time, any and all Intercompany Agreements as to such parties. No such terminated Intercompany Agreement (including any provision thereof which purports to survive termination) shall be of any further force or effect after the Effective Time and all parties shall be released from all Liabilities thereunder. Each Party shall, at the reasonable request of any other Party, take, or cause to be taken, such other actions as may be necessary to effect the foregoing. The Parties, on behalf of the members of their respective Groups, hereby waive any advance notice provision or other termination requirements with respect to such Intercompany Agreements.

(b) The provisions of Section 2.3(a) shall not apply to shared services agreements between the Parties or their respective Affiliates or any Contracts to which any Person other than the Parties and their respective Affiliates is a party or to any non-competition, non-solicitation, non-disparagement or confidentiality agreements or covenants among any Parent Entity, any New BBX Capital Entity and any of their respective employees or by any such employees in favor of any Parent Entity or any New BBX Capital Entity, in each case, including any obligation not to disclose proprietary or privileged information.

(c) Settlement of Intercompany Accounts. Other than with respect to the shared services agreements and other Contracts exempted from Section 2.3(a) pursuant to Section 2.3(b) and Liabilities for payment and/or reimbursement for costs and other fees and charges relating to goods or services provided by any Parent Entity to any New BBX Capital Entity, or vice versa, prior to the Effective Time in the ordinary course of business, and except as otherwise expressly provided in this Agreement or any Ancillary Agreement, all intercompany receivables, payables, loans and other accounts between any Parent Entity, on the one hand, and any New BBX Capital Entity, on the other hand, in existence as of immediately prior to the Effective Time and after giving effect to the Separation shall be extinguished by the applicable Parent Entities and the applicable New BBX Capital Entities no later than the Effective Time by (i) cancellation, forgiveness or release by the applicable obligor or (ii) one or a related series of payments, settlements, netting, distributions of and/or contributions to capital, in each case, as determined by Parent and such that the New BBX Capital Entities, on the one hand, and the Parent Entities, on the other hand, do not have any further Liability to one another in respect of such intercompany receivables, payables, loans and other accounts.

Section 2.4 No Representations and Warranties.

(a) EXCEPT TO THE EXTENT OTHERWISE EXPRESSLY PROVIDED IN ANY ANCILLARY AGREEMENT, NEW BBX CAPITAL (ON BEHALF OF ITSELF AND MEMBERS OF THE NEW BBX CAPITAL GROUP) ACKNOWLEDGES THAT NEITHER PARENT NOR ANY MEMBER OF THE PARENT GROUP MAKES ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY HEREIN AS TO ANY MATTER WHATSOEVER, INCLUDING ANY REPRESENTATION OR WARRANTY WITH RESPECT TO: (A) THE CONDITION OR THE VALUE OF ANY NEW BBX CAPITAL ASSET, THE NEW BBX CAPITAL BUSINESS OR THE AMOUNT OF ANY NEW BBX CAPITAL LIABILITY; (B) THE FREEDOM FROM ANY LIEN ON ANY NEW BBX CAPITAL ASSET; (C) THE ABSENCE OF DEFENSES OR FREEDOM FROM COUNTERCLAIMS WITH RESPECT TO ANY CLAIM TO BE TRANSFERRED TO OR ASSUMED BY NEW BBX CAPITAL OR HELD BY A MEMBER OF THE NEW BBX CAPITAL GROUP; OR (D) ANY IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE OR TITLE. EXCEPT TO THE EXTENT OTHERWISE EXPRESSLY PROVIDED IN ANY ANCILLARY AGREEMENT, NEW BBX CAPITAL (ON BEHALF OF ITSELF AND MEMBERS OF THE NEW BBX CAPITAL GROUP) FURTHER ACKNOWLEDGES THAT ALL OTHER WARRANTIES THAT PARENT OR ANY MEMBER OF THE PARENT GROUP GAVE OR MIGHT HAVE GIVEN, OR WHICH MIGHT BE PROVIDED OR IMPLIED BY APPLICABLE LAW OR COMMERCIAL PRACTICE, ARE HEREBY EXPRESSLY EXCLUDED. EXCEPT TO THE EXTENT OTHERWISE EXPRESSLY PROVIDED IN ANY ANCILLARY AGREEMENT, ALL ASSETS, BUSINESSES AND LIABILITIES TO BE TRANSFERRED TO OR ASSUMED BY NEW BBX CAPITAL SHALL BE TRANSFERRED "AS IS, WHERE IS," WITHOUT ANY COVENANT, REPRESENTATION OR WARRANTY (WHETHER EXPRESS OR IMPLIED), AND ALL OF THE ASSETS, BUSINESSES AND LIABILITIES HELD BY THE NEW BBX CAPITAL ENTITIES ARE HELD, "AS IS, WHERE IS," AND, FROM AND AFTER THE EFFECTIVE TIME, NEW BBX CAPITAL SHALL BEAR THE ECONOMIC AND LEGAL RISK THAT ANY SUCH TRANSFER OR ASSUMPTION SHALL PROVE TO BE INSUFFICIENT TO VEST IN NEW BBX CAPITAL GOOD AND MARKETABLE TITLE, FREE AND CLEAR OF ANY LIEN OR ANY NECESSARY CONSENTS THAT ARE NOT OBTAINED OR THAT ANY REQUIREMENTS OF LAWS ARE NOT COMPLIED WITH (BUT SUBJECT TO COMPLIANCE BY PARENT WITH ITS OBLIGATIONS IN SECTIONS 2.1 AND 2.2). NONE OF THE PARENT ENTITIES OR ANY OTHER PERSON MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO ANY INFORMATION, DOCUMENTS OR MATERIAL MADE AVAILABLE IN CONNECTION WITH THE SPIN-OFF, OR EXECUTION, DELIVERY OR FILING OF THIS AGREEMENT OR ANY ANCILLARY AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

(b) EXCEPT TO THE EXTENT OTHERWISE EXPRESSLY PROVIDED IN ANY ANCILLARY AGREEMENT, PARENT (ON BEHALF OF ITSELF AND MEMBERS OF THE PARENT GROUP) ACKNOWLEDGES THAT NEITHER NEW BBX CAPITAL NOR ANY MEMBER OF THE NEW BBX CAPITAL GROUP MAKES ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY HEREIN AS TO ANY MATTER WHATSOEVER, INCLUDING ANY REPRESENTATION OR WARRANTY WITH RESPECT TO: (A) THE CONDITION OR THE VALUE OF ANY PARENT ASSET, THE BLUEGREEN BUSINESS OR THE AMOUNT OF ANY PARENT LIABILITY; (B) THE FREEDOM FROM ANY LIEN ON ANY PARENT ASSET; (C) THE ABSENCE OF DEFENSES OR FREEDOM FROM COUNTERCLAIMS WITH RESPECT TO ANY CLAIM TO BE TRANSFERRED TO OR ASSUMED BY PARENT OR HELD BY A MEMBER OF THE PARENT GROUP; OR (D) ANY IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE OR TITLE. EXCEPT TO THE EXTENT OTHERWISE EXPRESSLY PROVIDED IN ANY ANCILLARY AGREEMENT, PARENT (ON BEHALF OF ITSELF AND MEMBERS OF THE PARENT GROUP) FURTHER ACKNOWLEDGES THAT ALL OTHER WARRANTIES THAT NEW BBX CAPITAL OR ANY MEMBER OF THE NEW BBX CAPITAL GROUP GAVE OR MIGHT HAVE GIVEN, OR WHICH MIGHT BE PROVIDED OR IMPLIED BY APPLICABLE LAW OR COMMERCIAL PRACTICE, ARE HEREBY EXPRESSLY EXCLUDED. EXCEPT TO THE EXTENT OTHERWISE EXPRESSLY PROVIDED IN ANY ANCILLARY AGREEMENT, ALL ASSETS, BUSINESSES AND LIABILITIES TO BE TRANSFERRED TO OR ASSUMED BY ANY PARENT ENTITY SHALL BE TRANSFERRED "AS IS, WHERE IS," WITHOUT ANY COVENANT, REPRESENTATION OR WARRANTY (WHETHER EXPRESS OR IMPLIED), AND ALL OF THE ASSETS, BUSINESSES AND LIABILITIES HELD BY THE PARENT ENTITIES ARE HELD, "AS IS, WHERE IS," AND, FROM AND AFTER THE EFFECTIVE TIME, THE PARENT ENTITIES SHALL BEAR THE ECONOMIC AND LEGAL RISK THAT ANY SUCH TRANSFER OR ASSUMPTION SHALL PROVE TO BE INSUFFICIENT TO VEST IN PARENT GOOD AND MARKETABLE TITLE, FREE AND CLEAR OF ANY LIEN OR ANY NECESSARY CONSENTS THAT ARE

NOT OBTAINED OR THAT ANY REQUIREMENTS OF LAWS ARE NOT COMPLIED WITH (BUT SUBJECT TO COMPLIANCE BY NEW BBX CAPITAL WITH ITS OBLIGATIONS IN SECTIONS 2.1 AND 2.2). NONE OF THE NEW BBX CAPITAL ENTITIES OR ANY OTHER PERSON MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO ANY INFORMATION, DOCUMENTS OR MATERIAL MADE AVAILABLE IN CONNECTION WITH THE SPIN-OFF, OR EXECUTION, DELIVERY OR FILING OF THIS AGREEMENT OR ANY ANCILLARY AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

ARTICLE III CLOSING OF THE SEPARATION

Section 3.1 Effective Time. Unless otherwise provided in this Agreement or in any Ancillary Agreement, and subject to the satisfaction or waiver of the conditions set forth in Article IV (other than those conditions that by their terms are to be satisfied at the Effective Time, but subject to the satisfaction or waiver of such conditions), the effective time and date of each Conveyance or assumption (as applicable) of any Asset or Liability in accordance with Article II in connection with the Separation shall be 12:01 a.m., Eastern Time, on the Distribution Date (such time, the "Effective Time").

Section 3.2 Effective Time Deliveries.

(a) Effective as of the Effective Time, Parent shall deliver, or shall cause its applicable Subsidiaries to deliver, to New BBX Capital the following:

- (i) in each case where any member of the Parent Group is a party to any Ancillary Agreement to be entered into at the Effective Time, a counterpart of such Ancillary Agreement duly executed by the member of the Parent Group party thereto; and
- (ii) all documents of Conveyance and assumption described in Section 2.1.

(b) At the Effective Time, New BBX Capital shall deliver, or shall cause its applicable Subsidiaries to deliver, as appropriate, to Parent the following:

- (i) in each case where any member of the New BBX Capital Group is a party to any Ancillary Agreement to be entered into at the Effective Time, a counterpart of such Ancillary Agreement duly executed by the member of the New BBX Capital Group party thereto; and
- (ii) all documents of Conveyance and assumption described in Section 2.1.

ARTICLE IV THE DISTRIBUTION

Section 4.1 Record and Distribution Dates. Parent's Board of Directors, in accordance with applicable Law, shall establish (or designate Persons to establish) the Record Date and the Distribution Date, and Parent shall establish appropriate procedures in connection with, and to effectuate in accordance with applicable Law, the Distribution in accordance with the terms hereof.

Section 4.2 Undertakings Prior to the Distribution. Prior to the Effective Time and subject to the terms and conditions set forth herein, the Parties shall take, or cause to be taken, the following actions in connection with the Distribution:

(a) Parent shall give the New York Stock Exchange not less than ten (10) days' advance notice of the Record Date in compliance with Rule 10b-17 under the Exchange Act and the rules of the New York Stock Exchange.

(b) The Parties shall take all necessary actions so that as of the Effective Time: (i) the directors and executive officers of New BBX Capital and Parent shall be those set forth in the final Information Statement, unless

otherwise agreed by the Parties; and (ii) except for those individuals who will continue to serve as members of Parent's Board of Directors after the Effective Time, as set forth in the final Information Statement, each member of Parent's Board of Directors as of immediately prior to the Effective Time shall have resigned as a director of Parent by written notice of resignation to Parent, effective as of the Effective Time.

(c) New BBX Capital shall prepare and file, and shall use its reasonable best efforts to have approved, an application for the quotation of the New BBX Capital Class A Common Stock and New BBX Capital Class B Common Stock on the OTC Markets.

(d) Parent shall take such actions as necessary to schedule and convene a meeting of its shareholders to vote on the Spin-Off and Parent's contemplated name change to "Bluegreen Vacations Holdings Corporation," prepare and file with the SEC and mail to its shareholders a proxy statement (the "Parent Proxy Statement") relating to such shareholder meeting and vote on the Spin-Off and the name change, including any necessary or advisable amendments or supplements, and use commercially reasonable best efforts to secure the required shareholder vote to approve the Spin-Off and the name change.

(e) The Parties shall cooperate in (i) preparing and filing with the SEC a Registration Statement on Form 10 registering the New BBX Capital Common Stock distributed in the Distribution (the "New BBX Capital Registration Statement"), including the Information Statement that forms a part thereof, and any amendments or supplements thereto as may be necessary or advisable in order to cause the New BBX Capital Registration Statement to become and remain effective as required by the SEC or federal, state or other applicable securities Laws, and (ii) preparing and filing with the SEC any other documents which Parent determines are necessary or desirable to effectuate the Distribution. Each Party shall use its commercially reasonable best efforts to obtain all necessary approvals from the SEC with respect to the documents described in this clause (e) as soon as practicable.

(f) The Parties shall take all actions as may be necessary or appropriate under the securities or blue-sky laws of the United States (and any comparable Laws under any foreign jurisdiction) in connection with the Distribution.

(g) Promptly following the Record Date, Parent shall cause the Information Statement to be mailed to the Record Holders.

(h) Parent shall enter into a distribution agent agreement (or similar agreement) with the Agent or otherwise provide instructions to the Agent regarding the Distribution.

New BBX Capital shall cooperate with Parent to accomplish the Spin-Off, including in connection with the preparation of all documents and the making of all filings required in connection with the Spin-Off as described in this Section 4.2, including, without limitation, the New BBX Capital Registration Statement. Parent shall be permitted to reasonably direct and control the efforts of the Parties in connection with the Spin-Off (including the selection of the Agent, any financial printer, solicitation and/or exchange agent and financial, legal, accounting and other advisors for Parent), and New BBX Capital shall use commercially reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all other things reasonably necessary to facilitate the Spin-Off as reasonably directed by Parent in good faith and in accordance with the applicable terms and subject to the conditions of this Agreement and the Ancillary Agreements.

Section 4.3 The Distribution.

(a) Subject to the terms and conditions hereof, including the conditions to the Distribution set forth in Section 4.4, Parent shall effect the Distribution by causing all of the issued and outstanding shares of New BBX Capital Common Stock held by Parent to be distributed to the Record Holders as described herein. The Distribution, if effected, shall occur on the Distribution Date.

(b) On or prior to the Effective Time, Parent will deliver to the Agent, for the benefit of the Record Holders, book-entry transfer authorizations for such number of shares of New BBX Capital Class A Common Stock and Class B Common Stock as is necessary to effect the Distribution, and shall cause the transfer agent for Parent to instruct the Agent to distribute at the Effective Time the appropriate number of shares of New BBX Capital Class A Common Stock and Class B Common Stock to each such holder or designated transferee or transferees of such holder by way of direct registration in book-entry form. The Agent shall mail each Record Holder a book-entry account statement that reflects such Record Holder's New BBX Capital Common Stock. Paper stock certificates will not be issued in respect of the shares of New BBX Capital Common Stock, unless New BBX Capital's Board of Directors determines to do so.

(c) Each Record Holder will be entitled to receive in the Distribution one (1) share of New BBX Capital Class A Common Stock for every one (1) share of Parent Class A Common Stock held by such Record Holder on the Record Date and one (1) share of New BBX Capital Class B Common Stock for every one (1) share of Parent Class B Common Stock held by such Record Holder on the Record Date.

(d) Any shares of New BBX Capital Class A Common Stock or Class B Common Stock distributed in the Distribution that remain unclaimed by any Record Holder one hundred and eighty (180) days after the Distribution Date shall be delivered to New BBX Capital, and New BBX Capital or its transfer agent shall hold such shares for the account of such Record Holder, and the Parties agree that all obligations to provide such shares shall be obligations of New BBX Capital only, subject in each case to applicable escheat or other abandoned property or similar Laws, and Parent shall have no Liability with respect thereto. Neither Party nor any of their respective Affiliates shall be liable to any Person in respect of any shares of New BBX Capital Common Stock (or dividends or distributions with respect thereto) that are properly delivered to a public official pursuant to any applicable escheat or other abandoned property or similar Laws.

(e) Until the shares of New BBX Capital Class A Common Stock or Class B Common Stock distributed in the Distribution are duly transferred in accordance with this Section 4.2 and applicable Law, from and after the Effective Time, New BBX Capital will regard the Persons entitled to receive such shares as record holders of the shares in accordance with the terms of the Distribution without requiring any action on the part of such Persons. Subject to Section 4.2(d), New BBX Capital agrees that, subject to any transfers of such shares, from and after the Effective Time, (i) each such holder will be entitled to receive all dividends, if any, payable on, and exercise voting rights and all other rights and privileges with respect to, the shares then held by such holder, and (ii) each such holder will be entitled, without any action on the part of such holder, to receive evidence of ownership of the shares then held by such holder.

Section 4.4 Conditions to the Spin-Off. The obligations of Parent pursuant to this Agreement to effect the Spin-Off shall be subject to the fulfillment or waiver by Parent with respect to the obligations of Parent and New BBX Capital on or prior to the Distribution Date of the following conditions:

(a) final approval of the Spin-Off shall have been given by Parent's Board of Directors and shall not have been withdrawn, in each case, in the sole and absolute discretion of Parent's Board of Directors; it being understood that Parent's Board of Directors may, in its sole and absolute discretion, determine not to approve the Spin-Off or withdraw any prior approval of the Spin-Off at any time prior to its consummation;

(b) the Spin-Off shall have been approved by Parent's shareholders as set forth in the Parent Proxy Statement;

(c) the New BBX Capital Registration Statement shall have become effective under the Exchange Act, no stop order suspending the effectiveness of the New BBX Capital Registration Statement shall be in effect, and no proceedings for that purpose will be pending before or threatened by the SEC, and the Information Statement forming a part of the New BBX Capital Registration Statement shall have been mailed to all Record Holders;

(d) all necessary permits and authorizations under the Securities Act and the Exchange Act and the securities or "blue sky" Laws of the United States (and any comparable Laws under any foreign jurisdiction) relating to the issuance and trading of shares of New BBX Capital Class A Common Stock and New BBX Capital Class B Common Stock or otherwise in connection with the Spin-Off shall have been obtained and be in effect;

(e) the New BBX Capital Class A Common Stock and Class B Common Stock shall have been approved for listing, trading or quotation on a national securities exchange or on the OTC Markets;

(f) no Governmental Authority having jurisdiction over Parent or New BBX Capital shall have issued or entered any order, and no applicable Law shall have been enacted or promulgated, in each case, that is then in effect and has the effect of permanently restraining, enjoining or otherwise prohibiting the consummation of the Spin-Off;

(g) the Separation shall have been consummated in accordance with this Agreement and the Ancillary Agreements, including that the Ancillary Agreements shall have been duly executed and delivered and shall be in full force and effect, and the Parties shall have performed and complied with all of their respective covenants, obligations and covenants contained herein and therein and as required to be performed or complied with prior to the Distribution; and

(h) New BBX Capital shall have (i) been converted into a Florida corporation and issued to Parent, as the 100% owner of New BBX Capital at the time of the conversion, shares representing 100% of New BBX Capital's outstanding Class A Common Stock and Class B Common Stock, (ii) adopted, caused to be executed and filed with the Florida Department of State the Articles of Incorporation or Amended and Restated Articles of Incorporation of New BBX Capital in the form attached as an exhibit to the New BBX Capital Registration Statement, (iii) if applicable, issued to Parent a number of additional shares of New BBX Capital Class A Common Stock and/or Class B Common Stock as may be required to consummate the Distribution as contemplated herein, and (iv) adopted the Bylaws or Amended and Restated Bylaws of New BBX Capital in the form attached as an exhibit to the New BBX Capital Registration Statement.

The foregoing conditions are for the sole benefit of Parent and shall not give rise to or create any duty on the part of Parent or its Board of Directors to waive or not waive any such condition. Any determination made by Parent's Board of Directors concerning the satisfaction or waiver of (including, without limitation, whether to waive or not waive) any or all of the conditions set forth in this Section 4.4 shall be conclusive and binding on the Parties. Notwithstanding the foregoing, Parent's Board of Directors may not waive any condition which is required by applicable Law to be satisfied or the shareholder approval requirement set forth in clause (b) of this Section 4.4.

Section 4.5 Parent Discretion. Notwithstanding anything to the contrary contained herein or in any Ancillary Agreement, except as set forth in the Information Statement with respect to prohibited modifications following any approval of the Spin-Off by Parent's shareholders, Parent may, at any time and from time to time until the consummation of the Distribution, modify or change the terms of the Spin-Off, including by accelerating or delaying the timing of the consummation of all or part of the Distribution. In addition, nothing in this Agreement or in any Ancillary Agreement or otherwise, including any approval of the Spin-Off by Parent's shareholders, shall in any way limit Parent's right to terminate this Agreement and abandon the Spin-Off at any time prior to its consummation or alter the consequences of any such termination from those specified herein.

ARTICLE V MUTUAL RELEASES; INDEMNIFICATION

Section 5.1 Release of Pre-Effective Time Claims.

(a) New BBX Capital Release. Except as provided in Section 5.1(c) and except with respect to matters subject to indemnification pursuant to Section 5.4, effective as of the Effective Time, New BBX Capital does hereby remise, release and forever discharge each Parent Entity, their respective Affiliates, successors and assigns, and all Persons that at any time prior to the Effective Time have been shareholders, members, partners, directors,

managers, officers, agents or employees of Parent or any Parent Entity (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns (collectively, the "Parent Released Persons"), from any and all Liabilities whatsoever, whether at Law or in equity (including any right of contribution), whether arising under any Contract, by operation of Law or otherwise, existing or arising from or relating to any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Effective Time, whether or not known as of the Effective Time. New BBX Capital hereby acknowledges that factual matters now unknown to it may have given or may hereafter give rise to Liabilities which are presently unknown, unanticipated and unsuspected, and further agrees, represents and warrants that this Section 5.1(a) has been negotiated and agreed upon in light of that realization and that it nevertheless hereby intends to release and discharge the Parent Released Persons with regard to such unknown, unanticipated and unsuspected matters.

(b) Parent Release. Except as provided in Section 5.1(c) and except with respect to matters subject to indemnification pursuant to Section 5.4, effective as of the Effective Time, Parent does hereby remise, release and forever discharge each New BBX Capital Entity, their respective Affiliates, successors and assigns, and all Persons that at any time prior to the Effective Time have been shareholders, members, partners, directors, managers, officers, agents or employees of New BBX Capital or any such New BBX Capital Entity (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns (collectively, the "New BBX Capital Released Persons"), from any and all Liabilities whatsoever, whether at Law or in equity (including any right of contribution), whether arising under any Contract, by operation of Law or otherwise, existing or arising from or relating to any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Effective Time, whether or not known as of the Effective Time. Parent acknowledges that factual matters now unknown to it may have given or may hereafter give rise to Liabilities which are presently unknown, unanticipated and unsuspected, and further agrees, represents and warrants that this Section 5.1(b) has been negotiated and agreed upon in light of that realization and that it nevertheless hereby intends to release and discharge the New BBX Capital Released Persons with regard to such unknown, unanticipated and unsuspected matters.

(c) No Impairment. Notwithstanding any provision of this Agreement to the contrary, nothing contained herein releases or shall release any Person from (nor impairs or will impair any right of any Person to enforce the applicable agreements, arrangements, commitments or understandings relating to) (i) the obligations under this Agreement or any Ancillary Agreement, in each case in accordance with its terms, including without limitation (A) any Liability Conveyed to or assumed by the Group of which such Person is a member in accordance with this Agreement or any Ancillary Agreement or (B) any indemnification or contribution pursuant to this Agreement for claims brought against the Parties as provided herein, and, if applicable, the appropriate provisions of the Ancillary Agreements, (ii) any right of any Person to be indemnified and/or advanced expenses under any corporate or organizational document of any Party (including, without limitation, any bylaws or articles of incorporation (or similar organizational document) of any Party) or any agreement or pursuant to applicable Law, or to be covered under any applicable directors' and officers' liability insurance policies of any Party, (iii) any accrued and unpaid compensation or expense reimbursement of any employee, (iv) any terms of any existing employment agreements or arrangements (including, without limitation, any restrictive covenant provisions such as confidentiality, non-solicitation, non-competition and non-disparagement provisions) or restrictive covenant agreements amongst any member of any Group and any of its respective employees, contractors or agents, or (v) any rights of any shareholder of Parent in its capacity as such, or under any agreement between such shareholder and any Parent Entity or New BBX Capital Entity.

(d) No Legal Proceedings as to Released Pre-Effective Time Claims. Following the Effective Time, no Party hereto shall make any claim or demand, or commence any Legal Proceeding asserting any claim or demand, including any claim of contribution or any indemnification, against any member of the Group of the other Party or any other Person released pursuant to Section 5.1(a) or Section 5.1(b) with respect to any Liabilities released hereunder.

(e) General Intent. It is the intent of each of Parent and New BBX Capital, by virtue of the provisions of this Section 5.1, to provide for a full and complete general release and discharge of all Liabilities existing or arising from all acts and events occurring or failing to occur or alleged to have occurred or to have failed to occur and all conditions existing or alleged to have existed on or before the Effective Time (but in the case of the New BBX Capital release, relating to the New BBX Capital business only) between or among New BBX Capital, on the one hand, and Parent, on the other hand, except as expressly set forth in Section 5.1(c).

Section 5.2 Indemnification by New BBX Capital. Without limiting or otherwise affecting the indemnity or limitations of liability provisions of the Ancillary Agreements, from and after the Effective Time, New BBX Capital shall indemnify, defend (or, where applicable, pay the defense costs for) and hold harmless the Parent Indemnitees from and against, and shall reimburse such Parent Indemnitees with respect to, any and all Liabilities that result from, relate to or arise, whether prior to, at or following the Effective Time, out of any of the following items (without duplication):

(a) the New BBX Capital Business, including any failure of New BBX Capital or any other member of the New BBX Capital Group or any other Person to pay, perform, fulfill, discharge and, to the extent applicable, comply with, promptly and in full, any Liability relating to, arising out of or resulting from the New BBX Capital Business or otherwise assumed by it hereunder or under any Ancillary Agreement;

(b) the New BBX Capital Assets and New BBX Capital Liabilities;

(c) any breach by New BBX Capital or any other member of the New BBX Capital Group of any agreement or obligation to be performed by such Persons pursuant to this Agreement or any Ancillary Agreement unless such Ancillary Agreement expressly provides for separate indemnification therein (which, including any limitation of liability contained therein, shall be controlling); and

(d) the enforcement by the Parent Indemnitees of their rights to be indemnified, defended and held harmless under this Section 5.2.

Section 5.3 Indemnification by Parent. Without limiting or otherwise affecting the indemnity or limitation of liability provisions of the Ancillary Agreements, from and after the Effective Time, Parent shall indemnify, defend (or, where applicable, pay the defense costs for) and hold harmless the New BBX Capital Indemnitees from and against, and shall reimburse such New BBX Capital Indemnitees with respect to, any and all Liabilities that result from, relate to or arise, whether prior to or following the Effective Time, out of any of the following items (without duplication):

(a) the Bluegreen Business, including any failure of Parent or any other member of the Parent Group or any other Person to pay, perform, fulfill, discharge and, to the extent applicable, comply with, promptly and in full any Liability relating to, arising out of or resulting from the Bluegreen Business;

(b) the Parent Assets and the Parent Liabilities;

(c) any breach by Parent or any other member of the Parent Group of any agreement or obligation to be performed by such Persons pursuant to this Agreement or any Ancillary Agreement unless such Ancillary Agreement expressly provides for separate indemnification therein (which, including any limitations on liability contained therein, shall be controlling); and

(d) the enforcement by the New BBX Capital Indemnitees of their rights to be indemnified, defended and held harmless under this Section 5.3.

Section 5.4 Indemnification Obligations Net of Insurance Proceeds and Other Amounts; No Right to Subrogation.

(a) The Parties intend that any Liability subject to indemnification or reimbursement pursuant to this Agreement shall be net of (i) Insurance Proceeds received that actually reduce the amount of the Liability for which indemnification is sought or (ii) other amounts recovered from any Third Party that actually reduce the amount of, or are paid to the applicable Indemnitee in respect of, such Liability (“Third-Party Proceeds”). Accordingly, the amount which any Party (the “Indemnitor”) is required to pay to any Person entitled to indemnification or reimbursement under Section 5.2 or Section 5.3 of this Agreement (the “Indemnitee”) shall be reduced by any Insurance Proceeds or Third-Party Proceeds theretofore actually recovered by or on behalf of the Indemnitee in reduction of the related Liability. If the Indemnitee receives a payment (an “Indemnity Payment”) required by this Agreement from the Indemnitor in respect of any Liability and subsequently receives Insurance Proceeds or Third-Party Proceeds, then the Indemnitee shall promptly pay to the Indemnitor an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the Insurance Proceeds or Third-Party Proceeds had been received, realized or recovered before the Indemnity Payment was made. Any Party that may be entitled to any Insurance Proceeds and/or Third Party Proceeds shall use its commercially reasonable best efforts to seek and recover such Insurance Proceeds or other Third-Party Proceeds.

(b) Notwithstanding anything to the contrary set forth herein, an insurer that would otherwise be obligated to defend or make payment in response to any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of the indemnification or other provisions hereof, have any subrogation rights with respect thereto, it being expressly understood and agreed that no insurer or any other Third Party shall be entitled to any benefit that it would not be entitled to receive in the absence of the indemnification or assumption provisions of this Agreement by virtue of the indemnification or assumption provisions hereof.

Section 5.5 Procedures for Defense, Settlement and Indemnification of Third-Party Claims

(a) If the Indemnitee receives notice or otherwise becomes aware that a Third Party (including any Governmental Authority) has asserted any claim or commenced a Legal Proceeding (other than claims or Legal Proceedings relating to Taxes, to the extent such claim or Legal Proceeding, or the indemnification therefor, is governed by the Tax Matters Agreement) for which the Indemnitee may be entitled to indemnification under this Agreement or any Ancillary Agreement (collectively, a “Third-Party Claim”), then the Indemnitee shall notify the Indemnitor in writing as promptly as practicable thereafter. Any such notice shall describe the Third-Party Claim in reasonable detail and include any relevant written correspondence from the Third Party regarding the Third-Party Claim. If the Indemnitee does not provide this notice of a Third-Party Claim, then the Indemnitor shall not be relieved of its indemnification obligations under this Article V, except to the extent that the Indemnitor is actually materially prejudiced as a result of such Indemnitee’s failure to give timely notice. The Indemnitee shall deliver copies of all documents it receives regarding the Third-Party Claim to the Indemnitor promptly (and in any event within five (5) Business Days) after the Indemnitee receives them.

(b) With respect to any Third-Party Claim:

(i) Unless the Parties otherwise agree and subject to the cooperation and consultation rights and obligations of the Parties described in Section 5.6, to the extent applicable, within thirty (30) days after the Indemnitor receives notice of a Third-Party Claim in accordance with Section 5.5(a), the Indemnitor shall have the right to assume the defense of the Third-Party Claim (and, unless the Indemnitor has specified any reservations or exceptions and subject to this Section 5.5(b), seek to settle or compromise such Third-Party Claim), at its expense and with its counsel; provided, that the defense of such Third-Party Claim by the Indemnitor (A) shall not, in the reasonable determination of the Indemnitee, affect the Indemnitee or any of its controlled Affiliates in a materially adverse manner (and, for the avoidance of doubt, any Third-Party Claim relating to or arising in connection with any criminal proceeding, Legal Proceeding, indictment, allocation or investigation against Parent or its Affiliates shall be deemed materially adverse to Parent, and any Third-Party Claim relating to or arising in connection with any criminal proceeding, Legal Proceeding, indictment, allocation or investigation against New BBX Capital or its Affiliates shall be deemed materially adverse to New BBX Capital), (B) shall with respect to such Third-Party Claim solely seek (and continue to seek) monetary damages and not equitable relief and (C) shall not, in the reasonable determination of the Indemnitee’s counsel, result in a conflict between the positions of the Indemnitor and Indemnitee in conducting such defense. The Indemnitee may, at its expense, employ separate counsel and

participate in (but not control) the defense, compromise, or settlement of the Third-Party Claim with respect to which the Indemnitor has assumed the defense. However, the Indemnitor shall pay the fees and expenses of one (1) counsel that the Indemnitee engages for any period during which the Indemnitor has not assumed (or is prohibited from assuming) the defense of the Third-Party Claim (other than for any period in which the Indemnitee did not notify the Indemnitor of the Third-Party Claim as required by Section 5.5(a)).

(ii) No Indemnitor shall consent to entry of a judgment or settle a Third-Party Claim without the applicable Indemnitee's consent, which consent shall not be unreasonably withheld or delayed. However, the Indemnitee shall consent to entry of a judgment or a settlement if it (A) does not include a finding or admission by the Indemnitee of a violation of Law or the rights of any Person, (B) involves only monetary relief which the Indemnitor has agreed to pay and could not reasonably be expected to have a material adverse impact (financial or otherwise) on the Indemnitee, or any of its Subsidiaries or Affiliates and (C) includes a full and unconditional release of the Indemnitee. The Indemnitee shall not be required to consent to entry of a judgment or a settlement if it would permit an injunction, declaratory judgment, other order or other non-monetary relief to be entered, directly or indirectly, against any Indemnitee.

(c) No Indemnitee shall admit any Liability with respect to, or settle, compromise or discharge, a Third-Party Claim without the Indemnitor's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed), unless the Indemnitee releases the Indemnitor of such Indemnitor's indemnification obligations with respect to such Third-Party Claim.

Section 5.6 Additional Matters.

(a) With respect to any Third-Party Claim for which any New BBX Capital Entity, on the one hand, and any Parent Entity, on the other hand, may have Liability under this Agreement or any of the Ancillary Agreements, the Parties agree to cooperate fully and maintain a joint defense (in a manner that shall preserve the attorney-client privilege, joint defense or other privilege with respect thereto) so as to seek to minimize such Liabilities and defense costs associated therewith. The Party that is not responsible for managing the defense of such Third-Party Claims shall, upon reasonable request, be consulted with respect to significant matters relating thereto and may retain counsel to monitor or assist in the defense of such claims at its own cost.

(b) In the event of a Legal Proceeding that involves solely matters that are indemnifiable and in which (i) the Indemnitor is not a named defendant or (ii) any Indemnitee is a named defendant along with the Indemnitor, if either the Indemnitee or the Indemnitor so requests, the Parties shall endeavor, in the case of clause (i), to substitute the Indemnitor for the named defendant and, in the case of clause (ii), cause the Indemnitee to be removed as a named defendant. If such substitution, addition or removal cannot be achieved for any reason or is not requested, the rights and obligations of the Parties regarding indemnification and the management of the defense of claims as set forth in this Article V shall not be affected.

(c) Any claim for indemnification, contribution or reimbursement under this Agreement or any Ancillary Agreement that does not result from a Third-Party Claim shall be asserted by written notice given by the Indemnitee to the Indemnitor; provided, that the failure by an Indemnitee to so assert any such claim shall not prejudice the ability of the Indemnitee to do so at a later time except to the extent (if any) that the Indemnitor is actually materially prejudiced in respect thereby. The Indemnitor shall have a period of thirty (30) days after the receipt of such notice within which to respond thereto. If such Indemnitor does not respond within such thirty (30)-day period, such specified claim shall be conclusively deemed a Liability of the Indemnitor or, in the case of any written notice in which the amount of the claim (or any portion thereof) is estimated, on such later date when the amount of the claim (or such portion thereof) becomes finally determined. If the Indemnitor does not respond within such thirty (30)-day period or rejects such claim in whole or in part, the Indemnitee shall be free to pursue such remedies as may be available thereto as contemplated by this Agreement and the Ancillary Agreements, as applicable, without prejudice to its continuing rights to pursue indemnification or contribution hereunder.

Section 5.7 Contribution.

(a) If the indemnification provided for under this Agreement is judicially determined to be unavailable, or insufficient to hold harmless the Indemnitee in respect of any indemnifiable Liability, then the Indemnitor, in lieu of indemnifying such Indemnitee, shall contribute to the amount paid or payable by the Indemnitee as a result of such Liabilities. The amount contributed by the Indemnitor shall be in such proportion as reflects the relative fault of the Indemnitor and the Indemnitee in connection with the actions or omissions resulting in the Liability and any other relevant equitable considerations.

(b) The Parties agree that any method of allocation of contribution under this Section 5.7 shall take into account the equitable considerations referred to in Section 5.7(a). The amount paid or payable by the Indemnitee to which the Indemnitor shall contribute shall include any legal or other expenses reasonably incurred by the Indemnitee to investigate any claim or defend any Legal Proceeding. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act of 1933) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

Section 5.8 Exclusive Remedy.

(a) Each of New BBX Capital and Parent intends and hereby agrees that this Article V sets forth the exclusive remedies and rights of the Parties following the Effective Time in respect of the matters to which the Parties are entitled to indemnification under this Article V, except that nothing contained in this Section 5.8 will impair any right of any Person (i) to specific performance under this Agreement, (ii) to equitable relief as provided in Section 7.15, and (iii) to enforce any rights and remedies provided in the Ancillary Agreements.

(b) Notwithstanding anything to the contrary set forth herein, indemnification, limitations on remedies and limitations on liabilities with respect to (i) the Ancillary Agreements and (ii) any agreements or arrangements entered into after the Effective Time between any member of the New BBX Capital Group or any of their respective Affiliates, on the one hand, and any member of the Parent Group or any of their respective Affiliates, on the other hand, in each case, shall be governed by the terms of such agreements or arrangements and not by this Article V.

Section 5.9 Survival of Indemnities. The rights and obligations of Parent and New BBX Capital and their respective Indemnitees under this Article V shall survive the Effective Time and the sale or other transfer by any Party of any Assets or businesses or the assignment by any Party of any Liabilities. The indemnity agreements contained in this Article V shall remain operative and in full force and effect, regardless of (a) any investigation made by or on behalf of any Indemnitee and (b) the knowledge by the Indemnitee of Liabilities for which it might be entitled to indemnification hereunder.

Section 5.10 Limitations of Liability. Notwithstanding anything in this Agreement to the contrary, in no event shall Parent, New BBX Capital or any member of their respective Groups have any Liability to the other or to any other member of the other's Group, or to any other Parent Indemnitee or New BBX Capital Indemnitee, as applicable, under this Agreement (a) to the extent that any such Liability resulted from any willful violation of Law or intentional misconduct, fraud or gross negligence by any Parent Indemnitee if a Parent Indemnitee is seeking indemnification or by any New BBX Capital Indemnitee if a New BBX Capital Indemnitee is seeking indemnification, or (b) for any indirect, punitive, exemplary, special, remote, speculative or similar damages in excess of compensatory damages of the other arising in connection with the transactions contemplated hereby (other than to the extent that an Indemnitee is liable for such damages under an order issued by a Governmental Authority in connection with a Third-Party Claim).

Section 5.11 Release of Guarantees.

(a) New BBX Capital will use its commercially reasonable best efforts to ensure that Parent and/or any applicable member of the Parent Group is released following the Distribution Date as guarantor of or obligor under any loan, guarantee, lease, Contract or other New BBX Capital Liability (each, a "Guarantee"). On or prior to the Distribution Date, to the extent required to obtain a release from any such Guarantee, and to the extent reasonably practicable, a New BBX Capital Entity will execute a Contract in the form of the existing Contract relating to such Guarantee or such other form as is reasonably agreed to by Parent and the relevant parties to such Guarantee undertaking such obligation(s).

(b) If the Parties are unable to obtain, or to cause to be obtained, any such required release from a Guarantee as set forth in this Section 5.11 prior to the Distribution Date, (i) New BBX Capital will, and will cause the other members of the New BBX Capital Group to indemnify, defend and hold harmless each of the Parent Indemnitees for any Liability arising from or relating to such Guarantee and will, as agent or subcontractor for the applicable Parent

Group guarantor or obligor, pay, perform and discharge fully all the obligations or other Liabilities of such guarantor or obligor thereunder, and (ii) New BBX Capital will not, and will cause the other members of the New BBX Capital Group not to, agree to renew or extend the term of, increase any obligations under, or transfer to a third Person, any Guarantee (or the associated loan, guarantee, Lease, Contract or other Liability) for which a member of the Parent Group is or may be liable unless all obligations of the members of the Parent Group with respect thereto are thereupon terminated by documentation reasonably satisfactory in form and substance to Parent.

ARTICLE VI ADDITIONAL AGREEMENTS

Section 6.1 Further Assurances. Subject to the limitations of Section 2.2 and the other terms and conditions of this Agreement, each Party will use its commercially reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, and to assist and cooperate with the other Party in doing or causing to be done, all things necessary, proper or advisable under this Agreement and applicable Laws to consummate the transactions contemplated by this Agreement and the Ancillary Agreements as soon as practicable. Without limiting the foregoing, where the cooperation of Third Parties such as insurers or trustees would be necessary in order for a Party to completely fulfill its obligations under this Agreement or the Ancillary Agreements, such Party will use commercially reasonable best efforts to seek to cause such Third Parties to provide such cooperation. If any Subsidiary of Parent or New BBX Capital is not a party to this Agreement or, as applicable, any Ancillary Agreement, and it becomes necessary or desirable for such Subsidiary to be a party hereto or thereto to carry out the purpose hereof or thereof, then Parent or New BBX Capital, as applicable, will cause such Subsidiary to become a party hereto or thereto or cause such Subsidiary to undertake such actions as if such Subsidiary were such a party.

Section 6.2 Agreement for Exchange of Information.

(a) Except for any request for Information relating to any Legal Proceeding or threatened Legal Proceeding by any Parent Entity or New BBX Capital Entity against any member of the other's Group (which shall be governed by such discovery rules as may be applicable thereto), and subject to Section 6.2(b), each of Parent and New BBX Capital, on behalf of itself and the members of its respective Group, shall use commercially reasonable best efforts to provide, to the other Group, at any time prior to, on or after the Effective Time, as soon as reasonably practicable after written request therefor, any Information in the possession or under the control of the members of such Group that the requesting party reasonably requests (i) in connection with reporting, disclosure, filing or other requirements imposed on the requesting party (including under applicable securities Laws or Laws in respect of Taxes) by a Governmental Authority having jurisdiction over the requesting party, (ii) for use in any other judicial, regulatory, administrative, Tax, insurance or other proceeding or in order to satisfy audit, accounting, claims, regulatory, investigation, litigation, Tax or other similar requirements, or (iii) to comply with its obligations under this Agreement, any Ancillary Agreement, any Contract listed in Section 2.3(b) or any other Contract entered into prior to the Effective Time with respect to which the requesting party requires Information from the other Party in order to fulfill the requesting party's obligations under such Contract. The receiving party may use any Information received pursuant to this Section 6.2(a) solely to the extent reasonably necessary to satisfy the applicable obligations or requirements described in the immediately preceding sentence and shall otherwise take reasonable steps to protect such Information. Nothing in this Section 6.2 may be construed as obligating a Party to create any Information or provide access to or furnish Information not already in its possession or control.

(b) If any Party determines that the exchange of any Information pursuant to Section 6.2(a) is reasonably likely to violate any Law or Contract, or waive or jeopardize any attorney-client privilege, or attorney work-product protection, then such Party shall not be required to provide access to or furnish such Information to the other Party; provided, however, that the Parties shall take all reasonable measures to permit compliance with Section 6.2(a) in a manner that avoids any such violation, waiver or jeopardy. Parent and New BBX Capital intend that any provision of access to or the furnishing of Information that would otherwise be within the ambit of any legal privilege shall not operate as a waiver of such privilege.

Section 6.3 Ownership of Information. The provision of Information pursuant to Section 6.2 shall not grant or confer rights of license or otherwise in any such Information.

Section 6.4 Compensation for Providing Information. Except as otherwise set forth in any Ancillary Agreement, the Party requesting Information pursuant to Section 6.2 agrees to reimburse the other Party for the reasonable out-of-pocket costs, if any, actually incurred in seeking, gathering, copying and furnishing, or providing access to, such Information, to the extent that such costs are incurred for the benefit of the requesting Party.

Section 6.5 Record Retention. To facilitate the possible exchange of Information pursuant to this Article VI and other provisions of this Agreement from and after the Distribution Date, each Party agrees to use its commercially reasonable best efforts to retain all Information in accordance with its record retention policy as in effect immediately prior to the Distribution Date or as modified in good faith thereafter; provided, that to the extent that any Ancillary Agreement provides for a longer retention period for certain Information, such longer period shall control. Notwithstanding anything to the contrary contained herein, Parent shall be entitled to retain a copy of the New BBX Capital Books and Records relating to periods prior to the Distribution Date; provided, that to the extent required to satisfy Parent's legal or Contractual obligations, Parent shall be entitled to retain original books and records relating to such periods, and shall provide New BBX Capital with a copy of all such retained books and records. In the case of any Information relating to a pending or threatened Legal Proceeding (including any pending or threatened investigation by a Governmental Authority) subject to a "litigation hold" known to any member of the Group that possesses relevant documents or records, such member shall issue and comply (or cause the applicable members of its Group to comply) with the requirements of such "litigation hold." Notwithstanding the foregoing, the applicable provisions of the Tax Matters Agreement shall govern the retention of Tax Returns, schedules and work papers and all material records or other documents relating thereto. No Party shall have any liability to any other Party if any Information is destroyed after reasonable efforts by such Party to comply with the provisions of this Section 6.5.

Section 6.6 Other Agreements Providing for Exchange of Information. The rights granted and obligations imposed under this Article VI shall be subject to any specific limitations, qualifications or additional provisions on the sharing, exchange or confidential treatment of Information set forth in Section 6.10 and in any Ancillary Agreement.

Section 6.7 Production of Witnesses; Records; Cooperation. From and after the Effective Time, except in the case of any Legal Proceeding or threatened Legal Proceeding by any Parent Entity or New BBX Capital Entity against any member of the other's Group (which shall be governed by such discovery rules as may be applicable thereto), each Party, shall (a) cooperate and consult in good faith as reasonably requested in writing by the other Party with respect to (i) any Legal Proceeding, or (ii) any audit or any other legal requirement, in each case, whether relating to this Agreement or any Ancillary Agreement or any of the transactions contemplated hereby or thereby, and (b) use commercially reasonable best efforts to make available to such other Party the former and current directors, managers, officers, employees, other personnel and agents of the members of its respective Group (whether as witnesses or otherwise) and any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such Person (giving consideration to business demands of such directors, managers, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection therewith. Notwithstanding the foregoing, this Section 6.7 does not require a Party to take any step that would materially interfere, or that it reasonably determines could materially interfere, with its business. The requesting Party agrees to reimburse the other Party for the reasonable out-of-pocket costs, if any, incurred in connection with a request under this Section 6.7.

Section 6.8 Privilege; Conflicts of Interest.

(a) The Parties recognize that legal and other professional services that have been and will be provided prior to the Effective Time have been and will be rendered for the collective benefit of each of the members of the Parent Group and the New BBX Capital Group, and that each of the members of the Parent Group and the New BBX Capital Group should be deemed to be the client with respect to such services for the purposes of asserting all privileges which may be asserted under applicable Law in connection therewith.

(b) The Parties agree that, as between Parent and New BBX Capital:

(i) Parent shall be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with any privileged Information that relates to the Bluegreen Business, Parent Assets or Parent Liabilities and not to the New BBX Capital Business, New BBX Capital Assets or New BBX Capital Liabilities, whether or not the privileged Information is in the possession or under the control of any member of the

Parent Group or any member of the New BBX Capital Group. Parent shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with any privileged Information that relates solely to any Parent Liabilities resulting from any Legal Proceedings that are now pending or may be asserted in the future, whether or not the privileged Information is in the possession or under the control of any member of the Parent Group or any member of the New BBX Capital Group; and

(ii) New BBX Capital shall be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with any privileged Information that relates to the New BBX Capital Business, New BBX Capital Assets or New BBX Capital Liabilities and not to the Bluegreen Business, Parent Assets or Parent Liabilities, whether or not the privileged Information is in the possession or under the control of any member of the New BBX Capital Group or any member of the Parent Group. New BBX Capital shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with any privileged Information that relates solely to any New BBX Capital Liabilities resulting from any Legal Proceedings that are now pending or may be asserted in the future, whether or not the privileged Information is in the possession or under the control of any member of the New BBX Capital Group or any member of the Parent Group.

(c) Subject to the restrictions set forth in this Section 6.8, the Parties agree that they shall have a shared privilege, each with equal right to assert or waive any such shared privilege, with respect to all privileges not allocated pursuant to Section 6.8(b) and all privileges relating to any Legal Proceedings or other matters that involve both the Parent Group and the New BBX Capital Group and in respect of which both Parties have Liabilities under this Agreement, and that no such shared privilege or immunity may be waived by either Party without the consent of the other Party.

(d) In the event of any Legal Proceedings between Parent and New BBX Capital, or any members of their respective Groups, either Party may waive a privilege in which the other Party or member of such other Party's Group has a shared privilege, without obtaining consent pursuant to Section 6.8(c); provided, that such waiver of a shared privilege shall be effective only as to the use of Information with respect to the Legal Proceeding between the Parties and/or the applicable members of their respective Groups, and shall not operate as a waiver of the shared privilege with respect to any Third Party.

(e) If any dispute arises between Parent and New BBX Capital, or any members of their respective Groups, regarding whether a privilege should be waived to protect or advance the interests of either the Parent Group or the New BBX Capital Group, each Party agrees that it shall (i) negotiate with the other Party in good faith, (ii) endeavor to minimize any prejudice to the rights of the other Party and (iii) not unreasonably withhold, condition or delay consent to any request for waiver by the other Party. Further, each Party specifically agrees that it will not withhold its consent to the waiver of a privilege for any purpose except to protect its own legitimate interests.

(f) In furtherance of the Parties' agreement under this Section 6.8, Parent and New BBX Capital shall, and shall cause the applicable members of their respective Group to, maintain their respective separate and joint privileges, including by entering into joint defense and common interest agreements where necessary or useful for this purpose.

Section 6.9 Insurance.

(a) Except as otherwise provided herein or in any other Ancillary Agreement, from and after the Effective Time, the New BBX Capital Entities shall cease to be insured by the Parent Group's insurance policies or by any of their self-insured or captive insurance programs, except with respect to insurance policies providing coverage on an occurrence basis, including defense and indemnity benefits attributable to or arising from or under such policies or programs (such policies or programs, the "Pre-Spin-Off Insurance Policies"). Any Parent Entity may, to be effective at the Effective Time, amend any insurance policies in the manner they deem appropriate to give effect to this Section 6.9; provided, that in no event shall a Parent Entity be permitted to amend any insurance policy in any manner which would eliminate, reduce or otherwise limit coverage for any occurrence or action that occurred prior to the Spin-Off if such coverage was then available. Other than as stated in the foregoing sentences of this Section 6.9(a) and in Section 6.12, from and after the Effective Time, New BBX Capital shall be responsible for securing all insurance it considers appropriate for its operation of the New BBX Capital Entities and the New BBX Capital Business and for promptly providing evidence thereof, as may be required, to Third Parties under any Contract; provided, that notwithstanding the foregoing, each of Parent and New BBX Capital shall comply (and shall cause the members of its Group to comply) with the applicable requirements relating to insurance matters set forth in the Ancillary Agreements.

(b) From and after the Effective Time, New BBX Capital shall not, and shall cause the members of its Group not to, assert any right, claim or interest in, to or under any Pre-Spin-Off Insurance Policies, other than any right, claim or interest that existed prior to the Effective Time. From and after the Effective Time, in the event any New BBX Capital Entity incurs any Liabilities covered by “occurrence form” Pre-Spin-Off Insurance Policies (“Pre-Spin-Off Insurance Claims”), and notifies Parent and/or the insurer of such Pre-Spin-Off Insurance Policies, in accordance with the notice provisions of such policies of such Pre-Spin-Off Insurance Claim, Parent shall, or shall cause the applicable members of the Parent Group to, submit such Pre-Spin-Off Insurance Claim to the applicable insurer following such notification. To the extent not covered by or payable under Pre-Spin-Off Insurance Policies, except as provided in Section 6.12, New BBX Capital shall be solely responsible to Parent and the members of the Parent Group for all costs, expenses and fees in connection with any Pre-Spin-Off Insurance Claim, and for any deductibles, retentions, premium increases on any Pre-Spin-Off Insurance Policies which are attributable to any Pre-Spin-Off Insurance Claims submitted pursuant to this Section 6.9(b). New BBX Capital shall, and shall cause the members of its Group to, reasonably cooperate with Parent or the applicable members of the Parent Group or the applicable insurer in the investigation, contesting, defense or settlement of such Pre-Spin-Off Insurance Claim. For the avoidance of doubt, (i) any Liabilities involving or related to Pre-Spin-Off Insurance Claims that are in excess of insurance coverage therefor (net of any retention amounts, recovery costs, increases in premium and related deductible payable by Parent or any member of the Parent Group in connection therewith) under applicable Pre-Spin-Off Insurance Policies shall not be the responsibility of Parent or any members of the Parent Group, unless otherwise required by this Agreement, including the provisions of Article V and Section 6.12, (ii) Parent and the members of the Parent Group shall have the right, subject to the terms and provisions of the applicable Pre-Spin-Off Insurance Policy, to investigate, contest, assume the defense of or settle any Pre-Spin-Off Insurance Claim and (iii) any amounts paid by an insurer and/or received by the New BBX Capital Group pursuant to this Section 6.9(b) shall not constitute indemnifiable Liabilities under Article V, and the New BBX Capital Group shall have no right to indemnification under Article V with respect to any such amounts. Furthermore, to the extent any Pre-Spin-Off Insurance Claim has been brought under a Pre-Spin-Off Insurance Policy by Parent or any member of the Parent Group, New BBX Capital shall, and shall cause the members of its Group to, from and after the Effective Time, reasonably cooperate with Parent or the members of the Parent Group in the investigation, contesting, defense or settlement of any such Pre-Spin-Off Insurance Claim.

(c) Subject to its compliance with the applicable terms of this Section 6.9 and Section 6.12, the Parent Group shall have no Liability to the New BBX Capital Group whatsoever as a result of the insurance policies and practices of the Parent Group as in effect at any time, including as a result of the level or scope of any such insurance, the creditworthiness of any insurance carrier, the terms and conditions of any policy, or the adequacy or timeliness of any notice to any insurance carrier with respect to any claim or potential claim or otherwise.

Section 6.10 Confidentiality.

(a) From and after the Effective Time, subject to Section 6.10(c) and except as contemplated by or otherwise provided in this Agreement or any other Ancillary Agreement, Parent shall not, and shall cause each of the members of the Parent Group and their respective Affiliates, directors, officers, employees, consultants, agents, representatives and advisors (collectively, “Representatives”), not to, directly or indirectly, disclose, reveal, divulge or communicate any New BBX Capital Confidential Information to any Person other than Representatives of such Party or of its Affiliates who reasonably need to know such information in providing services to any member of the Parent Group and who have agreed (which agreement may be oral) to keep such information confidential in accordance with the terms hereof. If any disclosures are made to any member of the Parent Group in connection with any services provided to a member of the New BBX Capital Group under this Agreement or any other Ancillary Agreement, then the New BBX Capital Confidential Information so disclosed shall be used only as required in connection with the receipt of such services. Parent shall use the same degree of care to prevent and restrain the unauthorized use or disclosure of the New BBX Capital Confidential Information as it currently uses for its own confidential information of a like nature, but in no event less than a reasonable standard of care. For purposes of this Section 6.10(a), any information, material or documents relating to the New BBX Capital Business currently or formerly conducted, or proposed to be conducted, by any member of the New BBX Capital Group furnished to, or in possession of, Parent or any member of the Parent Group, irrespective of the form of communication, and all notes, analyses, compilations, forecasts, data,

translations, studies, memoranda or other documents prepared by any member of the Parent Group or any of their respective Representatives that contain or otherwise reflect such information, material or documents is referred to herein as "New BBX Capital Confidential Information." New BBX Capital Confidential Information does not include, and there shall be no obligation hereunder with respect to, information that (i) is or becomes generally available to the public, other than as a result of a disclosure by any member of the Parent Group not otherwise permissible hereunder, (ii) Parent can demonstrate became available to any member of the Parent Group after the Effective Time from a source other than any member of the Parent Group, New BBX Capital Group or their respective Affiliates, provided that the source of such information was not known by any member of the Parent Group to be bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, New BBX Capital or any member of the New BBX Capital Group with respect to such information, or (iii) is developed independently by any member of the Parent Group without use of or reference to any New BBX Capital Confidential Information. Parent agrees that when New BBX Capital Confidential Information is no longer needed for the purposes contemplated by this Agreement or any Ancillary Agreement, Parent will promptly after request of New BBX Capital either return to New BBX Capital all such information in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or notify New BBX Capital in writing that it has destroyed such information (and such copies thereof and such notes, extracts or summaries based thereon); provided, that Parent may retain electronic back-up versions of such information maintained on routine computer system backup tapes, disks or other backup storage devices; provided further, that any such information so retained shall remain subject to the confidentiality provisions of this Agreement or any Ancillary Agreement.

(b) From and after the Effective Time, subject to Section 6.10(c) and except as contemplated by this Agreement or any other Ancillary Agreement, New BBX Capital shall not, and shall cause each of the members of the New BBX Capital Group and their respective Affiliates and Representatives, not to, directly or indirectly, disclose, reveal, divulge or communicate any Parent Confidential Information to any Person other than Representatives of such Party or of its Affiliates who reasonably need to know such information in providing services to New BBX Capital or any member of the New BBX Capital Group and who have agreed (which agreement may be oral) to keep such information confidential in accordance with the terms hereof. If any disclosures are made to any member of the New BBX Capital Group in connection with any services provided to a member of the New BBX Capital Group under this Agreement or any other Ancillary Agreement, then the Parent Confidential Information so disclosed shall be used only as required in connection with the receipt of such services. The New BBX Capital Group shall use the same degree of care to prevent and restrain the unauthorized use or disclosure of the Parent Confidential Information as they use for their own confidential information of a like nature, but in no event less than a reasonable standard of care. For purposes of this Section 6.10(b), any Information, material or documents relating to the businesses currently or formerly conducted, or proposed to be conducted, by Parent or any of its Affiliates (other than any member of the New BBX Capital Group) furnished to, or in possession of, any member of the New BBX Capital Group, irrespective of the form of communication, and all notes, analyses, compilations, forecasts, data, translations, studies, memoranda or other documents prepared by New BBX Capital, any member of the New BBX Capital Group or their respective Representatives, that contain or otherwise reflect such information, material or documents is hereinafter referred to as "Parent Confidential Information." Parent Confidential Information does not include, and there shall be no obligation hereunder with respect to, information that (i) is or becomes generally available to the public, other than as a result of a disclosure by any member of the New BBX Capital Group not otherwise permissible hereunder, (ii) New BBX Capital can demonstrate became available to any member of the New BBX Capital Group after the Effective Time from a source other than any member of the New BBX Capital Group, any member of the Parent Group or their respective Affiliates, provided the source of such information was not known by any member of the New BBX Capital Group to be bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, Parent or its Affiliates with respect to such information or (iii) is developed independently by any member of the New BBX Capital Group without use of or reference to any Parent Confidential Information. New BBX Capital agrees that when Parent Confidential Information is no longer needed for the purposes contemplated by this Agreement or any Ancillary Agreement, New BBX Capital will promptly after request of Parent either return to Parent all such information in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or notify Parent in writing that it has destroyed such information (and such copies thereof and such notes, extracts or summaries based thereon); provided, New BBX Capital may retain electronic back-up versions of such information maintained on routine computer system backup tapes, disks or other backup storage devices; provided further, that any such information so retained shall remain subject to the confidentiality provisions of this Agreement or any Ancillary Agreement.

(c) If Parent or its Affiliates, on the one hand, or New BBX Capital or its Affiliates, on the other hand, are requested or required (by oral question, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) by any Governmental Authority or pursuant to applicable Law to disclose or provide any New BBX Capital Confidential Information or Parent Confidential Information, as applicable, the Person receiving such request or demand shall use commercially reasonable efforts to provide the other Party with written notice of such request or demand as promptly as practicable under the circumstances so that such other Party shall have an opportunity to seek an appropriate protective order. The Party receiving such request or demand agrees to take, and cause its Representatives to take, at the requesting party's expense, all other reasonable steps necessary to obtain confidential treatment by the recipient. Subject to the foregoing, the Party that received such request or demand may thereafter disclose or provide any New BBX Capital Confidential Information or Parent Confidential Information, as the case may be, to the minimum extent required by such Law (as so advised by counsel) or by lawful process or such Governmental Authority.

(d) Each of Parent and New BBX Capital acknowledges that it and the other members of its Group may have in their possession confidential or proprietary information of Third Parties that was received under confidentiality or non-disclosure agreements with such Third Parties prior to the Effective Time. Parent and New BBX Capital each agrees that it will hold, and will cause the other members of its Group and their respective Representatives to hold, in strict confidence the confidential and proprietary information of Third Parties to which it or any other member of its respective Group has access, in accordance with the terms of any agreements entered into prior to the Effective Time between or among one (1) or more members of the applicable Party's Group and such Third Parties to the extent disclosed to such Party.

Section 6.11 [Intentionally omitted].

Section 6.12 Directors' and Officers' Exculpation, Indemnification and Insurance.

(a) From and after the Spin-Off, Parent and its Subsidiaries will honor and fulfill, in all respects, the obligations of Parent and its Subsidiaries pursuant to any indemnification agreements entered into before the date of this Agreement between Parent and any of its Subsidiaries and any of their respective current or former directors or officers (and any person who becomes a director or officer of Parent or any of its Subsidiaries prior to the Spin-Off) (collectively, the "Indemnified Persons") and any indemnification obligations of Parent and its Subsidiaries to the Indemnified Persons under the articles of incorporation, bylaws or similar organizational documents of Parent and its Subsidiaries as in effect as of the Distribution Date. In addition, for a period commencing on the Distribution Date and ending on the sixth (6th) anniversary of the Distribution Date, Parent and its Subsidiaries will cause the articles of incorporation, bylaws and other similar organizational documents of Parent and its Subsidiaries to contain provisions with respect to indemnification, exculpation and the advancement of expenses that are at least as favorable as the indemnification, exculpation and advancement of expenses provisions set forth in the articles of incorporation, bylaws and other similar organizational documents of Parent and its Subsidiaries as in effect as of the Distribution Date. During such six (6) year period, such provisions may not be repealed, amended or otherwise modified in any manner except as required by applicable Law.

(b) During the period commencing on the Distribution Date and ending on the sixth (6th) anniversary of the Distribution Date, Parent will maintain in effect directors' and officers' liability insurance ("D&O Insurance") in respect of acts or omissions occurring at or prior to the Distribution on terms (including with respect to coverage, conditions, retentions, limits and amounts) that are substantially equivalent to those of Parent's and its Subsidiaries' current directors' and officers' liability insurance in effect as of the Distribution Date. Prior to the Distribution, Parent may purchase a prepaid "tail" policy with respect to the D&O Insurance from an insurance carrier with the same or better credit rating as Parent's current directors' and officers' liability insurance carrier. If Parent elects to purchase such a "tail" policy prior to the Distribution, Parent will maintain such "tail" policy in full force and effect and continue to honor its obligations thereunder, in lieu of all other obligations under the first sentence of this Section 6.12(b), for so long as such "tail" policy is in full force and effect.

(c) If Parent or any of its successors or assigns will (i) consolidate with or merge into any other Person and not be the continuing or surviving corporation or entity in such consolidation or merger; or (ii) transfer all or substantially all of its properties and assets to any Person, then proper provisions will be made so that the successors and assigns of Parent or any of its successors or assigns will assume all of the obligations of Parent set forth in this Section 6.12.

(d) The obligations set forth in this Section 6.12 may not be terminated, amended or otherwise modified in any manner that adversely affects any Indemnified Person (or any other Person who is a beneficiary pursuant to the D&O Insurance or the "tail" policy referred to in Section 6.12(b) (and their heirs and Representatives)) without the prior written consent of such affected Indemnified Person or other person who is a beneficiary under the D&O Insurance or the "tail" policy referred to in Section 6.12(b) (and their heirs, agents and Representatives). Each of the Indemnified Persons or other Persons who are beneficiaries pursuant to the D&O Insurance or the "tail" policy referred to in Section 6.12(b) (and their heirs, agents and Representatives) are intended

to be third-party beneficiaries of this Section 6.12, with full rights of enforcement of the provisions of this Section 6.12 as if a party hereto. The rights of the Indemnified Persons (and other Persons who are beneficiaries pursuant to the D&O Insurance or the "tail" policy referred to in Section 6.12(b) (and their heirs, agents and Representatives)) pursuant to this Section 6.12 will be in addition to, and not in substitution for, any other rights that such Persons may have pursuant to the articles of incorporation, bylaws and other similar organizational documents of Parent and its Subsidiaries, any and all indemnification agreements entered into with Parent or any of its Subsidiaries before the Distribution Date or applicable Law (whether at Law or in equity).

(e) Nothing in this Agreement is intended to, or will be construed to, release, waive or impair any rights to directors' and officers' insurance claims pursuant to any applicable insurance policy or indemnification agreement that is or has been in existence with respect to Parent or any of its Subsidiaries for any of their respective directors, officers or other employees, it being understood and agreed that the indemnification provided for in this Section 6.12 is not prior to or in substitution for any such claims pursuant to such policies or indemnification agreement.

Section 6.13 Agreement as to Certain Services. During the ninety (90) day period commencing on the Distribution Date, in the event that either New BBX Capital or Parent (a "Service Recipient") identifies in writing to the other Party (the "Service Provider") any services that were provided by the Service Provider or any of its Subsidiaries in respect of the business of the Service Recipient or any of its Subsidiaries prior to the Spin-Off and that are reasonably necessary to operate the business of the Service Recipient or any of its Subsidiaries in the manner conducted as of the Distribution Date ("Omitted Services"), the Parties will promptly negotiate in good faith the terms governing any such Omitted Service with respect to (i) the nature and description of such Omitted Service, (ii) the duration such Omitted Service will be provided and (iii) the fees for such Omitted Service.

Section 6.14 Tax Withholding. Each member of the Parent Group and each member of the New BBX Capital Group shall be entitled to deduct and withhold from amounts otherwise payable (or distributable) pursuant to this Agreement such amounts as are required to be deducted and withheld under applicable Law and such withheld amounts will be treated as being paid (or distributed) to the Person with respect to which such deduction and withholding was made. Parent or any agent acting on its behalf may sell a portion of the New BBX Capital Common Stock otherwise distributable to any Person in order to pay any withholding Taxes required to be withheld under applicable Law from distributions to such Person, as well as any related fees and expenses. If a Governmental Authority with respect to Taxes determines that the Parent Group is liable with respect to any withholding Taxes on the Distribution, the New BBX Capital Group shall promptly indemnify, reimburse, defend and hold harmless the Parent Group for such Taxes.

Section 6.15 Name Changes. Subject to the approval of Parent's shareholders of Parent's name change to "Bluegreen Vacations Holding Corporation," Parent shall, if so determined by its Board of Directors, file with the Florida Department of State, prior to, at or promptly following the Effective Time, an amendment to Parent's Amended and Restated Articles of Incorporation, as amended, to change Parent's name to Bluegreen Vacations Holdings Corporation so that New BBX Capital can (and, in which case, New BBX Capital shall take such actions necessary to) change its name to "BBX Capital, Inc."

Section 6.16 Intellectual Property Assignment/Recordation. Each Party will be responsible for, and will pay all expenses (whether incurred before or after the Effective Time) involved in the notarization, authentication, legalization and/or consularization of the signatures of any of the representatives of its Group on any of the documents relating to the Conveyance of Intellectual Property. New BBX Capital will be responsible for, and will pay all expenses (whether incurred before or after the Effective Time) relating to the recording of any such documents relating to the Conveyance of Intellectual Property to any member of the New BBX Capital Group with any Governmental Authorities as may be necessary or appropriate.

Section 6.17 Removal of Tangible Assets. Except as may be otherwise provided in the Ancillary Agreements or otherwise agreed to by the Parties, all tangible Assets of either Party (after giving effect to the Separation) that are located at any facilities of the other Party shall be moved by the Party having the right to such Assets from the facilities of the other Party as promptly as practicable after the Effective Time from such facilities, at the moving party's expense and in a manner so as not to unreasonably interfere with the operations of the other Party and to not cause damage to such facility; the other Party hereby agreeing to provide reasonable access to its facility to effectuate same.

Section 6.18 Dispute Resolution.

(a) Except as expressly set forth to the contrary herein or in any Ancillary Agreement, including subject to the dispute resolution procedure under the Tax Matters Agreements, which shall govern disputes, claims and controversies in respect of Taxes thereunder, any dispute, controversy or claim arising out of or relating to this Agreement or any Ancillary Agreement (a “Dispute”) shall be subject to the provisions of this Section 6.18. To the fullest extent practicable, prior to bringing or commencing, or threatening to bring or commence, any action or other Legal Proceeding, a Party having or raising a Dispute shall provide written notice thereof to the other Party (the “Initial Notice”), and the Parties shall thereafter attempt in good faith to negotiate a resolution of the Dispute in accordance with this Section 6.18. The negotiations shall be conducted by executives of each Party who hold, at a minimum, the title of vice president and who have authority to settle the Dispute. In the event that a Dispute has not been resolved pursuant to the foregoing provisions of this Section 6.18 within thirty (30) days after receipt by a Party of the Initial Notice, or within such longer period as the Parties may agree to in writing, the Party that delivered the Initial Notice shall provide written notice of such Dispute to the Chief Executive Officer of each Party (the “CEO Notice”). For a period of thirty (30) days from the date of receipt of the CEO Notice, or such longer period of time as the Chief Executive Officers may mutually agree, the Chief Executive Officers of the Parties shall negotiate in good faith in an attempt to resolve the Dispute. If the Dispute is not resolved within the time period specified in the preceding sentence, then either Party may bring or commence a Legal Proceeding and pursue other rights and remedies available to it hereunder, at law or in equity, with respect to the matter in Dispute. All negotiations under this Section 6.18 shall be confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence. Unless otherwise agreed in writing, the Parties shall, and shall cause the members of their respective Groups to, continue to honor all obligations and commitments under this Agreement and each Ancillary Agreement to the fullest extent required hereby or thereby during the course of dispute resolution pursuant to this Section 6.18, except and then only to the extent that such obligations or commitments are the specific subject of the Dispute at issue.

ARTICLE VII MISCELLANEOUS

Section 7.1 Expenses. Except as otherwise expressly set forth in this Agreement or in any Ancillary Agreement, or as otherwise agreed to in writing by the Parties, all costs and expenses in connection with the preparation, execution, delivery and implementation of this Agreement and any Ancillary Agreement, the Parent Proxy Statement and the New BBX Capital Registration Statement, and the consummation of the transactions contemplated hereby and thereby incurred (i) on or prior to the Effective Time will be borne by Parent and (ii) after the Effective Time will be borne by the Party or its applicable Subsidiary incurring such costs or expenses.

Section 7.2 Entire Agreement. This Agreement and the Ancillary Agreements, including any related annexes, exhibits and schedules, as well as any other agreements and documents referred to herein and therein, shall together constitute the entire agreement between the Parties relating to the transactions contemplated hereby and supersede any other agreements, whether written or oral, that may have been made or entered into by or among any of the Parties or any of their respective Affiliates relating to the transactions contemplated hereby.

Section 7.3 Governing Law. This Agreement and each Ancillary Agreement, and all Legal Proceedings (whether in contract or tort) that may be based upon, arise out of or relate hereto or thereto or the negotiation, execution or performance hereof or thereof (including any claim or cause of action based upon, arising out of or related to any representation or warranty made in or in connection with this Agreement or any Ancillary Agreement or as an inducement to enter into this Agreement or any Ancillary Agreement), shall be governed by and construed in accordance with the Laws of the State of Florida, without regard to the choice of law or conflicts of law principles thereof.

Section 7.4 Characterization of Payments. The Parties agree to treat all payments required by this Agreement (other than any payments with respect to interests accruing after the Distribution Date) as either a contribution by Parent to New BBX Capital or a distribution by New BBX Capital to Parent, as the case may be, occurring immediately prior to the Distribution Date unless a contrary treatment is required under applicable Law.

Section 7.5 Notices. All notices and other communications among the Parties shall be in writing and shall be deemed to have been duly given (a) when delivered in person, (b) when delivered after posting in the United States mail having been sent registered or certified mail return receipt requested, postage prepaid, (c) when delivered by FedEx or other nationally recognized overnight delivery service or (d) when delivered by facsimile (solely if receipt is confirmed) or email (so long as the sender of such email does not receive an automatic reply from the recipient's email server indicating that the recipient did not receive such email), addressed as follows:

If to Parent:

401 East Las Olas Boulevard, Suite 800
Fort Lauderdale, FL 33301
Attn: Chairman
Email:
Fax:

with a copy (which will not constitute notice) to:

Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A. 150 West Flagler Street, Suite 2200
Miami, FL 33130
Attn: Alison W. Miller
Fax:
Email:

If to New BBX Capital:

401 East Las Olas Boulevard, Suite 800
Fort Lauderdale, FL 33301
Attn: President
Email:
Fax:

with a copy (which will not constitute notice) to:

Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A. 150 West Flagler Street, Suite 2200
Miami, FL 33130
Attn: Alison W. Miller
Fax:
Email:

or, in each case, to such other address as the Parties hereto may from time to time designate in writing.

Section 7.6 Priority of Agreements. If there is a conflict between any provision of this Agreement and a provision in any of the Ancillary Agreements (other than the Tax Matters Agreement and Employee Matters Agreement), each of this Agreement and the other Ancillary Agreement is to be interpreted and construed, if possible, so as to avoid or minimize such conflict, but to the extent, and only to the extent, of such conflict, the provision of this Agreement shall control unless specifically provided otherwise in this Agreement or in the Ancillary Agreement. Except as otherwise specifically provided herein, this Agreement shall not apply to matters relating to Taxes or employees, employee benefits plans, and related assets and liabilities, including pension and other post-employment benefit assets and liabilities, which shall be exclusively governed by the Tax Matters Agreement and Employee Matters Agreement, respectively. In the case of any conflict between this Agreement and the Tax Matters Agreement or Employee Matters Agreement in relation to any matters addressed by the Tax Matters Agreement or Employee Matters Agreement, respectively, the Tax Matters Agreement or Employee Matters Agreement, as applicable, shall prevail.

Section 7.7 Amendments and Waivers; Schedule Updates. Subject to any limitations expressly set forth in the Information Statement, except as expressly set forth to the contrary herein, prior to the Effective Time, this Agreement and any Ancillary Agreement may be amended and any provision hereof or thereof waived, in whole or in part, by Parent, in its sole discretion, by execution of a written document evidencing the same delivered to New BBX Capital; it being understood that the foregoing includes, without limitation, Parent's right, in its sole discretion, to supplement or update the schedules to this Agreement and each Ancillary Agreement by delivery of such supplements or updates to New BBX Capital. Additionally, the Parties will cooperate to mutually agree on the final schedules to the Transition Services Agreement and Employee Matters Agreement, including any updates thereto. Following the Effective Time, no provision of this Agreement shall be waived or amended unless in writing and, in the case of a waiver, signed by an authorized representative of the waiving Party and, in the case of an amendment, signed by an authorized representative of each Party. No waiver by any of the Parties of any provision or breach hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent breach hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

Section 7.8 Termination. This Agreement and each Ancillary Agreement may be terminated upon the mutual written agreement of the Parties. In addition, this Agreement and all Ancillary Agreements may be terminated and the Spin-Off abandoned at any time prior to the Effective Time by Parent, in the sole discretion of its Board of Directors, without the approval or consent of any other Person, including New BBX Capital and the shareholders of Parent. If terminated prior to the Effective Time, no Party shall have any Liability of any kind to the other Party or any other Person on account of this Agreement or any Ancillary Agreement.

Section 7.9 Assignability. Neither Party may assign its rights or delegate its duties under this Agreement without the written consent of the other Party, except that a Party may assign (a) any or all its rights or delegate its duties under this Agreement to an Affiliate thereof and (b) any or all of its rights and obligations under this Agreement in connection with a sale or disposition of any of its assets or entities or lines of business; provided, that no assignment or delegation shall relieve any Party of its indemnification obligations or obligations in the event of a breach of this Agreement and any assignee shall agree in writing to be bound by the terms and conditions contained in this Agreement. Any attempted assignment or delegation in breach of this Section 7.9 shall be null and void.

Section 7.10 Parties in Interest. Except for the indemnification rights under this Agreement of any Parent Indemnitee or New BBX Capital Indemnitee, in their respective capacities as such, and except as set forth in Section 6.12, this Agreement is for the sole benefit of the Parties hereto and their permitted assigns and nothing herein, express or implied, shall give or be construed to give to any Person, other than the Parties hereto and such permitted assigns, any legal or equitable rights hereunder.

Section 7.11 Interpretation.

(a) Unless the context of this Agreement otherwise requires:

(i) (A) words of any gender include each other gender and neuter form; (B) words using the singular or plural number also include the plural or singular number, respectively; (C) derivative forms of defined terms will have correlative meanings; (D) the terms "hereof," "herein," "hereby," "hereto," "herewith," "hereunder" and derivative or similar words refer to this entire Agreement; (E) the terms "Article," "Section," "Annex," "Exhibit," and "Schedule" refer to the specified Article, Section, Annex, Exhibit or Schedule of this Agreement and references to "paragraphs" or "clauses" shall be to separate paragraphs or clauses of the section or subsection in which the reference occurs; (F) the word "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation," and (G) the word "or" shall be disjunctive but not exclusive;

(ii) references to Contracts (including this Agreement) and other documents or Laws shall be deemed to include references to such Contract or Law as amended, restated, supplemented or modified from time to time in accordance with its terms and the terms hereof, as applicable, and in effect at any given time (and, in the case of any Law, to any successor provisions);

(iii) references to any federal, state, local, or foreign statute or Law shall include all regulations promulgated thereunder; and

(iv) references to any Person include references to such Person's successors and permitted assigns, and in the case of any Governmental Authority, to any Person succeeding to its functions and capacities.

(b) The language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent. The Parties acknowledge that each Party and its attorney has reviewed and participated in the drafting of this Agreement and that any rule of construction to the effect that any ambiguities are to be resolved against the drafting Party, or any similar rule operating against the drafter of an agreement, shall not be applicable to the construction or interpretation of this Agreement.

(c) Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified. If any action is to be taken or given on or by a particular calendar day, and such calendar day is not a Business Day, then such action may be deferred until the next Business Day.

(d) The word "to the extent" shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply "if."

(e) The term "writing," "written" and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form.

(f) All accounting terms used herein and not expressly defined herein shall have the meanings given to them under GAAP unless the context otherwise requires.

Section 7.12 Severability. If any provision of this Agreement or any Ancillary Agreement, or the application of any provision to any Person or circumstance, is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement shall remain in full force and effect. The Parties further agree that if any provision contained herein is, to any extent, held invalid or unenforceable in any respect under the Laws governing this Agreement, they shall take any actions necessary to render the remaining provisions of this Agreement valid and enforceable to the fullest extent permitted by Law and, to the extent necessary, shall amend or otherwise modify this Agreement to replace any provision contained herein that is held invalid or unenforceable with a valid and enforceable provision giving effect to the intent of the Parties.

Section 7.13 Captions; Counterparts. The captions in this Agreement are for convenience only and shall not be considered a part of or affect the construction or interpretation of any provision of this Agreement. This Agreement may be executed in two or more counterparts (including by electronic or .pdf transmission), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of any signature page by facsimile, electronic or pdf. transmission shall be binding to the same extent as an original signature page.

Section 7.14 Jurisdiction; Consent to Jurisdiction.

(a) Exclusive Jurisdiction. Except as otherwise expressly provided in any Ancillary Agreement, each of the Parties hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the state or federal courts located in Broward County, Florida in any Legal Proceeding arising out of or relating to this Agreement, the Ancillary Agreements, the documents referred to in this Agreement, or any of the transactions contemplated hereby or thereby or for recognition or enforcement of any judgment relating thereto, and each of the Parties hereby irrevocably and unconditionally (i) agrees not to commence any such Legal Proceeding except in such courts, (ii) agrees that any claim in respect of any such Legal Proceeding may be heard and determined in such courts, (iii) waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any such Legal Proceeding in such courts, and (iv) waives, to the fullest extent permitted by Law, the defense of an inconvenient forum to the maintenance of such Legal Proceeding in such courts. Each of the Parties agrees that a final judgment in any such Legal Proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law. To the fullest extent permitted by Law, each Party irrevocably consents to service of process in the manner provided for notices in Section 7.5. Nothing in this Agreement shall affect the right of any Party to this Agreement to serve process in any other manner permitted by Law.

(b) Waiver of Jury Trial. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE ANCILLARY AGREEMENTS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE ANCILLARY AGREEMENTS OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT AND THE ANCILLARY AGREEMENTS. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF ANY LITIGATION, SEEK TO ENFORCE SUCH WAIVERS, (ii) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVERS, (iii) EACH PARTY MAKES SUCH WAIVERS VOLUNTARILY, AND (iv) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 7.14(b).

Section 7.15 Specific Performance. From and after the Distribution Date, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement or any Ancillary Agreement, the Party who is, or is to be, thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief in respect of its or their respective rights under this Agreement or such Ancillary Agreement, as applicable, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative, subject to Section 5.8. The Parties agree that, from and after the Distribution, the remedies at law for any breach or threatened breach, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived by each of the Parties.

Section 7.16 Force Majeure. No Party shall be deemed in default of this Agreement or, unless otherwise expressly provided therein, any Ancillary Agreement for any delay or failure to fulfill any obligation (other than a payment obligation) hereunder or thereunder so long as and to the extent to which any delay or failure in the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. In the event of any such excused delay, the time for performance of such obligations (other than a payment obligation) shall be extended for a period equal to the time lost by reason of the delay unless this Agreement has previously been terminated as provided above. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event, (a) provide written notice to the other Party of the nature and extent of any such Force Majeure condition, and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement and the Ancillary Agreements, as applicable, as soon as reasonably practicable.

Section 7.17 No Set-Off. Except as set forth in any Ancillary Agreement or as otherwise mutually agreed to in writing by the Parties, neither Party nor any member of such Party's Group shall have any right of set-off or other similar rights with respect to (a) any amounts received pursuant to this Agreement or any Ancillary Agreement, or (b) any other amounts claimed to be owed to the other Party or any member of its Group arising out of this Agreement or any Ancillary Agreement.

Section 7.18 Publicity. Prior to the Distribution Date, Parent shall be responsible for issuing any press releases or otherwise making public statements with respect to the Spin-Off or any of the other transactions contemplated hereby or under any Ancillary Agreement. For the one (1) year period commencing on the Distribution Date, each Party shall consult with the other Party prior to issuing any press releases or otherwise making public statements with respect to the Spin-Off or any of the other transactions contemplated hereby or under any Ancillary Agreement and prior to making any filings with any Governmental Authority with respect thereto.

[Signature page follows.]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed on the date first written above by their respective duly authorized officers.

BBX CAPITAL CORPORATION

By: _____
Name: Alan B. Levan
Title: Chairman and Chief Executive Officer

BBX CAPITAL FLORIDA LLC

By: _____
Name: Jarett S. Levan
Title: President and Chief Executive Officer

Schedule 1.1(a)
Other New BBX Capital Assets

Schedule 1.1(b)
Other New BBX Capital Liabilities

Schedule 1.2(a)
New BBX Capital Balance Sheet

Schedule 1.2(b)
Parent Balance Sheet

BBX CAPITAL FLORIDA LLC

and

, as Rights Agent

RIGHTS AGREEMENT

Dated as of , 2020

TABLE OF CONTENTS

	<u>Page</u>
Section 1. Certain Definitions	1
Section 2. Appointment of Rights Agent	8
Section 3. Issue of Right Certificates	8
Section 4. Form of Right Certificates	10
Section 5. Countersignature and Registration	10
Section 6. Transfer, Split Up, Combination and Exchange of Right Certificates; Mutilated, Destroyed, Lost or Stolen Right Certificates; Uncertificated Rights	10
Section 7. Exercise of Rights, Purchase Price; Expiration Date of Rights	11
Section 8. Cancellation and Destruction of Right Certificates	12
Section 9. Availability of Shares of Preferred Stock	12
Section 10. Preferred Stock Record Date	13
Section 11. Adjustment of Purchase Price, Number and Kind of Shares and Number of Rights	14
Section 12. Certificate of Adjusted Purchase Price or Number of Shares	19
Section 13. Consolidation, Merger or Sale or Transfer of Assets or Earning Power	20
Section 14. Fractional Rights and Fractional Shares	23
Section 15. [Intentionally Left Blank]	23
Section 16. Agreement of Right Holders	24
Section 17. Right Certificate Holder Not Deemed a Shareholder	24
Section 18. Concerning the Rights Agent	24
Section 19. Merger or Consolidation or Change of Name of Rights Agent	25
Section 20. Duties of Rights Agent	25
Section 21. Change of Rights Agent	27
Section 22. Issuance of New Right Certificates	28
Section 23. Redemption	28
Section 24. Exchange	28
Section 25. Notice of Certain Events	29
Section 26. Notices	30
Section 27. Supplements and Amendments	31
Section 28. Successors	32
Section 29. Benefits of this Agreement	32

Section 30.	Determinations and Actions by the Board	32
Section 31.	Severability	32
Section 32.	Governing Law	32
Section 33.	Counterparts	32
Section 34.	Descriptive Headings; Interpretation	32

RIGHTS AGREEMENT

Rights Agreement, dated as of _____, 2020 (“Agreement”), between BBX Capital Florida LLC, a Florida limited liability company, and _____, as Rights Agent (the “Rights Agent”).

The Company’s Board has adopted resolutions authorizing and directing, subject to the consummation of the Spin-Off, the issuance of one preferred share purchase right (a “Right”) for (i) each share of the Company’s Class A Common Stock, par value \$0.01 per share (the “Class A Common Stock”), and (ii) each share of the Company’s Class B Common Stock, par value \$0.01 per share (the “Class B Common Stock” and, together with the Class A Common Stock, collectively, the “Common Stock”), distributed in connection with the Spin-Off in respect of shares of Parent Class A Common Stock and Parent Class B Common Stock, respectively, outstanding as of the Spin-Off Record Date; each Right initially representing the right to purchase one one-hundredth (subject to adjustment) of a share of Preferred Stock, upon the terms and subject to the conditions herein set forth, and has further authorized and directed the issuance of one Right (subject to adjustment as provided herein) with respect to each share of Common Stock that shall become outstanding following the Spin-Off Distribution Date until the earlier of the Rights Distribution Date and the Expiration Date; provided, however, that Rights may be issued with respect to shares of Common Stock that shall become outstanding after the Rights Distribution Date and prior to the Expiration Date in accordance with Section 22.

Accordingly, in consideration of the premises and the mutual agreements herein set forth, the parties hereby agree as follows:

Section 1. Certain Definitions. For purposes of this Agreement, the following terms have the meanings indicated:

(a) “Acquiring Person” shall mean any Person, other than an Exempt Person, who or which, together with all Related Persons of such Person, shall be the Beneficial Owner of 5% or more of (1) the shares of Class A Common Stock then outstanding, (2) the shares of Class B Common Stock then outstanding, or (3) the total number of shares of Common Stock then outstanding; provided, however, that:

(i) if the Company’s Board determines that a Person who would otherwise be an “Acquiring Person” became the Beneficial Owner of a number of shares of Class A Common Stock or Class B Common Stock such that the Person would otherwise qualify as an “Acquiring Person” inadvertently (including, without limitation, because (A) such Person was unaware that it Beneficially Owned that number of shares of Class A Common Stock or Class B Common Stock that would otherwise cause such Person to be an “Acquiring Person” or (B) such Person was aware of the extent of its Beneficial Ownership of Class A Common Stock or Class B Common Stock, but had no actual knowledge of the consequences of such Beneficial Ownership under this Agreement) and without any intention of obtaining, changing or influencing control of the Company, then such Person shall not be deemed to be or to have become an “Acquiring Person” in such case unless and until such Person shall have failed to divest itself, as soon as practicable (as determined by the Company’s Board), of Beneficial Ownership of a sufficient number of shares of Class A Common Stock or Class B Common Stock (as determined by the Company’s Board) so that such Person would no longer otherwise qualify as an “Acquiring Person”;

(ii) if, as of immediately prior to the first public announcement of the adoption of this Agreement, any Person (together with its Affiliates and Associates) is the Beneficial Owner of 5% or more of (1) the shares of Class A Common Stock then outstanding, (2) the shares of Class B Common Stock then outstanding, or (3) the total number of shares of Common Stock then outstanding, such Person shall not be

deemed to be or to become an “Acquiring Person” unless and until such time as such Person shall become the Beneficial Owner of any additional shares of Common Stock (other than pursuant to a dividend or distribution paid or made by the Company on the outstanding Common Stock or pursuant to a split or subdivision of the outstanding Common Stock) that would cause such Person’s Beneficial Ownership to equal or exceed any of the thresholds set forth in the foregoing clauses (1), (2) or (3);

(iii) no Person shall become an “Acquiring Person” solely as a result of (1) any unilateral grant of any security by the Company, including, without limitation, any stock awards, restricted stock awards, restricted stock units, options, warrants, rights or similar interests granted by the Company to its directors, officers or employees, nor the vesting (including acceleration of vesting) or exercise of any of the foregoing, or (2) any other acquisition approved in advance by the Company’s Board, it being acknowledged that in granting such approval under this clause (2) the Board may consider among other factors it deems relevant, the relationship between the Company and its Affiliates, including Parent, and the Person acquiring the shares and the Related Persons of such Person, evidence of their long term interest in the Company, and their short and long term intentions with respect to the investment, including consideration of speculative short term acquisitions in view of adverse market conditions to the potential detriment of the Company and its shareholders;

(iv) no Person shall become an “Acquiring Person” solely as the result of an acquisition of shares of Common Stock by the Company which, by reducing the number of shares of Common Stock outstanding, increases the proportion of the shares of Common Stock Beneficially Owned by such Person to 5% or more of the Class A Common Stock, Class B Common Stock or total combined Common Stock then outstanding; provided, however, that if a Person shall become the Beneficial Owner of 5% or more of the shares of Class A Common Stock, Class B Common Stock or total combined Common Stock then outstanding by reason of any such share acquisition by the Company and shall thereafter become the Beneficial Owner of any additional shares of Common Stock (other than pursuant to a dividend or distribution paid or made by the Company on the outstanding Common Stock or pursuant to a split or subdivision of the outstanding Common Stock), then such Person shall be deemed to be an “Acquiring Person” unless, upon becoming the Beneficial Owner of such additional shares of Common Stock, such Person does not Beneficially Own 5% or more of the shares of Class A Common Stock, Class B Common Stock or total combined Common Stock then outstanding; and

(v) no Person shall become an “Acquiring Person” solely as the result of the acquisition by such Person of Beneficial Ownership of shares of Common Stock from an individual who, as of immediately prior to the first public announcement of this Agreement, is the Beneficial Owner of 5% or more of the shares of Class A Common Stock, Class B Common Stock or total combined Common Stock then outstanding if such shares of Common Stock are received by such Person upon such individual’s death pursuant to such individual’s will or pursuant to a charitable trust created by such individual for estate planning purposes unless and until such time as such Person shall become the Beneficial Owner of any additional shares of Common Stock (other than pursuant to a dividend or distribution paid or made by the Company on the outstanding Common Stock or pursuant to a split or subdivision of the outstanding Common Stock), and, upon becoming the Beneficial Owner of such additional shares of Common Stock, such Person Beneficially Owns 5% or more of the shares of Class A Common Stock, Class B Common Stock or total combined Common Stock then outstanding.

With respect to any Person, for all purposes of this Agreement, any calculation of the number of shares of Class A Common Stock, Class B Common Stock or total combined Common Stock outstanding at any particular time, including for purposes of determining the particular percentage of the outstanding shares of Class A Common Stock, Class B Common Stock or total combined Common Stock of which any such Person is the Beneficial Owner, shall include the number of shares of Class A Common Stock and/or Class B Common Stock, as applicable, not outstanding at the time of such calculation that such Person is

otherwise deemed to Beneficially Own for purposes of this Agreement, but the number of shares of Class A Common Stock and Class B Common Stock not outstanding that such Person is otherwise deemed to Beneficially Own for purposes of this Agreement shall not be included for the purpose of computing the percentage of the outstanding shares of Class A Common Stock, Class B Common Stock or total combined Common Stock Beneficially Owned by any other Person (unless such other Person is also deemed to Beneficially Own such shares of Class A Common Stock or Class B Common Stock in accordance with the terms of this Agreement).

(b) A Person shall be deemed to be “Acting in Concert” with another Person if such Person knowingly acts (whether or not pursuant to an express agreement, arrangement or understanding) at any time after the first public announcement of the adoption of this Agreement, in concert or in parallel with such other Person, or towards a common goal with such other Person, relating to changing or influencing the control of the Company or in connection with or as a participant in any transaction having that purpose or effect, where (i) each Person is conscious of the other Person’s conduct and this awareness is an element in their respective decision-making processes and (ii) at least one additional factor supports a determination by the Board that such Persons intended to act in concert or in parallel, which additional factors may include, without limitation, exchanging information, attending meetings, conducting discussions, or making or soliciting invitations to act in concert or in parallel; provided that the additional factor required shall not include actions by an officer or director of the Company acting in such capacities. A Person who is Acting in Concert with another Person shall also be deemed to be Acting in Concert with any third party who is also Acting in Concert with such other Person. No Person shall be deemed to be Acting in Concert with another Person solely as a result of (i) making or receiving a solicitation of, or granting or receiving, revocable proxies or consents given in response to a public proxy or consent solicitation made to more than 10 holders of shares of a class of stock of the Company registered under Section 12 of the Exchange Act, or (ii) soliciting or being solicited for tenders of, or tendering or receiving tenders of, securities in a public tender or exchange offer made pursuant to, and in accordance with, Section 14(d) of the Exchange Act by means of a tender offer statement filed on Schedule TO.

(c) “Affiliate” and “Associate” shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Exchange Act.

(d) “Articles of Incorporation” shall mean the Articles of Incorporation of the Company, to be filed with the Florida Department of State, in substantially the form attached hereto as Exhibit A, as the same may be amended and/or restated from time to time.

(e) A Person shall be deemed the “Beneficial Owner” of, shall be deemed to have “Beneficial Ownership” of, and shall be deemed to “Beneficially Own” any securities:

(i) which such Person or any Related Person of such Person is deemed to Beneficially Own, directly or indirectly, within the meaning of Rule 13d-3 of the General Rules and Regulations under the Exchange Act, or would be deemed to be the Beneficial Owner of pursuant to Rule 13d-5 of the General Rules and Regulations under the Exchange Act;

(ii) which such Person or any Related Person of such Person has, directly or indirectly: (A) the right or obligation to acquire (whether such right is exercisable, or such obligation is required to be performed, immediately or only after the passage of time, upon compliance with regulatory requirements, upon the satisfaction of conditions (whether or not within the control of such Person) or otherwise) pursuant to any agreement, arrangement or understanding (whether or not in writing) (other than customary agreements with and between underwriters and selling group members with respect to a bona fide public offering of securities), or upon the exercise of conversion rights, exchange rights, rights (other than the Rights), warrants or options, or otherwise; provided, however, that a Person shall not be deemed the

Beneficial Owner of, or to Beneficially Own, (w) securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any Related Person of such Person until such tendered securities are accepted for purchase or exchange, (x) securities which such Person has a right to acquire upon the exercise of Rights at any time prior to the time that any Person becomes an Acquiring Person, (y) securities issuable upon the exercise of Rights from and after the time that any Person becomes an Acquiring Person if such Rights were acquired by such first Person or any Related Person of such Person prior to the Rights Distribution Date or pursuant to Section 3(a) or Section 22 hereof (“Original Rights”) or pursuant to Section 11(i) or Section 11(n) with respect to an adjustment to Original Rights, or (z) securities which such Person or any Related Person of such Person may acquire, does or do acquire or may be deemed to have the right to acquire, pursuant to any merger or other acquisition agreement between the Company and such Person (or one or more Related Persons of such Person) if such agreement has been approved by the Company’s Board prior to such Person’s becoming an Acquiring Person; or (B) the right to vote pursuant to any agreement, arrangement or understanding (whether or not in writing); provided, however, that a Person shall not be deemed the Beneficial Owner of, or to Beneficially Own, any security by reason of such agreement, arrangement or understanding if the agreement, arrangement or understanding to vote such security (1) arises solely from a revocable proxy or consent given to such Person in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable rules and regulations promulgated under the Exchange Act and (2) is not also then reportable on Schedule 13D under the Exchange Act (or any comparable or successor report);

(iii) which are Beneficially Owned, directly or indirectly, by any other Person (or any Related Person of such Person) and with respect to which such first Person or any of such first Person’s Affiliates or Associates (A) is Acting in Concert or (B) has (x) any agreement, arrangement or understanding (whether or not in writing) (other than customary agreements with and between underwriters and selling group members with respect to a bona fide public offering of securities) for the purpose of acquiring, holding, voting (except to the extent contemplated by the proviso to Section 1(e)(ii)(B) above) or disposing of such securities or (y) any agreement, arrangement or understanding (whether or not in writing) to cooperate in obtaining, changing or influencing control of the issuer of such securities;

(iv) which are Beneficially Owned, directly or indirectly, by a Counterparty (or any of such Counterparty’s Affiliates or Associates) under any Derivatives Contract (without regard to any short or similar position under the same or any other Derivatives Contract) to which such Person or any of such Person’s Affiliates or Associates is a Receiving Party; provided, however, that the number of shares of Common Stock that a Person is deemed to Beneficially Own pursuant to this clause (iv) in connection with a particular Derivatives Contract shall not exceed the number of Notional Common Shares with respect to such Derivatives Contract; provided further that the number of securities Beneficially Owned by each Counterparty (including its Affiliates and Associates) under a Derivatives Contract shall for purposes of this clause (iv) be deemed to include all securities that are Beneficially Owned, directly or indirectly, by any other Counterparty (or any of such other Counterparty’s Affiliates or Associates) under any Derivatives Contract to which such first Counterparty (or any of such first Counterparty’s Affiliates or Associates) is a Receiving Party, with this proviso being applied to successive Counterparties as appropriate.

In addition, a Person will be deemed to be the “Beneficial Owner” of, to have “Beneficial Ownership” of and to “Beneficially Own” shares of Class A Common Stock, Class B Common Stock and Common Stock of the Company by virtue of (1) their Beneficial Ownership (determined as provided in this Section 1(e)) of shares of Parent Class A Common Stock and/or Class B Common Stock, as the case may be, with respect to which there is an entitlement to a distribution of Class A Common Stock or Class B Common Stock of the Company in connection with the Spin-Off or (2) their acquisition of shares representing Class A Common Stock or Class B Common Stock of the Company in the when-issued trading market, if any, with respect to such shares prior to the Spin-Off. Accordingly, and for the avoidance of doubt, acquisitions of “Beneficial Ownership” of shares of Parent Class A Common Stock or Parent Class B Common Stock

following the first public announcement of this Agreement and prior to the Spin-Off Distribution Date (if such shares have associated therewith an entitlement to shares of Class A Common Stock or Class B Common Stock of the Company in the Spin-Off) or acquisitions of shares representing Class A Common Stock or Class B Common Stock of the Company in the when-issued trading market, if any, with respect to such shares prior to the Spin-Off could in each case result in the Person acquiring such shares and the Related Persons of such Person being deemed an Acquiring Person under the terms of this Agreement simultaneously with the receipt of shares in the Spin-Off.

For the avoidance of doubt, a Person who or which is deemed to be the “Beneficial Owner” of, to have “Beneficial Ownership” of and to “Beneficially Own” shares of Class B Common Stock of Parent or the Company shall also be deemed to be the “Beneficial Owner” of, to have “Beneficial Ownership” of and to “Beneficially Own” the shares of Class A Common Stock of Parent or the Company, respectively, issuable upon conversion of such shares Beneficially Owned by such Person.

Notwithstanding the foregoing, no Person who is an officer, director or employee of an Exempt Person shall be deemed, solely by reason of such Person’s status or authority as such, to be the “Beneficial Owner” of, to have “Beneficial Ownership” of or to “Beneficially Own” any securities that are “Beneficially Owned”, including, without limitation, in a fiduciary capacity, by an Exempt Person or by any other such officer, director or employee of an Exempt Person.

(f) “Board” means the Board of Managers of the Company prior to the Company’s conversion into a Florida corporation and the Board of Directors of the Company following the Company’s conversion into a Florida corporation.

(g) “Book Entry” shall mean an uncertificated book entry for the Class A Common Stock or Class B Common Stock.

(h) “Business Day” shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the state in which the principal office of the Rights Agent is located are authorized or obligated by law or executive order to close.

(i) “Class A Common Stock” shall have the meaning set forth in the recitals hereto.

(j) “Class B Common Stock” shall have the meaning set forth in the recitals hereto.

(k) “Close of Business” on any given date shall mean 5:00 P.M., New York City time, on such date; provided, however, that if such date is not a Business Day it shall mean 5:00 P.M., New York City time, on the next succeeding Business Day.

(l) “Common Stock” when used with reference to the Company or without reference shall have the meaning set forth in the recitals hereto. “Common Stock” when used with reference to any Person other than the Company shall mean the common stock (or, in the case of any entity other than a corporation, the equivalent equity interest) with the greatest voting power of such other Person or, if such other Person is a Subsidiary of another Person, the Person or Persons which ultimately control such first mentioned Person.

(m) “Common Stock Equivalents” shall have the meaning set forth in Section 11(a)(iii) hereof.

(n) “Company” means BBX Capital Florida LLC, a Florida limited liability company, and its successors, including the entity into which BBX Capital Florida LLC is converted in connection with the Spin-Off.

(o) "Current Value" shall have the meaning set forth in Section 11(a)(iii) hereof.

(p) "Derivatives Contract" shall mean a contract between two parties (the "Receiving Party" and the "Counterparty") that is designed to produce economic benefits and risks to the Receiving Party that correspond substantially to the ownership by the Receiving Party of a number of shares of Common Stock specified or referenced in such contract (the number of shares corresponding to such economic benefits and risks, the "Notional Common Shares"), regardless of whether (i) obligations under such contract are required or permitted to be settled through the delivery of cash, shares of Common Stock or other property or (ii) such contract conveys any voting rights in shares of Common Stock, without regard to any short or similar position under the same or any other Derivative Contract. For the avoidance of doubt, interests in broad-based index options, broad-based index futures and broad-based publicly traded market baskets of stocks approved for trading by the appropriate federal governmental authority shall not be deemed to be Derivatives Contracts.

(q) "Equivalent Preferred Shares" shall have the meaning set forth in Section 11(b) hereof.

(r) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(s) "Exchange Ratio" shall have the meaning set forth in Section 24 hereof.

(t) "Exempt Person" shall mean the Company or any Subsidiary of the Company, in each case including, without limitation, in its fiduciary capacity, or any employee benefit plan of the Company or of any Subsidiary of the Company, or any entity or trustee holding (or acting in a fiduciary capacity in respect of) Common Stock for or pursuant to the terms of any such plan or for the purpose of funding any such plan or funding other employee benefits for employees of the Company or of any Subsidiary of the Company.

(u) "Expiration Date" shall have the meaning set forth in Section 7 hereof.

(v) "Final Expiration Date" shall have the meaning set forth in Section 7 hereof.

(w) "Flip-In Event" shall have the meaning set forth in Section 11(a)(ii) hereof.

(x) "NASDAQ" shall mean The NASDAQ Stock Market LLC.

(y) "New York Stock Exchange" shall mean the New York Stock Exchange, Inc.

(z) "Parent" shall mean BBX Capital Corporation, a Florida corporation and the sole member of the Company as of the date of this Agreement.

(aa) "Parent Class A Common Stock" shall mean the Class A Common Stock, par value \$0.01 per share, of Parent.

(bb) "Parent Class B Common Stock" shall mean the Class B Common Stock, par value \$0.01 per share, of Parent.

(cc) "Person" shall mean any individual, firm, corporation, partnership, limited liability company, trust or other entity, and shall include any successor (by merger or otherwise) to such entity.

(dd) “Preferred Stock” shall mean Series A Junior Participating Preferred Stock, par value \$0.01 per share, of the Company having the rights, preferences and privileges set forth in the Articles of Incorporation.

(ee) “Principal Party” shall have the meaning set forth in Section 13(b) hereof.

(ff) “Purchase Price” shall have the meaning set forth in Section 7(b) hereof.

(gg) “Redemption Date” shall have the meaning set forth in Section 7 hereof.

(hh) “Redemption Price” shall have the meaning set forth in Section 23 hereof.

(ii) “Registration Statement” means the Company’s Registration Statement on Form 10-12G filed with the Securities and Exchange Commission on June 17, 2020, as amended from time to time.

(jj) “Related Person” shall mean, as to any Person, each Affiliate and Associate of such Person, and any other Person with whom such Person or such Person’s Affiliates or Associates is Acting in Concert (or any Affiliate or Associate of such other Person).

(kk) “Right” shall have the meaning set forth in the recitals hereto.

(ll) “Right Certificate” shall have the meaning set forth in Section 3 hereof.

(mm) “Rights Distribution Date” shall have the meaning set forth in Section 3 hereof.

(nn) “Section 11(a)(ii) Trigger Date” shall have the meaning set forth in Section 11(a)(iii) hereof.

(oo) “Securities Act” shall mean the Securities Act of 1933, as amended.

(pp) “Spread” shall have the meaning set forth in Section 11(a)(iii) hereof.

(qq) “Spin-Off” means Parent’s spin-off of the Company pursuant to which the Company will become a separate publicly-traded company, as described in the Registration Statement.

(rr) “Spin-Off Distribution Date” shall mean the date referred to in the Registration Statement as the “distribution date” with respect to the distribution of shares of Common Stock in connection with the Spin-Off.

(ss) “Spin-Off Record Date” shall mean the date and time referred to in the Registration Statement as the “record date” with respect to the entitlement to the distribution of shares of Common Stock in connection with the Spin-Off.

(tt) “Stock Acquisition Date” shall mean the first date of public announcement (which, for purposes of this definition, shall include, without limitation, a report filed pursuant to Section 13(d) of the Exchange Act) by the Company or an Acquiring Person that an Acquiring Person has become such or that discloses information which reveals the existence of an Acquiring Person, or such earlier date as a majority of the Board of the Company shall become aware of the existence of an Acquiring Person.

(uu) “Subsidiary” of any Person shall mean any partnership, joint venture, limited liability company, firm, corporation, unincorporated association, trust or other entity of which a majority of the voting power of the voting equity securities or equity interests is owned of record or Beneficially Owned, directly or indirectly, by such Person.

(vv) "Substitution Period" shall have the meaning set forth in Section 11(a)(iii) hereof.

(ww) "Summary of Rights" shall have the meaning set forth in Section 3(b) hereof.

(xx) "Trading Day" shall have the meaning set forth in Section 11(d)(i) hereof.

(yy) "Trust" shall have the meaning set forth in Section 24(a) hereof.

(zz) "Trust Agreement" shall have the meaning set forth in Section 24(a) hereof.

Section 2. Appointment of Rights Agent. The Company hereby appoints the Rights Agent to act as agent for the Company in accordance with the express terms and conditions hereof (and no implied terms and conditions), and the Rights Agent hereby accepts such appointment. The Company may from time to time appoint such co-Rights Agents as it may deem necessary or desirable (the term "Rights Agent" being used herein to refer, collectively, to the Rights Agent together with any such co-Rights Agents), upon ten (10) days' prior written notice to the Rights Agent. In the event the Company appoints one or more co-Rights Agents, the respective duties of the Rights Agent and any co-Rights Agents shall be as the Company reasonably determines, provided that such duties are consistent with the terms and conditions of this Agreement and that contemporaneously with such appointment the Company shall notify, in writing, the Rights Agent and any co-Rights Agents of any such duties. The Rights Agent shall have no duty to supervise, and shall in no event be liable for, the acts or omissions of any such co-Rights Agents.

Section 3. Issue of Right Certificates.

(a) Until the Close of Business on the earlier of (i) the tenth Business Day after the Stock Acquisition Date or (ii) the tenth Business Day (or such later date as may be determined by action of the Company's Board prior to such time as any Person becomes an Acquiring Person) after the date of the commencement by any Person (other than an Exempt Person) of, or of the first public announcement of the intention of any Person (other than an Exempt Person) to commence, a tender or exchange offer the consummation of which would result in any Person (other than an Exempt Person) having Beneficial Ownership or becoming the Beneficial Owner of 5% or more of the shares of Class A Common Stock, Class B Common Stock or total combined Common Stock then outstanding (the earlier of such dates being herein referred to as the "Rights Distribution Date"), (x) the Rights will be evidenced (subject to the provisions of Sections 3(b) and 3(c) hereof) by the certificates representing the Common Stock registered in the names of the holders thereof or by Book Entry shares in respect of such Common Stock (which certificates for Class A Common Stock, Class B Common Stock and Book Entry shares shall also be deemed to be Right Certificates) and not by separate Right Certificates, and (y) the Rights will be transferable only in connection with the transfer of Common Stock. As soon as practicable after the Rights Distribution Date, the Company will prepare and execute, the Rights Agent will countersign and the Company will send or cause to be sent (and the Rights Agent will, if requested, send) by first-class, insured, postage-prepaid mail, to each record holder of Common Stock as of the Close of Business on the Rights Distribution Date (other than any Acquiring Person or any Related Person of an Acquiring Person), at the address of such holder shown on the records of the Company, a Right Certificate, in substantially the form of Exhibit B attached hereto (a "Right Certificate"), evidencing one Right (subject to adjustment as provided herein) for each share of Common Stock so held. As of the Rights Distribution Date, the Rights will be evidenced solely by such Right Certificates.

(b) On the Spin-Off Distribution Date, or as soon as practicable thereafter, the Company will send, or cause to be sent, a copy of a Summary of Rights to Purchase Shares of Preferred Stock, in substantially the form of Exhibit C attached hereto (the "Summary of Rights"), by first-class, postage-prepaid mail, to each record holder of shares of Common Stock issued in connection with the Spin-Off (other than any Acquiring Person or any Related Person of any Acquiring Person), at the address of such holder shown on the records of the Company. With respect to certificates representing shares of Common Stock (or Book Entry shares of Common Stock) outstanding until the Rights Distribution Date, the Rights will be evidenced by such certificates registered in the names of the holders thereof (or such Book Entry shares) together with the Summary of Rights. Until the Rights Distribution Date (or, if earlier, the Expiration Date), the surrender for transfer of any certificate representing shares of Common Stock (or any Book Entry shares of Common Stock) outstanding, with or without a copy of the Summary of Rights, shall also constitute the transfer of the Rights associated with the Common Stock represented thereby.

(c) Rights shall, without any further action, be issued in respect of all shares of Common Stock issued by the Company after the Spin-Off Distribution Date but prior to the earlier of the Rights Distribution Date and the Expiration Date, or in certain circumstances provided in Section 22 hereof, after the Rights Distribution Date. Certificates, if any, issued for Common Stock prior to the earlier of the Rights Distribution Date and the Expiration Date, or in certain circumstances provided in Section 22 hereof, after the Rights Distribution Date shall have impressed on, printed on, written on or otherwise affixed to them the following legend:

This certificate also evidences and entitles the holder hereof to certain rights as set forth in a Rights Agreement between the Company and _____, and any successor rights agent thereto, as Rights Agent, dated as of _____, 2020 and as amended from time to time (the "Rights Agreement"), the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal executive offices of the Company. Under certain circumstances, as set forth in the Rights Agreement, such Rights (as defined in the Rights Agreement) will be evidenced by separate certificates and will no longer be evidenced by this certificate. The Company will mail to the holder of this certificate a copy of the Rights Agreement without charge after receipt of a written request therefor. ***Under certain circumstances, as set forth in the Rights Agreement, Rights which are owned by or transferred to any Person who is or becomes an Acquiring Person (as defined in the Rights Agreement) or any Related Person (as defined in the Agreement) of any Person who is or becomes an Acquiring Person and, in each case, certain transferees thereof will become null and void and will no longer be transferable.***

With respect to any Book Entry shares of Common Stock, such legend shall be included in a notice to the record holder of such shares in accordance with applicable law. With respect to such certificates containing the foregoing legend, or any notice of the foregoing legend delivered to holders of Book Entry shares, until the Rights Distribution Date, the Rights associated with the Common Stock represented by such certificates or Book Entry shares shall be evidenced by such certificates or Book Entry shares alone, and the surrender for transfer of any such certificate or Book Entry share, except as otherwise provided herein, shall also constitute the transfer of the Rights associated with the Common Stock represented thereby. In the event that the Company purchases or otherwise acquires any Common Stock prior to the Rights Distribution Date, any Rights associated with such Common Stock shall be deemed canceled and retired so that the Company shall not be entitled to exercise any Rights associated with the Common Stock which are no longer outstanding.

Notwithstanding this paragraph (c), neither the omission of a legend nor the failure to deliver the notice of such legend required hereby shall affect the enforceability of any part of this Agreement or the rights of any holder of the Rights.

Section 4. Form of Right Certificates. The Right Certificates (and the forms of election to purchase shares and of assignment to be printed on the reverse thereof) shall be substantially in the form set forth in Exhibit B attached hereto and may have such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any applicable law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange or interdealer quotation system on which the Rights may from time to time be listed or quoted, or to conform to usage. Subject to the provisions of this Agreement, each Right Certificate shall entitle the holder thereof to purchase such number of one one-hundredths of a share of Preferred Stock as shall be set forth therein at the Purchase Price, but the number of such one one-hundredths of a share of Preferred Stock and the Purchase Price shall be subject to adjustment as provided herein.

Section 5. Countersignature and Registration.

(a) The Right Certificates shall be executed on behalf of the Company by the Chairman, the President, the Chief Executive Officer, the Chief Financial Officer, the Treasurer or the Secretary of the Company, either manually or by facsimile signature or other electronic signature, shall have affixed thereto the Company's seal or a facsimile thereof and shall be attested by the Secretary of the Company, either manually or by facsimile or other electronic signature. The Right Certificates shall be manually or by facsimile countersigned by the Rights Agent and shall not be valid for any purpose unless countersigned. In case any officer of the Company who shall have signed any of the Right Certificates shall cease to be such officer of the Company before countersignature by the Rights Agent and issuance and delivery by the Company, such Right Certificates, nevertheless, may be countersigned by the Rights Agent and issued and delivered by the Company with the same force and effect as though the Person who signed such Right Certificates had not ceased to be such officer of the Company; and any Right Certificate may be signed on behalf of the Company by any Person who, at the actual date of the execution of such Right Certificate, shall be a proper officer of the Company to sign such Right Certificate, although at the date of the execution of this Agreement any such Person was not such an officer.

(b) Following the Rights Distribution Date, and receipt by the Rights Agent of written notice to that effect and all other relevant information referred to in this Agreement, the Rights Agent will keep or cause to be kept, at an office or agency designated for such purpose, books for registration and transfer of the Right Certificates issued hereunder. Such books shall show the names and addresses of the respective holders of the Right Certificates, the number of Rights evidenced on its face by each of the Right Certificates and the date of each of the Right Certificates.

Section 6. Transfer, Split Up, Combination and Exchange of Right Certificates; Mutilated, Destroyed, Lost or Stolen Right Certificates; Uncertificated Rights.

(a) Subject to the provisions of this Agreement, at any time after the Rights Distribution Date and prior to the Expiration Date, any Right Certificate or Right Certificates (other than Right Certificates representing Rights that have become void pursuant to Section 11(a)(ii) hereof or that have been exchanged pursuant to Section 24 hereof) may be transferred, split up, combined or exchanged for another Right Certificate or Right Certificates, entitling the registered holder to purchase a like number of one one-hundredths of a share of Preferred Stock as the Right Certificate or Right Certificates surrendered then entitled such holder to purchase. Any registered holder desiring to transfer, split up, combine or exchange any Right Certificate or Right Certificates shall make such request in writing delivered to the Rights Agent, and shall surrender the Right Certificate or Right Certificates to be transferred, split up, combined or exchanged at the office or agency of the Rights Agent designated for such purpose accompanied by a signature guarantee (a "Signature Guarantee") from an eligible guarantor institution participating in a signature guarantee program approved by the Securities Transfer Association and such other documentation

as the Rights Agent may reasonably request. Thereupon the Rights Agent shall countersign and deliver to the Person entitled thereto a Right Certificate or Right Certificates, as the case may be, as so requested. The Company and the Rights Agent may require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer, split up, combination or exchange of Right Certificates. The Rights Agent shall not have any duty or obligation to take any action under any section of this Agreement that requires the payment of taxes and/or charges unless and until it is satisfied that all such payments have been made.

(b) Subject to the provisions of this Agreement, at any time after the Rights Distribution Date and prior to the Expiration Date, upon receipt by the Company and the Rights Agent of evidence reasonably satisfactory to them of the loss, theft, destruction or mutilation of a Right Certificate, and, in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to them, and, at the Company's request, reimbursement to the Company and the Rights Agent of all reasonable expenses incidental thereto, and upon surrender to the Rights Agent and cancellation of the Right Certificate if mutilated, the Company will make and deliver a new Right Certificate of like tenor to the Rights Agent for delivery to the registered holder in lieu of the Right Certificate so lost, stolen, destroyed or mutilated.

(c) Notwithstanding any other provision hereof, the Company and the Rights Agent may amend this Agreement to provide for uncertificated Rights in addition to or in place of Rights evidenced by Right Certificates, to the extent permitted by applicable law.

Section 7. Exercise of Rights, Purchase Price, Expiration Date of Rights.

(a) Except as otherwise provided herein, the Rights shall become exercisable on the Rights Distribution Date, and thereafter the registered holder of any Right Certificate (other than Right Certificates representing Rights that have become void pursuant to Section 11(a)(ii) hereof or that have been exchanged pursuant to Section 24 hereof) may, subject to Section 11(a)(ii) hereof and except as otherwise provided herein, exercise the Rights evidenced thereby in whole or in part upon surrender of the Right Certificate, with the form of election to purchase on the reverse side thereof duly executed, to the Rights Agent at the office or agency of the Rights Agent designated for such purpose accompanied by a Signature Guarantee and such other documentation as the Rights Agent may reasonably request, together with payment of the aggregate Purchase Price with respect to the total number of one one-hundredths of a share of Preferred Stock (or other securities, cash or other assets, as the case may be) as to which the Rights are exercised, at any time which is both after the Rights Distribution Date and prior to the time (the "Expiration Date") that is the earliest of (i) the Close of Business on (the "Final Expiration Date"), (ii) the time at which the Rights are redeemed as provided in Section 23 hereof (the "Redemption Date"), (iii) the closing of any merger or other acquisition transaction involving the Company pursuant to an agreement of the type described in Sections 1(e)(ii)(A)(z) and 13(f) at which time the Rights are terminated, or (iv) the time at which such Rights are exchanged as provided in Section 24 hereof.

(b) The purchase price for each one one-hundredth of a share of Preferred Stock purchasable upon the exercise of a Right (the "Purchase Price") shall initially be \$. Except as expressly set forth to the contrary above or elsewhere herein, the Purchase Price and the number of one one-hundredths of a share of Preferred Stock or other securities or property to be acquired upon exercise of a Right shall be subject to adjustment from time to time as provided in Sections 11 and 13 hereof and shall be payable in lawful money of the United States of America in accordance with paragraph (c) of this Section 7.

(c) Except as otherwise provided herein, upon receipt of a Right Certificate representing exercisable Rights, with the form of election to purchase duly executed, accompanied by payment of the aggregate Purchase Price for the shares of Preferred Stock (or other securities, cash or other assets, as the case may be) to be purchased and an amount equal to any applicable transfer tax required to be paid by the

holder of such Right Certificate in accordance with Section 9 hereof, in cash or by certified check, cashier's check or money order payable to the order of the Company, the Rights Agent shall thereupon promptly (i) (A) requisition from any transfer agent of the Preferred Stock, or make available if the Rights Agent is the transfer agent for the Preferred Stock, certificates for the number of one one-hundredths of a share of Preferred Stock to be purchased, and the Company hereby irrevocably authorizes its transfer agent to comply with all such requests, or (B) requisition from a depository agent appointed by the Company depository receipts representing interests in such number of one one-hundredths of a share of Preferred Stock as are to be purchased (in which case certificates for the Preferred Stock represented by such receipts shall be deposited by the transfer agent with the depository agent), and the Company hereby directs any such depository agent to comply with such request, (ii) when appropriate, requisition from the Company the amount of cash to be paid in lieu of issuance of fractional shares in accordance with Section 14 hereof, (iii) promptly after receipt of such certificates or depository receipts, cause the same to be delivered to or upon the order of the registered holder of such Right Certificate, registered in such name or names as may be designated by such holder and (iv) when appropriate, after receipt, promptly deliver such cash to or upon the order of the registered holder of such Right Certificate.

(d) Except as otherwise provided herein, in case the registered holder of any Right Certificate shall exercise less than all of the Rights evidenced thereby, a new Right Certificate evidencing Rights equivalent to the exercisable Rights remaining unexercised shall be issued by the Rights Agent to the registered holder of such Right Certificate or to his duly authorized assigns, subject to the provisions of Section 14 hereof.

(e) Notwithstanding anything in this Agreement to the contrary, neither the Rights Agent nor the Company shall be obligated to undertake any action with respect to a registered holder of Rights upon the occurrence of any purported transfer or exercise of Rights pursuant to Section 6 hereof or this Section 7 unless such registered holder shall have (i) properly completed and duly signed the certificate contained in the form of assignment or form of election to purchase set forth on the reverse side of the Right Certificate surrendered for such transfer or exercise accompanied by a Signature Guarantee and such other documentation as the Rights Agent may reasonably request and (ii) provided such additional evidence of the identity of the Beneficial Owner (or former Beneficial Owner) thereof as the Company shall reasonably request.

Section 8. Cancellation and Destruction of Right Certificates. All Right Certificates surrendered for the purpose of exercise, transfer, split up, combination or exchange shall, if surrendered to the Company or to any of its agents, be delivered to the Rights Agent for cancellation or in canceled form, or, if surrendered to the Rights Agent, shall be canceled by it, and no Right Certificates shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Agreement. The Company shall deliver to the Rights Agent for cancellation and retirement, and the Rights Agent shall so cancel and retire, any other Right Certificate purchased or acquired by the Company otherwise than upon the exercise thereof. The Rights Agent shall deliver all canceled Right Certificates to the Company, or shall, at the written request and expense of the Company, destroy such canceled Right Certificates, and in such case shall deliver a certificate of destruction thereof to the Company.

Section 9. Availability of Shares of Preferred Stock.

(a) The Company covenants and agrees that it will cause to be reserved and kept available out of its authorized and unissued shares of Preferred Stock or any shares of Preferred Stock held in its treasury, the number of shares of Preferred Stock that will be sufficient to permit the exercise in full of all outstanding Rights.

(b) So long as the shares of Preferred Stock issuable upon the exercise of Rights may be listed or admitted to trading on any national securities exchange, the Company shall use its best efforts to cause, from and after such time as the Rights become exercisable, all shares reserved for such issuance to be listed or admitted to trading on such exchange upon official notice of issuance upon such exercise.

(c) From and after such time as the Rights become exercisable, the Company shall use its best efforts, if then necessary to permit the issuance of shares of Preferred Stock upon the exercise of Rights, to register and qualify such shares of Preferred Stock under the Securities Act and any applicable state securities or "Blue Sky" laws (to the extent exemptions therefrom are not available), cause such registration statement and qualifications to become effective as soon as possible after such filing and keep such registration and qualifications effective (with a prospectus at all times meeting the requirements of the Securities Act) until the earlier of the date as of which the Rights are no longer exercisable for such securities and the Expiration Date. The Company may temporarily suspend, for a period of time not to exceed 120 days, the exercisability of the Rights in order to prepare and file a registration statement under the Securities Act and permit it to become effective. Upon any such suspension, the Company shall issue a public announcement stating that the exercisability of the Rights has been temporarily suspended, as well as a public announcement at such time as the suspension is no longer in effect. Notwithstanding any provision of this Agreement to the contrary, the Rights shall not be exercisable in any jurisdiction unless the requisite qualification in such jurisdiction shall have been obtained and until a registration statement under the Securities Act shall have been declared effective, unless an exemption therefrom is available.

(d) The Company covenants and agrees that it will take all such action as may be necessary to ensure that all shares of Preferred Stock (or other securities of the Company) delivered upon exercise of Rights shall, at the time of delivery of the certificates therefor (subject to payment of the Purchase Price), be duly and validly authorized and issued and fully paid and nonassessable shares.

(e) The Company further covenants and agrees that it will pay when due and payable any and all federal and state transfer taxes and charges which may be payable in respect of the issuance or delivery of the Right Certificates or of any shares of Preferred Stock (or other securities of the Company) upon the exercise of Rights. The Company shall not, however, be required to pay any transfer tax which may be payable in respect of any transfer or delivery of Right Certificates to a Person other than, or the issuance or delivery of certificates or depositary receipts for the Preferred Stock (or other securities of the Company) in a name other than that of, the registered holder of the Right Certificate evidencing Rights surrendered for exercise or to issue or deliver any certificates or depositary receipts for Preferred Stock (or other securities of the Company) upon the exercise of any Rights until any such tax shall have been paid (any such tax being payable by that holder of such Right Certificate at the time of surrender) or until it has been established to the Company's reasonable satisfaction that no such tax is due.

Section 10. Preferred Stock Record Date. Each Person in whose name any certificate for Preferred Stock is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the shares of Preferred Stock (or other securities of the Company) represented thereby on, and such certificate shall be dated, the date upon which the Right Certificate evidencing such Rights was duly surrendered and payment of the Purchase Price (and any applicable transfer taxes) was made; provided, however, that if the date of such surrender and payment is a date upon which the Preferred Stock transfer books of the Company are closed, such Person shall be deemed to have become the record holder of such shares on, and such certificate shall be dated, the next succeeding Business Day on which the Preferred Stock transfer books of the Company are open. Prior to the exercise of the Rights evidenced thereby, the holder of a Right Certificate shall not be entitled to any rights of a holder of Preferred Stock for which the Rights shall be exercisable, including, without limitation, the right to vote or to receive dividends or other distributions, and shall not be entitled to receive any notice of any proceedings of the Company, except as provided herein.

Section 11. Adjustment of Purchase Price, Number and Kind of Shares and Number of Rights. The Purchase Price, the number of shares of Preferred Stock or other securities or property purchasable upon exercise of each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 11.

(a) (i) In the event the Company shall at any time after the date of this Agreement (A) declare and pay a dividend on the Preferred Stock payable in shares of Preferred Stock, (B) subdivide the outstanding Preferred Stock, (C) combine the outstanding Preferred Stock into a smaller number of shares of Preferred Stock or (D) issue any shares of its capital stock in a reclassification of the Preferred Stock (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing or surviving corporation), except as otherwise provided in this Section 11(a), the number and kind of shares of capital stock issuable upon exercise of a Right as of the record date for such dividend or the effective date of such subdivision, combination or reclassification shall be proportionately adjusted so that the holder of any Right exercised after such time shall be entitled to receive the aggregate number and kind of shares of capital stock which, if such Right had been exercised immediately prior to such date and at a time when the Preferred Stock transfer books of the Company were open, the holder would have owned upon such exercise and been entitled to receive by virtue of such dividend, subdivision, combination or reclassification.

(ii) Subject to Section 24 of this Agreement, in the event any Person becomes an Acquiring Person (the first occurrence of such event being referred to hereinafter as the "Flip-In Event"), then (A) the Purchase Price shall be adjusted to be the Purchase Price in effect immediately prior to the Flip-In Event multiplied by the number of one one-hundredths of a share of Preferred Stock for which a Right was exercisable immediately prior to such Flip-In Event, whether or not such Right was then exercisable, and (B) each holder of a Right, except as otherwise provided in this Section 11(a)(ii) and Section 11(a)(iii) hereof, shall thereafter have the right to receive, upon exercise thereof at a price equal to the Purchase Price (as so adjusted), in accordance with the terms of this Agreement and in lieu of shares of Preferred Stock, such number of shares of Class A Common Stock as shall equal the result obtained by dividing the Purchase Price (as so adjusted) by 50% of the current per share market price of the Class A Common Stock (determined pursuant to Section 11(d) hereof) on the date of such Flip-In Event; provided, however, that the Purchase Price (as so adjusted) and the number of shares of Class A Common Stock so receivable upon exercise of a Right shall, following the Flip-In Event, be subject to further adjustment as appropriate in accordance with Section 11(f) hereof. Notwithstanding anything in this Agreement to the contrary, however, from and after the Flip-In Event, any Rights that are Beneficially Owned by (x) any Acquiring Person (or any Related Person of any Acquiring Person), (y) a transferee of any Acquiring Person (or of any such Related Person) who becomes a transferee after the Flip-In Event or (z) a transferee of any Acquiring Person (or of any such Related Person) who became a transferee prior to or concurrently with the Flip-In Event pursuant to either (I) a transfer (whether or not for consideration) from the Acquiring Person to holders of its equity securities or to any Person with whom it has any continuing agreement, arrangement or understanding (whether or not in writing) regarding the transferred Rights or (II) a transfer which the Company's Board has determined is part of a plan, arrangement or understanding which has the purpose or effect of avoiding the provisions of this paragraph, and subsequent transferees, either direct transferees or transferees through one or more intermediate transferees, of such Persons, shall be void without any further action and any holder of such Rights shall thereafter have no rights whatsoever with respect to such Rights under any provision of this Agreement. The Company shall use all reasonable efforts to ensure that the provisions of this Section 11(a)(ii) are complied with, but shall have no liability to any holder of Right Certificates or other Person as a result of its failure to make any determinations with respect to an Acquiring Person, its Related Persons or its or their transferees hereunder. From and after the Flip-In Event, no Right Certificate shall be issued pursuant to Section 3 or Section 6 hereof that represents Rights that are or have become void pursuant to the provisions of this paragraph, and any Right Certificate delivered to the Rights Agent that represents Rights that are or have become void pursuant to the provisions

of this paragraph shall be canceled. From and after the occurrence of an event specified in Section 13(a) hereof, any Rights that theretofore have not been exercised pursuant to this Section 11(a)(ii) shall thereafter be exercisable only in accordance with Section 13 and not pursuant to this Section 11(a)(ii).

(iii) The Company may at its option substitute for a share of Class A Common Stock issuable upon the exercise of Rights in accordance with the foregoing subparagraph (ii) a number of shares of Preferred Stock or fraction thereof such that the current per share market price of one share of Preferred Stock multiplied by such number or fraction is equal to the current per share market price of one share of Class A Common Stock. In the event that there shall not be sufficient shares of Class A Common Stock issued but not outstanding or authorized but unissued to permit the exercise in full of the Rights in accordance with the foregoing subparagraph (ii), the Company's Board shall, with respect to such deficiency, to the extent permitted by applicable law and any material agreements then in effect to which the Company is a party, (A) determine the excess (such excess, the "Spread") of (1) the value of the shares of Class A Common Stock issuable upon the exercise of a Right in accordance with the foregoing subparagraph (ii) (the "Current Value") over (2) the Purchase Price (as adjusted in accordance with the foregoing subparagraph (ii)), and (B) with respect to each Right (other than Rights which have become void pursuant to the foregoing subparagraph (ii)), make adequate provision to substitute for the shares of Class A Common Stock issuable in accordance with the foregoing subparagraph (ii) upon exercise of the Right and payment of the Purchase Price (as adjusted in accordance therewith), (1) cash, (2) a reduction in such Purchase Price, (3) shares of Preferred Stock or other equity securities of the Company (including, without limitation, shares or fractions of shares of preferred stock which, by virtue of having dividend, voting and liquidation rights substantially comparable to those of the shares of Class A Common Stock are determined by the Company's Board to have substantially the same value as the shares of Class A Common Stock (such shares of Preferred Stock and shares or fractions of shares of preferred stock are hereinafter referred to as "Common Stock Equivalents")), (4) debt securities of the Company, (5) other assets, or (6) any combination of the foregoing, having a value which, when added to the value of the shares of Class A Common Stock issued upon exercise of such Right, shall have an aggregate value equal to the Current Value (less the amount of any reduction in such Purchase Price), where such aggregate value has been determined by the Company's Board; provided, however, that if the Company shall not make adequate provision to deliver value pursuant to clause (B) above within thirty (30) days following the Flip-In Event (the date of the Flip-In Event being the "Section 11(a)(ii) Trigger Date"), then the Company shall be obligated to deliver, to the extent permitted by applicable law and any material agreements then in effect to which the Company is a party, upon the surrender for exercise of a Right and without requiring payment of such Purchase Price, shares of Class A Common Stock (to the extent available), and then, if necessary, such number or fractions of shares of Preferred Stock (to the extent available) and then, if necessary, cash, which shares and/or cash have an aggregate value equal to the Spread. If, upon the occurrence of the Flip-In Event, the Company's Board shall determine that it is likely that sufficient additional shares of Class A Common Stock could be authorized for issuance upon exercise in full of the Rights, then, if the Company's Board so elects, the thirty (30) day period set forth above may be extended to the extent necessary, but not more than ninety (90) days after the Section 11(a)(ii) Trigger Date, in order that the Company may seek shareholder approval for the authorization of such additional shares (such thirty (30) day period, as it may be extended, is herein called the "Substitution Period"). To the extent that the Company determines that some action need be taken pursuant to the second and/or third sentence of this Section 11(a)(iii), the Company (x) shall provide, subject to Section 11(a)(ii) hereof and the last sentence of this Section 11(a)(iii) hereof, that such action shall apply uniformly to all outstanding Rights and (y) may suspend the exercisability of the Rights until the expiration of the Substitution Period in order to seek any authorization of additional shares and/or to decide the appropriate form of distribution to be made pursuant to such second sentence and to determine the value thereof. In the event of any such suspension, the Company shall issue a public announcement stating that the exercisability of the Rights has been temporarily suspended, as well as a public announcement at such time as the suspension is no longer in effect. For purposes of this Section 11(a)(iii), the value of a share of Class A Common Stock shall be the current per share market price thereof (as determined pursuant to

Section 11(d)(i)) on the Section 11(a)(ii) Trigger Date, and any Common Stock Equivalent shall be deemed to have the same value as the Class A Common Stock on such date. The Company's Board may, but shall not be required to, establish procedures to allocate the right to receive shares of Class A Common Stock upon the exercise of the Rights among the holders of Rights pursuant to this Section 11(a)(iii).

(b) In case the Company shall fix a record date for the issuance of rights, options or warrants to all holders of Preferred Stock entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Preferred Stock (or shares having the same rights, privileges and preferences as the Preferred Stock ("Equivalent Preferred Shares")) or securities convertible into Preferred Stock or Equivalent Preferred Shares at a price per share of Preferred Stock or Equivalent Preferred Shares (or having a conversion price per share, if a security convertible into shares of Preferred Stock or Equivalent Preferred Shares) less than the then current per share market price of the Preferred Stock (determined pursuant to Section 11(d) hereof) on such record date, the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the number of shares of Preferred Stock and Equivalent Preferred Shares outstanding on such record date plus the number of shares of Preferred Stock and Equivalent Preferred Shares which the aggregate offering price of the total number of shares of Preferred Stock and/or Equivalent Preferred Shares so to be offered (and/or the aggregate initial conversion price of the convertible securities so to be offered) would purchase at such current market price, and the denominator of which shall be the number of shares of Preferred Stock and Equivalent Preferred Shares outstanding on such record date plus the number of additional shares of Preferred Stock and/or Equivalent Preferred Shares to be offered for subscription or purchase (or into which the convertible securities so to be offered are initially convertible); provided, however, that in no event shall the consideration to be paid upon the exercise of one Right be less than the aggregate par value of the shares of capital stock of the Company issuable upon exercise of one Right. In case such subscription price may be paid in consideration part or all of which shall be in a form other than cash, the value of such consideration shall be as determined by the Company's Board, whose determination shall be described in a statement filed with the Rights Agent. Shares of Preferred Stock and Equivalent Preferred Shares owned by or held for the account of the Company shall not be deemed outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed; and in the event that such rights, options or warrants are not so issued, the Purchase Price shall be adjusted to be the Purchase Price which would then be in effect if such record date had not been fixed.

(c) In case the Company shall fix a record date for the making of a distribution to all holders of the Preferred Stock (including any such distribution made in connection with a consolidation or merger in which the Company is the continuing or surviving corporation) of evidences of indebtedness or assets (other than a regular quarterly cash dividend or a dividend payable in Preferred Stock) or subscription rights or warrants (excluding those referred to in Section 11(b) hereof), the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the then current per share market price of the Preferred Stock (determined pursuant to Section 11(d) hereof) on such record date, less the fair market value (as determined by the Company's Board whose determination shall be described in a statement filed with the Rights Agent) of the portion of the assets or evidences of indebtedness so to be distributed or of such subscription rights or warrants applicable to one share of Preferred Stock, and the denominator of which shall be such current per share market price (determined pursuant to Section 11(d) hereof) of the Preferred Stock; provided, however, that in no event shall the consideration to be paid upon the exercise of one Right be less than the aggregate par value of the shares of capital stock of the Company to be issued upon exercise of one Right. Such adjustments shall be made successively whenever such a record date is fixed; and in the event that such distribution is not so made, the Purchase Price shall again be adjusted to be the Purchase Price which would then be in effect if such record date had not been fixed.

(d) (i) Except as otherwise provided herein, for the purpose of any computation hereunder, the “current per share market price” of any security (a “Security” for the purpose of this Section 11(d)(i)) on any date shall be deemed to be the average of the daily closing prices per share of such Security for the 30 consecutive Trading Days (as such term is hereinafter defined) immediately prior to such date; provided, however, that in the event that the current per share market price of the Security is determined during a period following the announcement by the issuer of such Security of (A) a dividend or distribution on such Security payable in shares of such Security or securities convertible into such shares, or (B) any subdivision, combination or reclassification of such Security, and prior to the expiration of 30 Trading Days after the ex-dividend date for such dividend or distribution, or the record date for such subdivision, combination or reclassification, then, and in each such case, the current per share market price shall be appropriately adjusted to reflect the current market price per share equivalent of such Security. The closing price for each day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported by the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or NASDAQ or, if the Security is not listed or admitted to trading on the New York Stock Exchange or NASDAQ, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Security is listed or admitted to trading or, if the Security is not listed on a national securities exchange, the last quoted price or, if not so quoted, the average of the high and low asked prices in the over-the-counter market as reported by any system then in use, or, if not so quoted, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Security selected by the Board of the Company. The term “Trading Day” shall mean a day on which the principal national securities exchange on which the Security is listed or admitted to trading is open for the transaction of business or, if the Security is not listed or admitted to trading on any national securities exchange, a Business Day.

(ii) For the purpose of any computation hereunder, if the Preferred Stock is publicly traded, the “current per share market price” of the Preferred Stock shall be determined in accordance with the method set forth in Section 11(d)(i). If the Preferred Stock is not publicly traded but the Class A Common Stock is publicly traded, the “current per share market price” of the Preferred Stock shall be conclusively deemed to be the current per share market price of the Class A Common Stock as determined pursuant to Section 11(d)(i) multiplied by one hundred (as such number may be appropriately adjusted to reflect events such as stock splits, stock dividends, recapitalizations or similar transactions relating to the shares of Class A Common Stock occurring after the date of this Agreement, but, for the avoidance of doubt, excluding the Spin-Off). If neither the Class A Common Stock nor the Preferred Stock is publicly traded, the “current per share market price” of the Preferred Stock shall mean the fair value per share of Preferred Stock as determined by the Company’s Board, whose determination shall be described in a statement filed with the Rights Agent. The “current per share market price” of one one-hundredth of a share of Preferred Stock will be equal to the “current per share market price” of one share of Class A Common Stock divided by one hundred.

(e) No adjustment in the Purchase Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Purchase Price; provided, however, that any adjustments which by reason of this Section 11(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 11 shall be made to the nearest cent or to the nearest one one-millionth of a share of Preferred Stock or one one-hundredth of a share of Class A Common Stock or other share or security as the case may be.

(f) If as a result of an adjustment made pursuant to Section 11(a) hereof, the holder of any Right thereafter exercised shall become entitled to receive any shares of capital stock of the Company other than the Preferred Stock, thereafter the Purchase Price and the number of such other shares so receivable upon exercise of a Right shall be subject to adjustment from time to time in a manner and on terms as nearly

equivalent as practicable to the provisions with respect to the Preferred Stock contained in Sections 11(a), 11(b), 11(c), 11(e), 11(h), 11(i) and 11(m) hereof, as applicable, and the provisions of Sections 7, 9, 10, 13 and 14 hereof with respect to the Preferred Stock shall apply on like terms to any such other shares.

(g) All Rights originally issued by the Company subsequent to any adjustment made to the Purchase Price hereunder shall evidence the right to purchase, at the adjusted Purchase Price, the number of one one-hundredths of a share of Preferred Stock purchasable from time to time hereunder upon exercise of the Rights, all subject to further adjustment as provided herein.

(h) Unless the Company shall have exercised its election as provided in Section 11(i), upon each adjustment of the Purchase Price as a result of the calculations made in Sections 11(b) and 11(c), each Right outstanding immediately prior to the making of such adjustment shall thereafter evidence the right to purchase, at the adjusted Purchase Price, that number of one one-hundredths of a share of Preferred Stock (calculated to the nearest one one-millionth of a share of Preferred Stock) obtained by (i) multiplying (x) the number of oneone-hundredths of a share purchasable upon the exercise of a Right immediately prior to such adjustment by (y) the Purchase Price in effect immediately prior to such adjustment and (ii) dividing the product so obtained by the Purchase Price in effect immediately after such adjustment.

(i) The Company may elect on or after the date of any adjustment of the Purchase Price pursuant to Sections 11(b) or 11(c) hereof to adjust the number of Rights, in substitution for any adjustment in the number of one one-hundredths of a share of Preferred Stock purchasable upon the exercise of a Right. Each of the Rights outstanding after such adjustment of the number of Rights shall be exercisable for the number of one one-hundredths of a share of Preferred Stock for which a Right was exercisable immediately prior to such adjustment. Each Right held of record prior to such adjustment of the number of Rights shall become that number of Rights (calculated to the nearest one hundredth) obtained by dividing the Purchase Price in effect immediately prior to adjustment of the Purchase Price by the Purchase Price in effect immediately after adjustment of the Purchase Price. The Company shall make a public announcement of its election to adjust the number of Rights, indicating the record date for the adjustment, and, if known at the time, the amount of the adjustment to be made. Such record date may be the date on which the Purchase Price is adjusted or any day thereafter, but, if the Right Certificates have been issued, shall be at least 10 days later than the date of the public announcement. If Right Certificates have been issued, upon each adjustment of the number of Rights pursuant to this Section 11(i), the Company may, as promptly as practicable, cause to be distributed to holders of record of Right Certificates on such record date Right Certificates evidencing, subject to Section 14 hereof, the additional Rights to which such holders shall be entitled as a result of such adjustment, or, at the option of the Company, shall cause to be distributed to such holders of record in substitution and replacement for the Right Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, if required by the Company, new Right Certificates evidencing all the Rights to which such holders shall be entitled after such adjustment. Right Certificates to be so distributed shall be issued, executed and countersigned in the manner provided for herein and shall be registered in the names of the holders of record of Right Certificates on the record date specified in the public announcement.

(j) Irrespective of any adjustment or change in the Purchase Price or the number of one one-hundredths of a share of Preferred Stock issuable upon the exercise of a Right, the Right Certificates theretofore and thereafter issued may continue to express the Purchase Price and the number of one one-hundredths of a share of Preferred Stock which were expressed in the initial Right Certificates issued hereunder.

(k) Before taking any action that would cause an adjustment reducing the Purchase Price below the then par value, if any, of the fraction of Preferred Stock or other shares of capital stock issuable upon exercise of a Right, the Company shall take any corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue fully paid and nonassessable shares of Preferred Stock or other such shares at such adjusted Purchase Price.

(l) In any case in which this Section 11 shall require that an adjustment in the Purchase Price be made effective as of a record date for a specified event, the Company may elect to defer until the occurrence of such event issuing to the holder of any Right exercised after such record date the Preferred Stock and other capital stock or securities of the Company, if any, issuable upon such exercise over and above the Preferred Stock and other capital stock or securities of the Company, if any, issuable upon such exercise on the basis of the Purchase Price in effect prior to such adjustment; provided, however, that the Company shall deliver to such holder a due bill or other appropriate instrument evidencing such holder's right to receive such additional shares upon the occurrence of the event requiring such adjustment.

(m) Anything in this Section 11 to the contrary notwithstanding, the Company shall be entitled to make such adjustments in the Purchase Price, in addition to those adjustments expressly required by this Section 11, as and to the extent that it in its sole discretion shall determine to be advisable in order that any consolidation or subdivision of the Preferred Stock, issuance wholly for cash of any shares of Preferred Stock at less than the current market price, issuance wholly for cash of Preferred Stock or securities which by their terms are convertible into or exchangeable for Preferred Stock, dividends on Preferred Stock payable in shares of Preferred Stock or issuance of rights, options or warrants referred to hereinabove in Section 11(b), hereafter made by the Company to holders of its Preferred Stock shall not be taxable to such shareholders.

(n) Anything in this Agreement to the contrary notwithstanding, in the event that the Company shall at any time after the date hereof and prior to the Rights Distribution Date (i) declare or pay any dividend on any outstanding shares of Class A Common Stock or Class B Common Stock payable in shares of Class A Common Stock or Class B Common Stock, as applicable, (ii) effect a subdivision or consolidation of any outstanding shares of Class A Common Stock or Class B Common Stock (by reclassification or otherwise), or (iii) combine any outstanding shares of Class A Common Stock or Class B Common Stock into a greater or lesser number of shares of Class A Common Stock or Class B Common Stock, as applicable, then in any such case, the number of Rights associated with each share of Class A Common Stock or Class B Common Stock, as applicable, then outstanding, or issued or delivered thereafter but prior to the Rights Distribution Date or in accordance with Section 22 shall be proportionately adjusted so that the number of Rights thereafter associated with each share of Class A Common Stock or Class B Common Stock, as applicable, following any such event shall equal the result obtained by multiplying the number of Rights associated with each share of Class A Common Stock or Class B Common Stock, as applicable, immediately prior to such event by a fraction, the numerator of which shall be the total number of shares of Class A Common Stock or Class B Common Stock, as applicable, outstanding immediately prior to the occurrence of the event and the denominator of which shall be the total number of shares of Class A Common Stock or Class B Common Stock, as applicable, outstanding immediately following the occurrence of such event.

(o) The Company agrees that, after the earlier of the Rights Distribution Date or the Stock Acquisition Date, it will not, except as permitted by Sections 23, 24 or 27 hereof, take (or permit any Subsidiary to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or eliminate the benefits intended to be afforded by the Rights.

Section 12. Certificate of Adjusted Purchase Price or Number of Shares. Whenever an adjustment is made as provided in Section 11 or 13 hereof, the Company shall promptly (a) prepare a certificate setting forth such adjustment, and a brief, but detailed statement of the facts accounting for such adjustment, (b) file with the Rights Agent and with each transfer agent for the Common Stock and the Preferred Stock a copy of such certificate and (c) mail a brief summary thereof to each holder of a Right

Certificate in accordance with Section 25 hereof (if so required under Section 25 hereof). Notwithstanding the foregoing sentence, the failure of the Company to make such certification or give such notice shall not affect the validity of such adjustment or the force or effect of the requirement for such adjustment. The Rights Agent shall be fully protected in relying on any such certificate and on any adjustment therein contained and shall have no duty or liability with respect thereto and shall not be deemed to have knowledge of any such adjustment unless and until it shall have received such certificate.

Section 13. Consolidation, Merger or Sale or Transfer of Assets or Earning Power

(a) In the event, directly or indirectly, at any time after the Flip-In Event (i) the Company shall consolidate with or shall merge into any other Person, (ii) any Person shall merge with and into the Company and the Company shall be the continuing or surviving corporation of such merger and, in connection with such merger, all or part of the Common Stock shall be changed into or exchanged for stock or other securities of any other Person (or of the Company) or cash or any other property, or (iii) the Company shall sell or otherwise transfer (or one or more of its Subsidiaries shall sell or otherwise transfer), in one or more transactions, assets or earning power aggregating 50% or more of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to any other Person (other than the Company or one or more wholly-owned Subsidiaries of the Company), then upon the first occurrence of such event, proper provision shall be made so that: (A) each holder of a Right (other than Rights which have become void pursuant to Section 11(a)(ii) hereof) shall thereafter have the right to receive, upon the exercise thereof at the Purchase Price (as theretofore adjusted in accordance with Section 11(a)(ii) hereof), in accordance with the terms of this Agreement and in lieu of shares of Preferred Stock or Class A Common Stock of the Company, such number of validly authorized and issued, fully paid, non-assessable and freely tradeable shares of Common Stock of the Principal Party (as such term is hereinafter defined), not subject to any liens, encumbrances, rights of first refusal or other adverse claims, as shall equal the result obtained by dividing the Purchase Price (as theretofore adjusted in accordance with Section 11(a)(ii) hereof) by 50% of the current per share market price of the Common Stock of such Principal Party (determined pursuant to Section 11(d) hereof) on the date of consummation of such consolidation, merger, sale or transfer; provided, however, that the Purchase Price (as theretofore adjusted in accordance with Section 11(a)(ii) hereof) and the number of shares of Common Stock of such Principal Party so receivable upon exercise of a Right shall be subject to further adjustment as appropriate in accordance with Section 11(f) hereof to reflect any events occurring in respect of the Common Stock of such Principal Party after the occurrence of such consolidation, merger, sale or transfer; (B) such Principal Party shall thereafter be liable for, and shall assume, by virtue of such consolidation, merger, sale or transfer, all the obligations and duties of the Company pursuant to this Agreement; (C) the term "Company" shall thereafter be deemed to refer to such Principal Party; and (D) such Principal Party shall take such steps (including, but not limited to, the reservation of a sufficient number of its shares of Common Stock in accordance with Section 9 hereof) in connection with such consummation of any such transaction as may be necessary to assure that the provisions hereof shall thereafter be applicable, as nearly as reasonably may be, in relation to the shares of its Common Stock thereafter deliverable upon the exercise of the Rights; provided that, upon the subsequent occurrence of any consolidation, merger, sale or transfer of assets or other extraordinary transaction in respect of such Principal Party, each holder of a Right shall thereupon be entitled to receive, upon exercise of a Right and payment of the Purchase Price as provided in this Section 13(a), such cash, shares, rights, warrants and other property which such holder would have been entitled to receive had such holder, at the time of such transaction, owned the Common Stock of the Principal Party receivable upon the exercise of a Right pursuant to this Section 13(a), and such Principal Party shall take such steps (including, but not limited to, reservation of shares of stock) as may be necessary to permit the subsequent exercise of the Rights in accordance with the terms hereof for such cash, shares, rights, warrants and other property.

(b) "Principal Party" shall mean:

(i) in the case of any transaction described in clause (i) or (ii) of the first sentence of Section 13(a) hereof: (A) the Person that is the issuer of the securities into which the shares of Common Stock are converted in such merger or consolidation, or, if there is more than one such issuer, the issuer of the shares of Common Stock of which have the greatest aggregate market value of shares outstanding, or (B) if no securities are so issued, (x) the Person that is the other party to the merger, if such Person survives said merger, or, if there is more than one such Person, the Person the shares of Common Stock of which have the greatest aggregate market value of shares outstanding or (y) if the Person that is the other party to the merger does not survive the merger, the Person that does survive the merger (including the Company if it survives) or (z) the Person resulting from the consolidation; and

(ii) in the case of any transaction described in clause (iii) of the first sentence of Section 13(a) hereof, the Person that is the party receiving the greatest portion of the assets or earning power transferred pursuant to such transaction or transactions, or, if each Person that is a party to such transaction or transactions receives the same portion of the assets or earning power so transferred or if the Person receiving the greatest portion of the assets or earning power cannot be determined, whichever of such Persons is the issuer of Common Stock having the greatest aggregate market value of shares outstanding;

provided, however, that in any such case described in the foregoing clause (b)(i) or (b)(ii), if the Common Stock of such Person is not at such time or has not been continuously over the preceding 12-month period registered under Section 12 of the Exchange Act, then (1) if such Person is a direct or indirect Subsidiary of another Person the Common Stock of which is and has been so registered, the term "Principal Party" shall refer to such other Person, or (2) if such Person is a Subsidiary, directly or indirectly, of more than one Person, the Common Stock of all of which is and has been so registered, the term "Principal Party" shall refer to whichever of such Persons is the issuer of Common Stock having the greatest aggregate market value of shares outstanding, or (3) if such Person is owned, directly or indirectly, by a joint venture formed by two or more Persons that are not owned, directly or indirectly, by the same Person, the rules set forth in clauses (1) and (2) above shall apply to each of the owners having an interest in the venture as if the Person owned by the joint venture was a Subsidiary of both or all of such joint venturers, and the Principal Party in each such case shall bear the obligations set forth in this Section 13 in the same ratio as its interest in such Person bears to the total of such interests.

(c) The Company shall not consummate any consolidation, merger, sale or transfer referred to in Section 13(a) hereof unless prior thereto the Company and the Principal Party involved therein shall have executed and delivered to the Rights Agent an agreement confirming that the requirements of Sections 13(a) and (b) hereof shall promptly be performed in accordance with their terms and that such consolidation, merger, sale or transfer of assets shall not result in a default by the Principal Party under this Agreement as the same shall have been assumed by the Principal Party pursuant to Sections 13(a) and (b) hereof and providing that, as soon as practicable after executing such agreement pursuant to this Section 13, the Principal Party will:

(i) prepare and file a registration statement under the Securities Act, if necessary, with respect to the Rights and the securities purchasable upon exercise of the Rights on an appropriate form, use its best efforts to cause such registration statement to become effective as soon as practicable after such filing and use its best efforts to cause such registration statement to remain effective (with a prospectus at all times meeting the requirements of the Securities Act) until the Expiration Date and similarly comply with applicable state securities laws;

(ii) use its best efforts, if the Common Stock of the Principal Party shall be listed or admitted to trading on NASDAQ, the New York Stock Exchange or on another national securities exchange, to list or admit to trading (or continue the listing of) the Rights and the securities purchasable upon exercise of the Rights on NASDAQ, the New York Stock Exchange or a national securities exchange, or, if the Common Stock of the Principal Party shall not be listed or admitted to trading on NASDAQ, the New York Stock Exchange or a national securities exchange, to cause the Rights and the securities receivable upon exercise of the Rights to be authorized for quotation on any other system then in use;

(iii) deliver to holders of the Rights historical financial statements for the Principal Party which comply in all respects with the requirements for registration on Form 10 (or any successor form) under the Exchange Act; and

(iv) obtain waivers of any rights of first refusal or preemptive rights in respect of the Common Stock of the Principal Party subject to purchase upon exercise of outstanding Rights.

(d) In case the Principal Party has a provision in any of its authorized securities or in its certificate of incorporation or by-laws or other instrument governing its affairs, which provision would have the effect of (i) causing such Principal Party to issue (other than to holders of Rights pursuant to this Section 13), in connection with, or as a consequence of, the consummation of a transaction referred to in this Section 13, shares of Common Stock or Common Stock Equivalents of such Principal Party at less than the then current market price per share thereof (determined pursuant to Section 11(d) hereof) or securities exercisable for, or convertible into, Common Stock or Common Stock Equivalents of such Principal Party at less than such then current market price, or (ii) providing for any special payment, tax or similar provision in connection with the issuance of the Common Stock of such Principal Party pursuant to the provisions of Section 13, then, in such event, the Company hereby agrees with each holder of Rights that it shall not consummate any such transaction unless prior thereto the Company and such Principal Party shall have executed and delivered to the Rights Agent a supplemental agreement providing that the provision in question of such Principal Party shall have been canceled, waived or amended, or that the authorized securities shall be redeemed, so that the applicable provision will have no effect in connection with, or as a consequence of, the consummation of the proposed transaction.

(e) The Company covenants and agrees that it shall not, at any time after the Flip-In Event, enter into any transaction of the type described in clauses (i) through (iii) of Section 13(a) hereof if (i) at the time of or immediately after such consolidation, merger, sale, transfer or other transaction there are any rights, warrants or other instruments or securities outstanding or agreements in effect which would substantially diminish or otherwise eliminate the benefits intended to be afforded by the Rights, (ii) prior to, simultaneously with or immediately after such consolidation, merger, sale, transfer or other transaction, the shareholders of the Person who constitutes, or would constitute, the Principal Party for purposes of Section 13(b) hereof shall have received a distribution of Rights previously owned by such Person or any of its Related Persons or (iii) the form or nature of organization of the Principal Party would preclude or limit the exercisability of the Rights.

(f) Notwithstanding anything contained herein to the contrary, in the event of any merger or other acquisition transaction of the type described in clause (i), (ii) or (iii) of Section 13(a) involving the Company pursuant to a merger or other acquisition agreement between the Company and any Person (or one or more of such Person's Affiliates or Associates), which agreement has been approved by the Board of Directors prior to any Person becoming an Acquiring Person, this Agreement and the rights of holders of Rights hereunder shall be terminated in accordance with Section 7(a).

Section 14. Fractional Rights and Fractional Shares.

(a) The Company shall not be required to issue fractions of Rights (except prior to the Rights Distribution Date in accordance with Section 11(n) hereof) or to distribute Right Certificates which evidence fractional Rights. In lieu of such fractional Rights, there shall be paid to the registered holders of the Right Certificates with regard to which such fractional Rights would otherwise be issuable, an amount in cash equal to the same fraction of the current market value of a whole Right. For the purposes of this Section 14(a), the current market value of a whole Right shall be the closing price of the Rights for the Trading Day immediately prior to the date on which such fractional Rights would have been otherwise issuable. The closing price for any day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or NASDAQ or, if the Rights are not listed or admitted to trading on the New York Stock Exchange or NASDAQ, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Rights are listed or admitted to trading or, if the Rights are not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by any system then in use or, if on any such date the Rights are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Rights selected by the Company's Board. If on any such date no such market maker is making a market in the Rights, the current market value of the Rights on such date shall be the fair value of the Rights as determined in good faith by the Company's Board.

(b) The Company shall not be required to issue fractions of shares of Preferred Stock (other than fractions which are integral multiples of one one-hundredth of a share of Preferred Stock) or to distribute certificates which evidence fractional shares of Preferred Stock (other than fractions which are integral multiples of one one-hundredth of a share of Preferred Stock) upon the exercise or exchange of Rights. Interests in fractions of shares of Preferred Stock in integral multiples of one one-hundredth of a share of Preferred Stock may, at the election of the Company, be evidenced by depositary receipts, pursuant to an appropriate agreement between the Company and a depositary selected by it; provided that such agreement shall provide that the holders of such depositary receipts shall have all the rights, privileges and preferences to which they are entitled as beneficial owners of the Preferred Stock represented by such depositary receipts. In lieu of fractional shares of Preferred Stock that are not integral multiples of one one-hundredth of a share of Preferred Stock, the Company shall pay to the registered holders of Right Certificates at the time such Rights are exercised or exchanged as herein provided an amount in cash equal to the same fraction of the current market value of a whole share of Preferred Stock (as determined pursuant to Section 11(d)(ii) hereof) for the Trading Day immediately prior to the date of such exercise or exchange.

(c) The Company shall not be required to issue fractions of shares of Class A Common Stock or to distribute certificates which evidence fractional shares of Class A Common Stock upon the exercise or exchange of Rights. In lieu of such fractional shares of Class A Common Stock, the Company shall pay to the registered holders of the Right Certificates with regard to which such fractional shares of Class A Common Stock would otherwise be issuable an amount in cash equal to the same fraction of the current market value of a whole share of Class A Common Stock. For purposes of this Section 14(c), the current market value of one share of Class A Common Stock for which a Right is exercisable shall be deemed to be the closing price of one share of Class A Common Stock (as determined in accordance with Section 11(d)(i) hereof), for the Trading Day immediately prior to the date of such exercise.

(d) The holder of a Right by the acceptance of the Right expressly waives his right to receive any fractional Rights or any fractional shares upon exercise or exchange of a Right (except as provided above).

Section 15. [Intentionally Left Blank]

Section 16. Agreement of Right Holders. Every holder of a Right, by accepting the same, consents and agrees with the Company and the Rights Agent and with every other holder of a Right that:

- (a) prior to the Rights Distribution Date, the Rights will be transferable only in connection with the transfer of the Common Stock;
- (b) after the Rights Distribution Date, the Right Certificates are transferable only on the registry books of the Rights Agent if surrendered at the office or agency of the Rights Agent designated for such purpose, duly endorsed or accompanied by a proper instrument of transfer with all required certifications completed; and
- (c) the Company and the Rights Agent may deem and treat the Person in whose name the Right Certificate (or, prior to the Rights Distribution Date, the Common Stock certificate (or Book Entry shares in respect of Common Stock)) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on the Right Certificates or the Common Stock certificate (or notices provided to holders of Book Entry shares of Common Stock) made by anyone other than the Company or the Rights Agent) for all purposes whatsoever, and neither the Company nor the Rights Agent, subject to Section 7(e) hereof, shall be affected by any notice to the contrary.

Section 17. Right Certificate Holder Not Deemed a Shareholder. No holder, as such, of any Right Certificate shall be entitled to vote, receive dividends or be deemed for any purpose the holder of the Preferred Stock or any other securities of the Company which may at any time be issuable on the exercise or exchange of the Rights represented thereby, nor shall anything contained herein or in any Right Certificate be construed to confer upon the holder of any Right Certificate, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting shareholders (except as provided in this Agreement), or to receive dividends or subscription rights, or otherwise, until the Rights evidenced by such Right Certificate shall have been exercised or exchanged in accordance with the provisions hereof.

Section 18. Concerning the Rights Agent.

(a) The Company agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder in accordance with a mutually agreed upon fee schedule and, from time to time, on demand of the Rights Agent, its reasonable expenses and reasonable counsel fees and other reasonable disbursements incurred in the preparation, delivery, negotiation, amendment, administration and execution of this Agreement and the exercise and performance of its duties hereunder. The Company also agrees to indemnify the Rights Agent for, and to hold it harmless against, any and all loss, liability, damage, judgment, fine, penalty, claim, demand, settlement, cost or expense, incurred without gross negligence, bad faith or willful misconduct on the part of the Rights Agent for anything done or omitted by the Rights Agent in connection with the execution, acceptance, administration or exercise of this Agreement, including the reasonable costs and expenses of defending against any claim of liability arising therefrom, directly or indirectly (except, for the avoidance of doubt, in the case of gross negligence, bad faith or willful misconduct on the part of the Rights Agent).

(b) The Rights Agent shall be protected and shall incur no liability for, or in respect of any action taken, suffered or omitted by it in connection with, its administration of this Agreement in reliance upon any Right Certificate or certificate representing the Preferred Stock, the Common Stock or any other securities of the Company, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement or other paper or document reasonably believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons, or otherwise upon the advice of counsel as set forth in Section 20.

Section 19. Merger or Consolidation or Change of Name of Rights Agent.

(a) Any entity into which the Rights Agent or any successor Rights Agent may be merged or with which it may be consolidated, or any entity resulting from any merger or consolidation to which the Rights Agent or any successor Rights Agent shall be a party, or any entity succeeding to the stock transfer or corporate trust powers of the Rights Agent or any successor Rights Agent, shall be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto; provided that such entity would be eligible for appointment as a successor Rights Agent under the provisions of Section 21 hereof. In case at the time such successor Rights Agent shall succeed to the agency created by this Agreement, any of the Right Certificates shall have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Right Certificates so countersigned; and in case at that time any of the Right Certificates shall not have been countersigned, any successor Rights Agent may countersign such Right Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Right Certificates shall have the full force provided in the Right Certificates and in this Agreement.

(b) In case at any time the name of the Rights Agent shall be changed and at such time any of the Right Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Right Certificates so countersigned; and in case at that time any of the Right Certificates shall not have been countersigned, the Rights Agent may countersign such Right Certificates either in its prior name or in its changed name and in all such cases such Right Certificates shall have the full force provided in the Right Certificates and in this Agreement.

Section 20. Duties of Rights Agent. The Rights Agent undertakes the duties and obligations expressly set forth in this Agreement and no implied duties or obligations shall be read into this Agreement against the Rights Agent. The Rights Agent shall perform those duties and obligations upon the following express terms and conditions, by all of which the Company and the holders of Right Certificates, by their acceptance thereof, shall be bound:

(a) The Rights Agent may consult with legal counsel (who may be legal counsel for the Company), and the opinion or advice of such counsel shall be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in absence of bad faith and in accordance with such opinion or advice.

(b) Whenever in the performance of its duties under this Agreement, the Rights Agent shall deem it necessary or desirable that any fact or matter be proved or established by the Company prior to taking, suffering or omitting to take any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by the Chairman, the President, the Chief Executive Officer, the Chief Financial Officer, the Treasurer or the Secretary of the Company and delivered to the Rights Agent; and such certificate shall be full authorization to the Rights Agent for any action taken, suffered or omitted to be taken by it under the provisions of this Agreement in reliance upon such certificate.

(c) The Rights Agent shall be liable hereunder only for its own gross negligence, bad faith or willful misconduct.

(d) The Rights Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the Right Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and shall be deemed to have been made by the Company only.

(e) The Rights Agent shall not have any liability for or be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any Right Certificate (except its countersignature thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Right Certificate; nor shall it be liable or responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to Section 11(a)(ii) hereof) or any adjustment in the terms of the Rights provided for in Sections 3, 11, 13, 23 and 24, or the ascertaining of the existence of facts that would require any such change or adjustment (except with respect to the exercise of Rights evidenced by Right Certificates after receipt of a certificate furnished pursuant to Section 12, describing such change or adjustment); nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any shares of Preferred Stock or other securities to be issued pursuant to this Agreement or any Right Certificate or as to whether any shares of Preferred Stock or other securities will, when issued, be validly authorized and issued, fully paid and nonassessable.

(f) The Company agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement.

(g) The Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from the Chairman, the President, the Chief Executive Officer, the Chief Financial Officer, the Treasurer or the Secretary of the Company, and to apply to such officers for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered by it in good faith in accordance with instructions of any such officer or for any delay in acting while waiting for those instructions. Any application by the Rights Agent for written instructions from the Company may, at the option of the Rights Agent, set forth in writing any action proposed to be taken or omitted by the Rights Agent under this Agreement and the date on and/or after which such action shall be taken or such omission shall be effective. The Rights Agent shall not be liable for any action taken by, or omission of, the Rights Agent in accordance with a proposal included in any such application on or after the date specified therein (which date shall not be less than five Business Days after the date any such officer of the Company actually receives such application, unless any such officer shall have consented in writing to an earlier date) unless, prior to taking any such action (or the effective date in the case of an omission), the Rights Agent shall have received written instructions in response to such application specifying the action to be taken or omitted.

(h) The Rights Agent and any shareholder, director, officer or employee of the Rights Agent may buy, sell or deal in any of the Rights or other securities of the Company or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Company or for any other Person.

(i) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents; provided the Rights Agent shall be liable and responsible for any action taken, or omission of, its attorneys or agents to the same extent as if the Rights Agent took the action, or omitted from taking the applicable action, directly and the Rights Agent would be liable or responsible therefor pursuant to the terms hereof.

(j) If, with respect to any Right Certificate surrendered to the Rights Agent for exercise or transfer, the certificate contained in the form of assignment or the form of election to purchase set forth on the reverse thereof, as the case may be, has not been completed to certify the holder is not an Acquiring Person (or Related Person thereof) or a transferee thereof, the Rights Agent shall not take any further action with respect to such requested exercise or transfer without first consulting with and obtaining the approval of the Company.

(k) At any time and from time to time after the Rights Distribution Date, upon the request of the Company, the Rights Agent shall promptly deliver to the Company a list, as of the most recent practicable date (or as of such earlier date as may be specified by the Company), of the holders of record of Rights.

Section 21. Change of Rights Agent. The Rights Agent or any successor Rights Agent may resign and be discharged from its duties under this Agreement upon 30 days' notice in writing mailed to the Company and to each transfer agent of the Common Stock or Preferred Stock by registered or certified mail, and, following the Rights Distribution Date, to the holders of the Right Certificates by first-class mail. In the event any transfer agency relationship in effect between the Company and the Rights Agent terminates, the Rights Agent will be deemed to have resigned automatically and be discharged from its duties under this Agreement as of the effective date of such termination, and the Company shall be responsible for sending any required notice. The Company may remove the Rights Agent or any successor Rights Agent upon 30 days' notice in writing, mailed to the Rights Agent or successor Rights Agent, as the case may be, and to each transfer agent of the Common Stock or Preferred Stock by registered or certified mail, and, following the Rights Distribution Date, to the holders of the Right Certificates by first-class mail. If the Rights Agent shall resign or be removed or shall otherwise become incapable of acting, the Company shall appoint a successor to the Rights Agent. If the Company shall fail to make such appointment within a period of 30 days after giving notice of such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of a Right Certificate (who shall, with such notice, submit his Right Certificate for inspection by the Company), then the registered holder of any Right Certificate may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Company or by such a court, shall be a corporation organized and doing business under the laws of the United States or the laws of any state thereof, in good standing, which is authorized under such laws to exercise corporate trust or stock transfer powers and is subject to supervision or examination by federal or state authority and which has at the time of its appointment as Rights Agent a combined capital and surplus of at least \$50,000,000 or (b) an Affiliate of such Person. After appointment, the successor Rights Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose; provided that the predecessor Rights Agent shall not be required to make any additional expenditure or assume any additional liability in connection with the foregoing. Not later than the effective date of any such appointment the Company shall file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Stock or Preferred Stock, and, following the Rights Distribution Date, mail a notice thereof in writing to the registered holders of the Right Certificates. Failure to give any notice provided for in this Section 21, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

Section 22. Issuance of New Right Certificates. Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Company may, at its option, issue new Right Certificates evidencing Rights in such forms as may be approved by its Board of Directors to reflect any adjustment or change in the Purchase Price and the number or kind or class of shares or other securities or property purchasable under the Right Certificates made in accordance with the provisions of this Agreement. In addition, in connection with the issuance or sale of Common Stock following the Rights Distribution Date and prior to the Expiration Date, the Company may with respect to shares of Common Stock so issued or sold (i) pursuant to the exercise of stock options, (ii) under any employee plan or arrangement, (iii) upon the exercise, conversion or exchange of securities, notes or debentures issued by the Company or (iv) pursuant to a contractual obligation of the Company, in each case existing prior to the Rights Distribution Date, issue Right Certificates representing the appropriate number of Rights in connection with such issuance or sale; provided, however, that (a) no such Right Certificate shall be issued if, and to the extent that, the Company shall be advised by counsel that such issuance would create a significant risk of material adverse tax consequences to the Company or the Person to whom such Right Certificate would be issued and (b) no such Right Certificate shall be issued if, and to the extent that, appropriate adjustment shall otherwise have been made in lieu of the issuance thereof.

Section 23. Redemption.

(a) The Board of the Company may, at any time prior to the Flip-In Event, redeem all but not less than all the then outstanding Rights at a redemption price of \$0.0001 per Right, appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring in respect of the Common Stock after the date hereof, but, for the avoidance of doubt, excluding the Spin-Off (the redemption price being hereinafter referred to as the "Redemption Price"). The redemption of the Rights may be made effective at such time, on such basis and with such conditions as the Board of the Company in its sole discretion may establish. The Redemption Price shall be payable, at the option of the Company, in cash, shares of Class A Common Stock (based on the "current per share market price," determined pursuant to Section 11(d)(i) of the Class A Common Stock at the time of redemption) or such other form of consideration as the Company's Board shall determine.

(b) Immediately upon the action of the Board of the Company ordering the redemption of the Rights pursuant to paragraph (a) of this Section 23 (or at such later time as the Company's Board may establish for the effectiveness of such redemption), and without any further action and without any notice, the right to exercise the Rights will terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price. The Company shall promptly give public notice of any such redemption; provided, however, that the failure to give, or any defect in, any such notice shall not affect the validity of such redemption. Within 10 days after such action of the Company's Board ordering the redemption of the Rights (or such later time as the Company's Board may establish for the effectiveness of such redemption), the Company shall mail a notice of redemption to all the holders of the then outstanding Rights at their last addresses as they appear upon the registry books of the Rights Agent or, prior to the Rights Distribution Date, on the registry books of the transfer agent for the Common Stock. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of redemption shall state the method by which the payment of the Redemption Price will be made.

Section 24. Exchange.

(a) The Board of the Company may, at its option, at any time after the Flip-In Event, cause the Company to exchange all or part of the then outstanding Rights (which shall not include Rights that have become void pursuant to the provisions of Section 11(a)(ii) hereof) for shares of Class A Common Stock at an exchange ratio of one share of Class A Common Stock per Right, appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring in respect of the Class A Common Stock or

Preferred Stock, as the case may be, after the date hereof, but, for the avoidance of doubt, excluding the Spin-Off (such amount per Right being hereinafter referred to as the "Exchange Ratio"). Notwithstanding the foregoing, the Company's Board shall not be empowered to effect such exchange at any time after an Acquiring Person shall have become the Beneficial Owner of 50% or more of the shares of the Class A Common Stock, Class B Common Stock or total combined Common Stock then outstanding. From and after the occurrence of an event specified in Section 13(a) hereof, any Rights that theretofore have not been exchanged pursuant to this Section 24(a) shall thereafter be exercisable only in accordance with Section 13 and may not be exchanged pursuant to this Section 24(a). The exchange of the Rights approved by the Company's Board pursuant to this Section 24(a) may be made effective at such time, on such basis and with such conditions as the Company's Board in its sole discretion may establish. Prior to effecting an exchange pursuant to this Section 24(a), the Company's Board may direct the Company to enter into a Trust Agreement in such form and with such terms as the Company's Board shall then approve (the "Trust Agreement"). If the Company's Board so directs, the Company shall enter into the Trust Agreement and shall issue to the trust created by such agreement (the "Trust") all of the shares of Class A Common Stock issuable pursuant to the exchange, and all Persons entitled to receive shares pursuant to the exchange shall be entitled to receive such shares (and any dividends or distributions made thereon after the date on which such shares are deposited in the Trust) only from the Trust and solely upon compliance with the relevant terms and provisions of the Trust Agreement.

(b) Immediately upon the effectiveness of the action of the Board of the Company ordering the exchange of any Rights pursuant to paragraph (a) of this Section 24 and without any further action and without any notice, the right to exercise such Rights shall terminate and the only right thereafter of a holder of such Rights shall be to receive that number of shares of Class A Common Stock equal to the number of such Rights held by such holder multiplied by the Exchange Ratio. The Company shall promptly give public notice of any such exchange; provided, however, that the failure to give, or any defect in, such notice shall not affect the validity of such exchange. The Company shall promptly mail a notice of any such exchange to all of the holders of the Rights so exchanged at their last addresses as they appear upon the registry books of the Rights Agent. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of exchange will state the method by which the exchange of the shares of Class A Common Stock for Rights will be effected and, in the event of any partial exchange, the number of Rights which will be exchanged. Any partial exchange shall be effected pro rata based on the number of Rights (other than Rights which have become void pursuant to the provisions of Section 11(a)(ii) hereof) held by each holder of Rights.

(c) The Company may at its option substitute, and, in the event that there shall not be sufficient shares of Class A Common Stock issued but not outstanding or authorized but unissued to permit an exchange of Rights for Class A Common Stock as contemplated in accordance with this Section 24, the Company shall substitute to the extent of such insufficiency, for each share of Class A Common Stock that would otherwise be issuable upon exchange of a Right, a number of shares of Preferred Stock or fraction thereof (or Equivalent Preferred Shares) such that the current per share market price (determined pursuant to Section 11(d) hereof) of one share of Preferred Stock (or Equivalent Preferred Share) multiplied by such number or fraction is equal to the current per share market price of one share of Class A Common Stock (determined pursuant to Section 11(d) hereof) as of the date of such exchange.

Section 25. Notice of Certain Events.

(a) In case the Company shall at any time after the earlier of the Rights Distribution Date or the Stock Acquisition Date propose (i) to pay any dividend payable in stock of any class to the holders of Preferred Stock or to make any other distribution to the holders of Preferred Stock (other than a regular periodic cash dividend), (ii) to offer to the holders of Preferred Stock rights or warrants to subscribe for or to purchase any additional shares of Preferred Stock or shares of stock of any class or any other securities,

rights or options, (iii) to effect any reclassification of Preferred Stock (other than a reclassification involving only the subdivision or combination of outstanding Preferred Stock), (iv) to effect any merger into or with, or to effect any interest exchange, division, sale or other transfer (or to permit one or more of its Subsidiaries to effect any sale or other transfer), in one or more transactions, of 50% or more of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to, any other Person (other than pursuant to a merger or other acquisition agreement of the type excluded from the definition of "Beneficial Ownership" in Section 1(e)), (v) to effect the liquidation, dissolution or winding up of the Company, or (vi) to pay any dividend on the Common Stock payable in Common Stock or to effect a subdivision, combination or consolidation of the Common Stock (by reclassification or otherwise than by payment of dividends in Common Stock), then, in each such case, the Company shall give to each holder of a Right Certificate, in accordance with Section 26 hereof, a notice of such proposed action, which shall specify the record date for the purposes of such dividend or distribution or offering of rights or warrants, or the date on which such liquidation, dissolution, winding up, reclassification, subdivision, combination or consolidation is to take place and the date of participation therein by the holders of the Common Stock and/or Preferred Stock, if any such date is to be fixed, and such notice shall be so given in the case of any action covered by clause (i) or (ii) above at least 10 days prior to the record date for determining holders of the Preferred Stock for purposes of such action, and in the case of any such other action, at least 10 days prior to the date of the taking of such proposed action or the date of participation therein by the holders of the Common Stock and/or Preferred Stock, whichever shall be the earlier. The failure to give notice required by this Section 25 or any defect therein shall not affect the legality or validity of the action taken by the Company or the vote upon any such action.

(b) In case any event described in Section 11(a)(ii) or Section 13 shall occur then the Company shall as soon as practicable thereafter give to each holder of a Right Certificate (or if occurring prior to the Rights Distribution Date, the holders of the Common Stock) in accordance with Section 26 hereof, a notice of the occurrence of such event, which notice shall describe such event and the consequences of such event to holders of Rights under Section 11(a)(ii) and Section 13, and all references in the preceding paragraph to Preferred Stock shall be deemed thereafter to refer to Common Stock and/or, if appropriate, other securities.

Section 26. Notices. Notices or demands authorized by this Agreement to be given or made by the Rights Agent or by the holder of any Right Certificate to or on the Company shall be sufficiently given or made if sent by first-class or express United States mail, FedEx or United Parcel Service or any other nationally recognized courier service, postage prepaid, addressed (until another address is filed in writing with the Rights Agent) as follows:

BBX Capital, Inc.
401 East Las Olas Blvd., Suite 800
Fort Lauderdale, FL 33301
Attention: Alan B. Levan, Chairman

With a copy to:

Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.
150 West Flagler Street, Suite 2200
Miami, FL 33130
Attention: Alison W. Miller, Esq.

Subject to the provisions of Section 21 hereof, any notice or demand authorized by this Agreement to be given or made by the Company or by the holder of any Right Certificate to or on the Rights Agent shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Company) as follows:

[]

With a copy to:

[]

Notices or demands authorized by this Agreement to be given or made by the Company or the Rights Agent to the holder of any Right Certificate (or, prior to the Rights Distribution Date, to the holder of any certificate representing Common Stock or of any Book Entry shares) shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed to such holder at the address of such holder as shown on the registry books of the Company or the transfer agent or registrar for the Common Stock; provided that prior to the Rights Distribution Date a filing by the Company with the Securities and Exchange Commission shall constitute sufficient notice to the holders of securities of the Company, including the Rights, for purposes of this Agreement and no other notice need be given.

Section 27. Supplements and Amendments. For so long as the Rights are then redeemable, the Company may in its sole and absolute discretion, and the Rights Agent shall if the Company so directs, supplement or amend any provision of this Agreement in any respect without the approval of any holders of the Rights or Common Stock. From and after the time that the Rights are no longer redeemable, except as provided in the penultimate sentence of this Section 27, the Company may, and the Rights Agent shall, if the Company so directs, supplement or amend this Agreement without the approval of any holders of Rights, provided that no such supplement or amendment may (a) adversely affect the interests of the holders of Rights as such (other than an Acquiring Person, any Related Person of an Acquiring Person or any transferee of an Acquiring Person or any Related Person of an Acquiring Person whose Rights have become void pursuant to Section 11(a)(ii)), (b) cause this Agreement again to become amendable other than in accordance with this sentence or (c) cause the Rights again to become redeemable. Without limiting the generality of the foregoing, the Company may in its sole and absolute discretion, and the Rights Agent shall if the Company so directs, supplement or amend this Agreement to extend the Final Expiration Date. In addition, notwithstanding anything to the contrary contained herein, (i) the Board of Directors shall have the right in its sole and absolute discretion to extend the Rights Distribution Date, and any such extension shall not require any amendment or supplement hereunder, and (ii) should a court of competent jurisdiction of other authority determine that the issuance of any instrument, security, right or property issued or distributed, or contemplated to be issued or distributed, pursuant to this Agreement be invalid, void or unenforceable, then the Company may in its sole and absolute discretion, and the Rights Agent shall, if the Company so directs, supplement or amend any provision of this Agreement to address such matters without the approval of any holders of Rights or Common Stock. No supplement or amendment to this Agreement that adversely affects the Rights Agent's own rights, duties, immunities or obligations under this Agreement shall be effective unless duly executed by the Rights Agent and the Company. The Rights Agent shall duly execute and deliver any supplement or amendment hereto requested by the Company in writing, provided that the Company has delivered to the Rights Agent a certificate from the Chief Executive Officer, President, Chief Financial Officer, Secretary or Treasurer of the Company that states that the proposed supplement or amendment complies with the terms of this Agreement, provided that any supplement or amendment that does not amend any of the rights, duties, immunities or obligations of the Rights Agent under this Agreement in a manner adverse to the Rights Agent shall become effective immediately upon execution by the Company, whether or not also executed by the Rights Agent.

Section 28. Successors. All the covenants and provisions of this Agreement by or for the benefit of the Company or the Rights Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

Section 29. Benefits of this Agreement. Nothing in this Agreement shall be construed to give to any Person other than the Company, the Rights Agent and the registered holders of the Right Certificates (and, prior to the Rights Distribution Date, the Common Stock) any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for the sole and exclusive benefit of the Company, the Rights Agent and the registered holders of the Right Certificates (and, prior to the Rights Distribution Date, the Common Stock).

Section 30. Determinations and Actions by the Board. Without limiting any of the rights and immunities of the Rights Agent, the Company's Board, or a duly authorized committee thereof, shall have the exclusive power and authority to administer this Agreement and to exercise the rights and powers specifically granted to the Company's Board or to the Company, or as may be necessary or advisable in the administration of this Agreement, including, without limitation, the right and power to (i) interpret the provisions of this Agreement and (ii) make all determinations deemed necessary or advisable for the administration of this Agreement (including, without limitation, a determination to redeem or not redeem the Rights or to amend or not amend this Agreement). In administering this Agreement and exercising the rights and powers specifically granted to the Company's Board and to the Company hereunder, and in interpreting this Agreement and making any determination hereunder, the Company's Board, or a duly authorized committee thereof, may consider any and all facts, circumstances or information it deems to be necessary, useful or appropriate. All such actions, calculations, interpretations and determinations that are done or made by the Company's Board, or a duly authorized committee thereof, in good faith shall be final, conclusive and binding on the Company, the Rights Agent, the holders of the Rights, as such, and all other parties to the fullest extent permitted by applicable law. The Rights Agent shall be always entitled to assume that the Board acted in good faith and shall be fully protected and incur no liability in reliance thereon.

Section 31. Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated; provided, however, that nothing contained in this Section 31 will affect the ability of the Company under the provisions of Section 27 to supplement or amend this Agreement to replace such invalid, void or unenforceable term, provision, covenant or restriction with a legal, valid and enforceable term, provision, covenant or restriction.

Section 32. Governing Law. This Agreement and each Right Certificate issued hereunder shall be deemed to be a contract made under the laws of the State of Florida and for all purposes shall be governed by and construed in accordance with the laws of such State applicable to contracts to be made and performed entirely within such State.

Section 33. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument. Delivery of an executed signature page of the Agreement by facsimile or other customary means of electronic transmission (e.g., "pdf") shall be as effective as delivery of a manually executed counterpart hereof.

Section 34. Descriptive Headings: Interpretation. Descriptive headings of the several Sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof. The words "include," "includes" and "including" shall be

deemed to be followed by the phrase “without limitation.” Each reference in this Agreement to a period of time following or after a specified date or event shall be calculated without including such specified date or the day on which such specified event occurs.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

BBX CAPITAL FLORIDA LLC

By: _____

[]
as Rights Agent

By: _____

**ARTICLES OF INCORPORATION
OF
BBX CAPITAL, INC.**

[PROVIDED AS EXHIBIT 3.1 TO THE COMPANY'S
REGISTRATION STATEMENT ON FORM 10]

Form of Right Certificate

Certificate No. R-

NOT EXERCISABLE AFTER (UNLESS EXTENDED BY THE COMPANY) OR EARLIER IF NOTICE OF REDEMPTION OR EXCHANGE IS GIVEN OR IF THE COMPANY IS MERGED OR ACQUIRED PURSUANT TO AN AGREEMENT OF THE TYPE DESCRIBED IN SECTION 13(f) OF THE RIGHTS AGREEMENT. THE RIGHTS ARE SUBJECT TO REDEMPTION AT \$0.0001 PER RIGHT AND TO EXCHANGE ON THE TERMS SET FORTH IN THE RIGHTS AGREEMENT. UNDER CERTAIN CIRCUMSTANCES, AS SET FORTH IN THE RIGHTS AGREEMENT, RIGHTS OWNED BY OR TRANSFERRED TO ANY PERSON WHO IS OR BECOMES AN ACQUIRING PERSON (AS DEFINED IN THE RIGHTS AGREEMENT) OR ANY RELATED PERSON (AS DEFINED IN THE AGREEMENT) OF ANY PERSON WHO IS OR BECOMES AN ACQUIRING PERSON AND, IN EACH CASE, CERTAIN TRANSFEREES THEREOF WILL BECOME NULL AND VOID AND WILL NO LONGER BE TRANSFERABLE.

RIGHT CERTIFICATE

BBX CAPITAL, INC.

This certifies that _____, or registered assigns, is the registered owner of the number of Rights set forth above, each of which entitles the owner thereof, subject to the terms, provisions and conditions of the Rights Agreement, dated as of _____, 2020, as the same may be amended from time to time (the "Rights Agreement"), between the Company and _____, as Rights Agent (the "Rights Agent"), to purchase from the Company at any time after the Rights Distribution Date (as such term is defined in the Rights Agreement) and prior to 5:00 P.M., New York City time, on _____ (as such expiration date may be extended by the Company) at the office or agency of the Rights Agent designated for such purpose, or of its successor as Rights Agent, one one-hundredth of a fully paid non-assessable share of Series A Junior Participating Preferred Stock, par value \$0.01 per share (the "Preferred Stock"), of the Company at a purchase price of \$ _____ per one one-hundredth of a share of Preferred Stock (the "Purchase Price"), upon presentation and surrender of this Right Certificate with the Form of Election to Purchase duly executed. The number of Rights evidenced by this Right Certificate (and the number of one one-hundredths of a share of Preferred Stock which may be purchased upon exercise hereof) set forth above, and the Purchase Price set forth above, are the number and Purchase Price as of September 30, 2020, based on the Preferred Stock as constituted at such date. As provided in the Rights Agreement, the Purchase Price, the number of one one-hundredths of a share of Preferred Stock (or other securities or property) which may be purchased upon the exercise of the Rights and the number of Rights evidenced by this Right Certificate are subject to modification and adjustment upon the happening of certain events.

This Right Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement, which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities hereunder of the Rights Agent, the Company and the holders of the Right Certificates. Copies of the Rights Agreement are on file at the principal executive offices of the Company and the office or agency of the Rights Agent. The Company will mail to the holder of this Right Certificate a copy of the Rights Agreement without charge after receipt of a written request therefor.

This Right Certificate, with or without other Right Certificates, upon surrender at the office or agency of the Rights Agent designated for such purpose, may be exchanged for another Right Certificate or Right Certificates of like tenor and date evidencing Rights entitling the holder to purchase a like aggregate number of shares of Preferred Stock as the Rights evidenced by the Right Certificate or Right Certificates surrendered shall have entitled such holder to purchase. If this Right Certificate shall be exercised in part, the holder shall be entitled to receive upon surrender hereof another Right Certificate or Right Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Rights Agreement, the Rights evidenced by this Certificate (i) may be redeemed by the Company at a redemption price of \$0,0001 per Right or (ii) may be exchanged in whole or in part for shares of the Company's Class A Common Stock, par value \$0.01 per share, or shares of Preferred Stock.

No fractional shares of Preferred Stock or Class A Common Stock will be issued upon the exercise or exchange of any Right or Rights evidenced hereby (other than fractions of Preferred Stock which are integral multiples of one one-hundredth of a share of Preferred Stock, which may, at the election of the Company, be evidenced by depository receipts), but in lieu thereof a cash payment will be made, as provided in the Rights Agreement.

No holder of this Right Certificate, as such, shall be entitled to vote or receive dividends or be deemed for any purpose the holder of the Preferred Stock or of any other securities of the Company which may at any time be issuable on the exercise or exchange hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting shareholders (except as provided in the Rights Agreement) or to receive dividends or subscription rights, or otherwise, until the Right or Rights evidenced by this Right Certificate shall have been exercised or exchanged as provided in the Rights Agreement.

This Right Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Company.

Dated as of _____, 202 .

BBX CAPITAL, INC.

By: _____
[Title]

ATTEST:

[Title]

Countersigned:

[], as Rights Agent

By: _____

[Title]

Form of Reverse Side of Right Certificate

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Right Certificate)

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers unto

(Please print name and address of transferee)

_____ Rights represented by this Right Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____ Attorney, to transfer said Rights on the books of the within-named Company, with full power of substitution.

Dated: _____

Signature

Signature Guaranteed:

Signatures must be guaranteed by a bank, trust company, broker, dealer or other eligible institution participating in a recognized signature guarantee medallion program.

(To be completed)

The undersigned hereby certifies that the Rights evidenced by this Right Certificate are not Beneficially Owned by, were not acquired by the undersigned from, and are not being assigned to an Acquiring Person or a Related Person thereof.

Signature

FORM OF ELECTION TO PURCHASE

(To be executed if holder desires to exercise
Rights represented by the Right Certificate)

To BBX Capital, Inc.:

The undersigned hereby irrevocably elects to exercise _____ Rights represented by this Right Certificate to purchase the shares of Preferred Stock (or other securities or property) issuable upon the exercise of such Rights and requests that certificates for such shares of Preferred Stock (or such other securities) be issued in the name of:

(Please print name and address)

If such number of Rights shall not be all the Rights evidenced by this Right Certificate, a new Right Certificate for the balance remaining of such Rights shall be registered in the name of and delivered to:

Please insert social security
or other identifying number: _____

(Please print name and address)

Dated: _____

Signature

(Signature must conform to holder specified on Right Certificate)

Signature Guaranteed:

Signature must be guaranteed by a bank, trust company, broker, dealer or other eligible institution participating in a recognized signature guarantee medallion program.

(To be completed)

The undersigned hereby certifies that the Rights evidenced by this Right Certificate are not Beneficially Owned by, and were not acquired by the undersigned from, an Acquiring Person or a Related Person thereof.

Signature

NOTICE

The signature in the Form of Assignment or Form of Election to Purchase, as the case may be, must conform to the name as written upon the face of this Right Certificate in every particular, without alteration or enlargement or any change whatsoever.

In the event the certification set forth above in the Form of Assignment or the Form of Election to Purchase, as the case may be, is not completed, such Assignment or Election to Purchase will not be honored.

UNDER CERTAIN CIRCUMSTANCES, AS SET FORTH IN THE RIGHTS AGREEMENT, RIGHTS OWNED BY OR TRANSFERRED TO ANY PERSON WHO IS OR BECOMES AN ACQUIRING PERSON (AS DEFINED IN THE RIGHTS AGREEMENT) OR ANY RELATED PERSON (AS DEFINED IN THE AGREEMENT) OF ANY PERSON WHO IS OR BECOMES AN ACQUIRING PERSON AND, IN EACH CASE, CERTAIN TRANSFEREES THEREOF WILL BECOME NULL AND VOID AND WILL NO LONGER BE TRANSFERABLE.

SUMMARY OF RIGHTS TO PURCHASE
SHARES OF PREFERRED STOCK OF
BBX CAPITAL, INC.

In accordance with the Rights Agreement, dated as of _____, 2020 (as the same may be amended from time to time, the "Rights Agreement"), between the Company and _____, as Rights Agent (the "Rights Agent"), the Company's Board authorized and directed the issuance of one preferred share purchase right (a "Right") for each share of (i) the Company's Class A Common Stock, par value \$0.01 per share (the "Class A Common Stock"), and (ii) the Company's Class B Common Stock, par value \$0.01 per share (the "Class B Common Stock" and, together with the Class A Common Stock, collectively, the "Common Stock") issued in connection with the spin-off of the Company (the "Spin-Off") pursuant to which the Company became a separate, publicly-traded company. The Spin-Off was consummated on September 30, 2020. As long as the Rights are attached to the Common Stock, the Company will issue one Right (subject to adjustment) with each new share of Common Stock so that all such shares will have attached Rights. When exercisable in accordance with the terms of the Rights Agreement, each Right will entitle the registered holder to purchase from the Company one one-hundredth of a share of Series A Junior Participating Preferred Stock, par value \$0.01 per share, of the Company (the "Preferred Stock") at a price of \$50.00 per one one-hundredth of a share of Preferred Stock (the "Purchase Price"), subject to adjustment in accordance with the Rights Agreement. The description and terms of the Rights are set forth in the Rights Agreement.

Until the earlier to occur of (i) 10 business days following a public announcement that a person or group of affiliated or associated persons or person(s) acting in concert therewith (with certain exceptions, an "Acquiring Person") has acquired, or obtained the right to acquire, beneficial ownership of 5% or more of the shares of the Class A Common Stock, Class B Common Stock or total combined Common Stock then outstanding (ii) 10 business days (or such later date as may be determined by action of the Company's Board prior to such time as any person or group of affiliated persons or persons acting in concert therewith becomes an Acquiring Person) following the commencement of, or announcement of an intention to make, a tender offer or exchange offer the consummation of which would result in the beneficial ownership by a person or group of 5% or more of the shares of the Class A Common Stock, Class B Common Stock or total combined Common Stock then outstanding (the earlier of such dates being called the "Rights Distribution Date"), each Right will be evidenced by the certificate, if any, representing the Common Stock with respect to which the Right was issued or, with respect to any uncertificated shares of Common Stock registered in book entry form, by notation in book entry, in either case, together with this Summary of Rights.

In addition to other limited exceptions set forth in the Rights Agreement, the Rights Agreement provides that any person who, together with any affiliates and associates of that person, beneficially owned 5% or more of the outstanding shares of Class A Common Stock, Class B Common Stock or total combined Common Stock immediately prior to the first public announcement of the adoption of the Rights Agreement, will not be deemed to be an "Acquiring Person" for purposes of the Rights Agreement unless such person becomes the beneficial owner of one or more additional shares of Class A Common Stock or

Class B Common Stock (other than pursuant to certain limited exceptions expressly set forth in the Rights Agreement, including a dividend or distribution paid or made by the Company on its Common Stock in shares of Common Stock or pursuant to a split or subdivision of the outstanding Common Stock) which results in such person beneficially owning 5% or more of the outstanding shares of Class A Common Stock, Class B Common Stock or total combined Common Stock.

The Rights Agreement provides that, until the Rights Distribution Date (or earlier redemption, exchange, termination or expiration of the Rights), the Rights may be transferred with and only with the Common Stock and will be evidenced by notations on the book entry shares or certificates (if any) representing the Common Stock. Until the Rights Distribution Date (or earlier redemption, exchange, termination or expiration of the Rights), the surrender for transfer of any shares of Common Stock, even without such notation or a copy of this Summary of Rights, will also constitute the transfer of the Rights associated therewith. As soon as practicable following the Rights Distribution Date, separate certificates evidencing the Rights (“Right Certificates”) will be mailed to holders of record of the Common Stock as of the close of business on the Rights Distribution Date and such separate Right Certificates alone will evidence the Rights.

The Rights are not exercisable until the Rights Distribution Date. The Rights will expire on _____ (the “Final Expiration Date”), unless the Final Expiration Date is advanced or extended or unless the Rights are earlier redeemed or exchanged by the Company, in each case, as described below, or upon the occurrence of certain transactions described in the Rights Agreement which result in termination of the Rights pursuant to the Rights Agreement.

The Purchase Price payable, and the number of shares of Preferred Stock or other securities or property issuable, upon exercise of the Rights is subject to adjustment from time to time to prevent dilution (i) in the event of a stock dividend on, or a subdivision, combination or reclassification of, the Preferred Stock, (ii) upon the grant to holders of the Preferred Stock of certain rights or warrants to subscribe for or purchase Preferred Stock at a price, or securities convertible into Preferred Stock with a conversion price, less than the then-current market price of the Preferred Stock or (iii) upon the distribution to holders of the Preferred Stock of evidences of indebtedness or assets (excluding regular periodic cash dividends or dividends payable in Preferred Stock) or of subscription rights or warrants (other than those referred to above).

The number of outstanding Rights is subject to adjustment in the event of a stock dividend on the Common Stock payable in shares of Common Stock or subdivisions, consolidations or combinations of the Common Stock occurring, in any such case, prior to the Rights Distribution Date.

The value of one one-hundredth of a share of Preferred Stock is intended to approximate the value of one share of Class A Common Stock. Each one one-hundredth of a share of Preferred Stock, if issued, (i) will not be redeemable, (ii) will entitle the holder thereof to, when, as and if declared by the Company’s Board of Directors, dividend payments of \$0.01, or an amount equal to the dividend paid on one share of Class A Common Stock, whichever is greater, (iii) will entitle the holder thereof upon liquidation of the Company either to receive \$1.00 or an amount equal to the payment made on one share of Class A Common Stock, whichever is greater, (iv) will have the same voting power as one share of Class A Common Stock (with all outstanding shares of Class A Common Stock and Preferred Stock representing, in the aggregate, 22% of the general voting power of the Company, subject to adjustment in accordance with the Company’s Articles of Incorporation, as amended and/or amended and restated from time to time); and (v) will entitle the holder thereof to a payment equal to the payment made on one share of Class A Common Stock if shares of Class A Common Stock are exchanged via merger, consolidation, or a similar transaction. These rights are protected by customary anti-dilution provisions.

In the event that any person becomes an Acquiring Person, each holder of a Right (other than Rights Beneficially Owned by the Acquiring Person, Related Persons of the Acquiring Person and certain of their respective transferees as set forth in the Rights Agreement, all of which Rights will thereupon become void), will thereafter have the right to receive upon exercise of a Right and payment of the Purchase Price, that number of shares of Class A Common Stock which have a market value equal to two times the Purchase Price.

In the event that, after a person has become an Acquiring Person, the Company is acquired in a merger or other business combination transaction or 50% or more of its consolidated assets or earning power are sold, proper provisions will be made so that each holder of a Right (other than Rights Beneficially Owned by the Acquiring Person, Related Persons of the Acquiring Persons and certain of their respective transferees as set forth in the Rights Agreement, all of which Rights will have become void) will thereafter have the right to receive upon the exercise of a Right that number of shares of common stock of the person with whom the Company has engaged in the foregoing transaction (or its parent) that at the time of such transaction have a market value of two times the exercise price of the Right.

At any time after any person becomes an Acquiring Person and prior to the earlier of one of the events described in the previous paragraph or the acquisition by such Acquiring Person of 50% or more of the outstanding shares of Class A Common Stock, Class B Common Stock or total combined Common Stock, the Company's Board may exchange the Rights (other than Rights Beneficially Owned by the Acquiring Person, Related Persons of the Acquiring Persons and certain of their respective transferees as set forth in the Rights Agreement, all of which Rights will have become void), in whole or in part, for shares of Class A Common Stock or Preferred Stock (or a series of the Company's preferred stock having equivalent rights, preferences and privileges), at an exchange ratio of one share of Class A Common Stock, or a fractional share of Preferred Stock (or other preferred stock) equivalent in value thereto, per Right.

With certain exceptions, no adjustment in the Purchase Price will be required until cumulative adjustments require an adjustment of at least 1% in such Purchase Price. No fractional shares of Preferred Stock or Class A Common Stock will be issued (other than fractions of shares of Preferred Stock which are integral multiples of one one-hundredth of a share of Preferred Stock, which may, at the election of the Company, be evidenced by depositary receipts), and in lieu thereof an adjustment in cash will be made based on the current market price of the Preferred Stock or the Class A Common Stock.

At any time prior to the time an Acquiring Person becomes such, the Company's Board may redeem the Rights in whole, but not in part, at a price of \$0.0001 per Right (the "Redemption Price") payable, at the option of the Company, in cash, shares of Class A Common Stock or such other form of consideration as the Company's Board shall determine. The redemption of the Rights may be made effective at such time, on such basis and with such conditions as the Company's Board in its sole discretion may establish. Immediately upon any redemption of the Rights, the right to exercise the Rights will terminate and holders of Rights will only have the right, with respect to such Rights, to receive the Redemption Price.

For so long as the Rights are redeemable, the Company may amend the Rights Agreement in any manner without the approval of any holders of Rights or Common Stock. After such time as the Rights are no longer redeemable, the Company may amend the Rights Agreement in any manner without the consent of any holders of Rights, except that no such amendment may (i) adversely affect the interests of the holders of Rights as such (other than an Acquiring Person, any Related Person of an Acquiring Person and certain of their permitted transferees as set forth in the Rights Agreement), (ii) cause the Rights Agreement again to become amendable other than in accordance with this sentence, or (iii) cause the Rights again to become redeemable.

Until a Right is exercised or exchanged, the holder thereof, as such, will have no rights as a shareholder of the Company, including, without limitation, the right to vote or to receive dividends. Upon exercise or exchange of a Right, the holder will become a shareholder of the Company, and have the rights of a shareholder of the Company, with respect to the Class A Common Stock, Preferred Stock or other security of the Company received upon exercise of or in exchange for such Right.

A copy of the Rights Agreement has been filed as an exhibit to the Company's _____ filed with the Securities and Exchange Commission on _____, 2020. A copy of the Rights Agreement is available free of charge from the Company. This summary description of the Rights does not purport to be complete and is qualified in its entirety by reference to the Rights Agreement, as the same may be amended from time to time, which is hereby incorporated herein by reference.

TAX MATTERS AGREEMENT

THIS TAX MATTERS AGREEMENT (this "Agreement"), dated as of _____, 2020, is by and among BBX Capital Corporation, a Florida corporation ("Parent"), and BBX Capital Florida LLC, a Florida limited liability company ("New BBX Capital"). Each of Parent and New BBX Capital is sometimes referred to herein as a "Party" and, collectively, as the "Parties."

RECITALS

WHEREAS, the Board of Directors of Parent has determined that it is advisable and in the best interests of Parent and its shareholders that New BBX Capital, which is currently a wholly owned subsidiary of Parent and holds (or in accordance with the terms of the Separation Agreement will hold) the subsidiaries and investments which comprise or operate the New BBX Capital Business, be converted into a Florida corporation and become a separate, public company through the spin-off of New BBX Capital, with Parent retaining the Bluegreen Business and continuing as a public company and "pure play" Bluegreen holding company;

WHEREAS, in furtherance of the foregoing, on the date hereof, Parent and New BBX Capital have entered into the Separation Agreement pursuant to which, subject to the terms and conditions thereof, the assets and liabilities of the Bluegreen Business will be separated from those of the New BBX Capital Business (the "Separation") and thereafter Parent will distribute 100% of the issued and outstanding shares of New BBX Capital Common Stock to holders of Parent Common Stock (the "Distribution" and, collectively with the Separation, the "Spin-Off"), all as more fully described in the Separation Agreement;

WHEREAS, in connection with the Spin-Off, the Parties wish to provide for the payment of Tax liabilities and entitlement to refunds thereof, allocate responsibility for, and cooperation in, the filing of Tax Returns, and provide for certain other matters relating to Taxes;

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements contained herein, and intending to be legally bound hereby, the Parties hereby agree as follows:

ARTICLE I**DEFINITIONS**

Section 1.01 General. As used in this Agreement, the following terms shall have the following meanings:

"Accounting Firm" has the meaning set forth in Section 7.01.

"Adjustment" means an adjustment of any item of income, gain, loss, deduction, credit or any other item affecting Taxes of a taxpayer pursuant to a Final Determination.

"Agreement" has the meaning set forth in the preamble to this Agreement.

"Ancillary Agreement" has the meaning set forth in the Separation Agreement.

"Bluegreen Business" has the meaning set forth in the Separation Agreement.

"Carryback" has the meaning set forth in Section 4.02.

"Code" means the Internal Revenue Code of 1986, as amended.

“Common Parent” means the “common parent corporation” of an “affiliated group” (in each case, within the meaning of Section 1504 of the Code) filing a U.S. federal consolidated Income Tax Return.

“Covered Taxes” has the meaning set forth in the Transition Services Agreement.

“Distribution” has the meaning set forth in the recitals to this Agreement.

“Distribution Date” has the meaning set forth in the Separation Agreement.

“Due Date” means (a) with respect to a Tax Return, the date (taking into account all valid extensions) on which such Tax Return is required to be filed under applicable Law and (b) with respect to a payment of Taxes, the date on which such payment is required to be made to the applicable Taxing Authority to avoid the incurrence of interest, penalties and/or additions to Tax.

“Employee Matters Agreement” means the Employee Matters Agreement by and among the Parties dated as of the date hereof.

“Extraordinary Transaction” means any action that is not in the Ordinary Course of Business, but shall not include (a) any action described in or contemplated by the Separation Agreement or any Ancillary Agreement, (b) any action that is otherwise undertaken in connection with the Spin-Off, or (c) any compensatory payment or compensatory transfer in respect of services made as a result of, or in connection with, the Spin-Off (which shall be treated as paid immediately before the Distribution on the Distribution Date).

“Final Determination” means the final resolution of liability for any Tax for any taxable period by or as a result of (a) a final decision, judgment, decree or other order by any court of competent jurisdiction that can no longer be appealed to a court other than the Supreme Court of the United States, (b) a final settlement with the IRS, a closing agreement or accepted offer in compromise under Sections 7121 or 7122 of the Code, or a comparable agreement under the Laws of other jurisdictions, which resolves the entire Tax liability for any taxable period, (c) any allowance of a refund or credit in respect of an overpayment of Tax, but only after the expiration of all periods during which such refund or credit may be recovered by the jurisdiction imposing the Tax, or (d) any other final resolution, including by reason of the expiration of the applicable statute of limitations or the execution of a pre-filing agreement with the IRS or other Taxing Authority.

“Group” of which a Person is a member means (i) the Parent Group if the Person is a member of the Parent Group, and (ii) the New BBX Capital Group if the Person is a member of the New BBX Capital Group.

“Income Tax Return” means any Tax Return on which Income Taxes are reflected or reported.

“Income Taxes” means any net income, net receipts, net profits, excess net profits or similar Taxes based upon, measured by, or calculated with respect to net income.

“Indemnified Party” means the Party which is entitled to seek indemnification from the other Party pursuant to the provisions of Article III.

“Indemnifying Party” means the Party from which the other Party is entitled to seek indemnification pursuant to the provisions of Article III.

“Information” has the meaning set forth in Section 6.01(a).

“IRS” means the U.S. Internal Revenue Service.

“Law” means any U.S. or non-U.S. federal, national, supranational, state, provincial, local or similar statute, law, ordinance, regulation, rule, code, administrative pronouncement, order, requirement or rule of law (including common law).

“Mixed Business Income Tax Return” means any Mixed Business Tax Return on which Income Taxes are reflected or reported.

“Mixed Business Tax Return” means any Tax Return (other than a Parent Consolidated Return), including any consolidated, combined or unitary Tax Return, that reflects or reports Taxes that relate to at least one asset or activity that is part of the Bluegreen Business, on the one hand, and at least one asset or activity that is part of the New BBX Capital Business, on the other hand.

“New BBX Capital” has the meaning set forth in the preamble to this Agreement.

“New BBX Capital Business” has the meaning set forth in the Separation Agreement.

“New BBX Capital Common Stock” has the meaning set forth in the Separation Agreement.

“New BBX Capital Entity” means any Subsidiary of New BBX Capital immediately after the Distribution.

“New BBX Capital Group” means, individually or collectively, as the case may be, New BBX Capital and any New BBX Capital Entity.

“New BBX Capital Taxes” means, without duplication, (a) any Taxes of (i) Parent or any Subsidiary or former Subsidiary of Parent attributable to assets or activities of the New BBX Capital Business, as determined pursuant to Section 2.09 or (ii) New BBX Capital or any Subsidiary of New BBX Capital and (b) any Taxes attributable to an Extraordinary Transaction occurring after the Distribution on the Distribution Date by New BBX Capital or a New BBX Capital Entity.

“Ordinary Course of Business” means an action taken by a Person only if such action is taken in the ordinary course of the normal operations of such Person, consistent with past practice.

“Parent” has the meaning set forth in the preamble to this Agreement.

“Parent Common Stock” has the meaning set forth in the Separation Agreement.

“Parent Consolidated Return” means the U.S. federal Income Tax Return required to be filed by Parent as the Common Parent.

“Parent Consolidated Taxes” means any U.S. federal Income Taxes attributable to any Parent Consolidated Return.

“Parent Entity” means any Subsidiary of Parent immediately after the Distribution.

“Parent Group” means, individually or collectively, as the case may be, Parent and any Parent Entity, excluding any member of the New BBX Capital Group.

“Parent Taxes” means, without duplication, (a) any Parent Consolidated Taxes, (b) any Taxes imposed on New BBX Capital or any member of the New BBX Capital Group under Treasury Regulations Section 1.1502-6 (or any similar provision of other Law) as a result of New BBX Capital or any such member being or having been included as part of a Parent Consolidated Return (or similar consolidated or combined Tax Return under any other provision of Law), (c) any Taxes of the Parent Group and any former Subsidiary of Parent (excluding any member of the New BBX Capital Group) for any Pre-Closing Period, (d) any Parent Transaction Taxes, and (e) any Transfer Taxes, in each case (x) other than New BBX Capital Taxes and (y) including any Taxes resulting from an Adjustment.

“Parent Transaction Taxes” means any Taxes (a) imposed on or by reason of the Separation or the Distribution and (b) payable by reason of the distribution of cash or other property from New BBX Capital to Parent (in each case, including Transfer Taxes imposed on such transactions described in (a) and (b)). For the avoidance of doubt, Parent Transaction Taxes include, without limitation, Taxes payable by reason of deferred intercompany transactions or excess loss accounts triggered by the Separation or the Distribution.

“Party” and “Parties” have the meaning set forth in the preamble to this Agreement.

“Past Practice” means past practices, accounting methods, elections and conventions.

“Person” has the meaning set forth in the Separation Agreement.

“Post-Closing Period” means any taxable period (or portion thereof) beginning after the Distribution Date, including for the avoidance of doubt, the portion of any Straddle Period beginning on the day after the Distribution Date.

“Pre-Closing Period” means any taxable period (or portion thereof) ending on or before the Distribution Date, including for the avoidance of doubt, the portion of any Straddle Period ending at the end of the day on the Distribution Date.

“Preparing Party” has the meaning set forth in Section 2.04(a)(ii).

“Privilege” means any privilege that may be asserted under applicable Law, including any privilege arising under or relating to the attorney-client relationship (including the attorney-client and work product privileges), the accountant-client privilege and any privilege relating to internal evaluation processes.

“Refund” means any refund (or credit in lieu thereof) of Taxes (including any overpayment of Taxes that can be refunded or, alternatively, applied to other Taxes payable), including any interest paid on or with respect to such refund of Taxes; provided, however, that for purposes of this Agreement, the amount of any Refund required to be paid to another Party shall be reduced by the net amount of any Income Taxes imposed on, related to, or attributable to, the receipt or accrual of such Refund.

“Retention Period” has the meaning set forth in Section 6.02.

“Reviewing Party” has the meaning set forth in Section 2.04(a)(ii).

“Separation” has the meaning set forth in the recitals to this Agreement.

“Separation Agreement” means the Separation and Distribution Agreement by and among Parent and New BBX Capital dated as of the date hereof.

“Single Business Return” means any Tax Return, including any consolidated, combined or unitary Tax Return, that reflects or reports Tax Items relating only to the Bluegreen Business, on the one hand, or the New BBX Capital Business, on the other (but not both).

“Single Business Return Preparing Party” has the meaning set forth in Section 2.04(b).

“Single Business Return Reviewing Party” has the meaning set forth in Section 2.04(b).

“Straddle Period” means any taxable period that begins on or before the Distribution Date and ends after the Distribution Date.

“Subsidiary” means, with respect to any Person (a) a corporation more than fifty percent (50%) of the voting or capital stock of which is owned, directly or indirectly, by such Person or (b) a limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization or other entity in which such Person, directly or indirectly, owns more than fifty percent (50%) of the equity economic interests thereof or for which such Person, directly or indirectly, has the power to elect or direct the election of more than fifty percent (50%) of the members of the governing body or which such Person otherwise has control (e.g., as the managing partner or managing member of a partnership or limited liability company, as the case may be).

“Tax” means (a) all taxes, charges, fees, duties, levies, imposts, or other similar assessments, imposed by any U.S. federal, state or local or foreign governmental authority, including net income, gross income, gross receipts, excise, real property, personal property, sales, use, service, service use, license, lease, capital stock, transfer, recording, franchise, business organization, occupation, premium, environmental, windfall profits, profits, customs, duties, payroll, wage, withholding, social security, employment, unemployment, insurance, severance, workers compensation, excise, stamp, alternative minimum, estimated, value added, ad valorem, hospitality, accommodations, transient accommodations, unclaimed property, escheat and other taxes, charges, fees, duties, levies, imposts, or other similar assessments, (b) any interest, penalties or additions attributable thereto and (c) all liabilities in respect of any items described in clauses (a) or (b) payable by reason of assumption, transferee or successor liability, operation of Law or Treasury Regulation Section 1.1502-6(a) (or any predecessor or successor thereof or any analogous or similar provision under Law).

“Tax Attributes” means net operating losses, capital losses, tax credit carryovers, earnings and profits, foreign tax credit carryovers, overall foreign losses, previously taxed income, tax bases, separate limitation losses and any other losses, deductions, credits or other comparable items that could affect a Tax liability for a past or future taxable period.

“Tax Benefit” means any refund, credit, or other reduction in Tax payments otherwise required to be made to a Taxing Authority, including for the avoidance of doubt, any actual Tax savings if, as and when realized arising from a step-up in Tax basis or an increase in a Tax Attribute.

“Tax Cost” means any increase in Tax payments otherwise required to be made to a Taxing Authority (or any reduction in any refund otherwise receivable from any Taxing Authority).

“Tax Group” means the members of a consolidated, combined, unitary or other tax group (determined under applicable U.S., state or foreign Income Tax law) which includes Parent or New BBX Capital, as the context requires, but for the avoidance of doubt, (i) Parent’s Tax Group does not include any members of the New BBX Capital Group and (ii) New BBX Capital’s Tax Group does not include any members of the Parent Group.

“Tax Item” means any item of income, gain, loss, deduction, credit, recapture of credit or any other item which increases or decreases Taxes paid or payable.

“Tax Matter” has the meaning set forth in Section 6.01(a).

“Tax Proceeding” means any audit, assessment of Taxes, pre-filing agreement, other examination by any Taxing Authority, proceeding, appeal of a proceeding or litigation relating to Taxes, whether administrative or judicial, including proceedings relating to competent authority determinations.

“Tax Return” means any return, report, certificate, form or similar statement or document (including any related or supporting information or schedule attached thereto and any information return, or declaration of estimated Tax) required to be supplied to, or filed with, a Taxing Authority in connection with the payment, determination, assessment or collection of any Tax or the administration of any Laws relating to any Tax and any amended Tax return or claim for refund.

“Taxing Authority” means any governmental authority or any subdivision, agency, commission or entity thereof or any quasi-governmental or private body having jurisdiction over the assessment, determination, collection or imposition of any Tax (including the IRS).

“Transfer Taxes” means all sales, use, transfer, real property transfer, intangible, recordation, registration, documentary, stamp or similar Taxes imposed on Separation or the Distribution.

“Transition Services Agreement” means the Transition Services Agreement by and among the Parties dated as of the date hereof.

“Treasury Regulations” means the final and temporary (but not proposed) Income Tax regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

“U.S.” means the United States of America.

Section 1.02 Additional Definitions. Any other capitalized terms used but not defined in this Agreement shall have the meanings ascribed to them in the Separation Agreement.

ARTICLE II

PREPARATION, FILING AND PAYMENT OF TAXES SHOWN DUE ON TAX RETURNS

Section 2.01 Parent Consolidated Returns.

(a) Parent Consolidated Returns. Parent shall prepare and file all Parent Consolidated Returns for a Pre-Closing Period or a Straddle Period, and shall pay all Taxes shown to be due and payable on such Tax Returns; provided that New BBX Capital shall reimburse Parent for any such Taxes that are New BBX Capital Taxes.

(b) Extraordinary Transactions. Notwithstanding anything to the contrary in this Agreement, for all Tax purposes, the Parties shall report any Extraordinary Transactions that are caused or permitted by New BBX Capital or any New BBX Capital Entity on the Distribution Date after the Distribution as occurring on the day after the Distribution Date pursuant to Treasury Regulation Section 1.1502-76(b)(1)(ii)(B) or any similar or analogous provision of state, local or foreign Law.

Section 2.02 Mixed Business Tax Returns.

(a) Subject to Section 2.02(b), Parent shall prepare (or cause a Parent Entity to prepare) and Parent, a Parent Entity or New BBX Capital shall file (or cause to be filed) any Mixed Business Tax Returns for a Pre-Closing Period or a Straddle Period and shall pay, or cause such Parent Entity to pay, all Taxes shown to be due and payable on such Tax Returns; provided that New BBX Capital shall reimburse Parent for any such Taxes that are New BBX Capital Taxes.

(b) New BBX Capital shall prepare and file (or cause a New BBX Capital Entity to prepare and file) any Mixed Business Tax Returns for a Pre-Closing Period or a Straddle Period required to be filed by New BBX Capital or a New BBX Capital Entity after the Distribution Date, and New BBX Capital shall pay, or cause such New BBX Capital Entity to pay, all Taxes shown to be due and payable on such Tax Returns; provided that Parent shall reimburse New BBX Capital for any such Taxes that are Parent Taxes.

Section 2.03 Single Business Returns.

(a) Parent shall prepare and file (or cause a Parent Entity to prepare and file) any Single Business Returns for a Pre-Closing Period or a Straddle Period that reflects or reports Tax Items relating only to the Bluegreen Business and shall pay, or cause such Parent Entity to pay, all Taxes shown to be due and payable on such Tax Returns; provided that New BBX Capital shall reimburse Parent for any such Taxes that are New BBX Capital Taxes.

(b) New BBX Capital shall prepare and file (or cause a New BBX Capital Entity to prepare and file) any Single Business Returns for a Pre-Closing Period or a Straddle Period that reflects or reports Tax Items relating only to the New BBX Capital Business and shall pay, or cause such New BBX Capital Entity to pay, all Taxes shown to be due and payable on such Tax Returns; provided that Parent shall reimburse New BBX Capital for any such Taxes that are Parent Taxes.

Section 2.04 Tax Return Procedures.

(a) Procedures relating to Tax Returns other than Single Business Returns

(i) Parent Consolidated Returns. With respect to all Parent Consolidated Returns for the taxable year which includes the Distribution Date, Parent shall use the closing of the books method under (A) Treasury Regulation Section 1.1502-76 (including adopting the “end of the day rule” described therein) and (B) Section 382

of the Code and any applicable Treasury Regulations promulgated thereunder. To the extent that the positions taken on any Parent Consolidated Tax Return would reasonably be expected to materially adversely affect the Tax position of New BBX Capital or a New BBX Capital Entity for any period after the Distribution Date, Parent shall prepare the portions of such Tax Return that relates to the New BBX Capital Business in a manner that is consistent with Past Practice unless otherwise required by applicable Law or agreed to in writing by the Parties, and shall provide a draft of such portion of such Tax Return to New BBX Capital for its review and comment at least thirty (30) days prior to the Due Date for such Tax Return, provided, however, that nothing herein shall prevent Parent from timely filing any such Tax Return. In the event that Past Practice is not applicable to a particular item or matter, Parent shall determine the reporting of such item or matter in good faith. The Parties shall negotiate in good faith to resolve all disputed issues. Any disputes that the Parties are unable to resolve shall be resolved by the Accounting Firm pursuant to Section 7.01. In the event that any dispute is not resolved (whether pursuant to good faith negotiations among the Parties or by the Accounting Firm) prior to the Due Date for the filing of any such Tax Return, such Tax Return shall be timely filed by Parent and Parent agrees to amend such Tax Return as necessary to reflect the resolution of such dispute in a manner consistent with such resolution.

(ii) Mixed Business Tax Returns To the extent that the positions taken on any Mixed Business Tax Return would reasonably be expected to materially adversely affect the Tax position of the party other than the party that is required to prepare and file any such Tax Return pursuant to Section 2.02 (the "Reviewing Party") in any Post-Closing Period, the party required to prepare and file such Tax Return (the "Preparing Party") shall prepare the portions of such Tax Return that relates to the business of the Reviewing Party (the New BBX Capital Business or the Bluegreen Business, as the case may be) in a manner that is consistent with Past Practice unless otherwise required by applicable Law or agreed to in writing by the Parties, and shall provide a draft of such portion of such Tax Return to the Reviewing Party for its review and comment at least thirty (30) days prior to the Due Date for such Tax Return, provided, however, that nothing herein shall prevent the Preparing Party from timely filing any such Tax Return. In the event that Past Practice is not applicable to a particular item or matter, the Preparing Party shall determine the reporting of such item or matter in good faith. The Parties shall negotiate in good faith to resolve all disputed issues. Any disputes that the Parties are unable to resolve shall be resolved by the Accounting Firm pursuant to Section 7.01. In the event that any dispute is not resolved (whether pursuant to good faith negotiations among the Parties or by the Accounting Firm) prior to the Due Date for the filing of any such Tax Return, such Tax Return shall be timely filed by the Preparing Party and the Parties agree to amend such Tax Return as necessary to reflect the resolution of such dispute in a manner consistent with such resolution.

(b) Procedures relating to Single Business Returns The Party that is required to prepare and file any Single Business Return pursuant to Section 2.03 (the "Single Business Return Preparing Party") which reflects Taxes which are reimbursable by the other Party (the "Single Business Return Reviewing Party"), in whole or in part, shall (x) unless otherwise required by Law or agreed to in writing by the Single Business Return Reviewing Party, prepare such Tax Return in a manner consistent with Past Practice to the extent such items affect the Taxes for which the Single Business Return Reviewing Party is responsible pursuant to this Agreement, and (y) submit to the Single Business Return Reviewing Party a draft of any such Tax Return (or to the extent practicable the portion of such Tax Return that relates to Taxes for which the Single Business Return Reviewing Party is responsible pursuant to this Agreement) along with a statement setting forth the calculation of the Tax shown due and payable on such Tax Return reimbursable by the Single Business Return Reviewing Party under Section 2.03 at least thirty (30) days prior to the Due Date for such Tax Return; provided, however, that nothing herein shall prevent the Single Business Return Preparing Party from timely filing any such Single Business Return. The Parties shall negotiate in good faith to resolve all disputed issues. Any disputes that the Parties are unable to resolve shall be resolved by the Accounting Firm pursuant to Section 7.01. In the event that any dispute is not resolved (whether pursuant to good faith negotiations among the Parties or by the Accounting Firm) prior to the Due Date for the filing of any Single Business Return, such Single Business Return shall be timely filed by the Single Business Return Preparing Party and the Parties agree to amend such Single Business Return as necessary to reflect the resolution of such dispute in a manner consistent with such resolution.

Section 2.05 Amended Returns. Except as provided in Section 2.04 to reflect the resolution of any dispute by the Accounting Firm pursuant to Section 7.01, (a) except with the prior written consent of Parent (such consent not to be unreasonably withheld, delayed or conditioned), New BBX Capital shall not, and shall not permit any New BBX Capital Entity to, amend any Tax Return of New BBX Capital or any New BBX Capital Entity for any Pre-Closing Period or Straddle Period to the extent such amendment could reasonably be expected to result in

an indemnification obligation on the part of Parent pursuant to Article III or otherwise increase the Taxes of any member of the Parent Group and (b) except with the prior written consent of New BBX Capital (such consent not to be unreasonably withheld, delayed or conditioned), Parent shall not, and shall not permit any Parent Entity to, amend any Tax Return for any Pre-Closing Period or Straddle Period to the extent such amendment could reasonably be expected to result in an indemnification obligation on the part of New BBX Capital pursuant to Article III or otherwise increase the Taxes of any member of the New BBX Capital Group.

Section 2.06 Straddle Period Tax Allocation. Parent and New BBX Capital shall take all actions necessary or appropriate to close the taxable year of New BBX Capital and each New BBX Capital Entity for all Tax purposes as of the close of business on the Distribution Date to the extent permissible or required under applicable Law. If applicable Law does not require or permit New BBX Capital or a New BBX Capital Entity, as the case may be, to close its taxable year on close of business on the Distribution Date, then the allocation of income or deductions required to determine any Taxes or other amounts attributable to the portion of the Straddle Period ending on, or beginning after, the Distribution Date shall be made by means of a closing of the books and records of New BBX Capital or such New BBX Capital Entity as of the close of business on the Distribution Date; provided that exemptions, allowances or deductions that are calculated on an annual or periodic basis shall be allocated between such portions in proportion to the number of days in each such portion; provided, further, that real property and other property or similar periodic Taxes shall be apportioned on a per diem basis.

Section 2.07 Timing of Payments. All Taxes required to be paid or caused to be paid pursuant to this Article II by either Parent or a Parent Entity or New BBX Capital or a New BBX Capital Entity, as the case may be, to an applicable Taxing Authority or reimbursed by Parent or New BBX Capital to the other Party pursuant to this Agreement, shall, in the case of a payment to a Taxing Authority, be paid on or before the Due Date for the payment of such Taxes and, in the case of a reimbursement to the other Party, be paid at least two (2) business days before the Due Date for the payment of such Taxes by the other Party; provided that the Party seeking reimbursement shall furnish such other Party reasonably satisfactory documentation setting forth the basis for, and calculation of, the amount of such reimbursement obligation at least twenty (20) days before such Due Date.

Section 2.08 Expenses. Except as provided in Section 7.01 in respect of the expenses relating to the Accounting Firm, each Party shall bear its own expenses incurred in connection with this Article II.

Section 2.09 Apportionment of New BBX Capital Taxes. For all purposes of this Agreement, but subject to Section 4.03, Parent and New BBX Capital shall jointly determine in good faith which Tax Items are properly attributable to assets or activities of the New BBX Capital Business (and in the case of a Tax Item that is properly attributable to both the New BBX Capital Business and the Bluegreen Business, the allocation of such Tax Item between the New BBX Capital Business and the Bluegreen Business) in a manner consistent with the Past Practices of the Parties and the provisions of this Agreement, and any disputes shall be resolved by the Accounting Firm in accordance with Section 7.01.

ARTICLE III

INDEMNIFICATION

Section 3.01 Indemnification by Parent. Subject to Section 3.03, Parent shall pay, and shall indemnify and hold the New BBX Capital Group harmless from and against, without duplication, (a) all Parent Taxes, (b) all Taxes incurred by New BBX Capital or any New BBX Capital Entity arising out of, attributable to, or resulting from the breach by Parent of any of its covenants hereunder, and (c) any out-of-pocket costs and expenses related to the foregoing (including reasonable attorneys' fees and expenses).

Section 3.02 Indemnification by New BBX Capital. Subject to Section 3.03, New BBX Capital shall pay, and shall indemnify and hold the Parent Group harmless from and against, without duplication, (a) all New BBX Capital Taxes, (b) all Taxes incurred by Parent or any Parent Entity arising out of, attributable to, or resulting from the breach by New BBX Capital of any of its covenants hereunder, and (c) any out-of-pocket costs and expenses related to the foregoing (including reasonable attorneys' fees and expenses). In addition, to the extent, if

any, that New BBX Capital's market value at the time of the Distribution is greater than Parent's tax basis in New BBX Capital, New BBX Capital shall indemnify Parent for tax on gain taken into account as a result of the Distribution, determined as if no net operating losses or other tax attributes were available to shelter that gain and computed at an assumed tax rate of 25%.

Section 3.03 Characterization of and Adjustments to Payments.

(a) For all Tax purposes, Parent and New BBX Capital shall treat any payment by Parent to a member of the New BBX Capital Group or by New BBX Capital to a member of the Parent Group required by this Agreement (other than payments with respect to interest accruing after the Distribution Date) as either a contribution by Parent to New BBX Capital or a distribution by New BBX Capital to Parent, as the case may be, occurring immediately prior to the Distribution.

(b) Notwithstanding the foregoing, the amount that any Indemnifying Party is or may be required to provide indemnification to or on behalf of any Indemnified Party pursuant to Article III of this Agreement, the Separation Agreement or any other Ancillary Agreement shall be (i) decreased to take into account any Tax Benefit to the Indemnified Party (or any of its Affiliates) arising from the incurrence or payment of the relevant indemnified item and actually realized in or prior to the taxable year succeeding the taxable year in which the indemnified item is incurred (which Tax Benefit would not have arisen or been allowable but for such indemnified item), and (ii) increased to take into account any actual Tax Cost of the Indemnified Party (or any of its Affiliates) arising from the receipt of the relevant indemnity payment.

Section 3.04 Timing of Indemnification Payments. Indemnification payments in respect of any liabilities for which an Indemnified Party is entitled to indemnification pursuant to this Article III shall be paid by the Indemnifying Party to the Indemnified Party within ten (10) days after written notification thereof by the Indemnified Party, including reasonably satisfactory documentation setting forth the basis for, and calculation of, the amount of such indemnification payment, or within ten (10) days after resolution pursuant to Section 7.01.

ARTICLE IV

REFUNDS, CARRYBACKS, TIMING DIFFERENCE AND TAX ATTRIBUTES

Section 4.01 Refunds and Credits.

(a) Except as provided in Section 4.02, Parent shall be entitled to all Refunds of Taxes for which Parent is responsible pursuant to Article III, and New BBX Capital shall be entitled to all Refunds of Taxes for which New BBX Capital is responsible pursuant to Article III. For the avoidance of doubt, to the extent that a particular Refund of Taxes may be allocable to a Straddle Period with respect to which the Parties may share responsibility pursuant to Article III, the portion of such Refund to which each Party will be entitled shall be determined by comparing the amount of payments made by a Party (or any of member of such Party's Group) to a Taxing Authority or to the other Party (and reduced by the amount of payments received from the other Party) pursuant to Articles II and III hereof with the Tax liability of such Party as determined under Section 2.06, taking into account the facts as utilized for purposes of claiming such Refund. If a Party (or any member of its Tax Group) receives a Refund to which the other Party is entitled pursuant to this Agreement, such Party shall pay the amount to which such other Party is entitled (net of any Taxes imposed with respect to such Refund and any other reasonable out-of-pocket costs incurred by such Party with respect thereto) within ten (10) days after the receipt of the Refund.

(b) Notwithstanding Section 4.01(a), to the extent that a Party (or any member of its Tax Group) applies or causes to be applied an overpayment of Taxes as a credit toward or a reduction in Taxes otherwise payable (or a Taxing Authority requires such application in lieu of a Refund) and such overpayment of Taxes, if received as a Refund, would have been payable by such Party to the other Party pursuant to this Section 4.01, such Party shall pay such amount to the other Party no later than ten (10) days following the date on which the overpayment is reflected on a filed Tax Return.

(c) To the extent that the amount of any Refund under this Section 4.01 is later reduced by a Taxing Authority or in a Tax Proceeding, such reduction shall be allocated to the Party to which such Refund was allocated pursuant to this Section 4.01 and an appropriate adjusting payment shall be made.

Section 4.02 Carrybacks. Except to the extent otherwise consented to by Parent or prohibited by applicable Law, New BBX Capital (or the appropriate member of its Tax Group) shall elect to relinquish, waive or otherwise forgo the carryback of any loss, credit or other Tax Attribute from any Post-Closing Period to any Pre-Closing Period or Straddle Period with respect to members of the New BBX Capital Group (a "Carryback"). In the event that New BBX Capital (or the appropriate member of its Tax Group) is prohibited by applicable Law to relinquish, waive or otherwise forgo a Carryback (or Parent consents to a Carryback), Parent shall cooperate with New BBX Capital, at New BBX Capital's expense, in seeking from the appropriate Taxing Authority such Refund as reasonably would result from such Carryback, to the extent that such Refund is directly attributable to such Carryback, and shall pay over to New BBX Capital the amount of such Refund, net of any Taxes imposed on the receipt of such Refund and any other reasonable out-of-pocket costs, within ten (10) days after such Refund is received.

Section 4.03 Tax Attributes.

(a) As soon as reasonably practicable after the Distribution Date, Parent shall reasonably determine in good faith the allocation of Tax Attributes, as well as any limitations on the use thereof, arising in a Pre-Closing Period to the Parent Group and the New BBX Capital Group in accordance with the Code and Treasury Regulations, including Treasury Regulations Sections 1.1502-9T(c), 1.1502-21, 1.1502-21T, 1.1502-22, 1.1502-79 and, if applicable, 1.1502-79A, and 1.1502-95 (and any applicable state, local and foreign Tax Laws). Subject to the preceding sentence, Parent shall be entitled to make any determination as to (i) basis, and (ii) valuation, and shall make such determinations reasonably and in good faith and consistent with Past Practice, where applicable. Parent shall consult in good faith with New BBX Capital regarding such allocation of Tax Attributes and determinations as to basis and valuation, and shall consider in good faith any comments received in writing from New BBX Capital regarding such allocation and determinations. Parent and New BBX Capital hereby agree to compute all Taxes for Post-Closing Periods consistently with the determination of the allocation of Tax Attributes pursuant to this Section 4.03(a) unless otherwise required by a Final Determination.

(b) To the extent that the amount of any Tax Attribute is later reduced or increased by a Taxing Authority or Tax Proceeding, such reduction or increase shall be allocated to the Party to which such Tax Attribute was allocated pursuant to Section 4.03(a).

Section 4.04 Timing Differences. If pursuant to a Final Determination an Adjustment (i) increases the amount of liability for any Taxes for which a member of the Parent Group is responsible hereunder and a Tax Benefit is made allowable to New BBX Capital or a member of its Tax Group for any Tax period after the Distribution Date, which Tax Benefit would not have arisen or been allowable but for such Adjustment, and which Tax Benefit reduces Taxes in respect of a Tax period for which New BBX Capital or a member of its Tax Group is liable (and for which no member of the Parent Group is liable) or (ii) increases the amount of liability for any Taxes for which a member of the New BBX Capital Group is responsible hereunder and a Tax Benefit is made allowable to Parent or a member of its Tax Group for any Tax period prior to the Distribution Date, which Tax Benefit would not have arisen or been allowable but for such Adjustment, and which Tax Benefit reduces Taxes in respect of a Tax period which Parent or a member of its Tax Group is liable (and for which no member of the New BBX Capital Group is liable), then New BBX Capital or Parent, as the case may be, shall make a payment to either Parent or New BBX Capital, as appropriate, within thirty (30) days of the date that such paying Party (or any of its Tax Group members) actually receives such Tax Benefit (determined by comparing its (and its Tax Group members') Tax liability with and without the Tax consequences of the Adjustment), which payment shall not exceed the increase in the amount of liability for any Taxes resulting from such Adjustment, for which a member of the Parent Group or New BBX Capital Group, as the case may be, is responsible hereunder.

Section 4.05 Tax Benefit Determinations. Notwithstanding anything herein to the contrary, if and to the extent a Party owns, directly or indirectly, less than 100% of the equity of any entity and as a result of such less-than-100% ownership interest in the entity such entity is not a member of the Party's Tax Group, then the amount of the Tax Benefit payment under this Article IV shall be appropriately adjusted to take into account the percentage ownership (based on value) of any such entity, and shall be determined and due and owing even if such entity is not a member of the Tax Group of a Party.

Section 4.06 Supporting Documentation. If a Party seeks any payment from the other Party pursuant to this Article IV, the requesting Party shall furnish such other Party reasonably satisfactory documentation setting forth the basis for, and the calculation of, the amount of such payment obligation. If such other Party disagrees with the determination of the amount of the payment obligation set forth therein, any disputes shall be resolved by the Accounting Firm in accordance with Section 7.01.

ARTICLE V

TAX PROCEEDINGS

Section 5.01 Notification of Tax Proceedings. Within ten (10) days after an Indemnified Party becomes aware of the commencement of a Tax Proceeding that may give rise to Taxes for which an Indemnifying Party is responsible pursuant to Article III, such Indemnified Party shall notify the Indemnifying Party of such Tax Proceeding, and thereafter shall promptly forward or make available to the Indemnifying Party copies of notices and communications relating to such Tax Proceeding. The failure of the Indemnified Party to notify the Indemnifying Party of the commencement of any such Tax Proceeding within such ten (10) day period or promptly forward any further notices or communications shall not relieve the Indemnifying Party of any obligation which it may have to the Indemnified Party under this Agreement except to the extent that the Indemnifying Party is actually prejudiced by such failure.

Section 5.02 Tax Proceeding Procedures Generally.

(a) Tax Proceedings Relating to Parent Consolidated Returns. Parent shall be entitled to contest, compromise, control and settle any adjustment or deficiency proposed, asserted or assessed pursuant to any Tax Proceeding with respect to any Parent Consolidated Return; provided that to the extent such Tax Proceeding could reasonably be expected to adversely affect the amount of Taxes for which New BBX Capital is responsible pursuant to Article III less the amount payable to New BBX Capital pursuant to Section 4.04, Parent shall (i) defend such Tax Proceeding diligently and in good faith, (ii) keep New BBX Capital informed in a timely manner of all material actions proposed to be taken by Parent with respect to such Tax Proceeding (or to the extent practicable the portion of such Tax Proceeding that relates to Taxes for which New BBX Capital is responsible pursuant to Article III), (iii) permit New BBX Capital to participate (at New BBX Capital's sole expense) in all proceedings with respect to such Tax Proceeding (or to the extent practicable the portion of such Tax Proceeding that relates to Taxes for which New BBX Capital is responsible pursuant to Article III), and (iv) not settle any such Tax Proceeding without the prior written consent of New BBX Capital, which shall not be unreasonably withheld, conditioned or delayed.

(b) Tax Proceedings Relating to Other Returns. The Preparing Party (in the case of a Mixed Business Tax Return) or the Single Business Return Preparing Party (in the case of a Single Business Return) shall be entitled to contest, compromise, control and settle any adjustment or deficiency proposed, asserted or assessed pursuant to any Tax Proceeding with respect to any Mixed Business Tax Return or Single Business Return; provided that to the extent such Tax Proceeding could reasonably be expected to adversely affect the amount of Taxes for which the Reviewing Party or Single Business Return Reviewing Party (as applicable) is responsible pursuant to Article III, the controlling party shall (i) defend such Tax Proceeding diligently and in good faith, (ii) keep the non-controlling party informed in a timely manner of all material actions proposed to be taken by the controlling party with respect to such Tax Proceeding (or to the extent practicable the portion of such Tax Proceeding that relates to Taxes for which the non-controlling party is responsible pursuant to Article III), (iii) permit the non-controlling party to participate (at the non-controlling party's sole expense) in all proceedings with respect to such Tax Proceeding (or to the extent practicable the portion of such Tax Proceeding that relates to Taxes for which the non-controlling party is responsible pursuant to Article III), and (iv) not settle any such Tax Proceeding without the prior written consent of the non-controlling party, which shall not be unreasonably withheld, conditioned or delayed.

ARTICLE VI
COOPERATION

Section 6.01 General Cooperation.

(a) The Parties shall each cooperate (and each shall cause its respective Subsidiaries to cooperate) with all reasonable requests in writing from another Party hereto, or from an agent, representative or advisor to such Party, in connection with the preparation and filing of Tax Returns, claims for Refunds, Tax Proceedings, and calculations of amounts required to be paid pursuant to this Agreement, in each case, related or attributable to or arising in connection with Taxes of either of the Parties or their respective Subsidiaries covered by this Agreement and in connection with any financial reporting matter relating to Taxes (a "Tax Matter"). Such cooperation shall include the provision of any information reasonably necessary or helpful in connection with a Tax Matter ("Information") and shall include, without limitation:

(i) the provision of any Tax Returns, other than any Parent Consolidated Return, of the Parties and their respective Subsidiaries, books, records (including information regarding ownership and Tax basis of property), documentation and other information relating to such Tax Returns, including accompanying schedules, related work papers, and documents relating to rulings or other determinations by Taxing Authorities (or, in the case of any Mixed Business Income Tax Return, to the extent practicable, the portion of such Tax Return that relates to Taxes for which New BBX Capital is responsible pursuant to this Agreement);

(ii) the execution of any document (including any power of attorney) in connection with any Tax Proceedings of either of the Parties or their respective Subsidiaries, or the filing of a Tax Return or a Refund claim of the Parties or any of their respective Subsidiaries;

(iii) the use of the Party's commercially reasonable best efforts to obtain any documentation in connection with a Tax Matter;

(iv) the use of the Party's commercially reasonable best efforts to obtain any Tax Returns (including accompanying schedules, related work papers, and documents) (other than any Parent Consolidated Return), documents, books, records or other information in connection with the filing of any Tax Returns of either of the Parties or their Subsidiaries (or, in the case of any Mixed Business Income Tax Return, to the extent practicable, the portion of such Tax Return, documents, books, records or other information that relates to Taxes for which New BBX Capital is responsible pursuant to this Agreement); and

(v) the making of each Party's officers, employees, advisors, other representatives and facilities available on a reasonable and mutually convenient basis in connection with the foregoing matters.

(b) Notwithstanding anything in this Agreement to the contrary, neither Party shall be required to provide the other Party or any of such other Party's Subsidiaries access to or copies of information, documents or personnel if such action could reasonably be expected to result in the waiver of any Privilege. In addition, in the event that either Party determines that the provision of any information or documents to the other Party or any of such other Party's Subsidiaries could be commercially detrimental, violate any law or agreement or waive any Privilege, the Parties shall use commercially reasonable efforts to permit compliance with its obligations hereunder in a manner that avoids any such harm or consequence.

(c) The Parties shall perform all actions required or permitted under this Agreement in good faith. If one Party requests the cooperation of the other Party pursuant to this Section 6.01 or any other provision of this Agreement, except as otherwise expressly provided in this Agreement, the requesting Party shall reimburse such other Party for all reasonable out-of-pocket costs and expenses incurred by such other Party in complying with the requesting Party's request.

Section 6.02 Retention of Records. Parent and New BBX Capital shall retain or cause to be retained all Tax Returns, schedules and work papers, and all material records or other documents relating thereto in their possession, in each case, that relate to a Pre-Closing Period or a Straddle Period, until the later of the six-year anniversary of the filing of the relevant Tax Return or, upon the written request of the other Party, for a reasonable time thereafter (the "Retention Period"). Upon the expiration of the Retention Period, the foregoing information may be destroyed or disposed of by the Party previously retaining such documentation or other information unless the other Party otherwise requests in writing before the expiration of the Retention Period. In such case, the Party retaining such documentation or other information shall deliver such materials to the other Party or continue to retain such materials, in either case, at the expense of such other Party.

ARTICLE VII

MISCELLANEOUS

Section 7.01 Dispute Resolution. In the event of any dispute between the Parties as to any matter covered by this Agreement, the Parties shall appoint a nationally recognized public accounting firm reasonably acceptable to both of the Parties to resolve such dispute. If the Parties are unable to agree upon such a nationally recognized public accounting firm, then each Party shall select a nationally recognized public accounting firm and the nationally recognized public accounting firms selected by the Parties shall select a separate nationally recognized public accounting firm to resolve any dispute between the Parties as to any matter covered by this Agreement. The nationally recognized public accounting firm selected to resolve any dispute between the Parties pursuant to the foregoing provisions of this Section 7.01 is referred to as the "Accounting Firm." The Accounting Firm shall make determinations with respect to the disputed items based solely on representations made by Parent and New BBX Capital and their respective representatives, and not by independent review, and shall function only as an expert and not as an arbitrator and shall be required to make a determination within the ranges submitted by the Parties. The Parties shall require the Accounting Firm to resolve all disputes no later than thirty (30) days after the submission of such dispute to the Accounting Firm, and agree that all decisions by the Accounting Firm with respect thereto shall be final, conclusive and binding on the Parties. The Accounting Firm shall resolve all disputes in a manner consistent with this Agreement and, to the extent not inconsistent with this Agreement, in a manner consistent with the Past Practices of Parent and its Subsidiaries, except as otherwise required by applicable Law. The Parties shall require the Accounting Firm to render all determinations in writing and to set forth, in reasonable detail, the basis for such determination. The total costs and expenses of the Accounting Firm will be allocated and borne between Parent and New BBX Capital based upon that percentage of such fees and expenses equal to the percentage of the dollar value of the proposed determinations submitted to the Accounting Firm determined in favor of the applicable Party; provided, that if in light of the nature of the dispute the foregoing is not feasible, such costs and expenses shall be borne equally by the Parties. Any initial retainer required by the Accounting Firm shall be funded equally by the Parties (and, following the Accounting Firm's determination, the Parties shall make appropriate payments between themselves as are necessary to give effect to the preceding sentence).

Section 7.02 Interest on Late Payments. With respect to any payment between the Parties pursuant to this Agreement not made by the due date set forth in this Agreement for such payment, the outstanding amount will accrue interest at a rate per annum equal to the prime rate published in the Wall Street Journal for the relevant period.

Section 7.03 Survival of Covenants. The covenants and agreements of the Parties contained in this Agreement shall survive the Distribution and remain in full force and effect in accordance with their applicable terms.

Section 7.04 Successors. This Agreement shall be binding on and inure to the benefit of any successor by merger, acquisition of assets, or otherwise, to either of the Parties hereto (including, without limitation, any successor of Parent or New BBX Capital succeeding to the Tax Attributes of either under Section 381 of the Code), to the same extent as if such successor had been an original party to this Agreement.

Section 7.05 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any Law or as a matter of public policy, all other conditions and provisions of this Agreement shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties to this Agreement shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner.

Section 7.06 Entire Agreement. Except as otherwise expressly provided in this Agreement, this Agreement, the Separation Agreement and the other Ancillary Agreements constitute the entire agreement of the Parties hereto with respect to the subject matter of this Agreement and supersedes all prior agreements and undertakings, both written and oral, between or on behalf of the Parties hereto with respect to the subject matter of this Agreement.

Section 7.07 Assignment; No Third-Party Beneficiaries. This Agreement shall not be assigned by either Party without the prior written consent of the other Party, except that each Party may assign (a) any or all of its rights and obligations under this Agreement to any of its Subsidiaries and (b) any or all of its rights and obligations under this Agreement in connection with a sale or disposition of any of its assets or entities or lines of business; provided, however, that, in each case, no such assignment shall release such Party from any liability or obligation under this Agreement and any assignee shall agree in writing to be bound by the terms and conditions contained in this Agreement. Any attempted assignment or delegation in breach of this Section 7.07 shall be null and void. Except as provided in Article III with respect to Indemnified Parties, this Agreement is for the sole benefit of the Parties to this Agreement and their respective Subsidiaries and their successors and permitted assigns and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 7.08 Specific Performance. In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Party who is or is to be thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief of its rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that remedies at law for any breach or threatened breach, including monetary damages, may be inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived by the Parties to this Agreement.

Section 7.09 Amendment; Waiver. Subject to any limitations expressly set forth in the Information Statement, except as expressly set forth to the contrary herein, prior to the Effective Time, this Agreement may be amended and any provision waived, in whole or in part, by Parent, in its sole discretion, by execution of a written document evidencing the same delivered to New BBX Capital. Following the Effective Time, no provision of this Agreement shall be waived or amended unless in writing and, in the case of a waiver, signed by an authorized representative of the waiving Party and, in the case of an amendment, signed by an authorized representative of each Party. No waiver by any of the Parties of any provision or breach hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent breach hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

Section 7.10 Rules of Construction. Interpretation of this Agreement shall be governed by the following rules of construction: (a) words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires; (b) references to the terms Article, Section, paragraph, and clause are references to the Articles, Sections, paragraphs, and clauses, as the case may be, of this Agreement unless otherwise specified; (c) the terms "hereof," "herein," "hereby," "hereto," and derivative or similar words refer to this entire Agreement; (d) the word "including" and words of similar import when used in this Agreement shall mean "including, without limitation," unless otherwise specified; (e) the word "or" shall not be exclusive; (f) references to "written" or "in writing" include in electronic form; (g) provisions shall apply, when appropriate, to successive events and transactions; (h) the headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement; (i) Parent and New BBX Capital have each participated in the negotiation and drafting of this Agreement and if an ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or burdening either Party by virtue of the authorship of any of the provisions in this Agreement or any interim drafts of this Agreement; and (j) a reference to any Person includes such Person's successors and permitted assigns.

Section 7.11 Counterparts. This Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original but all of which when taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or portable document format (PDF) shall be as effective as delivery of a manually executed counterpart of this Agreement.

Section 7.12 Coordination with Ancillary Agreements. To the extent any covenants or agreements between the Parties with respect to (a) employee withholding Taxes are set forth in the Employee Matters Agreement, such employee withholding Taxes shall be governed exclusively by the Employee Matters Agreement and not by this Agreement and (b) Covered Taxes as are set forth in the Transition Services Agreement, such Covered Taxes shall be governed exclusively by the Transition Services Agreement and not by this Agreement. Subject to the foregoing, this Agreement shall be the exclusive agreement among the Parties with respect to all Tax matters, including indemnification in respect of Tax matters, except as expressly set forth to the contrary in the Separation Agreement or any other Ancillary Agreement.

Section 7.13 Confidentiality. The Parties hereby agree that the confidentiality provisions of the Separation Agreement shall apply to all information and material furnished by any Party or its representatives hereunder to the other Party or any of its representatives (including any Information and any Tax Returns).

Section 7.14 Expenses. Except as otherwise provided in this Agreement or the Separation Agreement, whether or not the Distribution or the other transactions contemplated by the Separation Agreement are consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such costs or expenses.

Section 7.15 Notices. All notices and other communications among the Parties shall be in writing and shall be deemed to have been duly given (a) when delivered in person, (b) when delivered after posting in the United States mail having been sent registered or certified mail return receipt requested, postage prepaid, (c) when delivered by FedEx or other nationally recognized overnight delivery service or (d) when delivered by facsimile (solely if receipt is confirmed) or email (so long as the sender of such email does not receive an automatic reply from the recipient's email server indicating that the recipient did not receive such email), addressed as follows:

If to Parent:

401 East Las Olas Boulevard, Suite 800
Fort Lauderdale, FL 33301
Attn: Chairman
Email:
Fax:

with a copy (which will not constitute notice) to:

Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A. 150 West Flagler Street, Suite 2200
Miami, FL 33130
Attn: Alison W. Miller
Fax:
Email:

If to New BBX Capital:

401 East Las Olas Boulevard, Suite 800
Fort Lauderdale, FL 33301
Attn: President
Email:
Fax:

with a copy (which will not constitute notice) to:

Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A. 150 West Flagler Street, Suite 2200
Miami, FL 33130
Attn: Alison W. Miller
Fax:
Email:

or, in each case, to such other address as the Parties hereto may from time to time designate in writing. Any notice to Parent will be deemed notice to all members of the Parent Group, and any notice to New BBX Capital will be deemed notice to all members of the New BBX Capital Group.

Section 7.16 Effectiveness; Termination. The effectiveness of this Agreement and the obligations and rights created hereunder are subject to, and conditioned upon, the completion of the Distribution pursuant to the terms of the Separation Agreement and shall terminate automatically without any further action of the Parties upon a termination of the Separation Agreement prior to the Effective Time. Once effective, this Agreement shall remain in force and be binding so long as the applicable period for assessments or collections of Tax (including extensions) remains unexpired for any Taxes contemplated by, or indemnified against in, this Agreement, unless earlier terminated upon mutual written consent of the Parties.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed on the date first written above by their respective duly authorized officers.

BBX CAPITAL CORPORATION

By: _____
Name: Alan B. Levan
Title: Chairman and Chief Executive Officer

BBX CAPITAL FLORIDA LLC

By: _____
Name: Jarett S. Levan
Title: President and Chief Executive Officer

EMPLOYEE MATTERS AGREEMENT

This EMPLOYEE MATTERS AGREEMENT, dated as of _____, 2020 (this “Agreement”), is entered into by and among BBX Capital Corporation, a Florida corporation (“Parent”), and BBX Capital Florida LLC, a Florida limited liability company (“New BBX Capital”). Each of Parent and New BBX Capital is referred to herein as a “Party” and collectively as the “Parties.” Capitalized terms used in this Agreement and not otherwise defined shall have the meanings ascribed to such terms in the Separation Agreement (as defined below).

RECITALS

WHEREAS, pursuant to that certain Separation and Distribution Agreement (the “Separation Agreement”) dated as of the date hereof, by and among Parent and New BBX Capital, Parent and New BBX Capital have set out the terms on which, and the conditions subject to which, they wish to implement the Spin-Off of New BBX Capital, which prior to the Spin-Off is to be converted into a Florida corporation; and

WHEREAS, in connection with the foregoing, the Parties have entered into this Agreement to allocate, among Parent and New BBX Capital, Assets, Liabilities and responsibilities with respect to certain employee compensation, benefits, labor and other employment matters, all pursuant to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I DEFINITIONS

Section 1.01 Definitions. As used in this Agreement, the following terms shall have the meanings indicated below:

“Closing Plan Year” means the calendar year in which the Effective Time occurs.

“COBRA” shall have the meaning specified in Section 2.03(d).

“Code” means the Internal Revenue Code of 1986, as amended.

“Continuing Employee” means each of Alan B. Levan, John E. Abdo, Raymond S. Lopez and each other Employee of Parent to continue as an Employee of Parent following the Spin-Off as determined by Parent prior to the Spin-Off, in each case, in their capacities as Employees of Parent. For the avoidance of doubt, an Employee shall be deemed a “Continuing Employee” if he or she is expected to serve as an Employee of both Parent and New BBX Capital following the Spin-Off.

“Employee” means with respect to any entity, an individual who is considered, according to the payroll and other records of such entity, to be employed by such entity, whether active or inactive, on disability leave, or on other leave of absence.

“Employment Agreement” means each individual employment, offer, retention, consulting, change in control, split dollar life insurance, sale bonus, incentive bonus, severance, restrictive covenant or other employment related or individual compensatory agreement between any current or former employee and Parent or any of its Affiliates (including New BBX Capital and its subsidiaries), in each case, that is related to the New BBX Capital Business, other than those between Parent and any Continuing Employee, in his or her capacity as an employee of Parent.

“Employment Claim” means any actual, threatened or potential lawsuit, arbitration, ERISA claim, or federal, state, or local judicial or administrative proceeding of whatever kind involving a demand by or on behalf of or relating to an employee, former employee, job applicant, intern or volunteer, independent contractor, leased employee, or anyone claiming to be an employee or joint employee, or by or relating to a collective bargaining agent of employees, or by or relating to any federal, state, or local government agency alleging liability against an entity as an employer or against an employee pension, welfare or other benefit plan, or an administrator, trustee or fiduciary thereof.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“Former New BBX Capital Employee” means former Employees of Parent or its Affiliates (including members of the New BBX Capital Group) whose last employment with Parent or its Affiliates before the Effective Time was with a New BBX Capital Entity or was not primarily related to the Bluegreen Business.

“IRS” means the United States Internal Revenue Service.

“New BBX Capital” has the meaning specified in the preamble of this Agreement.

“New BBX Capital Benefit Plans” means any Plan that is sponsored or maintained by New BBX Capital or a New BBX Capital Entity.

“New BBX Capital Employee” means each Employee of Parent or any member of the Parent Group or New BBX Capital or any member of the New BBX Capital Group immediately prior to the Effective Time other than Continuing Employees who will not be Employees of both Parent and New BBX Capital following the Spin-Off, in each case, in their respective capacities as Employees of New BBX Capital or its subsidiaries (and, for the avoidance of doubt with respect to Continuing Employees who will be Employees of both Parent and New BBX Capital following the Spin-Off, not in their respective capacities as Employees of Parent).

“New BBX Capital FSAs” has the meaning specified in Section 2.03(c).

“New BBX Capital Health and Welfare Benefit Plans” has the meaning specified in Section 2.03(b).

“New BBX Capital Retirement Plan” has the meaning specified in Section 2.02(b).

“Parent” has the meaning specified in the preamble of this Agreement.

“Parent Benefit Plan” means any of (i) the Parent Health and Welfare Benefit Plans and the Parent Retirement Plan, and (ii) any other Plan that, as of the close of business on the Business Day before the Effective Time, is sponsored or maintained solely by Parent.

“Parent FSAs” has the meaning specified in Section 2.03(c).

“Parent Group” means, for purposes of this Agreement only, Parent Group other than Bluegreen Vacations Corporation and Bluegreen Vacations Corporation’s direct and indirect subsidiaries.

“Parent Health and Welfare Benefit Plans” means the health and welfare plans sponsored and maintained solely by Parent, including any flexible benefit plan.

“Parent Retirement Plan” means the BBX Capital Corporation 401(k) Plan, as in effect immediately prior to the Effective Time.

“Party” and “Parties” have the meanings specified in the preamble of this Agreement.

“Plan” means any plan, policy, arrangement, contract or agreement providing compensation or benefits for any group of Employees or individual Employee, or the dependents or beneficiaries of any such Employee(s), whether formal or informal or written or unwritten, and including, without limitation, any means, whether or not legally required, pursuant to which any benefit is provided by an employer to any Employee or the beneficiaries of any such Employee. The term “Plan” as used in this Agreement does not include any Contract relating to settlement of actual or potential Employment Claims. Notwithstanding the foregoing, no Employment Agreement will constitute a “Plan” for purposes hereof.

“Plan Payee” means an individual who is entitled to payment of Plan benefits in his or her capacity as a beneficiary with respect to the benefits of a deceased participant in the Plan or an alternate payee under a qualified domestic relations order within the meaning of Section 414(p)(1)(A) of the Code and Section 206(d)(3)(B)(i) of ERISA with respect to the benefits of a participant in the Plan.

“Separation Agreement” has the meaning specified in the recitals of this Agreement.

“WARN” has the meaning specified in Section 3.01.

Section 1.02 Interpretation; Construction.

(a) Unless the context of this Agreement otherwise requires: (i) words of any gender include each other gender and neuter form; (ii) words using the singular or plural number also include the plural or singular number, respectively; (iii) derivative forms of defined terms will have correlative meanings; (iv) the terms “hereof,” “herein,” “hereby,” “hereto,” “herewith,” “hereunder” and derivative or similar words refer to this entire Agreement; (v) the terms “Article,” “Section,” and “Schedule” refer to the specified Article, Section, or Schedule, as the case may be, of this Agreement and references to “paragraphs” or “clauses” shall be to separate paragraphs or clauses, respectively, of the section or subsection in this Agreement in which the reference occurs; (vi) the words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation;” (vii) the word “or” shall be disjunctive but not exclusive; (viii) the phrase “to the extent” shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply “if;” and (ix) the terms “writing,” “written” and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form.

(b) Unless the context of this Agreement otherwise requires: references to Contracts (including this Agreement) and other documents or Laws shall be deemed to include references to such Contract or Law as amended, restated, supplemented or modified from time to time in accordance with its terms and the terms hereof, as applicable, and in effect at any given time (and, in the case of any Law, to any successor provisions).

(c) Unless the context of this Agreement otherwise requires, references to any federal, state, local, or foreign statute or Law shall include all regulations promulgated thereunder.

(d) Unless the context of this Agreement otherwise requires, references to any Person include references to such Person’s successors and permitted assigns, and in the case of any Governmental Authority, to any Person succeeding to its functions and capacities.

(e) The language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent. The Parties acknowledge that each Party and its attorneys have reviewed and participated in the drafting of this Agreement and that any rule of construction to the effect that any ambiguities are to be resolved against the drafting Party, or any similar rule operating against the drafter of a Contract, shall not be applicable to the construction or interpretation of this Agreement.

(f) Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified. If any action is to be taken or given on or by a particular day, and such day is not a Business Day, then such action may be deferred until the next Business Day.

(g) All accounting terms used herein and not expressly defined herein shall have the meanings given to them under GAAP unless the context otherwise requires.

ARTICLE II
EMPLOYEES AND EMPLOYEE BENEFITS

Section 2.01 Employment.

(a) Employment of Employees of New BBX Capital and Parent. At or prior to the Effective Time, Parent and New BBX Capital shall take all steps necessary and appropriate to continue, or cause to become effective, (i) the employment of the New BBX Capital Employees by New BBX Capital or the applicable New BBX Capital Entity, and (ii) the employment of the Continuing Employees by Parent or the applicable Parent Entity. The Parties shall cooperate to effect any transfers of employment contemplated by this Section 2.01 in a manner that does not result in severance or termination payments or benefits becoming due to any affected Employee.

(b) Allocation of Responsibilities as Employer: Assumption of Employment-Related Liabilities. At the Effective Time, New BBX Capital shall assume responsibility as employer of the New BBX Capital Employees who are not immediately prior to the Effective Time employees of another member of the New BBX Capital Group. Notwithstanding anything herein to the contrary, New BBX Capital does not assume and shall not be responsible for any Liability related to the employment or retention of New BBX Capital Employees or Former New BBX Capital Employees who are or were, as applicable, employed by another member of the New BBX Capital Group prior to the Effective Time. The retention and/or terms of employment of any New BBX Capital Employee who immediately prior to the Effective Time is employed by a member of the New BBX Capital Group shall not be impacted by the terms of this Agreement.

(c) Employment Agreements. At or prior to the Effective Time, the Parties shall cause New BBX Capital to assume, perform and be solely and exclusively responsible for all obligations and Liabilities with respect to all Employment Agreements between Parent and New BBX Capital Employees (other than Alan B. Levan, John E. Abdo, Jarett S. Levan and Seth M. Wise); provided, however, (i) New BBX Capital shall not assume, perform or be responsible for any Employment Agreement between New BBX Capital Employees and any other member of the New BBX Capital Group existing at the Effective Time and (ii) any employment agreements with Alan B. Levan, John E. Abdo, Jarett S. Levan and Seth M. Wise shall, as described in the Information Statement, be entered into following the Effective Time, and be subject to the approval of New BBX Capital's Compensation Committee. On and after the Effective Time, Parent and its Affiliates (other than New BBX Capital Entities) shall have no obligations or liabilities with respect to any Employment Agreements with New BBX Capital.

(d) Service Credit. From and after the Effective Time, New BBX Capital shall, or shall cause the applicable New BBX Capital Entity who is the Employer of the Employee to, give New BBX Capital Employee full credit for determining the amount of paid time off, vacation or sick leave, and the level of employer contributions under any defined contribution retirement plan, and for purposes of eligibility to participate and vesting (but not benefit accruals (if applicable)) under any employee benefit plans, arrangements, collective agreements and employment-related entitlements (including under any applicable pension, defined contribution (for example, 401(k)), deferred compensation, savings, medical, dental, life insurance, disability, vacation, long-service leave or other leave entitlements, post-retirement health and life insurance, termination indemnity, severance or separation pay plans) provided, sponsored, maintained or by or contributed to New BBX Capital or any of its Affiliates under which such New BBX Capital Employee is eligible to participate after the Effective Time for such New BBX Capital Employee's service with Parent, New BBX Capital or their respective Subsidiaries prior to the Effective Time, to the same extent recognized by any of Parent, New BBX Capital and their respective Subsidiaries immediately prior to the Effective Time, except to the extent such credit would result in the duplication of benefits for the same period of service.

(e) Independent Contractors. With respect to any independent contractor agreements or similar Contract with independent contractors that relate primarily to the Bluegreen Business and that are with New BBX Capital or a member of the New BBX Capital Group (and not with Parent or a Parent Group member), the Parties shall use commercially reasonable best efforts to assign the applicable Contract and related Liabilities to Parent or an affiliate designated by Parent. With respect to any independent contractor agreements or similar Contract with independent contractors that relate primarily to the New BBX Capital Business and that are with Parent or an affiliate of the Parent Group (and are not with New BBX Capital or a New BBX Capital Group member), the Parties shall use commercially reasonable best efforts to assign the applicable Contract and related Liabilities to New BBX Capital or a member of the New BBX Capital Group designated by New BBX Capital.

Section 2.02 Employee Benefit Plans.

(a) Status of Plans. Schedule 2.02 attached here to lists all Parent Benefit Plans.

(b) Transfer of Plans. Effective on the Effective Time, the parties shall cause Parent to assign, and New BBX Capital to assume, sponsorship of all Parent Benefit Plans. From and after the Effective Time, New BBX Capital shall be sponsor of all Parent Benefit Plans.

(c) Plan Eligibility Issues. For all purposes of all Parent Benefits Plans that New BBX Capital will assume, New BBX Capital shall administer the Plans from and after the Effective Time so that service with Parent shall be counted as service with New BBX Capital. New BBX Capital Employees who, when formerly employed by Parent, had satisfied the eligibility service requirement under the Parent Benefit Plans, and their dependents, shall continue to be eligible to participate in the Plans immediately upon the Effective Time. New BBX Capital Employees who, when formerly employed by Parent, had not satisfied the eligibility service requirement under the Parent Benefit Plans, as well as employees hired by New BBX Capital on and after the Effective Time, and their eligible dependents, shall be eligible to participate in the Plans as soon as they satisfy the Plans' eligibility service requirement, taking into account service with Parent. Participants' coverage and deferral elections under Parent Benefit Plans before the Effective Time shall carry over and be considered coverage and deferral elections under the assumed New BBX Capital 401(k) Plan and New BBX health and welfare benefit plans unless and until participants change their elections.

Section 2.03 Health and Welfare Benefits Issues.

(a) Parent Health and Welfare Benefit Plans. The Parent Health and Welfare Benefit Plans shall continue to be responsible for the payments of any claims for benefits with respect to New BBX Capital Employees that occurred prior to the Effective Time to the extent such claims are covered under applicable insurance.

(b) Establishment of New BBX Capital Health and Welfare Benefit Plans. Except as otherwise provided in Section 2.03(a) and subject to Section 2.10, New BBX Capital will be responsible for all Liabilities associated with claims incurred prior to the Effective Time by New BBX Capital Employees (other than Continuing Employees, in their capacities as Employees of Parent) and Former New BBX Capital Employees and their dependents under the Parent Health and Welfare Benefit Plans, that are paid on or after the Effective Time, regardless of when such claims are incurred, filed and/or paid, in each case to the extent such claims are covered under applicable insurance, and shall promptly reimburse Parent for any such amounts following receipt from Parent of adequate documentation.

(c) Flexible Spending Accounts. With respect to the Parent flexible spending account plan for medical card and dependent care that New BBX Capital will assume, the Parties shall take all steps reasonably necessary or appropriate so that the account balances (positive or negative) under the dependent care spending account and a medical care spending account plans formerly sponsored by Parent (the "Parent FSAs") of each New BBX Capital Employee who has elected to participate therein in the year in which the Effective Time occurs shall be transferred on, or as soon as practicable after, the Effective Time from the Parent FSAs to the corresponding New BBX Capital FSAs. The New BBX Capital FSAs shall assume responsibility as of the Effective Time for all outstanding dependent care and medical care claims under the Parent FSAs of each New BBX Capital Employee for the year in which the Effective Time occurs and shall assume the rights of and agree to perform the obligations of the analogous Parent FSA from and after the day following the date of the Effective Time, in each case, other than in respect of claims under the Parent FSAs of a Continuing Employee, in his or her capacity as an Employee of Parent. The Parties shall cooperate to provide that the contribution elections of each such New BBX Capital Employee as in effect immediately before the Effective Time remain in effect under the New BBX Capital FSAs following the Effective Time. As soon as practicable after the Effective Time, Parent shall transfer to New BBX Capital an amount equal to the sum of the total contributions made to the Parent FSAs by New BBX Capital Employees in proportion to the percentage of their account balances are transferred to the New BBX Capital FSAs, in respect of the plan year in which the Effective Time occurs, reduced by an amount equal to the total claims already paid in respect of such plan year. From and after the Effective Time, Parent shall (subject to applicable Law) provide New BBX Capital with such information as New BBX Capital may reasonably request to enable it to verify any claims information pertaining to a Parent FSA.

(d) Continuation Coverage. Subject to Section 2.10, as of the Effective Time, New BBX Capital shall assume or retain and shall be responsible for providing and meeting the continuation coverage requirements imposed by Section 4980B of the Code and Sections 601 through 608 of ERISA (“COBRA”) or similar state law for New BBX Capital Employees (other than those that are also Continuing Employees, in their capacities as Employees of Parent) and all Former New BBX Capital Employees, as well as their “qualified beneficiaries” (as defined under COBRA), regardless of whether such Liabilities arose before, on or after the Effective Time.

(e) 6055/6056 Reporting. New BBX Capital shall be solely responsible for ensuring that New BBX Capital complies with the reporting obligations under Section 6056 of the Code (Reporting of Offers of Coverage) with respect to New BBX Capital Employees for the Closing Plan Year (including while New BBX Capital was owned by Parent) and periods after the Effective Time, for which New BBX Capital has a reporting obligation, provided that Parent shall be responsible for complying with all reporting obligations with respect to the year prior to the Closing Plan Year. In this regard, New BBX Capital or the responsible New BBX Capital Entity shall be responsible for distributing IRS Form 1095-C to applicable individuals and filing IRS Forms 1094-C and 1095-C with the IRS, all according to the applicable rules and regulations governing such forms. New BBX Capital or the responsible New BBX Capital Entity shall be responsible for compliance with the reporting obligations under Section 6055 of the Code (Reporting of Enrollment in Minimum Essential Coverage) with respect to all New BBX Capital Employees who are enrolled in a self-insured medical plan under the Parent Health and Welfare Benefit Plans. Compliance of this obligation may be met either through IRS Forms 1094-C and 1095-C or IRS Forms 1094-B and 1095-B, all in accordance with applicable rules and regulations. The reporting obligations under Section 6055 of the Code for Employees who are enrolled in a fully insured medical plan under the Parent Health and Welfare Benefit Plans shall be met by the applicable insurance carrier or HMO. Parent shall cooperate with New BBX Capital and the responsible New BBX Capital Entity to provide all necessary, pre-Effective Time information for New BBX Capital to meet its reporting obligation, which information shall be complete and accurate (in all material respects) and timely provided to New BBX Capital.

(f) Credit for Benefits. With respect to each Employee and his or her dependent eligible to participate in any New BBX Capital Health and Welfare Benefit Plan, New BBX Capital shall (i) waive for any waiting period provision, payment requirement to avoid a waiting period, pre-existing condition limitation, actively-at-work requirement and any other restriction that would prevent immediate or full participation under any New BBX Capital Health and Welfare Benefit Plans to the extent such waiting period, pre-existing condition limitation, actively-at-work requirement or other restriction was satisfied by or would not have been applicable to such New BBX Capital Employee or dependent under the terms of the welfare plans of New BBX Capital and its Affiliates (including Parent) immediately prior to the Effective Time, and (ii) give full credit under the New BBX Capital Health and Welfare Benefit Plans applicable to such New BBX Capital Employee and his or her dependents for all co-payments and deductibles satisfied prior to the Effective Time in the Closing Plan Year, and for any lifetime maximums, as if there had been a single continuous employer.

Section 2.04 Workers’ Compensation. The Parties shall cooperate with respect to any notification to appropriate governmental agencies of the disposition and the issuance of new, or the transfer of existing, workers’ compensation insurance policies and contracts governing the handling of claims.

Section 2.05 Vacation and Sick Pay Liabilities. The New BBX Capital Employees on and after the Effective Time will have the same vested and unvested balances of vacation and sick leave as credited to the New BBX Capital Employees on Parent’s or its Affiliate’s payroll system immediately prior to the Effective Time and (ii) New BBX Capital or the New BBX Entity which is the employer of the Employee shall continue to accrue vacation and sick leave in effect immediately prior to the Effective Time.

Section 2.06 Preservation of Right To Amend or Terminate Plans Except as otherwise expressly provided in this Agreement or the Separation Agreement, no provisions of this Agreement shall be construed as a limitation on the right of Parent or New BBX Capital or any Affiliate thereof to amend any Plan or terminate its participation therein which Parent or New BBX Capital or any Affiliate thereof would otherwise have under the terms of such Plan or otherwise, and no provision of this Agreement shall be construed to create a right in any Employee or former Employee, or dependent or beneficiary of such Employee or former Employee, or any Plan Payee under a Plan which such person would not otherwise have under the terms of the Plan itself.

Section 2.07 No Right to Continued Employment or Engagement or Acceleration of Benefits Notwithstanding anything to the contrary set forth in this Agreement, no provision of this Agreement or the Separation Agreement shall be deemed to guarantee any employee, independent contractor or individual service provider continued employment or engagement (or any terms or benefits of employment or engagement) for any period of time or to grant any such person any rights as a third party beneficiary hereunder, including any right to any compensation or benefit whatsoever under any Parent Benefit Plan or New BBX Capital Benefit Plan or otherwise.

Section 2.08 Cash Incentives. At the Effective Time, the participation by each New BBX Capital Employee (other than those who are also Continuing Employees, in their capacities as Employees of Parent) in any cash annual bonus, commission, sign-on, retention, stay bonus, transaction bonus or similar plan or agreement of Parent or a Parent Group member shall end, and New BBX Capital or the New BBX Capital Entity which is the employer of the Employee shall assume all Liabilities with respect to such cash incentives.

Section 2.09 Equity Compensation Plans.

(a) Parent Restricted Shares. Parent shall remain responsible for Parent's equity compensation plans, including, without limitation, Parent's Amended and Restated 2014 Incentive Plan, as amended, and all obligations and Liabilities related thereto, including the compensation expense association with the acceleration of vesting of awards previously granted thereunder.

(b) New BBX Capital Equity Compensation Plans. On and after the Distribution Date, New BBX Capital shall be solely responsible for any equity compensation plans adopted by it and all awards granted thereunder, and, in each case, all obligations and Liabilities related thereto.

Section 2.10 Liabilities of New BBX Capital Entities. Notwithstanding anything herein to the contrary to the extent a New BBX Capital Entity sponsors any Plans for its Employees, it will retain all responsibility and liability to its Employees with respect to such plans, whether arising before or after the Effective Time.

ARTICLE III LABOR AND EMPLOYMENT MATTERS

Notwithstanding any other provision of this Agreement or any other agreement between New BBX Capital and Parent to the contrary, the Parties understand and agree as follows:

Section 3.01 WARN Obligations. Before and after the Effective Time, each Party shall comply in all material respects with the Worker Adjustment and Retraining Notification Act and similar state and local laws ("WARN"). As of the Effective Time, New BBX Capital and its Affiliates shall be responsible for all obligations and liabilities under WARN relating to the New BBX Capital Employees arising from mass layoffs or plant closings (each as defined under WARN) occurring on or after the Effective Time, and Parent shall be responsible for all obligations and liabilities under WARN arising from mass layoff or plant closings (each as defined under WARN) occurring prior to the Effective Time.

Section 3.02 Last Payroll; Payroll Taxes and Reporting.

(a) In the event the Effective Time is between payroll periods, on the first ordinary payroll date occurring on or after the Effective Time, New BBX Capital shall pay to its Employees who were not employed by New BBX Capital immediately prior to the Effective Time, all unpaid wages and other compensation due and the parties shall cooperate in good faith to "true up" the amounts paid based on the number of days in the periods before and after the Effective Time and the parties shall, to the extent appropriate, reimburse amounts paid to the paying party.

(b) Parent and New BBX Capital (i) shall, to the extent practicable, treat New BBX Capital (or a New BBX Capital Group member designated by New BBX Capital) as a “successor employer” and Parent (or the appropriate Parent Group member) as a “predecessor,” within the meaning of Sections 3121(a)(1) and 3306(b)(1) of the Code, with respect to New BBX Capital Employees for purposes of taxes imposed under the United States Federal Unemployment Tax Act or the United States Federal Insurance Contributions Act, and (ii) hereby agree to use commercially reasonable efforts to implement the alternate procedure described in Section 5 of Revenue Procedure 2004-53. Without limiting in any manner the obligations and Liabilities of the Parties under the Tax Matters Agreement, New BBX Capital and each New BBX Capital Group member shall bear its responsibility for payroll tax obligations and for the proper reporting to the appropriate governmental authorities of compensation of New BBX Capital Employees earned after the Effective Time.

ARTICLE IV OTHER MATTERS

Section 4.01 Sharing of Information: Audit Rights with Respect to Information Provided: Privilege

(a) Subject to applicable Law, Parent and New BBX Capital shall share, and shall cause each member of its respective Group to reasonably cooperate with the other Party hereto to (i) share, with each other and their respective agents and vendors all participant information reasonably necessary for the efficient and accurate administration of each of the Parent Benefit Plans and the New BBX Capital Benefit Plans, (ii) facilitate the transactions and activities contemplated by this Agreement and (iii) resolve any and all employment-related claims regarding Employees.

(b) Each of Parent and New BBX Capital, and their duly authorized representatives, shall have the right to conduct reasonable audits with respect to all information provided to it by the other Party. The Parties shall cooperate to determine the procedures and guidelines for conducting audits under this Section 4.01, which shall require reasonable advance written notice by the auditing Party. The auditing Party shall have the right to make copies of any records at its expense, subject to applicable Law.

(c) The foregoing paragraphs (a) and (b) and the other provisions herein requiring the Parties to cooperate shall not be deemed to be a waiver of the attorney-client privilege for the Parties nor shall it require the Parties to waive their attorney-client privilege. In the event of any conflict between the applicable terms of the Separation Agreement and the terms of this Agreement with respect to matters relating to attorney-client privilege, the work product doctrine and all other evidentiary privileges and nondisclosure doctrines, the applicable terms of the Separation Agreement, as applicable (including Section 6.8 of the Separation Agreement), shall prevail.

(d) The parties hereby agree that the confidentiality provisions of the Separation Agreement shall apply to all information and material furnished by either Party or its representatives hereunder to the other Party or any of its representatives, including, without limitation, any information shared pursuant to this Section 4.01.

Section 4.02 Fiduciary Matters. Each of Parent and New BBX Capital acknowledge that actions required to be taken pursuant to this Agreement may be subject to fiduciary duties or standards of conduct under ERISA or other applicable Law, and no Party shall be deemed to be in violation of this Agreement if it fails to comply with any provisions hereof based upon its good faith determination (as supported by advice from counsel experienced in such matters) that to do so would violate such a fiduciary duty or standard. Each Party shall be responsible for taking such actions as are reasonably deemed necessary and appropriate to comply with its own fiduciary responsibilities and shall release and indemnify the other Party for any Liabilities caused by the failure to satisfy any such responsibility.

Section 4.03 Consent of Third Parties. If any provision of this Agreement is dependent on the consent of any Third Party (including any Governmental Authority) and such consent is withheld, Parent and New BBX Capital shall use commercially reasonable best efforts to implement the applicable provisions of this Agreement to the full extent practicable. If any provision of this Agreement cannot be so implemented due to the failure of such Third Party to consent, Parent and New BBX Capital shall negotiate in good faith to implement the provision in a mutually satisfactory manner. The phrase “commercially reasonable best efforts” as used herein shall not be construed to require the incurrence of any non-routine or unreasonable expense or Liability or the waiver of any right.

Section 4.04 Reimbursement. From time to time after the Effective Time, the Parties shall promptly reimburse one another, upon reasonable request of the Party requesting reimbursement and the presentation by such Party of such substantiating documentation as the other Party shall reasonably request, for the cost of any Liabilities satisfied or assumed by the Party requesting reimbursement or its Affiliates that are made, pursuant to this Agreement, the responsibility of the other Party or any of its Affiliates.

ARTICLE V MISCELLANEOUS

Section 5.01 Relationship of Parties. Nothing in this Agreement shall be deemed or construed by the Parties or any third party as creating the relationship of principal and agent, partnership or joint venture between the Parties, it being understood and agreed that no provision contained herein, and no act of the Parties pursuant hereto, shall be deemed to create any relationship between the Parties other than the relationship set forth herein.

Section 5.02 Assignment; No Third-Party Beneficiaries. This Agreement shall not be assigned by either Party without the prior written consent of the other Party, except that each Party may assign (a) any or all of its rights and obligations under this Agreement to any of its Subsidiaries and (b) any or all of its rights and obligations under this Agreement in connection with a sale or disposition of any of its assets or entities or lines of business; provided, however, that, in each case, no such assignment shall release such Party from any liability or obligation under this Agreement and any assignee shall agree in writing to be bound by the terms and conditions contained in this Agreement. Any attempted assignment or delegation in breach of this Section 5.02 shall be null and void. This Agreement is for the sole benefit of the Parties to this Agreement and their respective Subsidiaries and their successors and permitted assigns and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 5.03 Successors. This Agreement shall be binding on and inure to the benefit of any successor by merger, acquisition of assets, or otherwise, to either of the Parties hereto to the same extent as if such successor had been an original party to this Agreement.

Section 5.04 Survival of Covenants. The covenants and agreements of the Parties contained in this Agreement shall survive the Distribution and remain in full force and effect in accordance with their applicable terms.

Section 5.05 Captions. The captions in this Agreement are for convenience only and shall not be considered a part of or affect the construction or interpretation of any provision of this Agreement.

Section 5.06 Counterparts. This Agreement may be executed in two or more counterparts (including by electronic or .pdf transmission), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of any signature page by facsimile, electronic or pdf. transmission shall be binding to the same extent as an original signature page.

Section 5.07 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any Law or as a matter of public policy, all other conditions and provisions of this Agreement shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties to this Agreement shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner.

Section 5.08 Notices. All notices and other communications among the Parties shall be in writing and shall be deemed to have been duly given (a) when delivered in person, (b) when delivered after posting in the United States mail having been sent registered or certified mail return receipt requested, postage prepaid, (c) when delivered by FedEx or other nationally recognized overnight delivery service or (d) when delivered by facsimile (solely if receipt is confirmed) or email (so long as the sender of such email does not receive an automatic reply from the recipient's email server indicating that the recipient did not receive such email), addressed as follows:

If to Parent:

401 East Las Olas Boulevard, Suite 800
Fort Lauderdale, FL 33301
Attn: Chairman

Email:

Fax:

with a copy (which will not constitute notice) to:

Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.
150 West Flagler Street, Suite 2200
Miami, FL 33130
Attn: Alison W. Miller

Fax:

Email:

If to New BBX Capital:

401 East Las Olas Boulevard, Suite 800
Fort Lauderdale, FL 33301
Attn: President

Email:

Fax:

with a copy (which will not constitute notice) to:

Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.
150 West Flagler Street, Suite 2200
Miami, FL 33130
Attn: Alison W. Miller

Fax:

Email:

or, in each case, to such other address as the Parties hereto may from time to time designate in writing.

Section 5.09 Further Assurances. Each Party hereto agrees that it will execute and deliver or cause its respective Affiliates to execute and deliver such further instruments, and take (or cause their respective Affiliates to take) such other actions, as may be reasonably necessary to carry out the purposes and intents of this Agreement.

Section 5.10 Amendment; Waiver. Subject to any limitations expressly set forth in the Information Statement, except as expressly set forth to the contrary herein, prior to the Effective Time, this Agreement may be amended and any provision waived, in whole or in part, by Parent, in its sole discretion, by execution of a written document evidencing the same delivered to New BBX Capital. Following the Effective Time, no provision of this Agreement shall be waived or amended unless in writing and, in the case of a waiver, signed by an authorized representative of the waiving Party and, in the case of an amendment, signed by an authorized representative of each Party. No waiver by any of the Parties of any provision or breach hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent breach hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

Section 5.11 Entire Agreement. This Agreement, the other Ancillary Agreements and the Separation Agreement constitute the entire agreement among the Parties relating to the transactions contemplated hereby and supersede any other agreements, whether written or oral, that may have been made or entered into by or among any of the Parties or any of their respective Subsidiaries relating to the transactions contemplated hereby. No representations, warranties, covenants, understandings, agreements, oral or otherwise, relating to the transactions contemplated by this Agreement exist between the Parties, except as expressly set forth in this Agreement, the other Ancillary Agreements or the Separation Agreement.

Section 5.12 Expenses. Except as otherwise provided in this Agreement or the Separation Agreement, whether or not the Distribution or the other transactions contemplated by the Separation Agreement are consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such costs or expenses.

Section 5.13 Specific Performance. In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Party who is or is to be thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief of its rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that remedies at law for any breach or threatened breach, including monetary damages, may be inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived by the Parties to this Agreement.

Section 5.14 Effectiveness; Termination. The effectiveness of this Agreement and the obligations and rights created hereunder are subject to, and conditioned upon, the completion of the Distribution pursuant to the terms of the Separation Agreement and shall terminate automatically without any further action of the Parties upon a termination of the Separation Agreement prior to the Effective Time. Once effective, this Agreement shall remain in force and be binding so long as any obligations hereunder remain applicable, unless earlier terminated upon mutual written consent of the Parties.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed on the date first written above by their respective duly authorized officers.

BBX CAPITAL CORPORATION

By: _____
Name: Alan B. Levan
Title: Chairman and Chief Executive Officer

BBX CAPITAL FLORIDA LLC

By: _____
Name: Jarett S. Levan
Title: President and Chief Executive Officer

Schedule 2.02
BBX Capital Corporation Employee Benefit Plans

1	401(k)	BBX Capital Corporation 401(k) Plan	Charles Schwab
2	Cigna OAP Medical Plan	BBX Capital Corporation Cigna OAP Medical Plan	Cigna
3	Cigna OAP-HDHP Medical Plan	BBX Capital Corporation Cigna OAP - High Deductible Medical Plan	Cigna
4	Health Savings Account	BBX Capital Corporation Discovery Benefits Health Savings Account	Discovery Benefits
5	PPO Dental Plan	BBX Capital Corporation Cigna Dental PPO Plan	Delta Dental
6	HMO Dental Plan	BBX Capital Corporation Cigna Dental HMO Plan	Delta Dental
7	Vision	BBX Capital Corporation VSP Vision Plan	VSP
8	Basic Life Insurance	BBX Capital Corporation Group Term Life Plan	Life Insurance Co. of North America (Cigna)
9	Basic Accidental Death and Dismemberment	BFC Financial Group Basic Life and Accidental Death & Dismemberment Plan	Life Insurance Co. of North America (Cigna)
10	FSA	BBX Capital Corporation Flexible Spending Account Plan	Discovery Benefits
11	Supplemental Life	BBX Capital Corporation Supplemental Employee, Spouse and Dependent Life Plan	Life Insurance Co. of North America (Cigna)
12	Long Term Disability	BBX Capital Corporation Long Term Disability Plan	Life Insurance Co. of North America (Cigna)
13	Short Term Disability	BBX Capital Corporation Short Term Disability Plan	Life Insurance Co. of North America (Cigna)
14	EAP	BBX Capital Corporation Employee Assistance Program	Morneau Shepell (LifeWorks)
14	Health Advocate	BBX Capital Corporation Health Advocate Program	West HealthAdvocate Solutions
15	Critical Illness	BBX Capital Critical Illness Plan	AFLAC
16	Hospital Indemnity	BBX Capital Hospital Indemnity Plan	AFLAC
17	Accident Insurance	BBX Capital Accident Insurance Plan	AFLAC

TRANSITION SERVICES AGREEMENT

THIS TRANSITION SERVICES AGREEMENT (this “Agreement”), dated as of _____, 2020, is by and among BBX Capital Corporation, a Florida corporation (“Parent”), and BBX Capital Florida LLC, a Florida limited liability company (“New BBX Capital”). Each of Parent and New BBX Capital is sometimes referred to herein as a “Party” and, collectively, as the “Parties.” For purposes of this Agreement, capitalized terms used herein and not otherwise defined shall have the respective meanings ascribed to such terms in the Separation Agreement (as defined below).

RECITALS

WHEREAS, the Board of Directors of Parent has determined that it is advisable and in the best interests of Parent and its shareholders that New BBX Capital, which is currently a wholly owned subsidiary of Parent and holds (or in accordance with the terms of the Separation Agreement will hold) the subsidiaries and investments which comprise or operate the New BBX Capital Business, be converted into a Florida corporation and become a separate, public company through the spin-off of New BBX Capital, with Parent retaining the Bluegreen Business and continuing as a public company and “pure play” Bluegreen holding company;

WHEREAS, in furtherance of the foregoing, on the date hereof, Parent and New BBX Capital have entered into a Separation and Distribution Agreement (the “Separation Agreement”) pursuant to which, subject to the terms and conditions thereof, the assets and liabilities of the Bluegreen Business will be separated from those of the New BBX Capital Business (the “Separation”) and thereafter Parent will distribute 100% of the issued and outstanding shares of New BBX Capital Common Stock to holders of Parent Common Stock (the “Distribution”) and, collectively with the Separation, the “Spin-Off”), all as more fully described in the Separation Agreement;

WHEREAS, to facilitate and provide for an orderly transition in connection with the Spin-Off, the Parties desire to enter into this Agreement to set forth the terms pursuant to which each of the Parties shall provide Services to the other Party during a transitional period and thereafter as mutually agreed to by the Parties;

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

Article I. Services

Section 1.01 Services.

- (a) With respect to each applicable service set forth on Schedule 1 hereto (the “Services”), the Party identified on Schedule 1 hereto as the “Provider” of such Service (in such capacity, the “Provider”) agrees to provide, or to cause one or more members of its Group to provide, such Service to the other Party (in such capacity, the “Recipient”), or any members of the Recipient’s Group, in each case, for the period commencing on the date on which the Effective Time occurs (the “Effective Date”) or such later time as may be agreed upon by the Parties and ending as provided in Article IV (the “Service Period”). The Parties acknowledge and agree that the “Service” as described on Schedule 1 may be amended or modified, or added to with greater specificity, by the Parties following the Effective Date, via a revision of such Schedule 1 duly executed by an authorized officer of each of the Parties.
- (b) At any time during the term of this Agreement, either Party may request that the other Party provide or cause its Group or any member thereof to provide additional services hereunder (“Additional Services”) by providing written notice of such request, it being understood that the Party that receives such request may in its sole discretion decline to provide such requested Additional Services. If a Provider agrees to undertake to provide the Additional Services, upon the mutual written agreement as to the nature, cost, duration and scope of such Additional Services, the Parties shall supplement in writing the Services set forth on Schedule 1 to include such Additional Services. Except where the context otherwise indicates or requires, any such Additional Services specified on Schedule 1 or so agreed upon in writing by the Parties shall be deemed to be “Services” under this Agreement.

Section 1.02 Performance of Services.

- (a) The Provider shall perform, or shall cause one or more members of its Group to perform, all Services to be provided by the Provider in a manner that is based on its past practice and that is substantially similar in all material respects to such Services (or analogous services) provided by or on behalf of Parent or any of its Subsidiaries (including for these purposes New BBX Capital and its Subsidiaries) with respect to the Bluegreen Business or the New BBX Capital Business, as applicable, generally during the twelve (12) months prior to the Effective Date (collectively referred to as the "Level of Service"). Subject to the performance Level of Service, the Provider may make changes from time to time in the manner of performing the Services if the Provider is making similar changes in performing analogous services for itself or its Group and if the Provider furnishes to the Recipient reasonable prior written notice of any material changes. No such change shall materially adversely affect the timeliness or quality of the applicable Service without the prior written consent of the Recipient to such change. The Provider shall not be obligated to perform or to cause to be performed any Service in a manner that is materially more burdensome (with respect to service quality, service quantity, or allocation of personnel or resources) than the Level of Service, except as may otherwise be agreed to in writing by the Parties. Without limiting the generality of the foregoing, except as may otherwise be agreed to in writing by the Parties, the Provider shall not be required by any provision hereunder to maintain the employment of any specific employee(s), hire additional employees or Third-Party service providers or purchase, lease or license any additional equipment, software or other assets or properties in order to provide the Services hereunder.
- (b) Nothing in this Agreement shall require the Provider to perform or cause to be performed any Service to the extent that the manner of such performance would constitute a violation of any applicable Law or any existing Contract with a Third Party. As between the Parties, the Provider shall be the party that determines, in its sole discretion, whether to communicate with and, if so determined, shall be the party that communicates with Third Parties in connection with any necessary Third Party consents required under any existing Contract with a Third Party to allow the Provider to perform, or cause to be performed, the applicable Services to be provided to the Recipient (or any member of its Group) hereunder, with any such communications to be in the sole discretion of Provider. Unless otherwise agreed in writing by the Parties, all reasonable and documented out-of-pocket costs and expenses (if any) incurred by any Party or any member of its Group in connection with obtaining any Third Party consent that is required to allow the Provider to perform or cause to be performed any Services hereunder shall be paid for by the Recipient (or a member of its Group).
- (c) Each Party shall perform all Services required to be performed by it hereunder in compliance with any and all applicable Laws and shall obtain and/or maintain in force all licenses, consents, permits and regulatory approvals that are necessary in connection with this Agreement. Neither Party assumes any responsibility for compliance by the other Party with any Laws applicable to the other Party (and, for the avoidance of doubt, New BBX Capital shall be responsible for ensuring that the operations of the New BBX Capital Business complies with all applicable Laws following the Effective Time).
- (d) Neither the Provider nor any member of its Group shall be required to perform or to cause to be performed any of the Services for the benefit of any Third Party or any other Person other than the Recipient and the members of its Group in accordance with the terms hereof. EXCEPT AS EXPRESSLY PROVIDED IN THIS SECTION 1.02 OR IN SECTION 6.03, EACH PARTY ACKNOWLEDGES AND AGREES THAT ALL SERVICES ARE PROVIDED ON AN "AS-IS" BASIS, THAT THE RECIPIENT ASSUMES ALL RISK AND LIABILITY ARISING FROM OR RELATING TO ITS USE OF AND RELIANCE UPON THE SERVICES, AND THAT THE PROVIDER MAKES NO OTHER REPRESENTATIONS OR GRANTS ANY WARRANTIES, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE, WITH RESPECT TO THE SERVICES. EACH PARTY SPECIFICALLY DISCLAIMS ANY OTHER WARRANTIES, WHETHER WRITTEN OR ORAL, OR EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF QUALITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR USE OR PURPOSE OR THE NON-INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES.

Section 1.03 Fees; Payment.

- (a) Recipient shall pay or cause its Group member to pay to Provider the fees set forth on Schedule 1 with respect to each Service. Notwithstanding the fees set forth on Schedule 1, in the event that the Provider determines that a different fee for a Service is required as a result of a change in applicable Law (and results from changes or developments generally applicable to the Provider or its Affiliates), then such different fee may be charged with respect to such Service starting with the billing month immediately following the billing month in which the Provider provides written notice to the Recipient of such change if provided no later than two (2) weeks prior to the first day of such billing month, and, otherwise, on the next succeeding billing month. In addition, the Recipient will also be responsible for payment of all Covered Taxes applicable to the fees paid to the Provider hereunder for the Services and any Third Party costs and expenses and other out-of-pocket costs and expenses that the Provider incurred in providing the Services in accordance with the terms hereof.
- (b) The Provider shall provide the Recipient with invoices on a monthly basis for the applicable Services rendered by the Provider (or a member of its Group) during the preceding calendar month. Such invoices shall be paid by the Recipient within thirty (30) days of the date thereof. Amounts invoiced that remain unpaid after thirty (30) days will bear interest, accruing daily and being calculated and payable monthly in arrears on the last day of each and every month, at the lesser of ten percent (10%) per annum and the maximum rate allowed by applicable Law. Each Party may, in good faith, dispute any invoice issued hereunder by written notice of such dispute delivered to the other Party prior to the date payment is due on the disputed invoice listing all disputed items and providing a description of the dispute (it being agreed that all amounts not so disputed shall be timely paid). Each Party shall negotiate such invoice dispute in good faith for the purposes of resolving such dispute.

Section 1.04 Nature of Services; Cooperation. The Parties agree to use commercially reasonable efforts in good faith to cooperate with the other Party in all matters relating to the provision and receipt of the Services. Neither Party will have any liability for any failure to perform (or to timely perform) its obligations if such failure results from any member of the other Party's Group's failure to cooperate in any applicable matter relating to the provision and receipt of the Services hereunder, and any such failure to provide Services in such circumstances will not be deemed a breach of this Agreement. Notwithstanding anything to the contrary in this Agreement, in no event shall either Party's obligation to cooperate with the other Party require such first Party to (a) advance funds to, or on behalf of, the other Party, (b) assume any liability or obligation of the other Party, or (c) incur any new liability or obligation to any Third Party. To the extent any Service requires either Party to disburse funds on behalf of the other Party, upon written notice by such first Party (which such notice may be based on an estimated amount subject to a subsequent "true-up" to the actual amount disbursed by such first Party), the other Party shall provide such funds to such first Party (subject, in the case of any estimated amount, to any subsequent "true-up"), in advance of such disbursement by such first Party.

Section 1.05 Subcontracting. A Provider may hire or engage one or more Third Parties to perform any or all of its obligations under this Agreement; provided, however, that (a) such Provider shall use the same degree of care (but at least reasonable care) in selecting each such Third Party as it would if such Third Party was being retained to provide similar services to the Provider or its Group and (b) such Provider shall in all cases remain primarily responsible for all of its obligations under this Agreement with respect to the Services. Notwithstanding the foregoing, nothing herein releases such Third Party or limits the liability of such Third Party for failures or omissions by such Third Party with respect to the services such Third Party is contractually obligated to provide.

Article II. OTHER ARRANGEMENTS

Section 2.01 Access. The Recipient shall, and shall cause the members of its Group to, allow the Provider and the members of its Group and their respective Representatives reasonable access to the facilities of the Recipient and the members of its Group that is necessary for the Provider to fulfill its obligations under this Agreement. In addition to the foregoing right of access, the Recipient shall, and shall cause the members of its Group to, afford the Provider and the members of its Group and their respective Representatives, upon reasonable advance written notice, reasonable access during normal business hours to the facilities, information, systems, infrastructure and personnel of the Recipient and the members of its Group as reasonably necessary for the Provider to verify the adequacy of internal controls over information technology, reporting of financial data and related processes employed in connection with the Services being provided by the Provider or the members of the Provider Group, including in connection with

verifying compliance with Section 404 of the Sarbanes-Oxley Act of 2002; provided that (i) such access shall not unreasonably interfere with any of the business or operations of the Recipient or any member of its Group and (ii) in the event that the Recipient determines that providing such access could be commercially detrimental, violate any applicable Law or agreement or waive any attorney-client privilege, then the Parties shall use commercially reasonable best efforts to permit such access in a manner that avoids such harm and consequence. The Provider agrees that all of its and its Group's employees shall, and that it shall use commercially reasonable efforts to cause its Representatives' employees to, when on the property of the Recipient or a member of the Recipient's Group, or when given access to any facilities, Information, systems, infrastructure or personnel of the Recipient or a member of the Recipient's Group, conform to the policies and procedures of the Recipient and the members of the Recipient's Group, as applicable, concerning health, safety, conduct and security which are made known or provided to the Provider from time to time.

Section 2.02 Audit Assistance. Each of the Parties and the members of their respective Groups are or may be subject to regulation, examination and audit by a Governmental Authority (including a Governmental Authority with respect to Taxes) or parties to Contracts with such Parties or the members of their Groups. If such a Third Party (including any Governmental Authority) exercises its right to examine or audit such Party's or a member of its Group's books, records, documents or accounting practices and procedures and such examination or audit relates to the Services, then the other Party shall provide, at the sole cost and expense of the requesting Party (except if related to the Recipient's receipt of Services, in which case such cost and expense shall be the Recipient's responsibility), all assistance reasonably requested by the Party that is subject to the examination or audit in responding to such examination or audits or requests for Information, to the extent that such assistance or Information is within the reasonable control of the cooperating Party and is related to the Services. The requesting Party shall consult and cooperate with the cooperating Party to limit the scope of any such examination or audit to the extent reasonably possible.

Section 2.03 Title to Intellectual Property. Except as otherwise expressly provided for under this Agreement or the Separation Agreement, the Recipient acknowledges that it shall acquire no right, title or interest (including any license rights or rights of use) in any Intellectual Property which is owned or licensed by the Provider, by reason of the provision of the Services hereunder (other than the receipt and use of the Services by the Recipient during the term of this Agreement as contemplated hereunder). The Recipient shall not remove or alter any copyright, trademark, confidentiality or other proprietary notices that appear on any Intellectual Property owned or licensed by the Provider, and the Recipient shall reproduce any such notices on any and all copies thereof. The Recipient shall not attempt to decompile, translate, reverse engineer or make unnecessary copies of any Intellectual Property owned or licensed by the Provider, and the Recipient shall promptly notify the Provider of any such attempt, regardless of whether by the Recipient or any Third Party, of which the Recipient becomes aware.

Section 2.04 Information Transmission. The Provider, on behalf of itself and the members of its Group, shall use commercially reasonable best efforts to provide or make available, or cause to be provided or made available, to the Recipient, in accordance with and subject to the terms and conditions hereof and of the Separation Agreement, any Information received or computed by the Provider for the benefit of the Recipient concerning the relevant Service during the Service Period.

Article III. TAXES

Section 3.01 Taxes.

- (a) The Recipient shall pay, or reimburse the Provider for, any and all sales, use, value-added, goods and services, services, excise, consumption, transfer or similar Taxes, and any related penalties and interest, arising from the payment of fees to the Provider under this Agreement (other than any taxes measured by or imposed on the Provider's gross or net income, or franchise or other similar Taxes of the Provider) ("Covered Taxes").
- (b) Where required by applicable Law, the Recipient shall pay any Covered Taxes directly to the relevant Governmental Authority in compliance with applicable Law. If any Covered Taxes are assessed on the receipt of fees by the Provider under this Agreement, the Provider shall notify the Recipient, pay such Covered Taxes directly to the applicable Governmental Authority and promptly provide the Recipient with an official receipt showing such payment, and the Recipient shall (without duplication) promptly reimburse the Provider for such Covered Taxes.

- (c) In the event that applicable Law requires any Covered Taxes to be withheld from a payment of fees under this Agreement, the Recipient shall make such required withholding, pay such withheld amounts over to the applicable Governmental Authority in compliance with applicable Law, and increase the amount payable to the Provider as necessary so that, after the Recipient has withheld such amounts, the Provider receives an amount equal to the amount the Provider would have received had no such withholding been required.
- (d) The Recipient and the Provider shall use commercially reasonable efforts, and shall cooperate with each other in good faith, to secure (and to enable the Recipient to claim) any exemption from, or otherwise to minimize, any Covered Taxes or to claim a Tax Refund therefor or tax credit in respect thereof, and the Recipient shall not be responsible for any Covered Taxes to the extent that such Covered Taxes would not have been imposed if (i) the Provider was eligible to claim an exemption from or reduction of such Covered Taxes, (ii) the Recipient used commercially reasonable efforts to notify the Provider of such eligibility reasonably in advance and (iii) the Provider failed to claim such exemption or reduction. If the Provider receives a Refund with respect to any Covered Taxes paid or borne by the Recipient under this Agreement, the Provider shall promptly pay such refund to the Recipient net of costs and expenses (including any additional Taxes) incurred by the Provider in connection with the receipt of such Refund or the payment of such Refund to the Recipient net of costs and expenses (including any additional Taxes) incurred by the Provider in connection with the receipt of such Refund or the payment of such Refund to the Recipient.
- (e) Except as mutually agreed to in writing by the Parties, neither Party or any member of its Group shall have any right of set-off or other similar rights with respect to (a) any amounts received pursuant to this Agreement or (b) any other amounts claimed to be owed to the other Party or any member of its Group arising out of this Agreement.

Article IV. TERM AND TERMINATION

Section 4.01 Term. Unless earlier terminated, this Agreement shall commence upon the Effective Date and shall terminate upon: (a) the last date on which either Party is obligated to provide any Service to the other Party in accordance with the terms of this Agreement; (b) termination of this Agreement in its entirety at the election of either Party by delivery of written notice of termination to the other Party at least 90 days prior to the effective date of termination (provided no such termination under this clause (b) may become effective prior to the one-year anniversary of the Effective Date); or (c) the mutual written agreement of the Parties to terminate this Agreement in its entirety.

Section 4.02 Early Termination.

- (a) The Recipient may from time to time terminate this Agreement in its entirety or with respect to any individual Service if the Provider has failed to perform any of its material obligations under this Agreement with respect to such Service, and such failure shall continue to be uncured for a period of thirty (30) days (or ninety (90) days if Provider is using good-faith efforts to so cure during such thirty (30) day period and thereafter) after receipt by the Provider of written notice of such failure from the Recipient; provided, however, that any such termination may only be effective as of the last day of a month; provided, further, that the Recipient shall not be entitled to terminate this Agreement with respect to the applicable Service if, as of the end of such period, there remains a good-faith Dispute between the Parties as to whether the Provider has breached this Agreement or cured any such breach.
- (b) The Provider may from time to time terminate this Agreement in its entirety or with respect to any individual Service if the Recipient has failed to perform any of its material obligations under this Agreement relating to such Service, including making undisputed payments when due, and such failure shall continue to be uncured for a period of thirty (30) days (or ninety (90) days if Recipient is using good-faith efforts to so cure during such thirty (30) day period and thereafter; provided such extended cure period shall not apply to the failure to pay any undisputed payments) after receipt by the Recipient of a written notice of such failure from the Provider; provided, however, that any such termination may only be effective as of the last day of a month; provided, further, that the Provider shall not be entitled to terminate this Agreement with respect to the applicable Service if, as of the end of such period, there remains a good-faith Dispute between the Parties as to whether the Recipient has breached this Agreement or cured any such breach.

Section 4.03 Interdependencies. The Parties acknowledge and agree that the right to terminate hereunder may relate to an individual Service or all Services. The Parties further acknowledge and agree that: (a) there may be interdependencies among the Services being provided under this Agreement; (b) upon the request of either Party, the Parties shall cooperate and act in good faith to determine whether (i) any such interdependencies exist with respect to the particular Service that a Party is seeking to terminate pursuant to Section 4.02 and (ii) in the case of such termination, the Provider's ability to provide a particular Service in accordance with this Agreement would be materially and adversely affected by such termination of another Service; and (c) in the event that the Parties have determined that such interdependencies exist (and, in the case of such termination that the Provider's ability to provide a particular Service in accordance with this Agreement would be materially and adversely affected by such termination), the Parties shall negotiate in good faith to amend Schedule 1 with respect to such termination of such impacted Service, which amendment shall be consistent with the terms of comparable Services. To the extent that the Provider's ability to provide a Service is dependent on the continuation of a specified Service, the Provider's obligation to provide such dependent Service shall terminate automatically with the termination of such supporting Service.

Section 4.04 Effect of Termination. Upon the termination of any Service pursuant to this Agreement, the Provider of the terminated Service shall have no further obligation to provide the terminated Service.

Article V. CONFIDENTIALITY

Section 5.01 Confidentiality. The Parties hereby agree that the confidentiality provisions of the Separation Agreement shall apply to all information and material furnished or otherwise made available by any Party or any member of its Group, or any of their respective Representatives, to the other Party or any member of its Group, or any of their respective Representatives.

Article VI. LIMITED LIABILITY AND INDEMNIFICATION

Section 6.01 Limitations on Liability.

- (a) EXCEPT IN THE CASE OF WILLFUL MISCONDUCT OR FRAUD, THE LIABILITIES OF THE PROVIDER AND ITS GROUP MEMBERS, COLLECTIVELY, UNDER THIS AGREEMENT FOR ANY AND ALL ACTS OR FAILURES TO ACT IN CONNECTION HERewith (INCLUDING THE PERFORMANCE OR BREACH OF THIS AGREEMENT), OR FROM THE SALE, DELIVERY, PROVISION OR USE OF ANY AND ALL SERVICES PROVIDED UNDER OR CONTEMPLATED BY THIS AGREEMENT, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, SHALL NOT IN THE AGGREGATE EXCEED FIFTY (50%) PERCENT OF THE FEES PAID OR PAYABLE TO THE PROVIDER HEREUNDER. IN NO EVENT SHALL THE PROVIDER OR ANY OF ITS GROUP MEMBERS BE LIABLE FOR THE ACTS, FAILURE TO ACT, OR OMISSIONS OF ANY THIRD PARTY PROVIDER (OR THE EMPLOYEES OR REPRESENTATIVES THEREOF) OTHER THAN IN RESPECT OF ANY SUBCONTRACTOR ENGAGED PURSUANT TO SECTION 1.05. SUCH SUBCONTRACTORS' LIABILITY SHALL NOT BE LIMITED HEREUNDER.
- (B) OTHER THAN ANY SUCH LIABILITY EXPRESSLY PERMITTED BY THE SEPARATION AGREEMENT, IN NO EVENT SHALL EITHER PARTY OR THE MEMBERS OF ITS GROUP BE LIABLE TO THE OTHER PARTY OR THE MEMBERS OF ITS GROUP FOR ANY INDIRECT, PUNITIVE, EXEMPLARY, SPECIAL, REMOTE, SPECULATIVE OR SIMILAR DAMAGES IN EXCESS OF COMPENSATORY DAMAGES OF THE OTHER PARTY IN CONNECTION WITH THE PERFORMANCE OF THIS AGREEMENT (SUBJECT TO THE LIMITATIONS SET FORTH IN SECTION 6.01(a)), AND EACH PARTY HEREBY WAIVES ON BEHALF OF ITSELF AND THE MEMBERS OF ITS GROUP ANY CLAIM FOR SUCH DAMAGES, WHETHER ARISING IN CONTRACT, TORT OR OTHERWISE.

Section 6.02 Recipient Indemnity. In addition to (but not in duplication of) any other indemnification obligations under the Separation Agreement, this Agreement or any other Ancillary Agreement, but subject to the limitations set forth in Section 6.01, the Recipient shall indemnify, defend and hold harmless the Provider, the members of the Provider's Group and each of their respective Representatives, and each of the successors and permitted assigns of any of the foregoing (collectively, the "Provider Indemnitees"), from and against any and all claims of Third Parties to the extent relating to, arising out of or resulting from the Provider's provision of the Services hereunder, other than Third Party Claims to the extent arising out of the gross negligence, willful misconduct or fraud of Provider or a member of Provider's Group.

Section 6.03 Provider Indemnity. In addition to (but not in duplication of) any other indemnification obligations under the Separation Agreement, this Agreement or any other Ancillary Agreement, but subject to the limitations set forth in Section 6.01, the Provider shall indemnify, defend and hold harmless the Recipient, the members of the Recipient's Group and each of their respective Representatives, and each of the successors and permitted assigns of any of the foregoing (collectively, the "Recipient Indemnitees"), from and against any and all Liabilities to the extent relating to, arising out of or resulting from the gross negligence, willful misconduct or fraud of Provider or a member of Provider's Group in connection with the provision of Services hereunder.

Section 6.04 Indemnification Procedures. The procedures for indemnification set forth in Separation Agreement shall govern claims for indemnification under this Agreement, *mutatis mutandis*.

Article VII. MISCELLANEOUS

Section 7.01 Independent Contractors. The Parties each acknowledge and agree that they are separate entities, each of which has entered into this Agreement for independent business reasons. The relationships of the Parties hereunder are those of independent contractors and nothing contained herein shall be deemed to create a joint venture, partnership or any other relationship between the Parties or the respective members of its Group. Employees performing Services hereunder do so on behalf of, under the direction of, and as employees of, the Provider, and neither the Recipient nor any member of its Group shall have any right, power or authority to direct such employees with respect to the provision of such Services.

Section 7.02 Assignment; No Third-Party Beneficiaries. This Agreement shall not be assigned by either Party without the prior written consent of the other Party, except that each Party may assign (a) any or all of its rights and obligations under this Agreement to any of its Subsidiaries or other members of its Group and (b) any or all of its rights and obligations under this Agreement in connection with a sale or disposition of any of its assets or entities or lines of business; provided, however, that no such assignment shall release such Party from any liability or obligation under this Agreement and any assignee (other than any assignee of obligations expressly contemplated hereby) shall agree in writing to be bound by the terms and conditions contained in this Agreement. Any attempted assignment or delegation in breach of this Section 7.02 shall be null and void. Except as provided in Article VI with respect to Provider Indemnitees and Recipient Indemnities, this Agreement is for the sole benefit of the Parties to this Agreement and the members of their respective Groups and their respective successors and permitted assigns and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 7.03 Successors. This Agreement shall be binding on and inure to the benefit of any successor by merger, acquisition of assets, or otherwise, to either of the Parties hereto to the same extent as if such successor had been an original party to this Agreement.

Section 7.04 Survival of Covenants. The covenants and agreements of the Parties contained in this Agreement shall survive the Distribution and remain in full force and effect in accordance with their applicable terms.

Section 7.05 Counterparts. This Agreement may be executed in two or more counterparts (including by electronic or .pdf transmission), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of any signature page by facsimile, electronic or pdf. transmission shall be binding to the same extent as an original signature page.

Section 7.06 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any Law or as a matter of public policy, all other conditions and provisions of this Agreement shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties to this Agreement shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner.

Section 7.07 Notices. All notices and other communications among the Parties shall be in writing and shall be deemed to have been duly given (a) when delivered in person, (b) when delivered after posting in the United States mail having been sent registered or certified mail return receipt requested, postage prepaid, (c) when delivered by FedEx or other nationally recognized overnight delivery service or (d) when delivered by facsimile (solely if receipt is confirmed) or email (so long as the sender of such email does not receive an automatic reply from the recipient's email server indicating that the recipient did not receive such email), addressed as follows:

If to Parent:

401 East Las Olas Boulevard, Suite 800
Fort Lauderdale, FL 33301
Attn: Chairman
Email:
Fax:

with a copy (which will not constitute notice) to:

Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.
150 West Flagler Street, Suite 2200
Miami, FL 33130
Attn: Alison W. Miller
Fax:
Email:

If to New BBX Capital:

401 East Las Olas Boulevard, Suite 800
Fort Lauderdale, FL 33301
Attn: President
Email:
Fax:

with a copy (which will not constitute notice) to:

Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.
150 West Flagler Street, Suite 2200
Miami, FL 33130
Attn: Alison W. Miller
Fax:
Email:

or, in each case, to such other address as the Parties hereto may from time to time designate in writing.

Section 7.08 Further Assurances. Each Party hereto agrees that it will execute and deliver or cause each member of its respective Groups to execute and deliver such further instruments, and take (or cause each member of their respective Groups to take) such other actions, as may be reasonably necessary to carry out the purposes and intents of this Agreement.

Section 7.09 Amendment; Waiver. Subject to any limitations expressly set forth in the Information Statement, except as expressly set forth to the contrary herein, prior to the Effective Time, this Agreement may be amended and any provision waived, in whole or in part, by Parent, in its sole discretion, by execution of a written document evidencing the same delivered to New BBX Capital. Following the Effective Time, no provision of this Agreement shall be waived or amended unless in writing and, in the case of a waiver, signed by an authorized representative of the waiving Party and, in the case of an amendment, signed by an authorized representative of each Party. No waiver by any of the Parties of any provision or breach hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent breach hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

Section 7.10 Entire Agreement. This Agreement (including Schedule 1 hereto), the other Ancillary Agreements and the Separation Agreement constitute the entire agreement among the Parties relating to the transactions contemplated hereby and supersede any other agreements, whether written or oral, that may have been made or entered into by or among any of the Parties or any of their respective Subsidiaries relating to the transactions contemplated hereby.

Section 7.11 Rules of Construction. Interpretation of this Agreement shall be governed by the following rules of construction: (a) words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires; (b) references to the terms Article, Section, Schedule, paragraph, and clause are references to the Articles, Sections, Schedules, paragraphs, and clauses, as the case may be, of this Agreement unless otherwise specified; (c) the terms “hereof,” “herein,” “hereby,” “hereto,” and derivative or similar words refer to this entire Agreement; (d) the word “including” and words of similar import when used in this Agreement shall mean “including, without limitation,” unless otherwise specified; (e) the word “or” shall not be exclusive; (f) references to “written” or “in writing” include in electronic form; (g) provisions shall apply, when appropriate, to successive events and transactions; (h) the headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement; (i) Parent and New BBX Capital have each participated in the negotiation and drafting of this Agreement and if an ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or burdening either Party by virtue of the authorship of any of the provisions in this Agreement or any interim drafts of this Agreement; and (j) a reference to any Person includes such Person’s successors and permitted assigns.

Section 7.12 Effectiveness. The effectiveness of this Agreement and the obligations and rights created hereunder are subject to, and conditioned upon, the completion of the Distribution pursuant to the terms of the Separation Agreement and shall terminate automatically without any further action of the Parties upon a termination of the Separation Agreement prior to the Effective Time.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed on the date first written above by their respective duly authorized officers.

BBX CAPITAL CORPORATION

By: _____
Name: Alan B. Levan
Title: Chairman and Chief Executive Officer

BBX CAPITAL FLORIDA LLC

By: _____
Name: Jarett S. Levan
Title: President and Chief Executive Officer

Schedule 1

Services*

**Provider
(Parent, New
BBX Capital or
Both)**

Service

Executive Office:

ABL and JEA Administrative Staff:

Finance:

Taxation:

Legal/Compliance:

Investor Relations:

Risk:

Information Technology:

Payroll:

Software:

SEC and OTC Compliance:

- * All services will continue until termination as provided in the Agreement.
Any services provided will be billed at cost unless otherwise mutually agreed upon by the parties.

PROMISSORY NOTE

\$75,000,000.00

_____, 2020

FOR VALUE RECEIVED, the sufficiency of which is hereby acknowledged, Bluegreen Vacations Holding Corporation (formerly BBX Capital Corporation), a Florida corporation (“Maker”), promises to pay to the order of BBX Capital, Inc., a Florida corporation (“Holder”), without setoff, the principal sum of Seventy-Five Million Dollars (\$75,000,000.00) (the “Principal”), plus interest on the Principal from time to time remaining unpaid, commencing on the date first set forth above (the “Effective Date”) and, subject to Section 1(b), calculated at a fixed rate of six percent (6%) per annum (computed on the basis of a 360-day year of 12 consecutive, 30-day months for the number of days actually elapsed) (collectively with interest on the Principal and any interest accruing pursuant to Section 1(b), “Interest”), and payable as hereinafter set forth. This Promissory Note constitutes the “Promissory Note” referred to in the Separation and Distribution Agreement dated _____, 2020 by and among Maker, on the one hand, and Holder or its predecessor, on the other hand (the “Separation Agreement”).

1. **Payments.**

(a) Subject to Section 1(b) below, payments of Interest shall be paid by Maker to Holder on the first day of each calendar quarter (each such date, a “Payment Date”) until all unpaid Principal and accrued Interest is paid in full. The first Payment Date shall be January 1, 2021.

(b) Maker shall have the right, by providing written notice to Holder at least thirty (30) days prior to any Payment Date, to defer payment of Interest otherwise payable on such Payment Date (each, a “Deferred Payment”). In the event of such a deferral, commencing on the applicable Payment Date and continuing until all payments of Interest and Deferred Payments, are brought current and paid to Holder, Interest on the outstanding balance shall accrue at a fixed rate of eight percent (8%), compounded quarterly. Payments of Interest hereunder shall be applied first against accrued and unpaid Deferred Payments and then against accrued and unpaid interest on the Principal.

(c) Maker shall repay in full to Holder all unpaid Principal and accrued and unpaid Interest, including any Deferred Payments, on the fifth (5th) anniversary of the Effective Date.

(d) Maker shall have the right at any time and from time to time to prepay amounts outstanding hereunder, in whole or in part, without premium or penalty. In addition, in the event of a Bluegreen Sale (as defined below), then Maker shall provide prompt written notice thereof to Holder and Holder may, by written demand delivered to Maker within thirty (30) days after its receipt of the above-described written notice from Maker, require Maker to promptly (but in no event later than two business days) prepay all amounts outstanding hereunder. For purposes hereof, a “Bluegreen Sale” means a sale to an unaffiliated third party of all or substantially all of (i) the assets of Bluegreen Vacations Corporation (“Bluegreen”), (ii) the outstanding shares of Bluegreen’s common stock or (iii) the shares of Bluegreen’s common stock held by Maker or its subsidiary (in each case, whether by a purchase and sale transaction,

merger, consolidation or other similar business combination transaction). Prepayments, whether voluntary or mandatory, shall first be applied first against accrued and unpaid Deferred Payments, then against accrued and unpaid interest on the Principal, and thereafter applied to the Principal hereunder.

(e) All payments made to Holder hereunder shall be made: (i) in immediately available funds of lawful money of the United States of America; and (ii) to Holder at 401 East Las Olas Boulevard, Suite 800, Fort Lauderdale, Florida 33301, or at such other place as Holder may from time to time designate to Maker in writing (including, without limitation, by automatic deposit or wire transfer to an account designated in writing by Holder).

2. **Authority.** Maker represents that (a) it has full power and authority to execute, deliver and perform its obligations hereunder, (b) that the person executing this Promissory Note on its behalf has been duly authorized by Maker to so execute this Promissory Note, (c) subject to the completion of the Distribution (as defined in the Separation Agreement) in accordance with the Separation Agreement, this Promissory Note will constitute the valid and binding obligation of Maker, and (d) that this Promissory Note does not conflict with, or constitute any default under, any agreement or instrument binding upon Maker.

3. **Events of Default.** Maker shall be in default hereunder (each, a "Default") if: (a) Maker shall be adjudicated as bankrupt or insolvent, or admits in writing its inability to pay its debts as they mature, or makes a general assignment for the benefit of creditors; (b) Maker shall apply for or consent to the appointment of a receiver, trustee, or similar officer for Maker or for all or any substantial part of its property, or such receiver, trustee or similar officer shall be appointed without the application or consent of Maker and such appointment shall continue undischarged for a period of sixty (60) days; (c) Maker shall institute (by petition, application, answer, consent or otherwise) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding relating to Maker under the laws of any jurisdiction, or any such proceeding shall be instituted (by petition, application or otherwise) against Maker and shall remain undismissed for a period of sixty (60) days; or (d) unless Maker timely and properly elects to defer payment of the otherwise required amount in accordance with Section 1(b) above, Maker fails to make any payment due hereunder when due and does not cure such failure within ten (10) days after receiving written notice thereof from Holder.

4. **Default Remedies.** Upon the occurrence of a Default, the entire unpaid Principal, together with accrued and unpaid Interest and Default Payment Interest, if any, shall be immediately due and payable without notice or demand, and all amounts then due hereunder shall bear interest at the rate equal to the lesser of fifteen percent (15%) per annum or the Highest Lawful Rate (as hereinafter defined). In addition, Maker agrees to pay all documented out-of-pocket costs of collection, including, without limitation, reasonable and documented out-of-pocket attorneys' fees and expenses, in the event of a Default, whether or not a lawsuit is brought. No remedy made available by any provision hereof is intended to be exclusive of any other remedy, and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

5. **No Usury.** Holder shall never be entitled to receive, collect, or apply as interest on amounts outstanding hereunder (for purposes of this section, the words "interest" and "Interest" shall be deemed to include any sums treated as interest under applicable law governing matters of usury and unlawful interest), any amount in excess of the Highest Lawful Rate, and in the event Holder is ever deemed to receive, collect, or apply as interest any such excess, such amount which would be excessive interest shall be deemed a partial prepayment of the Principal and shall be treated hereunder as such. If the Principal is paid in full, any remaining excess shall be promptly paid to Maker, without interest. In determining whether or not the interest paid or payable under any specific contingency exceeds the Highest Lawful Rate, Maker and Holder shall, to the maximum extent permitted under applicable law: (i) characterize any non-Principal payment as an expense, fee or premium rather than as interest; (ii) exclude voluntary prepayments and the effects thereof; and (iii) spread the total amount of interest throughout the entire contemplated term hereof. For purposes hereof, the term "Highest Lawful Rate" shall mean the maximum rate of interest which Holder is allowed to contract for, charge, take, reserve or receive under applicable law after taking into account, to the extent required by applicable law, any and all relevant payments or charges hereunder.

6. **Taxes.** Maker agrees to promptly pay, indemnify and hold harmless Holder from all federal, state and local taxes of any kind (except for federal or Florida franchise or income taxes based on Holder's net income) with respect to or resulting from the execution or delivery hereof or advances made pursuant hereto.

7. **Governing Law; Venue.** This Promissory Note shall be governed by, and construed in accordance with, the laws of the State of Florida, without regard to conflicts of law principles. Maker and, by its acceptance hereof, Holder each (i) irrevocably consents to the exclusive jurisdiction of any state or federal court sitting in Broward County, Florida, in any litigation in connection with or to enforce this Promissory Note and (ii) irrevocably waives any objection that it may now or hereafter have to the laying of venue of any such litigation brought in any such court and any claim that any such litigation brought in any such court has been brought in an inconvenient forum.

8. **Miscellaneous.**

(a) Maker waives demand, presentment, protest, dishonor and notice of maturity, non-payment or protest and all other requirements to hold Maker liable. Maker shall raise no defense other than that payment has been made. Maker shall not raise any claims of set off in any action or proceeding.

(b) If a payment of any amount hereunder, or any notice required hereunder, becomes due on a Saturday, Sunday or other legal holiday on which banks in the State of Florida are closed, then the due date shall be extended to the next succeeding business day.

(c) If any provision hereof or portion thereof is declared or found by a court of competent jurisdiction to be unenforceable or null and void, such provision or portion thereof shall be deemed stricken and severed from this Promissory Note, and the remaining provisions and portions thereof shall continue in full force and effect.

(d) This Promissory Note may not be transferred or assigned by Holder without the prior written consent of Maker, such consent not to be unreasonably withheld, delayed or conditioned.

(e) This Promissory Note may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Maker or Holder, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

(f) A delay by Holder in exercising a right or remedy shall not constitute a waiver thereof. No waiver by Holder of any Default hereunder shall be deemed to constitute a waiver of any subsequent or other Default. No exercise of any right or remedy hereunder shall preclude the exercise of any other right or remedy which Holder may have in law or in equity to enforce the paying of this Promissory Note or the collection of the amounts owed hereunder.

(g) The headings contained herein are for reference purposes only and shall not affect in any way the meaning or interpretation hereof.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Maker has duly executed this Promissory Note as of the day and year first above written.

BLUEGREEN VACATIONS HOLDING CORPORATION
a Florida corporation

By: _____
Name: Raymond S. Lopez
Title: Chief Financial Officer

INFORMATION STATEMENT

BBX CAPITAL FLORIDA LLC
(“NEW BBX CAPITAL”)**CLASS A COMMON STOCK, PAR VALUE \$0.01 PER SHARE**
CLASS B COMMON STOCK, PAR VALUE \$0.01 PER SHARE

This information statement is being furnished by BBX Capital Corporation, Florida corporation (“Parent”), in connection with its spin-off (the “spin-off”) of BBX Capital Florida LLC, a Florida limited liability company (“New BBX Capital,” “we,” “us” and “our”). New BBX Capital is currently a wholly-owned subsidiary of Parent but, as described below, will become a separate, publicly-traded company as a result of the spin-off. New BBX Capital holds or will hold at the time of the spin-off all of Parent’s investments other than Woodbridge Holdings Corporation (“Woodbridge”), a wholly-owned subsidiary of Parent which in turn owns approximately 93% of the issued and outstanding common stock of Bluegreen Vacations Corporation (“Bluegreen Vacations”). New BBX Capital’s principal holdings are (i) BBX Capital Real Estate LLC (“BBX Capital Real Estate”), which is engaged in the acquisition, development, construction, ownership, financing, and management of real estate and investments in real estate joint ventures, owns a 50% equity interest in The Altman Companies, LLC (“The Altman Companies”), a developer and manager of multifamily apartment communities, and manages the legacy assets retained in connection with Parent’s 2012 sale of BankAtlantic, including a portfolio of loans receivable, real estate properties and judgments against past borrowers, (ii) BBX Sweet Holdings LLC (“BBX Sweet Holdings”), which is engaged in the ownership and management of operating businesses in the confectionery industry, including IT’SUGAR, LLC (“IT’SUGAR”), a retailer of special candy products, Hoffman’s Chocolates and Las Olas Confections and Snacks, and (iii) Renin Holdings, LLC (“Renin”), which is engaged in the design, manufacture, and distribution of sliding doors, door systems and hardware, and home décor products.

Parent will continue as a separate, public company following the spin-off, with its business consisting of its indirect ownership interest in Bluegreen Vacations. Bluegreen Vacations is a leading vacation ownership company that markets and sells vacation ownership interests (“VOIs”) and manages resorts in popular leisure and urban destinations.

Prior to the spin-off, New BBX Capital will be converted into a Florida corporation to be named BBX Capital, Inc. In connection with the conversion, Parent, as the 100% owner of New BBX Capital at the time, will receive all of the issued and outstanding shares of New BBX Capital’s Class A Common Stock and Class B Common Stock. We refer to New BBX Capital’s Class A Common Stock and Class B Common Stock, collectively, as “New BBX Capital’s common stock.” To effect the spin-off, Parent will distribute all of the shares of New BBX Capital’s common stock held by it to Parent’s shareholders (the “distribution”). As a shareholder of Parent, you will receive one share of New BBX Capital’s Class A Common Stock for each share of Parent’s Class A Common Stock held of record by you as of 5:00 P.M., Eastern time, on September 22, 2020, the record date for the distribution (such date and time, the “record date”), and one share of New BBX Capital’s Class B Common Stock for each share of Parent’s Class B Common Stock held of record by you as of the record date. As a result, the shareholders of Parent prior to the spin-off will become the shareholders of New BBX Capital after the spin-off. In addition, if, as currently anticipated and described in further detail in this information statement, New BBX Capital adopts a rights agreement prior to the spin-off, then each share of New BBX Capital’s Class A Common Stock and Class B Common Stock distributed in connection with the spin-off will have attached thereto an associated preferred share purchase right distributed under the rights agreement. See “Description of Capital Stock” for information regarding New BBX Capital’s Class A Common Stock and Class B Common Stock and the rights agreement expected to be adopted by New BBX Capital in connection with the spin-off.

Table of Contents

We expect that the distribution will occur on September 30, 2020 (the “distribution date”). Immediately after the distribution, New BBX Capital will be a separate, publicly-traded company. The spin-off will not impact your holdings of Parent’s Class A Common Stock or Class B Common Stock and, accordingly, your proportionate interest in Parent will not change as a result of the spin-off. The distribution will be a taxable transaction to Parent’s shareholders. See “The Spin-Off—Material U.S. Federal Income Tax Consequences of the Spin-Off.”

It is anticipated that, subject to the approval of Parent’s shareholders, on or about the distribution date, Parent will change its name to Bluegreen Vacations Holding Corporation, reflecting that Parent’s assets and activities will be the assets and activities of its indirect subsidiary, Bluegreen Vacations. As previously described, it is expected that, upon its conversion into a Florida corporation, New BBX Capital will be named BBX Capital, Inc.

The Board of Directors of Parent is seeking shareholder approval of the proposed spin-off and Parent’s contemplated name change to Bluegreen Vacations Holding Corporation. Parent intends to hold a special meeting of its shareholders (the “special meeting”), and Parent is distributing a separate proxy statement which contains information regarding the proposed spin-off, the contemplated name change, and the special meeting. Completion of the spin-off is conditioned upon shareholder approval of the spin-off. You do not need to pay any consideration, exchange or surrender your existing shares of Parent’s Class A Common Stock or Class B Common Stock or take any other action to receive your shares of New BBX Capital’s Class A Common Stock or Class B Common Stock, as applicable.

Prior to the spin-off, Parent will own all of the outstanding shares of New BBX Capital’s common stock. Accordingly, there is no current trading market for New BBX Capital’s common stock. New BBX Capital is applying for its Class A Common Stock and Class B Common Stock to be quoted on the OTCQX market of the OTC Markets Group, Inc. However, there is no assurance that an active public market for New BBX Capital’s Class A Common Stock or Class B Common Stock will develop or be sustained after the spin-off. If an active public market does not develop or is not sustained, it may be difficult for New BBX Capital’s shareholders to sell their shares of New BBX Capital’s Class A Common Stock or Class B Common Stock at a price that is attractive to them, or at all. New BBX Capital has requested the trading symbol “BBXT” for its Class A Common Stock and “BFCTB” for its Class B Common Stock. Subject to the approval of New BBX Capital’s application for quotation, it is expected that a limited market, commonly known as a “when-issued” trading market, for its Class A Common Stock and Class B Common Stock may begin approximately two trading days before the record date. However, “when-issued” symbols are subject to action by the Financial Industry Regulatory Authority (“FINRA”). If “when-issued” trading is approved, FINRA has advised us that it will publish the addition of “when-issued” symbols on its Daily List in advance of the first “when-issued” trading date. It is currently expected that, subject to FINRA approval, “regular way” trading of New BBX Capital’s Class A Common Stock and Class B Common Stock will begin on the first day of trading after the distribution date.

Parent’s Class A Common Stock is listed on the New York Stock Exchange (the “NYSE”). It is anticipated that, beginning on the record date and continuing until the time of the distribution, there will be two markets in shares of Parent’s Class A Common Stock on the NYSE: a “regular-way” market and an “ex-distribution” market. Shares of Parent’s Class A Common Stock that trade on the “regular-way” market will trade with an entitlement to the shares of New BBX Capital’s Class A Common Stock to be distributed in the spin-off in respect thereof. Shares of Parent’s Class A Common Stock that trade on the “ex-distribution” market will trade without an entitlement to shares of New BBX Capital’s Class A Common Stock. Therefore, if a shareholder sells shares of Parent’s Class A Common Stock in the “regular-way” market on or prior to the time of the distribution, such shareholder will also be selling the right to receive the shares of New BBX Capital’s Class A Common Stock that such shareholder would have otherwise received in the spin-off in respect of the shares of Parent’s Class A Common Stock being sold. If a shareholder owns shares of Parent’s Class A Common Stock on the record date and sells those shares on the “ex-distribution” market on or prior to the time of the distribution, such shareholder will continue to be entitled to receive the shares of New BBX Capital’s Class A Common Stock which are distributed in the spin-off in respect of the shares of Parent’s Class A Common Stock being sold.

Table of Contents

Parent's Class B Common Stock is quoted on the OTCQX market. While there is no assurance as to the ex-distribution date that FINRA will ultimately set with respect to New BBX Capital's Class B Common Stock, it is anticipated that, pursuant to Rule 11140 promulgated by FINRA, FINRA will set an "ex-distribution date" for New BBX Capital's Class B Common Stock as the first business day following the distribution date. Assuming that FINRA sets an ex-distribution date for New BBX Capital's Class B Common Stock as the first business day following the distribution date, then shareholders who hold shares of Parent's Class B Common Stock on the record date and sell the shares on or prior to the distribution date will also be selling the right to receive the shares of New BBX Capital's Class B Common Stock that such shareholder would have otherwise received in the spin-off in respect of the shares of Parent's Class B Common Stock being sold.

You are encouraged to consult with your broker or financial advisor regarding the specific implications of selling your shares of Parent's Class A Common Stock or Class B Common Stock prior to or on the distribution date.

New BBX Capital is an "emerging growth company" as defined under applicable U.S. federal securities laws and, as such, has provided more limited disclosures in this information statement than an issuer that would not so qualify and also intends to elect to comply with the reduced public company reporting requirements for emerging growth companies in its future filings for so long as it is permitted to do so. See "Summary—Implications of Being an Emerging Growth Company."

In reviewing this information statement, you should carefully consider the matters described under the caption [Risk Factors](#)" beginning on page 27.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.

This information statement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities.

The date of this information statement is August 27, 2020.

In connection with the distribution, this information statement will be mailed on or about September 28, 2020 to Parent's shareholders as of the record date for the distribution.

TABLE OF CONTENTS

SUMMARY	5
RISK FACTORS	27
CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS	49
THE SPIN-OFF	54
DIVIDEND POLICY	67
CAPITALIZATION	68
SELECTED HISTORICAL FINANCIAL INFORMATION	69
UNAUDITED PRO FORMA FINANCIAL STATEMENTS	71
BUSINESS	77
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	87
QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	117
CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS	119
MANAGEMENT	120
EXECUTIVE COMPENSATION	126
DIRECTOR COMPENSATION	130
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	131
DESCRIPTION OF CAPITAL STOCK	133
WHERE YOU CAN FIND MORE INFORMATION	142
INDEX TO COMBINED CARVE-OUT FINANCIAL STATEMENTS	143

SUMMARY

*The following is a summary of material information discussed in this information statement. This summary may not contain all the details concerning the spin-off or other information that may be important to you. To better understand the spin-off and New BBX Capital's business and financial position, you should carefully review this entire information statement. Except as otherwise indicated or unless the context otherwise requires, the information included in this information statement, including the consolidated financial statements of New BBX Capital, assumes the completion of all the transactions referred to in this information statement in connection with the spin-off. Unless the context otherwise requires, references in this information statement to "New BBX Capital," "we," "us," "our" and "our company" refer to BBX Capital Florida LLC, a Florida limited liability company, the Florida corporation into which BBX Capital Florida LLC and its consolidated subsidiaries; provided, however, that, except as expressly set forth to the contrary herein or the context otherwise requires, this information statement assumes the completion of the conversion of BBX Capital Florida LLC into a Florida corporation prior to the spin-off and accordingly, such references shall be deemed to refer to the Florida corporation into which BBX Capital Florida LLC is converted and the consolidated subsidiaries thereof. References in this information statement to "Parent" refer to BBX Capital Corporation, a Florida corporation, and its consolidated subsidiaries (other than, after the spin-off, New BBX Capital and its consolidated subsidiaries), unless the context otherwise requires. **We anticipate that, on or about the distribution date and subject to the approval of Parent's shareholders, Parent will change its name to Bluegreen Vacations Holding Corporation and New BBX Capital's name will be changed to BBX Capital, Inc. in connection with its conversion into a Florida corporation.***

References in this information statement to the historical assets, liabilities, products, businesses or activities of New BBX Capital are generally intended to refer to the historical assets, liabilities, products, businesses or activities of the businesses of New BBX Capital as they have been conducted as part of Parent's organization.

You should not assume that the information contained in this information statement is accurate as of any date other than the date set forth on the cover. Changes to the information contained in this information statement may occur after that date, and we undertake no obligation to update the information, except as required by law.

This information statement describes New BBX Capital's business, its relationship with Parent, and how this transaction affects Parent's shareholders, and provides other information to assist you in evaluating the benefits and risks of the spin-off and holding or disposing of the shares of New BBX Capital's common stock received in connection with the spin-off.

Parent

Parent is BBX Capital Corporation, a Florida corporation and Florida-based diversified holding company. Parent's principal investments currently include Bluegreen Vacations (indirectly through Parent's 100% ownership of Woodbridge), BBX Capital Real Estate, BBX Sweet Holdings, and Renin. As described in further detail below, as a result of the spin-off, New BBX Capital, which holds or will hold all of the subsidiaries of Parent other than Woodbridge, including BBX Capital Real Estate, BBX Sweet Holdings and Renin, will be held by Parent's shareholders as a result of a distribution to them of shares of New BBX Capital's Class A Common Stock and Class B Common Stock, and Parent will retain its indirect ownership interest in Bluegreen Vacations through Woodbridge.

Parent is a publicly-traded company. Its Class A Common Stock is listed on the NYSE under the ticker symbol "BBX." Its Class B Common Stock is traded on the OTCQX under the symbol "BBXTB." Bluegreen Vacations is a leading vacation ownership company that markets and sells VOIs and manages resorts in popular

leisure and urban destinations. Bluegreen Vacations' common stock is listed on the NYSE under the ticker symbol "BXG." Parent, indirectly through Woodbridge, currently owns approximately 93% of Bluegreen Vacations' common stock.

It is anticipated that, subject to the approval of Parent's shareholders, on or about the distribution date, Parent will change its name to Bluegreen Vacations Holding Corporation. In connection with the anticipated name change, Parent intends to change the ticker symbols of its Class A Common Stock and Class B Common Stock to "BVH" and "BVHB," respectively.

Parent will own all of New BBX Capital's common stock issued and outstanding prior to the distribution. Immediately following the distribution, Parent will not own any shares of New BBX Capital's common stock. Instead, the shareholders of Parent prior to the spin-off will become the shareholders of New BBX Capital after the spin-off.

New BBX Capital

Overview

New BBX Capital is a Florida-based diversified holding company. Its principal investments include BBX Capital Real Estate, BBX Sweet Holdings and Renin. Prior to the spin-off, New BBX Capital will be converted into a Florida corporation named BBX Capital, Inc.

BBX Capital Real Estate is engaged in the acquisition, development, construction, ownership, financing, and management of real estate and investments in real estate joint ventures, including investments in multifamily rental apartment communities, single family master planned for sale communities, and commercial properties located primarily in Florida. In addition, BBX Capital Real Estate owns a 50% equity interest in The Altman Companies, a developer and manager of multifamily apartment communities, and manages the legacy assets retained in connection with Parent's sale of BankAtlantic in 2012, including portfolios of loans receivable, real estate properties and judgments. BBX Capital Real Estate had total assets of \$161.9 million as of June 30, 2020.

BBX Sweet Holdings is engaged in the ownership and management of operating businesses in the confectionery industry, including IT'SUGAR, Hoffman's Chocolates, and Las Olas Confections and Snacks. IT'SUGAR is a specialty candy retailer which operates in retail locations throughout the United States. Its products include bulk candy, candy in giant packaging, and novelty items that are sold at its retail locations, which include a mix of high-traffic resort and entertainment, lifestyle, mall/outlet, and urban locations across the United States. Hoffman's Chocolates is a retailer of gourmet chocolates with retail locations in South Florida. Las Olas Confections and Snacks is a manufacturer and wholesaler of chocolates and other confectionery products. BBX Sweet Holdings had total assets of \$133.2 million as of June 30, 2020.

Renin is engaged in the design, manufacture, and distribution of sliding doors, door systems and hardware, and home décor products and operates through its headquarters in Canada and two manufacturing and distribution facilities in the United States and Canada. In addition to its own manufacturing, Renin also sources various products and raw materials from China and Vietnam. Renin had total assets of \$35.9 million as of June 30, 2020.

In addition to its principal investments, New BBX Capital also has investments in other operating businesses, including a restaurant located in South Florida that was acquired through foreclosure. From 2016 to 2019, New BBX Capital previously operated as a franchisee of MOD Super Fast Pizza ("MOD") restaurant locations in Florida. In 2019, the agreements with MOD were terminated, and all of New BBX Capital's MOD restaurant locations were transferred to MOD or closed.

The Spin-Off

During June 2020, Parent announced its intention to separate its investment in Bluegreen Vacations from its other investments. This separation will be accomplished through a spin-off of New BBX Capital, which owns or will own all of the subsidiaries of Parent (other than Woodbridge, through which Parent owns its approximately 93% ownership interest in Bluegreen Vacations), through a distribution of its common stock to Parent's shareholders. As a shareholder of Parent, you will receive one share of New BBX Capital's Class A Common Stock for each share of Parent's Class A Common Stock held of record by you as of the 5:00 P.M., Eastern time, on September 22, 2020, the record date for the distribution, and one share of New BBX Capital's Class B Common Stock for each share of Parent's Class B Common Stock held of record by you as of the record date.

In connection with the contemplated spin-off, New BBX Capital will enter into a number of agreements with Parent, including a Separation and Distribution Agreement, an Employee Matters Agreement, a Transition Services Agreement, and a Tax Matters Agreement. These agreements will provide the terms and conditions of the separation of Parent's businesses between Parent and New BBX Capital and will govern various ongoing arrangements between Parent and New BBX Capital upon completion of the spin-off.

As described in further detail below, completion of the spin-off is subject to a number of conditions, including the approval of the distribution and all related transactions by Parent's Board of Directors (and such approval not having been withdrawn) and the approval by Parent's shareholders of the proposed spin-off. Subject to the satisfaction of the conditions to completion of the spin-off, we expect that the distribution will occur on September 30, 2020. Immediately after the distribution, New BBX Capital will be a separate, publicly-traded company and Parent will not own any shares of New BBX Capital's common stock.

As previously described, it is anticipated that, on or about the distribution date, Parent will change its name to Bluegreen Vacations Holding Corporation and, upon its conversion into a Florida corporation, New BBX Capital will be named BBX Capital, Inc.

New BBX Capital is applying for its Class A Common Stock and Class B Common Stock to be quoted on the OTCQX market of the OTC Markets Group, Inc. (the "OTC Markets"). New BBX Capital has requested the trading symbol "BBXT" for its Class A Common Stock and "BFCTB" for its Class B Common Stock.

The spin-off will be a taxable transaction to Parent's shareholders. See "The Spin-Off—Material U.S. Federal Income Tax Consequences of the Spin-Off."

Risk Factors

You should carefully read the section of this information statement entitled "Risk Factors" for an explanation of risks and uncertainties associated with the business and investments of New BBX Capital, as well as risks and uncertainties related to the spin-off and to ownership of New BBX Capital's common stock.

Implications of Being an Emerging Growth Company

New BBX Capital qualifies as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). As such, it may take advantage of specified reduced disclosure and other requirements that are otherwise applicable generally to public companies, including reduced financial disclosure and reduced disclosure about its executive compensation arrangements. In addition, as an emerging growth company, New BBX Capital is exempt from the requirements to hold non-binding advisory votes on executive compensation and golden parachute payments, and from the auditor attestation requirement in the assessment of its internal control over financial reporting.

New BBX Capital is permitted to, and intends to, take advantage of these exemptions until it no longer qualifies for such exemptions. It will cease to be an emerging growth company upon the earliest of:

- the last day of the fiscal year in which it has \$1.07 billion or more in annual revenues;
- the last day of the fiscal year following the fifth anniversary of the date of the first sale of common equity securities pursuant to an effective registration statement under the Securities Act of 1933, as amended (the “Securities Act”);
- the date on which it has issued more than \$1.0 billion in non-convertible debt securities during the previous three-year period; and
- the date on which it is deemed to be a “large accelerated filer” (which is the last day of the fiscal year during which the total market value of common equity securities held by non-affiliates is \$700 million or more, calculated as of the end of the second quarter (June 30) of such fiscal year).

New BBX Capital may choose to take advantage of some, but not all, of the exemptions available to it. New BBX Capital has taken advantage of certain reduced reporting obligations in this information statement. Accordingly, the information contained herein may be different than the information you receive from other public companies.

In addition, Section 107 of the JOBS Act provides that an emerging growth company may take advantage of the extended transition period provided in Section 13(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. New BBX Capital is choosing to opt out of the extended transition periods available under the JOBS Act for complying with new or revised accounting standards. Pursuant to Section 107 of the JOBS Act, the decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

Corporate Information

BBX Capital Florida LLC is a Florida limited liability company. Its principal executive offices are located at 401 East Las Olas Boulevard, Suite 800, Fort Lauderdale, Florida, 33301. It is expected that, following the spin-off, its telephone number will be 954-940-4000 and its corporate website will be located at www.bbxcapital.com. Information contained on, or connected to, New BBX Capital’s website or Parent’s website does not and will not constitute part of this information statement or the registration statement on Form 10 of which this information statement is a part.

As previously described, immediately prior to the spin-off, BBX Capital Florida LLC will be converted into a Florida corporation and continue its business under the name BBX Capital, Inc. as a separate, publicly-traded company.

QUESTIONS AND ANSWERS ABOUT THE SPIN-OFF

The following provides a summary of certain of the terms of the spin-off. For a more detailed description of the matters described below, see "The Spin-Off."

Q: What is the spin-off?

A: The spin-off is the method by which New BBX Capital will separate from Parent. To complete the spin-off, Parent will distribute to its shareholders all of the shares of New BBX Capital's common stock. We refer to this as the "distribution." Following the spin-off, New BBX Capital will be a separate company from Parent, and Parent will not retain any ownership interest in New BBX Capital. The separation of New BBX Capital from Parent and the distribution of New BBX Capital's common stock are intended to provide you with equity investments in two separate companies, each able to focus on its respective business and investments. The two separate companies will be (i) New BBX Capital, which, as described in further detail below, holds or will hold all of Parent's subsidiaries other than Woodbridge, through which Parent currently holds approximately 93% of the outstanding Common Stock of Bluegreen Vacations, and (ii) Parent, which will continue to hold its investment in Bluegreen Vacations indirectly through Woodbridge. Bluegreen Vacations is a leading vacation ownership company that markets and sells VOIs and manages resorts in popular leisure and urban destinations. Bluegreen Vacations' common stock is listed on the NYSE under the ticker symbol "BXG."

Q: What is New BBX Capital?

A: New BBX Capital is currently a wholly-owned subsidiary of Parent. Prior to the spin-off, New BBX Capital will be converted into a Florida corporation. New BBX Capital's subsidiaries include (i) BBX Capital Real Estate, which is engaged in the acquisition, development, construction, ownership, financing, and management of real estate and investments in real estate joint ventures, owns a 50% equity interest in The Altman Companies, a developer and manager of multifamily apartment communities, and manages the legacy assets retained in connection with Parent's sale of BankAtlantic in 2012, including portfolios of loans receivable, real estate properties and judgments, (ii) BBX Sweet Holdings, which is engaged in the ownership and management of operating businesses in the confectionery industry, including IT'SUGAR, a retailer of special candy products, Hoffman's Chocolates and Las Olas Confections and Snacks, and (iii) Renin, which is engaged in the design, manufacture, and distribution of sliding doors, door systems and hardware, and home décor products. In addition to its principal holdings, New BBX Capital also holds or will hold at the time of the spin-off certain other investments in various operating businesses, as described in further detail herein.

It is anticipated that, on or about the distribution date and subject to the approval of Parent's shareholders, Parent will change its name to Bluegreen Vacations Holding Corporation and, upon its conversion into a Florida Corporation, New BBX Capital will be named BBX Capital Inc.

Q: What will I receive in the spin-off?

A: As a shareholder of Parent, in connection with the spin-off, you will receive one share of New BBX Capital's Class A Common Stock for each share of Parent's Class A Common Stock you own as of the record date and one share of New BBX Capital's Class B Common Stock for each share of Parent's Class B Common Stock you own as of the record date. In addition, if New BBX Capital adopts a rights agreement prior to the spin-off, then each share of New BBX Capital's Class A Common Stock and Class B Common Stock distributed in connection with the spin-off will have attached thereto an associated preferred share purchase right distributed under the rights agreement. See "Description of Capital Stock" for additional information regarding the rights agreement expected to be adopted by New BBX Capital.

The spin-off will not impact your holdings of Parent's Class A Common Stock and Class B Common Stock, as applicable, and, accordingly, your proportionate interest in Parent will not change as a result of the spin-off.

Based on the number of shares of Parent's Class A Common Stock and Class B Common Stock expected to be outstanding as of the record date, we expect that approximately 15,624,091 shares of New BBX Capital's Class A Common Stock and 3,693,596 shares of New BBX Capital's Class B Common Stock will be distributed in the spin-off. However, the actual number of shares of New BBX Capital's Class A Common Stock and Class B Common Stock to be distributed in the spin-off will be determined based on the actual number of shares of Parent's Class A Common Stock and Class B Common Stock outstanding as of the record date. The shares of New BBX Capital's Class A Common Stock and Class B Common Stock to be distributed in the spin-off will constitute all of the issued and outstanding shares of New BBX Capital's common stock immediately following the distribution. The share amounts set forth above and elsewhere herein reflect the one-for-five reverse split of Parent's Class A Common Stock and Class B Common Stock which was effected on July 22, 2020.

The vesting of all unvested restricted stock awards of Parent's Class A Common Stock and Class B Common Stock was accelerated in contemplation of the spin-off. These restricted stock awards, all of which were held by the Company's executive officers, covered a total of 488,503 shares of Parent's Class A Common Stock and 528,484 shares of Parent's Class B Common Stock. The shares are (and, prior to their vesting, were) considered outstanding and will participate in the spin-off on the same terms as all other outstanding shares of Parent's common stock. Absent the vesting acceleration, these restricted stock awards would otherwise have been scheduled to vest between October 2020 and October 2023.

Q: What will be the voting rights of the New BBX Capital stock I receive in the spin-off?

A: The shares of New BBX Capital's Class A Common Stock or Class B Common Stock that you will receive in the spin-off will have the same voting rights as the respective shares of Parent's Class A Common Stock or Class B Common Stock that you currently hold. As a general matter, holders of New BBX Capital's Class A Common Stock and Class B Common Stock will vote as one class on the election of directors and most other matters submitted to a vote of New BBX Capital's shareholders. In such cases, holders of New BBX Capital's Class A Common Stock will be entitled to one vote per share on each such matter, with all holders of New BBX Capital's Class A Common Stock having in the aggregate 22% of the general voting power, and holders of New BBX Capital's Class B Common Stock will be entitled to such number of votes on each such matter so that the holders of New BBX Capital's Class B Common Stock have in the aggregate 78% of the general voting power. Pursuant to New BBX Capital's Articles of Incorporation, the holders of New BBX Capital's Class B Common Stock will also be entitled to a separate class vote on certain matters to the same extent that such holders have the right to a separate class vote under Parent's Amended and Restated Articles of Incorporation, as amended ("Parent's Articles of Incorporation"). In addition, the holders of New BBX Capital's Class A Common Stock and Class B Common Stock will each be entitled to a separate class vote under limited circumstances provided by Florida law. See "Description of Capital Stock" for additional information.

Q: What is the record date for the distribution?

A: The record date for the distribution will be 5:00 p.m. Eastern Time on September 22, 2020, which date and time we refer to as the "record date."

Q: When will the distribution occur?

A: We expect that the shares of New BBX Capital's Class A Common Stock and Class B Common Stock will be distributed on or about September 30, 2020, which we refer to as the "distribution date." It is expected that the

distribution agent, acting on behalf of Parent, may require up to one week after the distribution date to fully distribute the shares of New BBX Capital's common stock to Parent's shareholders.

Q: Is Parent seeking shareholder approval of the spin-off?

A: Yes. Parent's Board of Directors is seeking the approval of Parent's shareholders to effect the spin-off and to approve Parent's contemplated name change to Bluegreen Vacations Holding Corporation at a special meeting of its shareholders. Parent is distributing a separate proxy statement which contains information regarding the approvals sought and the special meeting. Completion of the spin-off is conditioned upon the approval of the spin-off by Parent's shareholders.

Q: What do shareholders need to do to participate in the distribution?

A: You do not need to take any action to receive your shares of New BBX Capital's Class A Common Stock and Class B Common Stock, as applicable, in the spin-off, but you are encouraged to read this entire information statement carefully. You will not be required make any payment to Parent for the new shares or to surrender any shares of Parent's Class A Common Stock or Class B Common Stock you currently own in order to participate in the spin-off. However, the receipt of shares of New BBX Capital's Class A Common Stock or Class B Common Stock will be a taxable transaction to Parent's shareholders. See "What are the U.S. federal income tax consequences of the distribution to Parent's shareholders?" below and "The Spin-Off—Material U.S. Federal Income Tax Consequences of the Spin-Off."

Q: Will fractional shares be distributed in the spin-off?

A: Because the distribution ratio is one share of New BBX Capital's Class A Common Stock for each share of Parent's Class A Common Stock and one share of New BBX Capital's Class B Common Stock for each share of Parent's Class B Common Stock, no fractional shares will result from, or be distributed in, the spin-off.

Q: Will the spin-off affect Parent's preferred share purchase rights or rights agreement? Will New BBX Capital adopt a rights agreement?

A: During June 2020, Parent entered into a rights agreement similar to rights agreements adopted by other public companies in light of the COVID-19 pandemic in an effort to protect against investors seeking short-term gains from taking advantage of current market conditions at the expense of Parent and its long-term investors. Pursuant to the rights agreement, Parent distributed one right for each share of its Class A Common Stock and Class B Common Stock outstanding as of the close of business on June 29, 2020, the record date for purposes of the distribution set forth in the rights agreement. Subject to the terms and conditions of the rights agreement, including certain exceptions set forth therein, the rights will become exercisable upon the earlier to occur of (i) 10 business days following a public announcement that a person or group of affiliated or associated persons or person(s) acting in concert therewith has acquired, or obtained the right to acquire, beneficial ownership of 5% or more of the outstanding shares of Parent's Class A Common Stock, Class B Common Stock or total combined common stock or (ii) 10 business days (or such later date as may be determined by action of Parent's Board of Directors) following the commencement of, or announcement of an intention to make, a tender offer or exchange offer the consummation of which would result in the beneficial ownership by a person or group of 5% or more of the outstanding shares of Parent's Class A Common Stock, Class B Common Stock or total combined common stock. If the rights become exercisable, each right (other than the rights beneficially owned by the triggering person, its affiliates, associates and others acting in concert therewith, and certain of their respective transferees, all of which rights will become void) will entitle its holder to purchase, a number of shares of Parent's Class A Common Stock or equivalent securities having a market value at that time of twice the right's exercise price. The spin-off will not have any impact on Parent's rights agreement or the preferred share purchase rights issued thereunder, each of which will continue in effect in accordance with their prevailing terms and conditions.

It is expected that, prior to or in connection with the spin-off, New BBX Capital will adopt a rights agreement the terms of which will be similar to those contained in Parent's rights agreement. The rights agreement may have an anti-takeover effect and will be an impediment to a proposed takeover of New BBX Capital which is not approved by New BBX Capital's Board of Directors and may also limit the trading of, or otherwise adversely impact the market price of, New BBX Capital's Class A Common Stock or Class B Common Stock. If New BBX Capital adopts the rights agreement prior to the spin-off, then each share of New BBX Capital's Class A Common Stock and Class B Common Stock distributed in connection with the spin-off will have attached thereto an associated preferred share purchase right distributed under the rights agreement. Acquisitions of shares of New BBX Capital's Class A Common Stock or Class B Common Stock as a result of acquiring additional shares of Parent's Class A Common Stock or Class B Common Stock prior to the distribution or shares representing New BBX Capital's Class A Common Stock or Class B Common Stock in the when-issued trading market or as a result of the distribution will each be included in determining the beneficial ownership of a person and all such acquisitions following the first public announcement of New BBX Capital's adoption of the rights agreement will be taken into account in determining whether a person is an acquiring person under the terms of the rights agreement. Therefore, a person could become an acquiring person under the terms of the rights agreement simultaneously with the receipt of shares in the distribution. See "Description of Capital Stock" for additional information regarding the rights agreement expected to be adopted by New BBX Capital.

Q: What are the U.S. federal income tax consequences of the distribution to Parent's shareholders?

A: For U.S. federal income tax purposes, the receipt of New BBX Capital's Class A Common Stock or Class B Common Stock in the spin-off is expected to be treated as a distribution of property in an amount equal to the fair market value of the stock received. We believe that a reasonable approach to determine the fair market value of the shares of New BBX Capital's Class A Common Stock or Class B Common Stock received would be to use the volume-weighted average price of New BBX Capital's common stock on the first full trading day following the distribution. We believe this is a reasonable approach because the rights of New BBX Capital's Class A Common Stock and Class B Common Stock (other than voting rights, as described above) are substantially the same and New BBX Capital's Class B Common Stock will be convertible into shares of New BBX Capital's Class A Common Stock on a share-for-share basis in the holder's discretion; however, there is expected to be significantly less trading volume in the shares of New BBX Capital's Class B Common Stock as compared to New BBX Capital's Class A Common Stock.

The distribution of New BBX Capital's Class A Common Stock or Class B Common Stock in the spin-off should be treated as ordinary dividend income to the extent considered paid out of Parent's current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Distributions in excess of Parent's current year and accumulated earnings and profits will be treated as a non-taxable return of capital, which reduces basis, to the extent of the holder's basis in its shares of Parent's Class A Common Stock or Class B Common Stock, as applicable, and thereafter as capital gain. The amount of those earnings and profits is not determinable at this time because it will depend on Parent's income for the entire tax year in which the distribution occurs. For a more detailed discussion, see "The Spin-Off—Material U.S. Federal Income Tax Consequences of the Spin-Off" and "Risk Factors—Risks Relating to the Spin-Off—The distribution of our common stock will not qualify for tax-free treatment."

Q: Why has Parent decided to spin-off New BBX Capital?

A: Parent's Board of Directors has determined that the separation of its investment in Bluegreen Vacations from its other investments is in the best interests of Parent's shareholders. Parent's Board of Directors believes such investments have distinct characteristics and that separating Parent's investment in Bluegreen Vacations from its other investments will, among other things:

- allow each company to adopt strategies and pursue objectives appropriate to each, independent of the other, which would better position each company to maximize value over the long-term;
- bring greater clarity to the marketplace as to each company's core competencies;
- better position each company to optimize capital deployment and investment strategies necessary to advance their respective interests, and provide management with incentives related directly to each company's performance and align their interests with the other shareholders of the company;
- provide current Parent shareholders with equity investments in two separate, publicly traded companies, including Parent, which following the spin-off will be a "pure play" Bluegreen Vacations holding company; and
- enable investors to better evaluate the financial performance, strategies, and other characteristics of each company, allowing investors to make investment decisions based on each company's individual performance and potential, and enhance the likelihood that the market will value each company appropriately.

Q: Are there risks associated with the spin-off and ownership of New BBX Capital's common stock?

A: Yes. There are a number of risks associated with the spin-off, New BBX Capital and ownership of New BBX Capital's common stock. We discuss these risks under "Risk Factors."

Q: Are there conditions to completion of the spin-off?

A: Yes. Completion of the spin-off is subject to the following conditions:

- the Board of Directors of Parent, in its sole and absolute discretion, shall have authorized and approved the spin-off (and such authorization and approval shall not have been withdrawn, as described below);
- the approval of the spin-off by Parent's shareholders;
- New BBX Capital's registration statement on Form 10 of which this information statement is a part shall have become effective under the Exchange Act and shall not be the subject of any stop order or proceedings seeking a stop order, and this information statement shall have been sent to Parent's shareholders as of the close of business on the record date, all necessary permits and authorizations under the Securities Act and the Exchange Act relating to the issuance and trading of shares of New BBX Capital's Class A Common Stock and Class B Common Stock shall have been obtained and be in effect, and such shares shall have been approved for listing, trading or quotation on a national securities exchange or on the OTC Markets, subject to official notice of issuance; and
- no court or other governmental authority having jurisdiction over Parent or New BBX Capital shall have issued or entered any order, and no applicable law shall have been enacted or promulgated, in each case, that is then in effect and has the effect of permanently restraining, enjoining or otherwise prohibiting the consummation of the spin-off.

We are not aware of any material regulatory requirements that must be complied with or any material regulatory or third party approvals that must be obtained, other than compliance with SEC rules and regulations and the approval for listing, trading or quotation of New BBX Capital's Class A Common Stock and Class B Common Stock on a national securities exchange or on the OTC Markets, subject to official notice of issuance.

Q: Can Parent's Board of Directors decide to terminate the spin-off even if all of the conditions have been satisfied?

A: Yes. Until the distribution has occurred, Parent's Board of Directors has the right to terminate the spin-off, even if all of the other conditions have been satisfied, if Parent's Board of Directors determines, in its sole and absolute discretion, that the spin-off is not in the best interests of Parent and its shareholders or that market conditions or other circumstances are such that the separation of New BBX Capital and Parent is otherwise no longer advisable at that time.

Q: When will I be able to trade my shares of New BBX Capital's Class A Common Stock and/or Class B Common Stock? What will the market price be?

A: Parent will own all of the outstanding shares of New BBX Capital's common stock prior to the spin-off. Accordingly, there is no current trading market for New BBX Capital's common stock. New BBX Capital is applying for its Class A Common Stock and Class B Common Stock to be quoted on the OTCQX market and has requested the trading symbol "BBXT" for its Class A Common Stock and "BFCTB" for its Class B Common Stock. Subject to the approval of New BBX Capital's application for quotation, it is expected that a limited market, commonly known as a "when-issued" trading market, for its Class A Common Stock and Class B Common Stock may begin approximately two trading days before the record date. However, "when-issued" symbols are subject to action by FINRA. If "when-issued" trading is approved, FINRA has advised us that it will publish the addition of "when-issued" symbols on its Daily List in advance of the first "when-issued" trading date. It is currently expected that, subject to FINRA approval, "regular way" trading of New BBX Capital's Class A Common Stock and Class B Common Stock will begin on the first day of trading after the distribution date.

We cannot predict what the market price will be for New BBX Capital's Class A Common Stock or Class B Common Stock, in each case, prior to, on or after the distribution date. It is possible that some of Parent's shareholders may sell the shares received in connection with the spin-off because, among other things, New BBX Capital's investments or strategies do not fit their investment objectives or because New BBX Capital's Class A Common Stock or Class B Common Stock may not be included in certain indices. The market price of New BBX Capital's Class A Common Stock and Class B Common Stock may fluctuate significantly, including during the period before the market has analyzed fully the business and financial characteristics of New BBX Capital separate from Parent.

Q: Does New BBX Capital expect to pay dividends after the spin-off?

A: No. It is not anticipated that New BBX Capital will pay cash dividends on its common stock following the spin-off. New BBX Capital currently intends to retain any earnings for use in the operation of its business.

Q: Will my shares of Parent's Class A Common Stock and Class B Common Stock continue to trade after the spin-off?

A: Subject to continued compliance with applicable listing standards and requirements, it is expected that, following the spin-off, Parent's Class A Common Stock will continue to trade on the NYSE and Parent's Class B Common Stock will continue to be quoted on the OTCQX market. It is anticipated that, on or about the distribution date and subject to the approval of the holders of Parent's shareholders, Parent will change its name to Bluegreen Vacations Holding Corporation. In connection with such name change, it is expected that the ticker symbol of Parent's Class A Common Stock on the NYSE will change from "BBX" to "BVH" and the trading symbol of Parent's Class B Common Stock on the OTCQX market will change from "BBXTB" to "BVHB."

Parent's name change will not affect the validity or transferability of any currently outstanding stock certificates and shareholders will not be requested to, and should not, surrender for exchange any certificates presently held by them, whether in connection with the spin-off or the name change.

Q: If I sell my shares of Parent's Class A Common Stock or Class B Common Stock prior to the distribution, will I still be entitled to receive shares of New BBX Capital in the distribution?

A: It is anticipated that, beginning on the record date and continuing until the time of the distribution, there will be two markets in shares of Parent's Class A Common Stock on the NYSE: a "regular-way" market and an "ex-distribution" market. Shares of Parent's Class A Common Stock that trade on the "regular-way" market will trade with an entitlement to the shares of New BBX Capital's Class A Common Stock to be distributed in the spin-off in respect thereof. Shares of Parent's Class A Common Stock that trade on the "ex-distribution" market will trade without an entitlement to shares of New BBX Capital's Class A Common Stock. Therefore, if a shareholder sells shares of Parent's Class A Common Stock in the "regular-way" market on or prior to the time of the distribution, such shareholder will also be selling the right to receive the shares of New BBX Capital's Class A Common Stock that such shareholder would have otherwise received in the spin-off in respect of the shares of Parent's Class A Common Stock being sold. If a shareholder owns shares of Parent's Class A Common Stock on the record date and sells those shares on the "ex-distribution" market on or prior to the time of the distribution, such shareholder will continue to be entitled to receive the shares of New BBX Capital's Class A Common Stock which are distributed in the spin-off in respect of the shares of Parent's Class A Common Stock being sold.

Parent's Class B Common Stock is quoted on the OTCQX market. While there is no assurance as to the ex-distribution date that FINRA will ultimately set with respect to New BBX Capital's Class B Common Stock, it is anticipated that, pursuant to Rule 11140 promulgated by FINRA, FINRA will set an "ex-distribution date" for New BBX Capital's Class B Common Stock as the first business day following the distribution date. Assuming that FINRA sets an ex-distribution date for New BBX Capital's Class B Common Stock as the first business day following the distribution date, then shareholders who hold shares of Parent's Class B Common Stock on the record date and sell the shares on or prior to the distribution date will also be selling the right to receive the shares of New BBX Capital's Class B Common Stock that such shareholder would have otherwise received in the spin-off in respect of the shares of Parent's Class B Common Stock being sold.

You are encouraged to consult with your broker or financial advisor regarding the specific implications of selling your shares of Parent's Class A Common Stock or Class B Common Stock prior to or on the distribution date.

Q: Will the spin-off affect the market price of Parent's Class A Common Stock or Class B Common Stock?

A: It is possible that the market price of Parent's Class A Common Stock and/or Class B Common Stock will be affected by the spin-off because such stock will no longer reflect the benefits, risks or rewards associated with

New BBX Capital and its subsidiaries. There is no assurance as to how the market will respond to the spin-off, including the agreements entered into in connection with the spin-off and the relationship between Parent and New BBX Capital following the spin-off. We cannot provide you with any assurance as to the price at which shares of Parent's Class A Common Stock or Class B Common Stock or New BBX Capital's Class A Common Stock or Class B Common Stock will trade following the spin-off.

Q: What will be the relationship between Parent and New BBX Capital after the spin-off?

A: Immediately following the spin-off, New BBX Capital will be a separate, publicly-traded company, and Parent will have no continuing stock ownership interest in New BBX Capital. In connection with the spin-off, New BBX Capital will enter into a Separation and Distribution Agreement and certain other agreements with Parent which will provide the terms and conditions of the separation of the businesses of Parent between Parent and New BBX Capital and will govern various ongoing arrangements between Parent and New BBX Capital after completion of the spin-off.

In connection with the spin-off and pursuant to the Separation and Distribution Agreement, Parent will execute a \$75 million promissory note in favor of New BBX Capital. Amounts outstanding under the note will accrue interest at a rate of 6% per annum. The note will require payments of interest only on a quarterly basis; provided however that interest payments may be deferred at the option of Parent, with interest on the entire outstanding balance thereafter to accrue at a cumulative, compounded rate of 8% per annum until such time as Parent is current on all accrued payments under the note, including deferred interest. All outstanding amounts under the note will become due and payable in five years or upon certain events.

Following the spin-off, there will be an overlap between executive management of Parent and New BBX Capital. Alan B. Levan will continue to serve as the Chairman, Chief Executive Officer and President of Parent and will also serve as the Chairman of New BBX Capital. John E. Abdo will continue to serve as the Vice Chairman of Parent and Bluegreen Vacations and will also serve as the Vice Chairman of New BBX Capital. Jarett S. Levan, the son of Alan B. Levan, will continue to serve as a director of Parent and Bluegreen Vacations and will be the Chief Executive Officer and President and a director of New BBX Capital. In addition, Seth M. Wise will be Executive Vice President and a director of New BBX Capital and will continue to serve as a director of Bluegreen Vacations. Other than Messrs. Alan Levan, Abdo, Jarett Levan, Darwin Dornbush, Joel Levy and William Nicholson, it is expected that the directors serving on Parent's Board of Directors at the time of the spin-off will resign as directors of Parent and instead serve as directors of New BBX Capital following the spin-off. Messrs. Dornbush, Levy and Nicholson are expected to remain as directors of Parent and not join New BBX Capital's Board. See "Management" for additional information.

Q: What will Alan B. Levan, John E. Abdo's, Jarett S. Levan's and Seth M. Wise's ownership and voting percentage of New BBX Capital be immediately following the distribution?

Alan B. Levan, John E. Abdo, Jarett S. Levan and Seth M. Wise will have the same ownership and voting interest in New BBX Capital immediately following the spin-off as they have with respect to Parent immediately prior to the spin-off. Mr. Alan Levan, Mr. Abdo, Mr. Jarett Levan and Mr. Wise currently collectively beneficially own shares representing approximately 20.6% of Parent's outstanding Class A Common Stock and 95.2% of Parent's outstanding Class B Common Stock. In the aggregate, these shares currently represent approximately 34.8% of Parent's total outstanding common equity and 78.8% of the total voting power of Parent's Class A Common Stock and Class B Common Stock. For so long as Mr. Alan Levan, Mr. Abdo, Mr. Jarett Levan and Mr. Wise collectively have a greater than 50% voting interest in New BBX Capital, they will have the voting power to approve the election of directors and any matter which requires the affirmative vote of shares representing a majority of New BBX Capital's total voting power.

Q: Do Parent's executive officers and directors have interests in the spin-off that may be different from or in addition to the interests of Parent's other shareholders?

Yes. You should be aware that the executive officers and directors of Parent have interests in the spin-off that may differ from, or may be in addition to, the interests of Parent's shareholders generally. These interests include the following:

- As previously described, following the spin-off, there will be an overlap between executive management of Parent and New BBX Capital. Alan B. Levan, John E. Abdo and Jarett S. Levan will serve as directors of Parent, Bluegreen Vacations and New BBX Capital, and Messrs. Alan Levan and Abdo will serve as executive officers of Parent, Bluegreen Vacations and New BBX Capital. In addition, Seth M. Wise will be Executive Vice President and a director of New BBX Capital and will continue to serve as a director of Bluegreen Vacations. In addition, it is expected that the non-employee directors serving on Parent's Board of Directors at the time of the spin-off (other than Darwin Dornbush, Joel Levy and William Nicholson, who are expected to remain directors of Parent and not join New BBX Capital's Board) will resign as directors of Parent and serve as directors of New BBX Capital following the spin-off. Non-employee directors of New BBX Capital will receive compensation for their service on New BBX Capital's Board of Directors and committees. Such compensation is expected to be the same as what they currently receive for their service on Parent's Board of Directors and its committees.
- As previously described, it is expected that Alan B. Levan, John E. Abdo, Jarett S. Levan and Seth M. Wise will be deemed to control New BBX Capital following the spin-off by virtue of their collective ownership of shares expected to represent approximately 78.8% of the total voting power of New BBX Capital's Class A Common Stock and Class B Common Stock following the spin-off.
- The vesting of all unvested restricted stock awards of Parent's Class A Common Stock and Class B Common Stock was accelerated in contemplation of the spin-off. These restricted stock awards, all of which were held by the Company's executive officers, covered a total of 488,503 shares of Parent's Class A Common Stock and 528,484 shares of Parent's Class B Common Stock as follows: Alan B. Levan held, and had vested, restricted stock awards of 193,042 shares of Parent's Class A Common Stock and 183,125 shares of Parent's Class B Common Stock; John E. Abdo held, and had vested, restricted stock awards of 193,042 shares of Parent's Class A Common Stock and 212,892 shares of Parent's Class B Common Stock; Jarett S. Levan held, and had vested, restricted stock awards of 48,261 shares of Parent's Class A Common Stock and 60,698 shares of Parent's Class B Common Stock; Seth M. Wise held, and had vested, restricted stock awards of 48,261 shares of Parent's Class A Common Stock and 60,698 shares of Parent's Class B Common Stock; and Raymond S. Lopez held, and had vested, restricted stock awards of 5,897 shares of Parent's Class A Common Stock and 11,071 shares of Parent's Class B Common Stock. The shares are (and, prior to their vesting, were) considered outstanding and will participate in the spin-off on the same terms as all other outstanding shares of Parent's common stock. Absent the vesting acceleration, the restricted stock awards would otherwise have been scheduled to vest between October 2020 and October 2023.

Q: Will I have appraisal rights in connection with the spin-off?

A: No. Shareholders of Parent will not have any appraisal rights in connection with the spin-off.

Q: Who is the distribution agent for the spin-off?

A: American Stock Transfer & Trust Company, LLC ("AST") will be the distribution agent for the spin-off.

Q: Who will be the transfer agent for New BBX Capital's Class A Common Stock and Class B Common Stock after the spin-off?

A: It is expected that AST will be the transfer agent for New BBX Capital's Class A Common Stock and Class B Common Stock after the spin-off.

Q: Where can I get more information?

A: If you have any questions relating to the spin-off, you should contact the distribution agent at:

American Stock Transfer & Trust Company, LLC
6201 15th Avenue
Brooklyn, New York 11219
Telephone: (800) 937-5449 or (718) 921-8317

SUMMARY OF THE SPIN-OFF

Distributing Company/Parent

BBX Capital Corporation (“Parent”), a Florida corporation. Immediately after the distribution, Parent will not own any shares of New BBX Capital’s Class A Common Stock or Class B Common Stock.

Distributed/Spin-Off Company

BBX Capital Florida LLC (“New BBX Capital”), which is currently a wholly-owned subsidiary of Parent. BBX Capital Florida LLC will be converted into a Florida corporation named BBX Capital, Inc. immediately prior to the spin-off and such corporation will become a separate, publicly-traded company as a result of the spin-off.

Separation of Businesses

In connection with the spin-off, Parent will retain its investment in Bluegreen Vacations, a leading vacation ownership company that markets and sells VOIs and manages resorts in leisure and urban destinations, making Parent a “pure play” Bluegreen Vacations holding company. Parent holds its investment in Bluegreen Vacations indirectly through Woodbridge, a wholly-owned subsidiary of Parent which owns approximately 93% of Bluegreen Vacations’ common stock. Bluegreen Vacations’ common stock is traded on the NYSE under the ticker symbol “BXG.”

If the spin-off is completed, New BBX Capital will be a separate, publicly-traded company holding all of Parent’s subsidiaries other than Woodbridge and Bluegreen Vacations (and its subsidiaries). Subsidiaries owned by New BBX Capital include (i) BBX Capital Real Estate, which is engaged in the acquisition, development, construction, ownership, financing, and management of real estate and investments in real estate joint ventures, owns a 50% equity interest in The Altman Companies, a developer and manager of multifamily apartment communities, and manages the legacy assets retained after Parent’s sale of BankAtlantic in 2012, including portfolios of loans receivable, real estate properties and judgments, (ii) BBX Sweet Holdings, which owns and manages operating businesses in the confectionery industry, including IT’SUGAR, a retailer of special candy products, Hoffman’s Chocolates and Las Olas Confections and Snacks, and (iii) Renin, which is engaged in the design, manufacture, and distribution of sliding doors, door systems and hardware, and home décor products.

Anticipated Name Changes

Subject to the approval of Parent’s shareholders, it is expected that, on or about the distribution date, Parent will change its name to Bluegreen Vacations Holding Corporation and, upon its conversion into a Florida corporation, New BBX Capital will be named BBX Capital, Inc.

Distributed Securities

All of the shares of New BBX Capital’s Class A Common Stock and Class B Common Stock, which will represent 100% of New BBX Capital’s common stock issued and outstanding immediately following the distribution.

[Table of Contents](#)

	<p>Based on the number of shares of Parent’s Class A Common Stock and Class B Common Stock expected to be outstanding as of the record date, we expect that approximately 15,624,091 shares of New BBX Capital’s Class A Common Stock and 3,693,596 shares of New BBX Capital’s Class B Common Stock will be distributed in the spin-off.</p> <p>In addition, if New BBX Capital adopts a rights agreement prior to the spin-off, then each share of New BBX Capital’s Class A Common Stock and Class B Common Stock distributed in connection with the spin-off will have attached thereto an associated preferred share purchase right distributed under the rights agreement. See “Description of Capital Stock” for additional information regarding the rights agreement expected to be adopted by New BBX Capital.</p>
Record Date	5:00 P.M., Eastern time, on September 22, 2020.
Distribution Date	September 30, 2020.
Distribution Ratio	Each shareholder of Parent will receive one share of New BBX Capital’s Class A Common Stock for each share of Parent’s Class A Common Stock held by such shareholder as of the record date and one share of New BBX Capital’s Class B Common Stock for each share of Parent’s Class B Common Stock held by such shareholder as of the record date.
The Distribution	<p>On or before the distribution date, Parent will release the shares of New BBX Capital’s Class A Common Stock and Class B Common Stock to the distribution agent to distribute to Parent’s shareholders. The shares will be distributed in book-entry form, which means that no physical share certificates will be issued. We expect that it may take the distribution agent up to one week following the distribution date to electronically issue shares of New BBX Capital’s Class A Common Stock and/or Class B Common Stock to you or to your bank or brokerage firm on your behalf by way of direct registration in book-entry form.</p> <p>You will not be required to make any payment, surrender or exchange of your shares of Parent’s Class A Common Stock or Class B Common Stock or take any other action to receive your shares of New BBX Capital’s Class A Common Stock or Class B Common Stock, as applicable. However, Parent is seeking shareholder approval of the spin-off and Parent’s contemplated name change to Bluegreen Vacations Holding Corporation. Parent intends to hold a special meeting of its shareholders to approve these actions and is distributing a separate proxy statement which contains information regarding the proposed spin-off and name change and the special meeting. Completion of the spin-off is conditioned upon shareholder approval of the spin-off and certain other conditions described below.</p>

	<p>In addition, the spin-off will be a taxable transaction to you, as a shareholder of Parent, as described in further detail below.</p>
No Fractional Shares	<p>Because the distribution ratio is one share of New BBX Capital's Class A Common Stock for each share of Parent's Class A Common Stock and one share of New BBX Capital's Class B Common Stock for each share of Parent's Class B Common Stock, no fractional shares will result from, or be distributed in, the spin-off.</p>
Conditions to the Spin-Off	<p>Completion of the spin-off is subject to the following conditions:</p> <ul style="list-style-type: none">• the Board of Directors of Parent, in its sole and absolute discretion, shall have authorized and approved the spin-off (and such authorization and approval shall not have been withdrawn, as described below);• the approval by Parent's shareholders of the spin-off;• New BBX Capital's registration statement on Form 10 of which this information statement is a part shall have become effective under the Exchange Act and shall not be the subject of any stop order or proceedings seeking a stop order, and this information statement shall have been sent to Parent's shareholders as of the close of business on the record date, all necessary permits and authorizations under the Securities Act and the Exchange Act relating to the issuance and trading of shares of New BBX Capital's Class A Common Stock and Class B Common Stock shall have been obtained and be in effect, and such shares shall have been approved for listing, trading or quotation on a national securities exchange or the OTC Markets, subject to official notice of issuance; and• no court or other governmental authority having jurisdiction over Parent or New BBX Capital shall have issued or entered any order, and no applicable law shall have been enacted or promulgated, in each case, that is then in effect and has the effect of permanently restraining, enjoining or otherwise prohibiting the consummation of the spin-off. <p>We are not aware of any material regulatory requirements that must be complied with or any material regulatory or third party approvals that must be obtained, other than compliance with SEC rules and regulations and the approval for listing, trading or quotation of New BBX Capital's Class A Common Stock and Class B Common Stock on a national securities exchange or the OTC Markets.</p>
Trading of Shares	<p>New BBX Capital is applying for its Class A Common Stock and Class B Common Stock to be quoted on the OTCQX market and has requested the trading symbol "BBXT" for its Class A Common Stock and "BFCTB" for its Class B Common Stock. Subject to the approval of New BBX Capital's application for quotation, it is expected that a limited market, commonly known as a "when-issued" trading market,</p>

for its Class A Common Stock and Class B Common Stock may begin approximately two trading days before the record date. However, “when-issued” symbols are subject to action by FINRA. If “when-issued” trading is approved, FINRA has advised us that it will publish the addition of “when-issued” symbols on its Daily List in advance of the first “when-issued” trading date. It is currently expected that, subject to FINRA approval, “regular way” trading of New BBX Capital’s Class A Common Stock and Class B Common Stock will begin on the first day of trading after the distribution date.

It is anticipated that, beginning on the record date and continuing until the time of the distribution, there will be two markets in shares of Parent’s Class A Common Stock on the NYSE: a “regular-way” market and an “ex-distribution” market. Shares of Parent’s Class A Common Stock that trade on the “regular-way” market will trade with an entitlement to the shares of New BBX Capital’s Class A Common Stock to be distributed in the spin-off in respect thereof. Shares of Parent’s Class A Common Stock that trade on the “ex-distribution” market will trade without an entitlement to shares of New BBX Capital’s Class A Common Stock. Therefore, if a shareholder sells shares of Parent’s Class A Common Stock in the “regular-way” market on or prior to the time of the distribution, such shareholder will also be selling the right to receive the shares of New BBX Capital’s Class A Common Stock that such shareholder would have otherwise received in the spin-off in respect of the shares of Parent’s Class A Common Stock being sold. If a shareholder owns shares of Parent’s Class A Common Stock on the record date and sells those shares on the “ex-distribution” market on or prior to the time of the distribution, such shareholder will continue to be entitled to receive the shares of New BBX Capital’s Class A Common Stock which are distributed in the spin-off in respect of the shares of Parent’s Class A Common Stock being sold.

Parent’s Class B Common Stock is quoted on the OTCQX market. While there is no assurance as to the ex-distribution date that FINRA will ultimately set with respect to New BBX Capital’s Class B Common Stock, it is anticipated that, pursuant to Rule 11140 promulgated by FINRA, FINRA will set an “ex-distribution date” for New BBX Capital’s Class B Common Stock as the first business day following the distribution date. Assuming that FINRA sets an ex-distribution date for New BBX Capital’s Class B Common Stock as the first business day following the distribution date, then shareholders who hold shares of Parent’s Class B Common Stock on the record date and sell the shares on or prior to the distribution date will also be selling the right to receive the shares of New BBX Capital’s Class B Common Stock that such shareholder would have otherwise received in the spin-off in respect of the shares of Parent’s Class B Common Stock being sold.

You are encouraged to consult with your broker or financial advisor regarding the specific implications of selling your shares of Parent’s

Class A Common Stock or Class B Common Stock prior to or on the distribution date.

Material U.S. Federal Income Tax Consequences

The spin-off will be a taxable transaction to Parent's shareholders. For U.S. federal income tax purposes, the receipt of New BBX Capital's Class A Common Stock or Class B Common Stock in the spin-off is expected to be treated as a distribution of property in an amount equal to the fair market value of the stock received. We believe that a reasonable approach to determine the fair market value of the shares of New BBX Capital's Class A Common Stock or Class B Common Stock received would be to use the volume-weighted average price of New BBX Capital's common stock on the first full trading day following the distribution. We believe this is a reasonable approach because the rights of New BBX Capital's Class A Common Stock and Class B Common Stock (other than voting rights, as described above) are substantially the same and New BBX Capital's Class B Common Stock will be convertible into shares of New BBX Capital's Class A Common Stock on a share-for-share basis in the holder's discretion; however, there is expected to be significantly less trading volume in the shares of New BBX Capital's Class B Common Stock as compared to New BBX Capital's Class A Common Stock.

The distribution of New BBX Capital's Class A Common Stock or Class B Common Stock in the spin-off should be treated as ordinary dividend income to the extent considered paid out of Parent's current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Distributions in excess of Parent's current year and accumulated earnings and profits will be treated as a non-taxable return of capital, which reduces basis, to the extent of the holder's basis in its shares of Parent's Class A Common Stock or Class B Common Stock, as applicable, and thereafter as capital gain. The amount of those earnings and profits is not determinable at this time because it will depend on Parent's income for the entire tax year in which the distribution occurs. For a more detailed discussion of the federal income tax consequences of the spin-off, see "The Spin-Off—Material U.S. Federal Income Tax Consequences of the Spin-Off" and "Risk Factors—Risks Relating to the Spin-Off—The distribution of our common stock will not qualify for tax-free treatment."

Separation and Distribution Agreement and other Spin-Off Documents

In connection with the spin-off, New BBX Capital and Parent will enter into a Separation and Distribution Agreement and certain other agreements, which will provide the terms and conditions of the separation of the businesses of Parent between Parent and New BBX Capital and will govern various ongoing arrangements between Parent and New BBX Capital upon completion of the spin-off, including a \$75 million promissory note to be issued by Parent in favor of New BBX Capital. The Separation and Distribution

[Table of Contents](#)

	Agreement and other agreements between New BBX Capital and Parent in connection with the spin-off, including the promissory note, are described in further detail under “The Spin-Off—Relationship Between New BBX Capital and Parent.”
Dividend Policy	It is not anticipated that New BBX Capital will pay cash dividends on its common stock following the spin-off. New BBX Capital currently intends to retain any earnings for use in the operation of its business.
Distribution Agent	AST
Risk Factors	There are a number of risks and uncertainties related to the spin-off, New BBX Capital (including its business and investments and it being a separate, publicly-traded company following the spin-off) and ownership of New BBX Capital’s Class A Common Stock and Class B Common Stock. You should carefully read the factors set forth in the section of this information statement entitled “Risk Factors.”

SUMMARY HISTORICAL AND PRO FORMA FINANCIAL INFORMATION

The following tables present the summary historical and pro forma financial data for New BBX Capital. New BBX Capital derived the statement of operations data for the years ended December 31, 2019, 2018 and 2017 and the balance sheet data as of December 31, 2019 and 2018 from its audited combined carve-out financial statements included elsewhere in this information statement. The statement of operations data for the six months ended June 30, 2020 and the balance sheet data as of June 30, 2020 are derived from New BBX Capital's unaudited combined carve-out financial statements included elsewhere in this information statement and, in management's opinion, have been prepared on the same basis as the audited carve-out combined financial statements and include all adjustments, consisting only of normal recurring adjustments and allocations, necessary for a fair presentation of the information for the periods presented.

The historical statements of operations reflect allocations of general corporate expenses from Parent, including, but not limited to, executive management, finance, legal, information technology, human resources, employee benefits administration, treasury, risk management and other shared services. These expenses have been allocated to New BBX Capital on the basis of direct usage when identifiable, while the remainder of the expenses, including costs related to executive compensation, were allocated primarily on a pro-rata basis of combined revenues and equity in earnings of unconsolidated joint ventures of Parent and its subsidiaries. Management considers these allocations to be a reasonable reflection of the utilization of services by, or the benefits provided to, New BBX Capital. The allocations may not, however, reflect the expenses New BBX Capital would have incurred as a stand-alone public company for the periods presented. Actual costs that may have been incurred if New BBX Capital had been a stand-alone public company would depend on a number of factors, including the chosen organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure. The financial statements included in this information statement may not necessarily reflect New BBX Capital's financial position, results of operations and cash flows as if New BBX Capital had operated as a stand-alone public company during all periods presented. Accordingly, New BBX Capital's historical results may not be a reliable indicator of its future performance or financial condition. In addition, the financial data as of and for the six months ended June 30, 2020 and 2019 are not necessarily indicative of the results that may be obtained for the full year or any other future period.

In presenting the financial data in conformity with accounting principles generally accepted in the United States ("GAAP"), New BBX Capital is required to make estimates and assumptions that affect the amounts reported. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies" included elsewhere in this information statement for a detailed discussion of the accounting policies that management believes require subjective and complex judgments that could potentially affect reported results.

In addition, the summary pro forma financial information has been prepared to include accounting transaction adjustments, which are adjustments directly attributable to the spin-off or otherwise under the Separation and Distribution Agreement or other spin-off documents, and autonomous entity adjustments that reflect incremental expense or other changes necessary, if any, to reflect the financial condition and results of operations as if New BBX Capital was a separate stand-alone entity.

The pro forma statement of operations data for the six months ended June 30, 2020 and the year ended December 31, 2019 assumes that the spin-off occurred on January 1, 2019. The pro forma balance sheet data as of June 30, 2020 assumes that the spin-off occurred as of such date. The assumptions used in connection with the preparation of the pro forma financial information and the adjustments derived from such assumptions are based on currently available information, which management believes are reasonable under the circumstances. However, the pro forma financial information is not necessarily indicative of New BBX Capital's results of

operations or financial condition had the spin-off occurred on the date assumed. Also, they may not reflect the results of operations or financial condition that would have resulted had New BBX Capital been operating as a stand-alone public company during such periods. In addition, they are not necessarily indicative of New BBX Capital's future results of operations or financial condition.

You should read the following summary financial data in conjunction with New BBX Capital's audited combined carve-out financial statements and unaudited combined carve-out financial statements included elsewhere in this information statement and the financial and other information contained in the sections of this information statement entitled "Unaudited Pro Forma Financial Statements," "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Summary Historical Financial Data

	As of or For the Six Months Ended June 30, 2020	As of or For the Years Ended December 31,		
		2019	2018	2017
(in thousands)				
Statements of Operations Data				
Revenues	\$ 74,785	203,724	208,565	152,036
Net (loss) income from continuing operations	\$ (34,818)	20,651	(5,887)	(14,770)
Net (loss) income attributable to Parent	\$ (30,580)	13,737	(9,201)	(16,089)
Statements of Financial Condition Data				
Total assets	\$ 416,797	361,507	309,952	315,170
Borrowings	\$ 41,614	42,736	37,496	43,920
Parent equity	\$ 242,932	179,681	235,415	237,259

Summary Pro Forma Financial Data

	As of or For the Six Months Ended June 30, 2020	Pro forma	
		For the Year Ended December 31, 2019	
(in thousands)			
Statements of Operations Data:			
Total revenues	\$ 77,035		208,224
Net (loss) income from continuing operations	\$ (33,039)		24,047
Net (loss) income from continuing operations attributable to Parent/shareholders	\$ (28,727)		24,271
Statements of Financial Condition Data			
Total assets	\$ 491,797		
Borrowings	\$ 41,614		
Parent equity	\$ 317,932		

RISK FACTORS

You should carefully consider each of the following risks and uncertainties, which we believe are the principal risks that New BBX Capital faces and of which we are currently aware, and all of the other information in this information statement. Some of the risks and uncertainties described below relate to New BBX Capital' business. Other risks relate principally to the spin-off, the securities markets and the ownership of New BBX Capital' Class A Common Stock and Class B Common Stock. If any of the following events actually occur, New BBX Capital' business, financial condition or results of operations, and the liquidity and trading price of New BBX Capital' Class A Common Stock and/or Class B Common Stock, could be materially adversely affected. Additional risks and uncertainties that we do not presently know about or currently believe are not material may also adversely affect New BBX Capital' business, financial condition and results of operations and, accordingly, New BBX Capital' Class A Common Stock and/or Class B Common Stock. References in this section to "New BBX Capital" refers to New BBX Capital, at the parent company level, and references in this section to the "Company" refers to New BBX Capital, together with each of its subsidiaries.

Risks Relating to Our Business

The COVID-19 pandemic has had and the current and uncertain future outlook may continue to have a material adverse effect on our business financial condition, liquidity and results of operations.

The COVID-19 pandemic has been, and continues to be, an unprecedented disruption in the U.S. and global economies and its rapid spread, as well as the escalating measures governments, private organizations and individuals have implemented in order to stem the spread of this pandemic, have had, and are expected to continue to have, a material adverse impact on our business, operating results and financial condition, including due to government ordered travel restrictions, restrictions on business operations, stay at home orders and guidelines, a recessionary economic environment and reduced consumer demand for our products and services. The adverse impact of the pandemic across the Company's investments and on the Company's consolidated results of operations, cash flows and financial condition in 2020 has been, and is expected to continue to be, material. Furthermore, while it is not currently possible to accurately assess the expected duration and severity of the pandemic on the Company's operations, and additional restrictions or other events stemming from the pandemic, including a further resurgence of COVID-19 infections globally, nationally, or in regions where the Company has significant operations, could further lengthen or exacerbate these adverse effects, the Company expects that demand for many of the Company's products and services may remain weak for a significant length of time, and the Company cannot predict if and when the industries in which the Company operates will return to pre-pandemic levels.

Steps we have implemented in an attempt to mitigate the effects of the pandemic on our business and to preserve liquidity may themselves have negative consequences with respect to our business and operations, including by reducing sales. In addition, the cost savings we are seeking to achieve from these measures will not be recognized immediately and will not completely offset the decrease in revenues and other adverse impacts of the pandemic.

Our operations could also be negatively affected further if our employees are quarantined or sickened as a result of exposure to COVID-19, or if they are subject to governmental COVID-19 curfews or "shelter in place" health orders. Measures restricting the ability of employees to come to work may cause a further deterioration in our service or operations, all of which could negatively affect our business.

We are unable to predict how long these conditions will persist, what additional measures may be introduced by governments or private parties or what effect any such additional measures may have on our business. Furthermore, not only is the duration of the pandemic and combative measures unknown, the overall situation is extremely fluid, and it is impossible to predict the timing of future changes in the situation and what their impact may be on our business. At this time we are also not able to predict whether the COVID-19

Table of Contents

pandemic will result in permanent changes in our customers' behavior, which may include continued or permanent decreases in discretionary spending and reductions in demand for retail store and confectionery products, home improvement products or real estate, each of which would have a material adverse impact on our business, operating results and financial condition. As detailed throughout this Information Statement, the demand for the Company's products and services has been adversely impacted by the COVID-19 pandemic and there is no assurance that sales volumes and revenues will improve, will not further decline, or will return to pre-pandemic levels in the foreseeable future, if ever, and this and other factors may result in the recognition of additional impairment losses in future periods. BBX Capital's management is evaluating the potential operating deficits and liquidity requirements of its subsidiaries as a result of the impact of the pandemic and may determine not to provide additional funding or capital to subsidiaries whose operations they believe may not be sustainable.

New BBX Capital will rely on cash on hand and dividends from its subsidiaries.

New BBX Capital will rely on its cash and cash equivalents, payments received by it pursuant to the terms of the \$75 million note issued to it by Parent and on dividends from its subsidiaries in order to fund its operations and investments. During the year ended December 31, 2019, cash generated from operations was \$22.7 million and for the six months ended June 30, 2020 cash used in operations was \$8.9 million.

Accordingly, if cash flow is not sufficient to fund New BBX Capital's liquidity needs or New BBX Capital otherwise determines it is advisable to do so, BBX Capital might seek to liquidate some of its investments or seek to fund its operations with the proceeds of additional equity or debt financing. Such financing may not be available on commercially reasonable terms, if at all, and if New BBX Capital chooses to liquidate its investments, it may be forced to do so at depressed prices. Further, Parent may elect to defer interest payments due under the note. See the risk factor below entitled "Parent may incur additional indebtedness and may defer interest payments under its \$75 million promissory note to New BBX Capital."

New BBX Capital's acquisitions and investments may generate losses, require it to obtain additional financing and expose it to additional risks.

New BBX Capital has made investments in and acquisitions of operating companies, such as its 50% equity interest investment in The Altman Companies and its acquisitions of Renin, IT'SUGAR, and other businesses in the confectionery industry. New BBX Capital may also seek to make opportunistic investments outside of its existing portfolio. Some of these investments and acquisitions may be material. While New BBX Capital seeks to make investments and acquisitions in companies that provide opportunities for growth, its investments or acquisitions may not prove to be successful or, even if successful, may not initially generate income, or may generate income on an irregular basis or over a long time period. Accordingly, our results of operations may vary significantly on a quarterly basis and from year to year as a result of acquisitions and investments. Acquisitions or investments expose New BBX Capital to the risks of the businesses acquired or invested in. Acquisitions and investments entail numerous risks, including:

- Risks associated with achieving profitability;
- Difficulties in integrating and assimilating acquired management, acquired company founders, and operations;
- Losses and unforeseen expenses or liabilities;
- Risks associated with entering new markets in which we have no or limited prior experience;
- The potential loss of key employees or founders of acquired organizations;
- Risks associated with transferred assets and liabilities; and
- The incurrence of significant due diligence expenses relating to acquisitions, including with respect to those that are not completed.

Table of Contents

New BBX Capital may not be able to integrate or profitably manage acquired businesses, including Renin, IT'SUGAR, and its other operating businesses or its investment in The Altman Companies, without substantial costs, delays, or other operational or financial difficulties, including difficulties in integrating information systems and personnel and establishing control environment processes across acquired businesses. Further, New BBX Capital may not be able to monitor the day to day activities of its investments in joint ventures, and failure to do so could have a material adverse effect on its business, financial condition and results of operations. In addition, to the extent that operating businesses are acquired outside the United States or the State of Florida, there will be additional risks related to compliance with foreign regulations and laws including tax laws, labor laws, currency fluctuations and geographic economic conditions.

Parent may incur additional indebtedness and may defer interest payments under its \$75 million promissory note to New BBX Capital.

In connection with the spin-off, Parent will execute a \$75 million promissory note in favor of New BBX Capital. Amounts outstanding under the note will accrue interest at a rate of 6% per annum. The note will require payments of interest only on a quarterly basis; provided however that interest payments may be deferred at the option of Parent, with interest on the entire outstanding balance thereafter to accrue at a cumulative, compounded rate of 8% per annum until such time as Parent is current on all accrued payments under the note, including deferred interest. All outstanding amounts under the note will become due and payable in five years or upon certain events. Parent's principal sources of liquidity have historically been its available cash and short term investments, distributions from real estate joint ventures and sales of real estate assets held by BBX Capital Real Estate, and dividends from Bluegreen Vacations. Following the spin-off, Parent will be a Bluegreen Vacations holding company with limited operations. It is currently expected that Parent will incur approximately \$700,000 in annual executive compensation expenses, approximately \$1.5 - \$2.0 million annually in other general and administrative expenses, including costs associated with being a public company, and annual interest expense of approximately \$7.3 million associated with Woodbridge's junior subordinated debentures and the promissory note to New BBX Capital. While Parent believes that its cash and cash equivalents will be sufficient to fund its operations and satisfy its obligations for two years following the spin-off, Parent will rely primarily on dividends from Bluegreen Vacations to fund its operations and satisfy its debt service requirements and other liabilities, including its promissory note to New BBX Capital. The COVID-19 pandemic has resulted in uncertainty regarding Bluegreen Vacations' operations and cash flow, and Bluegreen Vacations announced during April 2020 that it has suspended its regular quarterly dividend. While Bluegreen Vacations declared a special cash dividend on its common stock of \$1.19 per share during July 2020 which is payable on August 21, 2020, there is no assurance that Bluegreen Vacations will resume the payment of regular dividends consistent with prior periods, in the time frames or amounts previously paid, or at all, or pay any other special cash dividends in the future. Parent has agreed to utilize its proceeds from the special cash dividend declared by Bluegreen Vacations to repay Parent's \$80.0 million note to Bluegreen Vacations. If Parent does not receive sufficient dividends from Bluegreen Vacations, Parent may be unable to satisfy its debt service obligations, including payments under the promissory note to New BBX Capital. In addition, Parent may in the future pursue a transaction to increase its ownership in Bluegreen Vacations, including a transaction or transactions which would result in Bluegreen Vacations once again becoming an indirect wholly-owned subsidiary of Parent. In connection with any such transaction or otherwise, Parent may in the future seek additional funds from third party sources, which may include the incurrence of additional indebtedness. Any such additional indebtedness would increase Parent's debt service requirements and may impair Parent's ability to satisfy its payment obligations under its promissory note to New BBX Capital. Parent's promissory note to New BBX Capital is unsecured.

New BBX Capital may issue additional securities at New BBX Capital or its subsidiaries and New BBX Capital and its subsidiaries can incur additional indebtedness.

New BBX Capital from time to time may pursue transactions involving the sale of its subsidiaries or investments or other transactions which would result in a decrease in New BBX Capital's ownership interest in its subsidiaries. There is no assurance that any such transactions, if pursued and consummated, will generate a profit or otherwise be advantageous to New BBX Capital.

Table of Contents

New BBX Capital may in the future also seek to raise funds through the issuance of debt or equity securities. There is generally no restriction on New BBX Capital's ability to issue debt or equity securities which are pari passu or have a preference over its Class A Common Stock and Class B Common Stock. Authorized but unissued shares of New BBX Capital's capital stock are available for issuance from time to time at the discretion of New BBX Capital's board of directors, and any such issuance may be dilutive to New BBX Capital's shareholders.

New BBX Capital and its subsidiaries have in the past and may in the future incur significant amounts of debt. Further, additional indebtedness could have important effects on New BBX Capital, including that debt service requirements will reduce cash available for operations, future investment and acquisition opportunities and payments of dividends, if any, and that increased leverage could impact New BBX Capital's liquidity and increase its vulnerability to adverse economic or market conditions. Additionally, agreements relating to additional indebtedness could contain financial covenants and other restrictions limiting New BBX Capital's operations and its ability to pay dividends, if any, borrow additional funds or acquire or dispose of assets, and expose New BBX Capital to the risks of being in default of such covenants.

Substantial sales of New BBX Capital's Class A Common Stock or Class B Common Stock could adversely affect the market prices of such securities.

Substantial sales of New BBX Capital's Class A Common Stock or Class B Common Stock, including sales of shares by controlling shareholders and management, could adversely affect the market prices of such securities. Management has in the past and may in the future enter into Rule 10b5-1 plans pursuant to which a significant number of shares are sold into the open market.

BBX Capital Real Estate

BBX Capital Real Estate's business and results of operations have been and may continue to be impacted by the COVID-19 pandemic.

The effects of the pandemic have impacted BBXRE's operations and are expected to adversely impact its operating results and financial position for the year ended December 31, 2020, and the effects of the pandemic, including increased unemployment and economic uncertainty, as well as recent increases in the number of COVID-19 cases in Florida and throughout the United States, have and may continue to impact rental activities at BBX Capital Real Estate's multifamily apartment developments. In addition, the effects of the pandemic, including the impact on general economic conditions and real estate and credit markets, have increased uncertainty relating to the expected timing and pricing of future sales of multifamily apartment developments, single-family homes, and developed lots at BBX Capital Real Estate's Beacon Lake Community, as well as the timing and financing of new multifamily apartment developments.

Further, as a result of the effects of the pandemic, the Altman Companies has experienced a decline in tenant demand and in the volume of new leases at certain of its communities, which has resulted in an increase in concessions offered to prospective and renewing tenants in an effort to maintain occupancy at its stabilized communities or increase occupancy at its communities under development. Further, some jurisdictions have imposed moratoriums on evictions. The effects of the pandemic, including a prolonged economic downturn, high unemployment, the expiration of or a decrease in government benefits to individuals, and government-mandated moratoriums on tenant evictions, could ultimately have a longer term and more significant impact on rental rates, occupancy levels, and rent collections, including an increase in tenant delinquencies and/or requests for rent abatements. These effects would impact the amount of rental revenues generated from the multifamily apartment communities in which BBX Capital Real Estate invests, including those sponsored and managed by the Altman Companies, the extent of management fees earned by the Altman Companies, and the ability of the related joint ventures to stabilize and successfully sell such communities. Furthermore, a decline in rental revenues at developments sponsored by the Altman Companies could require it, as the sponsor and managing member, to fund certain operating shortfalls in certain circumstances.

Table of Contents

If there is a significant adverse impact on real estate values as a result of lower rental revenues, higher capitalization rates, or otherwise, the joint ventures sponsored by the Altman Companies may be unable to sell their respective multifamily apartment developments within the time frames previously anticipated and/or for the previously forecasted sales prices, if at all, which may impact the profits expected to be earned by BBX Capital Real Estate from its investment in the managing member of the Altman Company projects and could result in the recognition of impairment losses related to BBX Capital Real Estate's investment in such projects. Furthermore, the Altman Companies may be unable to close on the equity and/or debt financing necessary to commence the construction of new projects, which could result in increased operating losses at the Altman Companies and the recognition of impairment losses by BBX Capital Real Estate related to BBX Capital Real Estate's overall investment in the Altman Companies.

There is no assurance that the real estate market will not be materially adversely impacted by the pandemic or otherwise, that the sales prices of single-family homes will not materially decline, that rents will be paid when due or at all, that market rents will not materially decline or additional concessions will not be necessary to maintain rentals. While government efforts to delay or forestall evictions and the availability of judicial remedies have not to date materially impacted BBX Capital Real Estate's operations, they may in the future have an adverse impact on both market values and BBX Capital Real Estate's operating results. Further, the effects of the pandemic may impact the costs of operating BBX Capital Real Estate's real estate assets, including, but not limited to, an increase in property insurance costs indicated by recent quotes of insurance costs that are higher than pre-pandemic levels, which could also have an adverse impact on market values and BBX Capital Real Estate's operating results.

Some of BBX Capital Real Estate's operations are through unconsolidated joint ventures with others, and we may be adversely impacted by a joint venture partner's failure to fulfill its obligations.

From time to time BBX Capital Real Estate has entered into joint ventures which reduces the amount BBX Capital Real Estate is required to invest in the development of the real estate properties. However, joint venture partners may become financially unable or unwilling to fulfill their obligations under the joint venture agreements. Most joint ventures borrow money to help finance their activities, and although recourse on the loans is generally limited to the managing members, joint ventures and their properties, BBX Capital Real Estate has in some cases and may in the future provide ongoing financial support or guarantees. If joint venture partners do not meet their obligations to the joint venture, BBX Capital Real Estate may be required to make significant expenditures, which may have an adverse effect on our operating results or financial condition. BBX Capital Real Estate has in the past and may in the future hold investments in a number of different joint ventures with the same or related developers, which could increase the adverse effects of any failures by such developer to fulfill its obligations. BBX Capital Real Estate has a substantial investment in The Altman Companies and related investments in Altis multifamily apartment joint ventures developed and managed by The Altman Companies and Joel Altman ("JA"). Further, BBX Capital is obligated to increase its ownership in the Altman Companies in 2022 regardless of the performance of the Altman Companies at that time. There is no assurance that the value of the interest that it is required to buy will be equal to or greater than the purchase price. Additionally, BBX Capital Real Estate has contributed \$3.8 million to a newly formed joint venture with JA that guarantees the indebtedness and construction cost overruns of new real estate joint ventures established by The Altman Companies, which increases BBX Capital Real Estate's risk of loss in connection with its real estate joint venture investments managed by JA and The Altman Companies.

Investments by BBX Capital Real Estate in real estate developments directly or through joint ventures expose it to market and economic risks inherent in the real estate construction and development industry.

The real estate construction and development industry is highly competitive and subject to numerous risks which in many cases are beyond management's control. The success of BBX Capital Real Estate's investments in real estate developments is dependent on many factors, including:

- Demand for or oversupply of new homes, finished lots, rental apartments and commercial real estate;

Table of Contents

- Demand for commercial real estate tenants;
- Real estate market values;
- Changes in capitalization rates impacting real estate values;
- Availability and reasonable pricing of skilled labor;
- Availability and reasonable pricing of construction materials, such as lumber, framing, concrete and other building materials, including increases associated with tariffs;
- Changes in laws and regulations for new construction and land entitlements, including environmental and zoning laws and regulations;
- Natural disasters and severe weather conditions increasing costs, delaying construction, causing uninsured losses or reducing demand for new homes;
- Availability and cost of mortgage financing for potential purchasers;
- Inventory of foreclosed homes negatively impacting selling prices;
- Mortgage loan interest rates;
- Availability of land in desirable locations at prices that result in an economically viable project;
- Availability, delays and costs associated with obtaining permits, approvals or licenses necessary to develop property;
- Construction defects and product liability claims;
- Risk of losses resulting from cost overrun guarantees in The Altman Companies' sponsored projects that require unique high-density apartment developments in certain markets; and
- General economic conditions.

Any of these factors could give rise to delays in the start or completion of a project, increase the cost of developing a project, or result in reduced prices and values for New BBX Capital's developments, including developments underlying its joint venture investments. These factors could also result in New BBX Capital being unable to identify real estate inventory opportunities which meet its investment criteria. In addition, New BBX Capital's efforts to identify additional investment opportunities, including the development of multifamily apartment communities that will be owned over a long-term hold period, the acquisition of existing multifamily apartment communities which can be renovated and re-leased pursuant to a "value add" strategy, and the pursuit of investment opportunities in additional geographic locations may not prove to be successful.

A significant portion of BBX Capital Real Estate's loans and real estate assets are located in Florida, and conditions in the Florida real estate market could adversely affect our earnings and financial condition.

The legacy assets retained by us in Parent's sale of BankAtlantic in 2012, the real estate developments owned or managed by BBX Capital Real Estate, and the real estate being developed by BBX Capital Real Estate or joint ventures in which BBX Capital Real Estate has invested are primarily concentrated in Florida, and adverse changes to the Florida economy or the real estate market may negatively impact our earnings and financial condition. As a result, BBX Capital Real Estate is exposed to geographic risks of high unemployment rates, declines in the housing industry and declines in the real estate market in Florida. Adverse changes in laws and regulations in Florida, including moratoriums on evictions would have a negative impact on our revenues, financial condition and business. Declines in the Florida housing markets may negatively impact the credit performance of BBX Capital Real Estate's loans and result in asset impairments. Further, in addition to impact of the risks and uncertainties of the pandemic, the State of Florida is subject to the risks of natural disasters, such as tropical storms and hurricanes, which may disrupt operations, adversely impact the ability of borrowers to timely repay their loans, adversely impact the value of any collateral securing loans and BBX Capital Real Estate's portfolio of real estate, or otherwise have an adverse effect on our results of operations. The severity and impact of tropical storms, hurricanes and other weather related events are unpredictable.

Table of Contents

BBX Capital Real Estate's inability to finance its real estate developments through Community Development District Bonds or obtain performance bonds or letters of credit could adversely affect our results of operations and liquidity.

BBX Capital Real Estate is often required to provide performance bonds and letters of credit under construction contracts or development agreements. BBX Capital Real Estate also obtained financing for the construction of infrastructure improvements for the first two phases of its Beacon Lake development in St. Johns County, Florida from the issuance of Community Development Bonds. BBX Capital Real Estate's ability to obtain performance bonds, letters of credit, or additional issuances of Community Development Bonds is dependent on BBX Capital Real Estate's credit rating, financial condition, and historical performance. If BBX Capital Real Estate is unable to obtain these bonds or letters of credit or cause the issuance of Community Development Bonds when required or desirable, our results of operations and liquidity could be adversely affected.

In connection with the sale of BankAtlantic to BB&T during July 2012, we acquired nonperforming loans and foreclosed real estate, and our results of operations and financial condition may be adversely affected if these assets are monetized below their current book values.

As a result of Parent's sale of BankAtlantic in 2012, we maintain and manage a portfolio of foreclosed real estate and non-performing loans managed by BBX Capital Real Estate. As a consequence, our financial condition and results of operations will be dependent on BBX Capital Real Estate's ability to successfully manage and monetize these legacy assets. Further, the loan portfolio and real estate may not be easily salable in the event BBX Capital Real Estate decides to liquidate an asset through a sale transaction. If the legacy assets are not monetized at or near the current book values ascribed to them, or if these assets are liquidated for amounts less than book value, our financial condition and results of operations would be adversely affected. Because a majority of these legacy assets do not generate income on a regular basis, we do not expect to generate significant revenue or income with respect to these assets until such time as an asset is monetized through repayments or BBX Capital Real Estate consummates transactions involving the sale, joint venture or development of the underlying real estate or investments.

BBX Sweet Holdings

The COVID-19 pandemic has had and the current and uncertain future outlook may continue to have a material adverse effect on BBX Sweet Holdings' business, financial condition, liquidity and results of operations.

In March 2020, as a result of various factors, including government-mandated closures and CDC and WHO advisories in connection with the COVID-19 pandemic, IT'SUGAR closed all of its retail locations and furloughed all store employees and the majority of its corporate employees. While IT'SUGAR has since reopened many of its retail locations, it was required to close four previously reopened retail locations as a result of governments reinstating mandated closures and has also been required to temporarily close four to six locations on a daily basis due to staffing shortages. IT'SUGAR's reopened retail locations have achieved sales volumes at approximately 45-55% of pre-pandemic levels (as compared to the comparable period in 2019), and there is no assurance that sales volumes will improve or will not further decline. Further, there is uncertainty as to when IT'SUGAR will be able to reopen locations that have remained closed since March 2020 or that were subsequently closed following their initial reopening. IT'SUGAR ceased paying rent to the landlords of its closed locations in April 2020 and has been engaged in negotiations with its landlords for rent abatements, deferrals, and other modifications for the period of time that the locations were or have been closed and the period of time that the locations are opened and operating under conditions which are affected by the pandemic. As of June 30, 2020, IT'SUGAR had accrued and unpaid current rental obligations of \$4.5 million, and had received default notices from landlords in relation to 28 of its locations. While IT'SUGAR has executed lease amendments in relation to some of its retail locations and it remains involved in ongoing and active negotiations with most of its remaining landlords, it has only paid a portion of July 2020 rent for most of its locations (including many locations for which IT'SUGAR had previously executed lease amendments related to rent concessions for April

Table of Contents

through June 2020). Due to the uncertainty related to IT'SUGAR's business as a result of the pandemic, including the potential impact on sales volumes and the possibility of additional closures of its retail locations, there is no assurance that it will be in a position to meet its obligations under the terms of its existing leases or its amended or modified leases. If IT'SUGAR's negotiations with its landlords are not successful and its failure to pay rent constitutes an event of default under the applicable lease agreements, IT'SUGAR's landlords may also pursue remedies available to them pursuant to such agreements, which may include the acceleration of liabilities under the lease agreements and the initiation of eviction proceedings.

The effects of the COVID-19 pandemic on demand, sales levels, and consumer behavior, as well as the current recessionary economic environment, have had and could continue to have a material adverse effect on IT'SUGAR's business, results of operations, and financial condition. IT'SUGAR expects that it will require additional funding or capital in 2020 in order to maintain its operations and is engaged in efforts to obtain additional funding from BBX Capital or other outside investors. There is no assurance that IT'SUGAR will be successful in obtaining additional funding on acceptable terms or at all. If IT'SUGAR is unable to successfully negotiate with its landlords and vendors, its sales volumes do not recover, and it is unable to obtain additional funding or capital, IT'SUGAR would need to consider pursuing a formal or informal restructuring.

Market demand for candy products could decline.

BBX Sweet Holdings confectionery businesses operate in highly competitive markets and compete with larger companies that have greater resources. BBX Sweet Holdings success is impacted by many factors, including the following:

- Effective retail execution;
- Effective and cost-efficient advertising campaigns and marketing programs;
- Adequate supply of commodities at a reasonable cost;
- Oversight of product safety;
- Ability to sell products at competitive prices;
- Response to changes in consumer preferences and tastes;
- Changes in consumer health concerns, including obesity and the consumption of certain ingredients; and
- Concerns related to effects of sugar or other ingredients which may be used to make its products.

A decline in market demand for candy products could negatively affect operating results.

IT'SUGAR's is dependent on its ability to differentiate itself from other retailers in the confectionery industry.

IT'SUGAR in the past has differentiated itself from other retailers through merchandise packaging, licenses, store environment, and celebrity endorsements. IT'SUGAR's results of operations and financial condition would be adversely affected if it is unable to obtain celebrity endorsements or licenses at a reasonable cost or to maintain its distinct appeal or if actions by its competitors reduce the effectiveness of its business model.

BBX Sweet Holdings may experience product recalls or product liability claims associated with businesses in the confectionery industry.

Selling products for human consumption involves inherent legal and other risks, including product contamination, spoilage, product tampering, allergens, or other adulteration. BBX Sweet Holdings could decide or be required to destroy inventory, recall products or lose sales in connection with contamination, tampering, adulteration or other deficiencies. These events could result in significant losses and may damage the reputation

Table of Contents

of our confectionery businesses, and discourage consumers from buying products, or cause production and delivery disruptions which would adversely affect our financial condition and results of operations. BBX Sweet Holdings may also incur losses if products cause injury, illness or death. A significant product liability claim may adversely affect both reputation and profitability, even if the claim is unsuccessful.

New BBX Capital's investment in companies in the confectionery industry may result in additional losses and impairments.

During 2019, 2018 and 2017, BBX Sweet Holdings exited its candy manufacturing facilities in Utah and South Florida, consolidated its wholesale manufacturing operations in Orlando and centralized the executive management and back office activities in order to improve operating efficiencies and generate cost savings. These strategic initiatives may not be successful, and BBX Sweet Holdings may decide to exit the remaining manufacturing operations. Further New BBX Capital recognized an impairment loss of approximately \$22.4 million related to goodwill associated with IT'SUGAR and certain of its reporting units and currently carries \$14.9 million of goodwill on its balance sheet. In the event that BBX Sweet Holdings continues to generate losses or exits any of its businesses, this would result in additional losses or impairment of goodwill and adversely affect BBX Sweet Holdings' results of operations.

Renin

Renin's retail sales are concentrated with big-box home center customers, and there is significant competition in the industry.

A significant amount of Renin's sales are to big-box home centers. These home centers in many instances have significant negotiating leverage with their vendors, including Renin, and are able to affect the prices of the products sold and the terms and conditions of conducting business with them. These home centers may also reduce the number of vendors they purchase from or make significant changes in their volume of purchases. Although homebuilders, dealers and other retailers represent other channels of distribution for Renin's products, the loss of a home center customer or reduced sales volume at any of these home centers would have a material adverse effect on Renin's business. Further, Renin has substantial competition from overseas manufacturers of products similar to those sold by Renin. Revenues from one customer of Renin represented \$20.2 million, \$20.7 million, and \$20.9 million of the New BBX Capital's total revenues for the years ended December 31, 2019, 2018 and 2017, respectively, which represented nearly 10% of the Company's total revenues for the years ended December 31, 2019 and 2018 and over 10% of the Company's total revenues for the year ended December 31, 2017.

A significant portion of Renin's business relies on home improvement and new home construction activity, both of which are cyclical and outside of management's control.

A significant portion of Renin's business is dependent on the levels of home improvement activity, including spending on repair and remodeling projects, and new home construction activity. Macroeconomic conditions, including consumer confidence levels, fluctuations in home prices, unemployment and underemployment levels, interest rates, regulatory initiatives, and the availability of home equity loans and mortgage financing affect both discretionary spending on home improvement projects as well as new home construction activity. Adverse changes in these factors or uncertainty regarding these macroeconomic conditions could result in a decline in spending on home improvement projects and a decline in demand for new home construction, both of which could adversely affect Renin's results of operations.

Renin's operating results would be negatively impacted if it experiences increased commodity costs or a limited availability of commodities.

Renin purchases various commodities to manufacture products, including steel, aluminum, glass and mirrors. Fluctuations in the availability and prices of these commodities could increase the cost to manufacture

Table of Contents

products. Further, increases in energy costs could increase production and transportation costs, each of which could negatively affect its operating results. Renin's existing arrangements with customers, competitive considerations and the relative negotiating power and resistance of home center customers and big-box retailers to price increases make it difficult to increase selling prices to absorb increased production costs. If Renin is not able to increase the prices of its products or achieve other cost savings or productivity improvements to offset any increased commodity and production costs, our operating results could be negatively impacted. Many of the raw materials purchased by Renin are sourced from China, Mexico, and other countries. Changes in United States trade practices, or tariffs levied on these imports, could significantly impact Renin's results of operations and financial condition.

Other Risk Factors

New BBX Capital or its subsidiaries may incur additional indebtedness.

New BBX Capital and its subsidiaries have in the past and may in the future incur significant amounts of debt. Further, additional indebtedness could have important effects on New BBX Capital, including that debt service requirements will reduce cash available for operations, future investment and acquisition opportunities and payments of dividends, if any, and that increased leverage could impact New BBX Capital's liquidity and increase its vulnerability to adverse economic or market conditions. Additionally, agreements relating to additional indebtedness could contain financial covenants and other restrictions limiting New BBX Capital's operations and its ability to pay dividends, if any, borrow additional funds or acquire or dispose of assets, and expose New BBX Capital to the risks of being in default of such covenants.

The Company's technology requires updating, the cost involved in updating the technology may be significant, and the failure to keep pace with developments in technology could impair the Company's operations or competitive position.

The industries in which the Company does business require the utilization of technology and systems, including technology utilized for sales and marketing, mortgage servicing, property management, brand assurance and compliance. This technology requires continuous updating and refinements, including technology required to remain competitive and to comply with the legal requirements such as privacy regulations and requirements established by third parties. The Company is taking steps to update its information technology platform, which has required, and is likely to continue to require, significant capital expenditures. Older systems which have not yet been updated may increase the risk of operational inefficiencies, financial loss and non-compliance with applicable legal and regulatory requirements, and the Company may not be successful in updating such systems in the time frame or at the cost anticipated. Further, as a result of the rapidly changing technological environment, systems which the Company has put in place or expects to put in place in the near term may become outdated, requiring new technology, and the Company may not be able to replace those systems as quickly as its competition or within budgeted costs and time frames. Further, the Company may not achieve the benefits that may have been anticipated from any new technology or system.

In addition, conversions to new information technology systems require effective change management processes and may result in cost overruns, delays or business interruptions. If the Company's information technology systems are disrupted, become obsolete, or do not adequately support our strategic, operational, or compliance needs, the Company's business, financial position, results of operations, or cash flows may be adversely affected.

Information technology failures and failure to maintain the integrity of the Company's internal or customer data could result in faulty business decisions or operational inefficiencies, damage the Company's reputation and/or subject the Company to costs, fines, or lawsuits.

The Company relies on information technology (IT) systems, including Internet sites, data hosting facilities and other hardware and platforms, some of which are hosted by third parties. These IT systems, like those of

Table of Contents

most companies, may be vulnerable to a variety of interruptions and risks, including, but not limited to, natural disasters, telecommunications failures, hackers, and other security issues. Moreover, the Company's computer systems, like those of most companies, may become subject to computer viruses or other malicious codes, and to cyber or phishing-attacks. Although administrative and technical controls have been implemented which attempt to minimize the risk of cyber incidents, computer intrusion efforts are becoming increasingly sophisticated, and any enhanced controls installed might be breached. If the IT systems cease to function properly, the Company could suffer interruptions in its operations. The Company collects and retains large volumes of internal and customer data, including social security numbers, credit card numbers and other personally identifiable information of its customers in various internal information systems and information systems of its service providers. The Company also maintains personally identifiable information about its employees. The integrity and protection of that customer, employee and company data is critical to the Company and faulty decisions could be made if that data is inaccurate or incomplete. The regulatory environment as well as the requirements imposed on the Company by the payment card industry surrounding information, security and privacy is also increasingly demanding, in both the United States and other jurisdictions in which the Company operates. The Company's systems may be unable to satisfy changing regulatory and payment card industry requirements and employee and customer expectations, or may require significant additional investments or time in order to do so.

The Company's information systems and records, including those it maintains with its service providers, may be subject to security breaches, cyberattacks, system failures, viruses, operator error or inadvertent releases of data. A significant theft, loss, or fraudulent use of customer, employee or company data maintained by the Company or by a service provider could adversely impact the Company's reputation and could result in remedial and other expenses, fines or litigation. A breach in the security of the Company's information systems or those of its service providers could lead to an interruption in the operation of the Company's systems, resulting in operational inefficiencies and a loss of profits. This could require the Company to incur significant costs to comply with legally required protocols and to repair or restore the security of its systems.

The tax impact resulting from the Tax Cuts and Jobs Act are based on interpretations and assumptions the Company has made. Any changes in interpretations and assumptions or the issuance of additional regulatory guidance may have a material adverse impact on our tax rate in fiscal years 2019 and beyond.

On December 22, 2017, U.S. federal tax legislation, commonly referred to as the Tax Cuts and Jobs Act (the "Tax Reform Act"), was signed into law, significantly changing the U.S. Internal Revenue Code. The Tax Reform Act is complex, and the Company has made judgments and interpretations about the application of these changes in the tax laws. The interpretation and finalization of recently proposed regulations and other interpretive guidance that may be issued by the Internal Revenue Service could differ from our interpretations of the Tax Reform Act which could result in the potential for the payment of additional taxes, penalties or interest that may adversely affect our results of operations for the fiscal years 2020 and beyond.

The Company's insurance policies may not cover all potential losses and the cost of insurance may increase.

The Company maintains insurance coverage for liability, property and other risks with respect to its operations and activities. While the Company currently has comprehensive property and liability insurance policies with coverage features and insured limits that it believes are customary, market forces beyond the Company's control may limit the scope of the insurance coverage it can obtain or ability to obtain coverage at reasonable rates. The cost of insurance may increase and coverage levels may decrease, which may affect the Company's ability to maintain insurance coverage and deductibles at acceptable costs. There is a limit as well as various sub-limits on the amount of insurance proceeds the Company will receive in excess of applicable deductibles. Further, certain types of losses, such as earthquakes, hurricanes and floods, terrorist acts, and certain environmental matters and business interruptions, may be outside the general coverage limits of the Company's policies, subject to large deductibles, deemed uninsurable or too cost-prohibitive to insure against. In addition, in the event of a substantial loss, the insurance coverage the Company carries may not be sufficient to pay the full market value or replacement cost of the affected property or in some cases may not provide a recovery for any part of a loss.

Table of Contents

If an insurable event occurs that affects more than one of the Company's assets or properties, the claims from each affected property may in some cases may be considered together and may not in other cases be considered together to determine whether the individual occurrence limit, annual aggregate limit or sub-limits, depending on the type of claim, have been reached. As a result, the Company could lose some or all of the capital it has invested, as well as the anticipated future revenue opportunities.

Adverse outcomes in legal or other regulatory proceedings, including claims of non-compliance with applicable regulations or development-related defects could adversely affect the Company's financial condition and operating results.

In the ordinary course of business, the Company is subject to litigation and other legal and regulatory proceedings, which result in significant expenses and devotion of time and the Company may agree to indemnify third parties or its strategic partners from damages or losses associated with such risks. In addition, litigation is inherently uncertain, and adverse outcomes in the litigation and other proceedings to which the Company is or may be subject could adversely affect its financial condition and operating results.

BBX Capital Real Estate engages third-party contractors in its developments. However, BBX Capital Real Estate's customers may assert claims against BBX Capital Real Estate for construction defects or other perceived development defects, including, without limitation, structural integrity, the presence of mold as a result of leaks or other defects, water intrusion, asbestos, electrical issues, plumbing issues, road construction, water and sewer defects and defects in the engineering of amenities. In addition, certain state and local laws may impose liability on property developers with respect to development defects discovered in the future. BBX Capital Real Estate could have to accrue a significant portion of the cost to repair such defects in the quarter when such defects arise or when the repair costs are reasonably estimable.

Costs associated with litigation, and the outcomes thereof, which in most instances are very difficult to predict, could adversely affect the Company's liquidity, financial condition and operating results.

The Company is subject to environmental laws related to its real estate activities including claims with respect to mold or hazardous or toxic substances, which could have a material adverse impact on our financial condition and operating results.

As current or previous owners or operators of real property, the Company may be liable under federal, state and local environmental laws, ordinances and regulations for the costs of removal or remediation of hazardous or toxic substances on, under or in the property. These laws often impose liability whether or not we knew of, or were responsible for, the presence of such hazardous or toxic substances. The presence of such substances, or the failure to properly remediate such substances, may adversely affect our ability to sell or lease real estate or to borrow money using such real estate or receivables generated from the sale of such property as collateral. Noncompliance with environmental, health or safety requirements may require us to cease or alter operations at one or more of our properties. Further, we may be subject to common law claims by third parties based on damages and costs resulting from violations of environmental regulations or from contamination associated with one or more of our properties. The cost of investigating, remediating or removing such hazardous or toxic substances may be substantial.

The Company's business may be adversely impacted by negative publicity, including information spread through social media.

The proliferation and global reach of social media continues to expand rapidly and could cause the Company to suffer reputational harm. The continuing evolution of social media presents new challenges. Negative posts or comments about the Company, the properties it manages or its brands on any social networking or user-generated review website, could affect consumer opinions of the Company and its products, and the Company cannot guarantee that it will timely or adequately redress such instances.

The loss of the services of key management and personnel could adversely affect the Company's business.

The Company's ability to successfully implement its business strategy will depend on the ability to attract and retain experienced and knowledgeable management and other professional staff. If the Company is unable to retain and motivate its existing employees and efforts to retain and attract key management and other personnel are unsuccessful, the Company's results of operations and financial condition may be materially and adversely impacted.

Changes to and replacement of the LIBOR benchmark interest rate could adversely affect our results of operations and liquidity.

In July 2017, the Financial Conduct Authority (the regulatory authority over LIBOR) stated they will plan for a phase out of regulatory oversight of LIBOR interest rate indices after 2021 to allow for an orderly transition to an alternate reference rate. The Alternative Reference Rates Committee (ARRC) has proposed that the Secured Overnight Financing Rate (SOFR) is the rate that represents best practice as the alternative to LIBOR for promissory notes or other contracts that are currently indexed to LIBOR. The ARRC has proposed a market transition plan to SOFR from LIBOR and organizations are currently working on transition plans as it relates to derivatives and cash markets exposed to LIBOR. The Company currently has \$8.0 million of LIBOR indexed notes payable and lines of credit that mature after 2021. Changes in the method of calculating LIBOR, or the replacement of LIBOR with SOFR or another alternative rate or benchmark, may adversely affect interest rates and result in high borrowing costs, which could adversely affect New BBX Capital's results of operations and liquidity. We cannot predict the effect of the potential changes to LIBOR or the establishment and use of alternative rates or benchmarks.

There are inherent uncertainties involved in estimates, judgments and assumptions used in the preparation of financial statements in accordance with GAAP. Any changes in estimates, judgments and assumptions used could have a material adverse effect on our financial condition and operating results.

The preparation of financial statements in accordance with GAAP involves making estimates, judgments and assumptions that affect reported amounts of assets (including long-lived assets, goodwill and other intangible assets), liabilities and related reserves, revenues, expenses and income. This includes estimates, judgments and assumptions for assessing the amortization/accretion of purchase accounting fair value differences and the impairment of long-lived assets, goodwill and other intangible assets pursuant to applicable accounting guidance. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are often not readily apparent from other sources. However, estimates, judgments and assumptions can be highly uncertain and are subject to change in the future, and our estimates, judgments and assumptions may prove to be incorrect and our actual results may differ from these estimates under different assumptions or conditions. If any estimates, judgments or assumptions change in the future, or our actual results differ from our estimates or assumptions, we may be required to record additional expenses or impairment charges, which would be recorded as a charge against our earnings and could have a material adverse impact on our financial condition and operating results.

Risks Relating to the Spin-Off

The distribution of New BBX Capital's common stock will not qualify for tax-free treatment and will be a taxable transaction.

The distribution does not qualify for tax-free treatment and, accordingly, will be a taxable transaction to Parent's shareholders. For U.S. federal income tax purposes, the receipt of New BBX Capital's Class A Common Stock or Class B Common Stock in the spin-off is expected to be treated as a distribution of property in an amount equal to the fair market value of the stock received. We believe that a reasonable approach to determine the fair market value of the shares of New BBX Capital's Class A Common Stock or Class B Common Stock

Table of Contents

received would be to use the volume-weighted average price of New BBX Capital's common stock on the first full trading day following the distribution. We believe this is a reasonable approach because the rights of New BBX Capital's Class A Common Stock and Class B Common Stock (other than voting rights, as described above) are substantially the same and New BBX Capital's Class B Common Stock will be convertible into shares of New BBX Capital's Class A Common Stock on a share-for-share basis in the holder's discretion; however, there is expected to be significantly less trading volume in the shares of New BBX Capital's Class B Common Stock as compared to New BBX Capital's Class A Common Stock. The distribution of New BBX Capital's Class A Common Stock or Class B Common Stock in the spin-off should be treated as ordinary dividend income to the extent considered paid out of Parent's current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Distributions in excess of Parent's current year and accumulated earnings and profits will be treated as a non-taxable return of capital, which reduces basis, to the extent of the holder's basis in its shares of Parent's Class A Common Stock or Class B Common Stock, as applicable, and thereafter as capital gain. The amount of those earnings and profits is not determinable at this time because it will depend on Parent's income for the entire tax year in which the distribution occurs. For more information regarding the potential U.S. federal income tax consequences to you of the distribution, see the section entitled "The Spin-Off—Material U.S. Federal Income Tax Consequences of the Spin-Off."

New BBX Capital may be unable to achieve some or all of the expected benefits of the spin-off, and the spin-off may adversely affect New BBX Capital's business.

As a new, publicly-traded company, New BBX Capital may be more susceptible to market fluctuations and other adverse events than New BBX Capital would have been were it still a part of Parent's organization. New BBX Capital's performance may not meet expectations for a variety of reasons. There is no assurance that New BBX Capital will achieve profitability or succeed as a separate public company.

New BBX Capital's ability to meet its capital needs may be adversely impacted by the loss of financial support from Parent; New BBX Capital may not be able to obtain funds necessary to operate its business.

The loss of financial support from Parent could materially impact New BBX Capital's ability to meet its capital needs. In the event that New BBX Capital's cash and cash equivalents, payments received by New BBX Capital pursuant to the terms of the \$75 million note issued to it by Parent in connection with the spin-off and dividends from New BBX Capital's subsidiaries are insufficient to fund New BBX Capital's operations and investments, New BBX Capital will be required to obtain funds through accessing the capital or debt markets, and not from Parent. As a standalone company apart from Parent's organization, the cost of financing may depend on factors such as, among other things, New BBX Capital's performance and financial market conditions generally. Accordingly, New BBX Capital may not be able to obtain financing or otherwise raise funds necessary to operate its business on favorable terms, or at all. If New BBX Capital is unable to raise additional capital when required or on acceptable terms, New BBX Capital may have to significantly delay, scale back or discontinue its investments or operations. Any of these events could significantly adversely impact New BBX Capital's business and prospects and could cause New BBX Capital's stock price to decline. In addition, any debt financing, if available, may restrict New BBX Capital's operations and activities. New BBX Capital's indebtedness could also have other important consequences for holders of New BBX Capital's common stock. If New BBX Capital cannot generate sufficient cash flow from operations to meet future debt payment obligations or to comply with its loan covenants, then New BBX Capital may be required to attempt to restructure or refinance such debt, raise additional capital or take other actions such as selling assets, or reducing or delaying capital expenditures. There is no assurance that New BBX Capital will be able to effect any such actions or do so on satisfactory terms, if at all, or that such actions would be permitted by the terms of New BBX Capital's indebtedness. Further, to the extent that New BBX Capital raises additional funds by issuing equity securities, New BBX Capital's shareholders would experience dilution, which may be significant and could cause the market price of New BBX Capital's common stock to decline.

Table of Contents

New BBX Capital may be unable to make, on a timely or cost-effective basis, the changes necessary to operate as a separate, publicly traded company, and New BBX Capital may experience increased costs after the spin-off.

Following the spin-off, Parent will have no obligation to provide New BBX Capital with assistance other than the obligations and services contained in the agreements between Parent and New BBX Capital relating to the spin-off, including the Separation and Distribution Agreement and other agreements described under “The Spin-Off – Relationship Between New BBX Capital and Parent.” These services do not include every service that New BBX Capital has received from Parent in the past, and Parent is only obligated to provide the services for limited periods following completion of the spin-off. The agreements relating to such services and to the spin-off were agreed to prior to the spin-off, at a time when New BBX Capital’s business was still operated as part of Parent’s organization, and New BBX Capital did not have an independent board of directors or management team representing its interests with respect to such agreements.

Following the spin-off and the expiration of the aforementioned agreements, New BBX Capital will need to provide internally or obtain from unaffiliated third parties the services New BBX Capital will no longer receive from Parent. These services may include, without limitation, legal, accounting, information technology, software development, human resources and other infrastructure support, the effective and appropriate performance of which may be critical to New BBX Capital’s operations. New BBX Capital may be unable to replace these services in a timely manner or on terms and conditions as favorable as those received from Parent. New BBX Capital may be unable to successfully establish the infrastructure or implement the changes necessary to operate independently, or may incur additional costs that could adversely affect New BBX Capital. If New BBX Capital fails to obtain the quality of services necessary to operate effectively or incurs greater costs in obtaining these services, New BBX Capital’s business, financial condition and results of operations may be adversely affected.

As a public company, New BBX Capital will be subject to the reporting requirements of the Exchange Act and the requirements of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”). These requirements may place a strain on New BBX Capital’s systems and resources. The Exchange Act requires that New BBX Capital file reports and statements with the Securities and Exchange Commission (the “SEC”), including annual, quarterly and current reports. Under the Sarbanes-Oxley Act, New BBX Capital must maintain effective disclosure controls and procedures and internal control over financial reporting, which requires significant resources and management oversight. New BBX Capital intends to implement additional procedures and processes to address the standards and requirements applicable to public companies, but these procedures may not be successful and the costs associated with compliance may be greater than anticipated.

New BBX Capital does not have an operating history as a standalone company apart from Parent’s organization, and New BBX Capital’s historical and pro forma financial information may not be a reliable indicator of New BBX Capital’s future results.

The historical financial information New BBX Capital has included in this information statement has been derived from Parent’s consolidated financial statements and accounting records and does not necessarily reflect what New BBX Capital’s financial position, results of operations and cash flows would have been had New BBX Capital been a separate, stand-alone entity during the periods presented. Parent did not account for New BBX Capital, and New BBX Capital was not operated, as a separate, stand-alone company for the periods presented. Actual costs that may have been incurred if New BBX Capital had been a stand-alone company would depend on a number of factors, including the chosen organizational structure, what functions were outsourced or performed by employees, and strategic decisions made in areas such as information technology and infrastructure, and materiality thresholds would have been significantly lower. In addition, the historical information may not be indicative of what New BBX Capital’s results of operations, financial position and cash flows will be in the future particularly in light of the impact of the COVID-19 pandemic on New BBX Capital’s businesses, assets and prospects.

Table of Contents

Additionally, in preparing the unaudited pro forma combined financial statements contained in this information statement, New BBX Capital based the pro forma adjustments on available information and assumptions that New BBX Capital believes are reasonable and factually supportable; however, the assumptions may prove not to be accurate. Also, New BBX Capital's unaudited pro forma combined financial statements do not give effect to various ongoing additional costs New BBX Capital may incur in connection with being a stand-alone public company. Accordingly, the unaudited pro forma combined financial statements do not reflect what New BBX Capital's financial condition, results of operations or cash flows would have been as a stand-alone public company and is not necessarily indicative of New BBX Capital's future financial condition or results of operations.

The spin-off could give rise to disputes or other unfavorable effects, which could have a material adverse effect on New BBX Capital's business, financial position and results of operations.

Disputes with third parties could arise out of the distribution, and New BBX Capital could experience unfavorable reactions to the distribution from employees, investors, or other interested parties. These disputes and reactions could have a material adverse effect on New BBX Capital's business, financial position, and results of operations. In addition, following the spin-off, disputes between New BBX Capital and Parent could arise in connection with the Separation and Distribution Agreement and other agreements to be entered into between New BBX Capital and Parent in connection with the spin-off as described under "The Spin-Off – Relationship Between New BBX Capital and Parent."

New BBX Capital's potential indemnification obligations pursuant to the Separation and Distribution Agreement could have material adverse effects.

Under the Separation and Distribution Agreement, New BBX Capital will have an obligation to indemnify Parent for liabilities associated with New BBX Capital's business, Parent's assets and liabilities being transferred to New BBX Capital in connection with the spin-off, and any breach of New BBX Capital's obligations under the Separation and Distribution Agreement and other agreements to be entered into between New BBX Capital and Parent in connection with the spin-off as described under "The Spin-Off – Relationship Between New BBX Capital and Parent." The costs associated with any such indemnification could be significant and have a material adverse effect on New BBX Capital's results and financial condition.

New BBX Capital's current or prospective customers, suppliers or other companies with whom New BBX Capital conducts business may require assurances that New BBX Capital's financial condition on a stand-alone basis is sufficient to satisfy their requirements for doing or continuing to do business with them.

New BBX Capital's customers, suppliers or other companies with whom New BBX Capital conducts business may require assurances that New BBX Capital's financial condition on a stand-alone basis is sufficient to satisfy their requirements for doing or continuing to do business with them. If any of them are not satisfied with New BBX Capital's financial stability and cease doing business with New BBX Capital, New BBX Capital's business, financial condition and results of operations could be materially adversely affected.

Until the spin-off occurs, Parent may change the terms of the separation in ways that may be unfavorable to New BBX Capital.

Until the spin-off occurs, New BBX Capital will continue as a wholly-owned subsidiary of Parent. Accordingly, Parent will effectively have the sole and absolute discretion to determine and change the terms of the spin-off, including the establishment of the record date for the distribution and the distribution date. These changes could be unfavorable to New BBX Capital. Notwithstanding the foregoing, if the spin-off is approved by Parent's shareholders, then, following such approval, Parent may not, without the approval of its shareholders, change the terms of the spin-off in a manner that would be reasonably likely to have a material adverse impact on Parent's shareholders or New BBX Capital, or be reasonably likely to cause a shareholder who voted in favor of

Table of Contents

the spin-off to change its vote. Parent may decide at any time, including following any shareholder approval of the spin-off, not to proceed with the spin-off and to abandon the transaction.

Risks Relating to New BBX Capital's Common Stock

There is no existing market for New BBX Capital's common stock and an active trading market may not develop or be sustained after the spin-off. If the price of New BBX Capital's common stock fluctuates significantly following the spin-off, shareholders could incur substantial loss of their investment.

There currently is no public market for New BBX Capital's common stock and there can be no assurance that an active trading market will develop as a result of the spin-off or be sustained in the future. The lack of an active market may make it more difficult for you to sell your stock and could lead to the price of the stock being depressed or more volatile. The price at which New BBX Capital's common stock may trade after the spin-off cannot be predicted. The price of New BBX Capital's common stock could fluctuate widely in response to:

- New BBX Capital's quarterly and annual operating results;
- changes in New BBX Capital's business and the market's perception of New BBX Capital's business;
- changes in the businesses, earnings estimates or market perceptions of New BBX Capital's competitors or customers;
- changes in New BBX Capital's key personnel;
- changes in general market or economic conditions; and
- changes in the legislative or regulatory environment.

In addition, the stock market has experienced extreme price and volume fluctuations that have significantly affected the quoted prices of securities. The changes often appear to occur without regard to specific operating performance. The price of New BBX Capital's common stock could fluctuate based upon factors that have little or nothing to do with its business or its performance, and these fluctuations could materially reduce the price of New BBX Capital's common stock.

Substantial sales of New BBX Capital's common stock may occur in connection with the spin-off, which could cause the price of the common stock to decline.

Other than shareholders that are affiliates of Parent, shareholders of Parent receiving shares of New BBX Capital's common stock in the distribution generally may sell those shares immediately in the public market. Parent's shareholders may decide to sell the shares received in the distribution for any reason, including if, among other things, if New BBX Capital's common stock does not fit their investment objectives or, in the case of index funds, if New BBX Capital is not part of the index in which they invest. Sales of significant amounts of New BBX Capital's common stock or a perception in the market that such sales will occur may reduce the market price of the stock.

New BBX Capital's Articles of Incorporation provide for fixed relative voting percentages between New BBX Capital's Class A Common Stock and Class B Common Stock, which may not be well accepted by the market.

Like Parent's Class A and Class B Common Stock, New BBX Capital's Articles of Incorporation provide that holders of Class A Common Stock and Class B Common Stock will generally vote together as a single class, including with respect to the election of directors, with holders of Class A Common Stock possessing in the aggregate 22% of the total voting power of all common stock and holders of Class B Common Stock possessing in the aggregate the remaining 78% of the total voting power. These relative voting percentages will remain fixed unless the number of shares of Class B Common Stock outstanding decreases to 360,000 shares, at which time the Class A Common Stock's aggregate voting power will increase to 40% and the aggregate voting power of the Class B Common Stock will decrease to 60%. If the number of shares of Class B Common Stock outstanding

Table of Contents

decreases to 280,000 shares, then the Class A Common Stock's aggregate voting power will increase to 53% and the aggregate voting power of the Class B Common Stock will decrease to 47%. If the number of shares of New BBX Capital's Class B Common Stock outstanding decreases to 100,000 shares, then the fixed voting percentages will be eliminated and each share of Class A Common Stock and Class B Common Stock will be entitled to one vote per share. The share thresholds set forth above are subject to equitable adjustment to reflect any stock split, reverse stock split or similar transaction. The changes in the relative voting power represented by each class of New BBX Capital's common stock are based only on the number of shares of New BBX Capital's Class B Common Stock outstanding, thus issuances of Class A Common Stock, including under equity-based compensation plans and in connection with any acquisitions that New BBX Capital may pursue, will have no effect on these provisions. If additional shares of New BBX Capital's Class A Common Stock are issued without a comparative increase in the number of outstanding shares of New BBX Capital's Class B Common Stock, the disparity between the equity interest represented by New BBX Capital's Class B Common Stock and its voting power will widen. In addition, shareholders who hold shares of both New BBX Capital's Class A Common Stock and Class B Common Stock, including Alan B. Levan, John E. Abdo, Jarett S. Levan and Seth M. Wise, will be able to sell shares of New BBX Capital's Class A Common Stock without affecting in any material respect their overall voting interest. If the fixed relative voting percentages between New BBX Capital's Class A Common Stock and Class B Common Stock provided by New BBX Capital's Articles of Incorporation is not well-accepted by the market, the trading market and market price of New BBX Capital's stock may be materially adversely affected.

Alan B. Levan, John E. Abdo, Jarett S. Levan and Seth M. Wise's control position may adversely affect the market price of New BBX Capital's Class A Common Stock and Class B Common Stock.

Mr. Alan Levan, Mr. Abdo, Mr. Jarett Levan and Mr. Wise currently collectively beneficially own shares representing approximately 20.6% of Parent's outstanding Class A Common Stock and 95.2% of Parent's outstanding Class B Common Stock. In the aggregate, these shares currently represent approximately 34.8% of Parent's total outstanding common equity and 78.8% of the total voting power of Parent's Class A Common Stock and Class B Common Stock. Mr. Alan Levan, Mr. Abdo, Mr. Jarett Levan and Mr. Wise will have the same ownership and voting interest in New BBX Capital immediately following the spin-off as they have with respect to Parent immediately prior to the spin-off. Accordingly, and because New BBX Capital's Class A Common Stock and Class B Common Stock vote as a single class on most matters, including the election of directors, as described above, Mr. Alan Levan, Mr. Abdo, Mr. Jarett Levan and Mr. Wise will have the voting power to elect the members of New BBX Capital's Board of Directors and to control the outcome of any other vote of New BBX Capital's shareholders, except in those limited circumstances where Florida law mandates that the holders of New BBX Capital's Class A Common Stock vote as a separate class. This control position may have an adverse effect on the market price of New BBX Capital's Class A Common Stock and Class B Common Stock. In addition, their interests may conflict with the interests of New BBX Capital's other shareholders.

Certain of the Parent's executive officers and directors have interests in the spin-off that may differ from, or be in addition to, the interests of Parent's shareholders generally.

In reviewing and considering the spin-off, you should be aware that certain executive officers and directors of Parent have interests in the spin-off that may differ from, or be in addition to, the interests of Parent's shareholders generally. These interests include those related to the acceleration of restricted stock awards in connection with the spin-off (all of which were held by the Parent's executive officers), the expected control position of Alan B. Levan, John E. Abdo, Jarett S. Levan and Seth M. Wise with respect to New BBX Capital following the spin-off, and the overlap of management between the Parent and New BBX Capital following the spin-off, each of which is described in further detail below.

The vesting of all unvested restricted stock awards of Parent's Class A Common Stock and Class B Common Stock

Table of Contents

was accelerated in contemplation of the spin-off. These restricted stock awards, all of which were held by the Company's executive officers, covered a total of 488,503 shares of Parent's Class A Common Stock and 528,484 shares of Parent's Class B Common Stock as follows: Alan B. Levan held, and had vested, restricted stock awards of 193,042 shares of Parent's Class A Common Stock and 183,125 shares of Parent's Class B Common Stock; John E. Abdo held, and had vested, restricted stock awards of 193,042 shares of Parent's Class A Common Stock and 212,892 shares of Parent's Class B Common Stock; Jarett S. Levan held, and had vested, restricted stock awards of 48,261 shares of Parent's Class A Common Stock and 60,698 shares of Parent's Class B Common Stock; Seth M. Wise held, and had vested, restricted stock awards of 48,261 shares of Parent's Class A Common Stock and 60,698 shares of Parent's Class B Common Stock; and Raymond S. Lopez held, and had vested, restricted stock awards of 5,897 shares of Parent's Class A Common Stock and 11,071 shares of Parent's Class B Common Stock. The shares are (and, prior to their vesting, were) considered outstanding and will participate in the spin-off on the same terms as all other outstanding shares of Parent's common stock. Absent the vesting acceleration, the restricted stock awards would otherwise have been scheduled to vest between October 2020 and October 2023.

As previously described, it is expected that Alan B. Levan, John E. Abdo, Jarett S. Levan and Seth M. Wise will be deemed to control New BBX Capital following the spin-off by virtue of their collective ownership of shares expected to represent approximately 78.8% of the total voting power of New BBX Capital's Class A Common Stock and Class B Common Stock following the spin-off. See the risk factor above entitled "Alan B. Levan, John E. Abdo, Jarett S. Levan and Seth M. Wise's control position may adversely affect the market price of New BBX Capital's Class A Common Stock and Class B Common Stock" for additional information with respect to Messrs. Alan Levan, Abdo, Jarett Levan and Seth M. Wise's expected stock ownership of New BBX Capital and the risks related thereto.

Following the spin-off, there will be an overlap between executive management of Parent and New BBX Capital. Alan B. Levan, John E. Abdo and Jarett S. Levan will serve as directors of Parent, Bluegreen Vacations and New BBX Capital, and Messrs. Alan Levan and Abdo will serve as executive officers of Parent, Bluegreen Vacations and New BBX Capital. In addition, Seth M. Wise will be Executive Vice President and a director of New BBX Capital and will continue to serve as a director of Bluegreen Vacations. In addition, it is expected that the non-employee directors serving on Parent's Board of Directors at the time of the spin-off (other than Darwin Dornbush, Joel Levy and William Nicholson, each of whom is expected to remain as a director of Parent and not join New BBX Capital's Board) will resign as directors of Parent and serve as directors of New BBX Capital following the spin-off. Non-employee directors of New BBX Capital will receive compensation for their service on New BBX Capital's Board of Directors and committees. Such compensation is expected to be the same as what they currently receive for their service on Parent's Board of Directors and its committees.

Provisions in New BBX Capital's Articles of Incorporation and Bylaws, and the rights agreement expected to be adopted by New BBX Capital, may make it difficult for a third party to acquire New BBX Capital and could impact the price of, or otherwise adversely impact, New BBX Capital's Class A Common Stock and Class B Common Stock.

New BBX Capital's Articles of Incorporation and Bylaws will contain provisions that could delay, defer or prevent a change of control of New BBX Capital or New BBX Capital's management. These provisions could make it more difficult for shareholders to elect directors and take other corporate actions. As a result, these provisions could limit the price that investors are willing to pay in the future for shares of New BBX Capital's Class A Common Stock or Class B Common Stock. These provisions include:

- the provisions in New BBX Capital's Articles of Incorporation regarding the special voting rights of New BBX Capital's Class B Common Stock;
- subject to the special class voting rights of New BBX Capital's Class B Common Stock under certain circumstances, the authority of the Board of Directors to issue additional shares of common or preferred stock and to fix the relative rights and preferences of the preferred stock without shareholder approval, as described in further detail below; and

Table of Contents

- advance notice procedures to be complied with by shareholders in order to make shareholder proposals or nominate directors.

In addition, it is expected that, prior to or in connection with the spin-off, New BBX Capital will adopt a rights agreement. The rights agreement may have an anti-takeover effect and will be an impediment to a proposed takeover of New BBX Capital which is not approved by New BBX Capital's Board of Directors and may also limit the trading of, or otherwise adversely impact the market price of, New BBX Capital's Class A Common Stock or Class B Common Stock. In addition, acquisitions of shares of New BBX Capital's Class A Common Stock or Class B Common Stock as a result of acquiring additional shares of Parent's Class A Common Stock or Class B Common Stock prior to the distribution or shares representing New BBX Capital's Class A Common Stock or Class B Common Stock in the when-issued trading market or as a result of the distribution will each be included in determining the beneficial ownership of a person and all such acquisitions following the first public announcement of New BBX Capital's adoption of the rights agreement will be taken into account in determining whether a person is an acquiring person under the terms of the rights agreement. Therefore, a person could become an acquiring person under the terms of the rights agreement simultaneously with the receipt of shares in the distribution. See "Description of Capital Stock" for additional information regarding the rights agreement expected to be adopted by New BBX Capital.

Further, due to the control position of Mr. Alan Levan, Mr. Abdo, Mr. Jarett Levan and Mr. Wise with respect to New BBX Capital's Class A Common Stock and Class B Common Stock, as described above, a change of control or sale of New BBX Capital, or any other action which requires the affirmative vote of holders of shares of New BBX Capital's Class A Common Stock and Class B Common Stock representing a majority of the voting power of such stock, will be impossible without the consent of Mr. Alan Levan, Mr. Abdo, Mr. Jarett Levan and Mr. Wise, and Mr. Alan Levan, Mr. Abdo, Mr. Jarett Levan and Mr. Wise's interests may conflict with the interests of New BBX Capital's other shareholders. Further, the rights agreement, if adopted by New BBX Capital, would, subject to limited exceptions expected to be set forth therein, prevent other shareholders from acquiring a greater than 5% ownership position in New BBX Capital's Class A Common Stock, Class B Common Stock or total combined common stock and, accordingly, would prevent a meaningful challenge to the influence of Mr. Alan Levan, Mr. Abdo, Mr. Jarett Levan and Mr. Wise over New BBX Capital, including matters submitted for shareholder approval.

Additionally, pursuant to New BBX Capital's Articles of Incorporation and Florida law, except as may be required by any national securities exchange or OTC Market on which New BBX Capital's Class A Common Stock or Class B Common Stock is traded or quoted and subject to the separate voting rights of New BBX Capital's Class B Common Stock in certain circumstances, New BBX Capital's Board of Directors may, without the consent of the New BBX Capital's shareholders, approve the issuance of authorized but unissued shares of New BBX Capital's securities and fix the relative rights and preferences of preferred stock. If New BBX Capital issues additional shares of its Class A Common Stock, Class B Common Stock or other securities, its shareholders would experience dilution. In addition, any preferred stock declared and issued could include dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights of New BBX Capital's Class A Common Stock or Class B Common Stock or otherwise adversely affect the holders of New BBX Capital's Class A Common Stock or Class B Common Stock, including the likelihood that holders of New BBX Capital's Class A Common Stock or Class B Common Stock would receive dividend payments and payments on liquidation, or the amounts thereof. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions, financing transactions and other corporate purposes, could also, among other things, have the effect of delaying, deferring or preventing a change in control or other corporate actions, and might adversely affect the market price of New BBX Capital's Class A Common Stock or Class B Common Stock.

New BBX Capital's Bylaws will contain an exclusive forum provision, which could impair the ability of shareholders to obtain a favorable judicial forum for certain disputes with us or our directors, officers or other employees and be cost-prohibitive to shareholders.

New BBX Capital's Bylaws will contain an exclusive forum provision which provides that, unless its Board of Directors consents to the selection of an alternative forum, the Circuit Court located in Miami-Dade County, Florida (or, if such Circuit Court does not have jurisdiction, another Circuit Court located within Florida or, if no Circuit Court located within Florida has jurisdiction, the federal district court for the Southern District of Florida) will be the sole and exclusive forum for "Covered Proceedings," which include: (i) any derivative action or proceeding brought on New BBX Capital's behalf; (ii) any action asserting a claim of breach of a fiduciary duty owed by any of New BBX Capital's directors, officers or other employees to New BBX Capital or its shareholders; (iii) any action asserting a claim against New BBX Capital or any of its directors, officers or other employees arising pursuant to any provision of the Florida Business Corporation Act, New BBX Capital's Articles of Incorporation or New BBX Capital's Bylaws (in each case, as may be amended or amended and restated from time to time); and (iv) any action asserting a claim against New BBX Capital or any of its directors, officers or other employees governed by the internal affairs doctrine of the State of Florida. To the extent within the categories set forth in the preceding sentence, Covered Proceedings include causes of action under the Exchange Act and the Securities Act. The exclusive forum provision will also provide that if any Covered Proceeding is filed in a court other than a court located within Florida in the name of any shareholder, then such shareholder shall be deemed to have consented to (a) the personal jurisdiction of the state and federal courts located within Florida in connection with any action brought in any such court to enforce the exclusive forum provision and (b) having service of process made upon such shareholder in any such enforcement action by service upon such shareholder's counsel in the action as agent for such shareholder. Notwithstanding the foregoing, shareholders cannot waive compliance with the federal securities laws and the rules and regulations thereunder.

The exclusive forum provision may limit a shareholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with New BBX Capital or its directors, officers or other employees or be cost-prohibitive to shareholders, which may discourage such lawsuits against New BBX Capital and its directors, officers and other employees. However, there is uncertainty regarding whether a court would enforce the exclusive forum provision. If a court were to find the exclusive forum provision to be inapplicable or unenforceable in an action, New BBX Capital may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect New BBX Capital's financial condition and operating results.

New BBX Capital does not plan to pay dividends on its common stock.

New BBX Capital's dividend policy will be established by New BBX Capital's Board of Directors based on New BBX Capital's financial condition, results of operations and capital requirements, as well as other business considerations that New BBX Capital's Board considers relevant. Further, the terms of New BBX Capital's indebtedness may limit or prohibit the payments of dividends. New BBX Capital does not currently anticipate paying any cash dividends for the foreseeable future.

Utilizing the reduced disclosure requirements applicable to New BBX Capital may make New BBX Capital's common stock less attractive to investors.

New BBX Capital qualifies as an "emerging growth company" and is therefore eligible to utilize certain reduced reporting and other requirements that are otherwise applicable generally to public companies. Pursuant to these reduced disclosure requirements, New BBX Capital is not required to, among other things, provide certain disclosures regarding executive compensation, hold shareholder advisory votes on executive compensation or obtain shareholder approval of any golden parachute payments, and New BBX Capital has reduced financial disclosure obligations. New BBX Capital would cease to be an emerging growth company upon the earliest of:

- the last day of the fiscal year in which New BBX Capital has \$1.07 billion or more in annual revenues;

Table of Contents

- the last day of the fiscal year following the fifth anniversary of the date of the first sale of New BBX Capital's common equity securities pursuant to an effective registration statement under the Securities Act;
- the date on which New BBX Capital has issued more than \$1.0 billion in non-convertible debt securities during the previous three-year period; and
- the date on which New BBX Capital is deemed to be a "large accelerated filer" (which is the last day of the fiscal year during which the total market value of New BBX Capital's common equity securities held by non-affiliates is \$700 million or more, calculated as of the end of the second quarter (June 30) of such fiscal year).

In addition, New BBX Capital may in the future qualify as a "smaller reporting company," in which case New BBX Capital would be eligible to utilize the reduced disclosure requirements available to smaller reporting companies even after New BBX Capital ceases to be an emerging growth company. The reduced disclosure requirements available to smaller reporting companies are similar to those available to emerging growth companies, including reduced financial and executive compensation disclosures. Under current SEC rules, New BBX Capital will become a smaller reporting company if, as of the end of the second fiscal quarter following the completion of the spin-off (the quarter ending June 30, 2022 assuming the spin-off is completed prior to such date), the total market value of New BBX Capital's common equity securities held by non-affiliates is less than \$200 million.

New BBX Capital intends to utilize the reduced reporting requirements and available exemptions for so long as New BBX Capital is permitted to do so. Investors may find New BBX Capital's common stock to be less attractive as a result of its utilization of the reduced disclosure requirements and exemptions, which may have a material, adverse effect on the trading market and market price of New BBX Capital's Class A Common Stock and Class B Common Stock.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This information statement and other materials that New BBX Capital has filed, or will file, with the SEC contain, or will contain, “forward-looking statements.” Forward-looking statements are those that do not relate strictly to historical or current facts and can be identified by use of words such as “anticipates,” “estimates,” “expects,” “intends,” “plans,” “believes,” “will,” “should,” “would,” “may,” “could” or the negative of these terms or similar expressions or future or conditional verbs. Forward-looking statements include, among others, statements relating to New BBX Capital’s future financial performance, business prospects and strategy, anticipated financial position, liquidity and capital needs, market potential, and other events or developments that New BBX Capital expects or anticipates will occur in the future and statements expressing general views about future operating results or conditions. These statements are based on management’s current expectations and assumptions about future events, which are inherently subject to uncertainties, risks and changes in circumstances that are impossible or difficult to predict. New BBX Capital’s actual results may differ materially from those expressed in, or implied by, the forward-looking statements as a result of various factors, including, without limitation, those set forth below.

With respect to New BBX Capital generally, the various factors include, but are not limited to:

- risks and uncertainties relating to public health issues, including, in particular, the COVID-19 pandemic, as it is not currently possible to accurately assess the expected duration and effects of the pandemic on New BBX Capital’s business (these include required closures of retail locations, business restrictions, “shelter in place” and “stay at home” orders and advisories, volatility in the global and national economies and equity, credit, and commodities markets, worker absenteeism, quarantines, and other health-related restrictions; the duration and severity of the COVID-19 pandemic and the impact on demand for New BBX Capital’s products and services (including, without limitation, bulk candy products), levels of consumer confidence, and supply chains; actions governments, businesses, and individuals take in response to the pandemic and their impact on economic activity and consumer spending, which will impact New BBX Capital’s ability to successfully resume full business operations; the pace of recovery when the COVID-19 pandemic subsides; competitive conditions; New BBX Capital’s liquidity and the availability of capital; the effects and duration of steps New BBX Capital takes in response to the COVID-19 pandemic, including the risk of lease defaults and the inability to rehire or replace furloughed employees; risks related to New BBX Capital’s indebtedness, including the potential for accelerated maturities and debt covenant violations; the risk of heightened litigation as a result of actions taken in response to the COVID-19 pandemic; and the impact of the COVID-19 pandemic on consumers, including, but not limited to, their income, their level of discretionary spending both during and after the pandemic, and their views towards the retail and other industries in which New BBX Capital operates;
- risks and uncertainties affecting New BBX Capital and its results, operations, markets, products, services and business strategies, and the risks and uncertainties associated with its ability to successfully implement its currently anticipated plans, and its ability to generate earnings under the current business strategy;
- the performance of entities in which New BBX Capital has made investments may not be profitable or achieve anticipated results;
- risks associated with acquisitions, asset or subsidiary dispositions, or debt or equity financings which New BBX Capital may consider or pursue from time to time;
- risks of cybersecurity threats, including the potential misappropriation of assets or confidential information, corruption of data or operational disruptions;
- the updating of, and developments with respect to, technology, including the cost involved in updating our technology and the impact that any failure to keep pace with developments in technology could have on our operations or competitive position and our information technology expenditures may not result in the expected benefits;

Table of Contents

- New BBX Capital's ability to compete effectively in the highly competitive industries in which it operates;
- New BBX Capital's ability to maintain the integrity of internal or customer data, the failure of which could result in damage to our reputation and/or subject us to costs, fines or lawsuits;
- New BBX Capital's relationships with key customers and suppliers may be materially diminished or terminated;
- the preparation of financial statements in accordance with GAAP involves making estimates, judgments and assumptions, and any changes in estimates, judgments and assumptions used could have a material adverse impact on the financial condition and operating results of New BBX Capital or its subsidiaries;
- the impact on New BBX Capital's consolidated financial statements and internal control over financial reporting of the adoption of new accounting standards;
- audits of New BBX Capital's or its subsidiaries' federal or state tax returns, including that they may result in the imposition of additional taxes;
- damage to the reputation of New BBX Capital or any of its subsidiaries could harm New BBX Capital's business, financial condition and results of operations;
- New BBX Capital's business is subject to various governmental regulations, laws and orders, compliance with which may cause New BBX Capital to incur significant expenses, and any noncompliance could subject New BBX Capital to civil or criminal penalties or other liabilities;
- the outcome of litigation, inquiries, investigations, examinations or other legal proceedings is inherently uncertain and could subject New BBX Capital to significant monetary damages or restrictions on New BBX Capital's ability to do business;
- environmental liabilities, including claims with respect to mold or hazardous or toxic substances, and their impact on New BBX Capital's financial condition and operating results;
- risks that natural disasters and other acts of god may adversely impact New BBX Capital's financial condition and operating results;
- any damage to physical assets or interruption of access to physical assets or operations resulting from public health issues, such as the recent coronavirus outbreak, or from hurricanes, earthquakes, fires, floods, windstorms or other natural disasters, which may increase in frequency or severity due to climate change or other factors;
- the risk that creditors of New BBX Capital's subsidiaries or other third-parties may seek to recover distributions or dividends, if any, made by such subsidiaries to New BBX Capital or other amounts owed by such subsidiaries to such creditors or third-parties; and
- if New BBX Capital issues additional shares of its Class A Common Stock, Class B Common Stock or other securities, including in connection with acquisitions, investments or financings or pursuant to equity compensation plans, New BBX Capital's shareholders would experience dilution and any preferred stock declared and issued could include dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights of New BBX Capital's Class A Common Stock or Class B Common Stock or otherwise adversely affect the holders of New BBX Capital's Class A Common Stock or Class B Common Stock, including the likelihood that holders of New BBX Capital's Class A Common Stock or Class B Common Stock would receive dividend payments and payments on liquidation, or the amounts thereof.

Table of Contents

In addition, with respect to BBX Capital Real Estate, the various factors include, but are not limited to:

- the impact of economic, competitive, and other factors affecting BBX Capital Real Estate and its assets, including the impact of a decline in real estate values on BBX Capital Real Estate's business and the value of BBX Capital Real Estate's assets;
- risks that the recent investment in The Altman Companies may not realize the anticipated benefits and will increase the Company's exposure to risks associated with the multifamily real estate development and construction industry;
- the risk of additional impairments of real estate assets;
- risks associated with investments in real estate developments and joint ventures include:
 - exposure to downturns in the real estate and housing markets;
 - exposure to risks associated with real estate development activities, including severe weather conditions increasing costs, delaying construction, causing uninsured losses or reducing demand for homes;
 - risks associated with obtaining necessary zoning and entitlements;
 - risks that joint venture partners may not fulfill their obligations and concentration risks associated with entering into numerous joint ventures with the same joint venture partner;
 - risks relating to reliance on third-party developers or joint venture partners to complete real estate projects;
 - risk associated with increasing interest rates, as the majority of the development costs and sales of residential communities is financed;
 - risks associated with not finding tenants for multifamily apartments or buyers for single-family homes and townhomes;
 - risk associated with finding equity partners, securing financing, and selling newly built multifamily apartments;
 - risk associated with rising land and construction costs;
 - risk that the projects will not be developed as anticipated or be profitable; and
 - risk associated with customers or vendors not performing on their contractual obligations.

With respect to BBX Sweet Holdings, Renin and other operating businesses, the various factors include, but are not limited to:

- risks that New BBX Capital's investments will not achieve the returns anticipated;
- risks that their business plans, including IT'SUGAR's opening of new stores in high profile locations, will not be successful;
- risks that market demand for their products could decline;
- risk of impairment losses associated with declines in the value of New BBX Capital's investments in operating businesses or New BBX Capital's inability to recover its investments;
- risks that the reorganization of certain confectionery businesses and operations may not achieve anticipated operating efficiencies and reduction in operating losses and that the implementation of strategic alternatives, including the sale or disposal of certain operations, will result in additional losses;
- failure of confectionery businesses to meet financial metrics may necessitate New BBX Capital making further capital contributions or advances to the businesses or a decision not to support underperforming businesses;

Table of Contents

- risks associated with increased commodity costs or a limited availability of commodities;
- risks associated with product recalls or product liability claims;
- risk of losses associated with excess and obsolete inventory and the risks of additional required reserves for lower of cost or market value losses in inventory;
- for Renin, the risk of trade receivable losses and the risks of charge-offs and required increases in the allowance for bad debts;
- risks associated with the performance of vendors, commodity price volatility and the impact of tariffs on goods imported from Canada and Asia, particularly with respect to Renin;
- for Renin, risks associated with exposure to foreign currency exchange risk of the U.S. dollar compared to the Canadian dollar;
- the amount and terms of indebtedness associated with the operations and capital expenditures may impact their financial condition and results of operations and limit their activities;
- requirements for operating and capital expenditures may require New BBX Capital to make capital contributions or advances; and
- risk that a decline in IT'SUGAR's profitability or cash flows may result in impairment losses associated with IT'SUGAR's intangible and long-lived assets.

Risks and uncertainties related to the spin-off include, but are not limited to:

- the risk that some or all of the anticipated benefits related to the spin-off may not be achieved when or to the extent expected, or at all;
- the risk that New BBX Capital may need additional capital in the future; however, such capital may not be available to New BBX Capital on reasonable terms, if at all;
- New BBX Capital's historical and pro forma financial information is not necessarily representative of the results New BBX Capital would have achieved as a separate, publicly-traded company and may not be a reliable indicator of its future results;
- the spin-off could give rise to disputes or other unfavorable effects, which could have a material adverse effect on New BBX Capital's business, financial position and results of operations;
- under the Separation and Distribution Agreement, New BBX Capital and Parent may be required to indemnify each other for certain liabilities; however, there can be no assurance that any indemnities from Parent will be sufficient to insure New BBX Capital against the full amount of such liabilities or that Parent's ability to satisfy its indemnification obligations will not be impaired in the future, and any indemnification obligations New BBX Capital may have could materially adversely affect New BBX Capital's results and financial condition;
- no market for New BBX Capital's Class A Common Stock or Class B Common Stock currently exists and an active trading market may not develop or be sustained after the spin-off;
- the price of New BBX Capital's Class A Common Stock and Class B Common Stock, once publicly-traded, may be volatile, including until the public is able to fully analyze New BBX Capital's business, operations and results separate from Parent, and there is no assurance as to the price at which shares of New BBX Capital's Class A Common Stock or Class B Common Stock will trade following the spin-off or at any other time in the future;
- risks associated with New BBX Capital's indebtedness, including that New BBX Capital will be required to utilize cash flow to service its indebtedness, and that indebtedness may make New BBX Capital more vulnerable to economic downturns and subject New BBX Capital to covenants or restrictions on its operations and activities or on its ability to pay dividends, if any; and

Table of Contents

- risks associated with the \$75 million promissory note to be made by Parent in favor of New BBX Capital in connection with the spin-off, including Parent's option to defer interest payments under the note, and Parent's liquidity and ability to pay amounts due under the note, including that Parent may be dependent upon dividends from Bluegreen Vacations in order to pay amounts due under the note and, while Bluegreen Vacations declared a special cash dividend which is payable on August 21, 2020, Parent has agreed to use its proceeds from such special cash dividend to repay its \$80 million note payable to Bluegreen Vacations, and Bluegreen Vacations has suspended regular dividend payments in light of the impact of the COVID-19 pandemic and there is no assurance that Bluegreen Vacations will resume paying regular dividends or pay any other special dividends in the future, whether consistent with previous amounts or at all; further, Parent may incur additional indebtedness in the future, including, without limitation, in connection with any potential transaction or transactions which Parent may decide to pursue in order to increase its ownership in Bluegreen Vacations, including a transaction or transactions which would result in Bluegreen Vacations once again becoming an indirect wholly-owned subsidiary of Parent;
- adverse conditions in the stock market, the public debt market and other capital markets or the economy generally, and the impact of such conditions on New BBX Capital's activities and results, and the price and liquidity of New BBX Capital's Class A Common Stock and Class B Common Stock.

In addition to the foregoing, reference is made to the other risks and uncertainties inherent to New BBX Capital's business and activities, including those discussed under "Risk Factors" and elsewhere in this information statement. These and other factors disclosed in this information statement are not necessarily all of the important factors that could cause New BBX Capital's actual results to differ materially from those expressed in or implied by any of the forward-looking statements. Other unknown or unpredictable factors could cause New BBX Capital's actual results to differ materially from those expressed in or implied by any of the forward-looking statements. Given these uncertainties, you are cautioned not to place undue reliance on forward-looking statements. These statements should be considered only after carefully reading this entire information statement and in conjunction with the other information contained herein.

The forward-looking statements contained in this information statement are made only as of the date of this information statement. Except to the extent required by law, we do not undertake, and specifically disclaim any obligation, to update any forward-looking statements or to publicly announce the results of any revisions to any of such statements, including to reflect future events or developments. In addition, past performance may not be indicative of future results, and comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, and all such information should only be viewed as historical data.

You should read this information statement and the materials that we reference in this information statement and have filed with the SEC as exhibits to the registration statement on Form 10 of which this information statement is a part with the understanding that New BBX Capital's actual future results, levels of activity, performance, and events and circumstances may be materially different from what we expect. We qualify all forward-looking statements by these cautionary statements.

THE SPIN-OFF

Reasons for the Spin-off

Parent's Board of Directors has determined that the separation of New BBX Capital from Parent's investment in Bluegreen Vacations is in the best interests of Parent's shareholders. Parent's Board of Directors believes that the separation will, among other things:

- allow each company to adopt strategies and pursue objectives independent of the other company, which may better position each company to maximize value over the long-term;
- bring greater clarity to the marketplace as to each company's core competencies;
- better position each company to optimize capital deployment and investment strategies necessary to advance their respective interests, and provide management with incentives related directly to each company's performance and align their interests with the other shareholders of the company;
- provide current Parent shareholders with equity investments in two separate, publicly traded companies, including Parent, which following the spin-off will be a "pure play" Bluegreen Vacations holding company; and
- enable investors to better evaluate the financial performance, strategies, and other characteristics of each company, which will permit investors to make investment decisions based on each company's individual performance and potential, and enhance the likelihood that the market will value each company appropriately.

Mechanics of the Spin-off

Prior to the spin-off, New BBX Capital will be converted into a Florida corporation. In connection with the conversion, Parent, as the 100% owner of New BBX Capital at the time, will receive all of the issued and outstanding shares of New BBX Capital's Class A Common Stock and Class B Common Stock. The spin-off will be effected through the distribution by Parent to its shareholders of 100% of the shares of New BBX Capital's Class A Common Stock and Class B Common Stock held by Parent. Except for Woodbridge, the subsidiary through which Parent holds its investment in Bluegreen Vacations, New BBX Capital holds or will hold at the time of the spin-off all of Parent's subsidiaries. These include BBX Capital Real Estate, BBX Sweet Holdings and its subsidiaries, including IT'SUGAR, Hoffman's Chocolates and Las Olas Confections and Snacks, and Renin. As a shareholder of Parent, you will receive one share of New BBX Capital's Class A Common Stock for each share of Parent's Class A Common Stock held of record by you as of the 5:00 P.M., Eastern time, on September 22, 2020 (such time and date being referred to as the "record date" for the distribution), and one share of New BBX Capital's Class B Common Stock for each share of Parent's Class B Common Stock held of record by you as of the record date. The spin-off will not impact your holdings of Parent's Class A Common Stock or Class B Common Stock and, accordingly, your proportionate interest in Parent will not change as a result of the spin-off. The distribution will be a taxable transaction to Parent's shareholders. See "Material U.S. Federal Income Tax Consequences of the Spin-Off" below.

Based on the number of shares of Parent's Class A Common Stock and Class B Common Stock expected to be outstanding as of the record date, we expect that approximately 15,624,091 shares of New BBX Capital's Class A Common Stock and 3,693,596 shares of New BBX Capital's Class B Common Stock will be distributed in the spin-off. However, the actual number of shares of New BBX Capital's Class A Common Stock and Class B Common Stock to be distributed in the spin-off will be determined based on the actual number of shares of Parent's Class A Common Stock and Class B Common Stock outstanding as of the record date. The shares of New BBX Capital's Class A Common Stock and Class B Common Stock to be distributed in the spin-off will constitute all of the issued and outstanding shares of New BBX Capital's common stock immediately following the distribution. In addition, if New BBX Capital adopts a rights agreement prior to the spin-off, then each share of New BBX Capital's Class A Common Stock and Class B Common Stock distributed in connection with the

Table of Contents

spin-off will have attached thereto an associated preferred share purchase right distributed under the rights agreement. See “Description of Capital Stock” for additional information regarding the rights agreement expected to be adopted by New BBX Capital.

On or before the distribution date, Parent will release the shares of New BBX Capital’s Class A Common Stock and Class B Common Stock to the distribution agent to distribute to Parent’s shareholders. The shares will be distributed in book-entry form, which means that no physical share certificates will be issued. We expect that it may take the distribution agent up to one week following the distribution date to electronically issue shares of New BBX Capital’s Class A Common Stock and/or Class B Common Stock to you or to your bank or brokerage firm on your behalf by way of direct registration in book-entry form.

No Parent shareholder will be required to pay any consideration, exchange or surrender their existing shares of Parent’s Class A Common Stock or Class B Common Stock or take any other action to receive their shares of New BBX Capital’s Class A Common Stock or Class B Common Stock, as applicable. However, the distribution will be a taxable transaction to Parent’s shareholders. In addition, Parent is seeking shareholder approval of the spin-off and Parent’s contemplated name change to Bluegreen Vacations Holding Corporation. Parent intends to hold a special meeting of its shareholders to approve these items and is distributing a separate proxy statement which contains information regarding the spin-off, the proposed name change, and the special meeting. Completion of the spin-off is conditioned upon the approval of the spin-off by Parent’s shareholders.

Relationship Between New BBX Capital and Parent

The separation of businesses of New BBX Capital and Parent in connection with the spin-off and the relationship between New BBX Capital and Parent following the spin-off will be governed by a Separation and Distribution Agreement, an Employee Matters Agreement, a Transition Services Agreement, and a Tax Matters Agreement, each as entered into between New BBX Capital and Parent in connection with the spin-off. In addition, Parent will issue a \$75 million promissory note in favor of New BBX Capital in connection with the spin-off. These agreements are intended to facilitate the separation of businesses between Parent and New BBX Capital in connection with the spin-off and the operation of New BBX Capital and Parent as separate companies after the spin-off. The following is a summary of the Separation and Distribution Agreement, Employee Matters Agreement, Transition Services Agreement, Tax Matters Agreement and promissory note. The summaries are not complete and are qualified in their entirety by reference to the actual agreements or instruments, copies of which are filed as exhibits to the registration statement on Form 10 of which this information statement forms a part. We encourage you to read the full text of these agreements.

Separation and Distribution Agreement

The Separation and Distribution Agreement sets forth how the spin-off will be effected and certain other obligations of Parent and New BBX Capital prior to, upon and for a specified period following the completion of the spin-off. The Separation and Distribution Agreement provides that at the effective time of the spin-off, Parent will transfer to New BBX Capital the assets identified in the Separation and Distribution Agreement relating to the businesses and subsidiaries of New BBX Capital (to the extent not already owned by New BBX Capital).

New BBX Capital will retain or assume the liabilities identified in the Separation and Distribution Agreement relating to the businesses and subsidiaries of New BBX Capital, including the indebtedness of or related to the subsidiaries held by it or transferred to it in connection with the spin-off, which totaled approximately \$41.6 million as of June 30, 2020.

The Separation and Distribution Agreement provides that Parent and New BBX Capital will use their respective reasonable best efforts to obtain promptly any required third-party consents or governmental approvals required in connection with the spin-off, provided that neither party will be required to make any payments or assume any liabilities or offer or grant any financial accommodation or other benefit with respect to any existing

Table of Contents

agreements with third parties not required to be paid under the terms of an existing agreement. The transfer of any specific asset to New BBX Capital, on the one hand, or Parent, on the other hand, in connection with the spin-off will be deferred until any required consents or governmental approvals for such transfer are obtained. Notwithstanding the inability to transfer an asset or liability as a result of a third-party consent or required governmental approval prior to the spin-off, subject to the satisfaction of the conditions to the completion of the spin-off, the spin-off will nevertheless take place if so determined by Parent's Board of Directors, and Parent and New BBX Capital, as applicable, will be required to hold the applicable asset or liability in trust and use reasonable best efforts to establish arrangements pursuant to which Parent or New BBX Capital, as applicable, will obtain all of the benefits and burdens associated with the asset or liability as if it had been transferred. Parent, on the one hand, and New BBX Capital, on the other hand, have also agreed to deliver (or cause to be delivered) any necessary or appropriate documents to the other party to effect, or as reasonably necessary or appropriate in connection with, the spin-off.

Termination of Prior Intercompany Arrangements

Except for the agreements entered into in connection with the spin-off and shared services agreements between Parent or its subsidiaries and New BBX Capital or its subsidiaries, all previous agreements between New BBX Capital and Parent will be terminated upon the spin-off, and all parties to such terminated agreements will be released from all liabilities thereunder other than liabilities for payment and/or reimbursement for costs and other fees and charges relating to services provided by Parent to New BBX Capital, or vice versa, prior to the spin-off in the ordinary course of business, which shall be settled at the effective time of the spin-off.

No Representations or Warranties

Under the Separation and Distribution Agreement, Parent does not make any representations or warranties to New BBX Capital, express or implied, as to the condition or the value of any asset or liability, the existence of any security interest on any asset, the absence of defenses from counterclaims, or any implied warranties of merchantability or fitness for a particular purpose or title. Under the Separation and Distribution Agreement, New BBX Capital will take the assets and liabilities transferred to it "as is, where is," and bear the economic and legal risks relating to conveyance of, title to and transfer of those assets and liabilities.

Actions Before the Spin-Off

New BBX Capital and Parent will cooperate to prepare all documents and make all filings required for the spin-off. Parent will direct and control the efforts of the parties in connection with the spin-off. New BBX Capital will use reasonable best efforts to take all actions reasonably requested by Parent to facilitate the spin-off, including, among other things, cooperating in the preparation and filing of the registration statement on Form 10 of which this information statement forms a part and any other filing required to be made with the SEC or any other governmental authority and, as previously described, using reasonable best efforts to obtain promptly any required third-party consents or governmental approvals required in connection with the spin-off.

Conditions to the Spin-Off

We expect to consummate the spin-off on the distribution date, provided that the following conditions shall have been satisfied or, to the extent permissible, waived:

- the Board of Directors of Parent, in its sole and absolute discretion, shall have authorized and approved the spin-off (and such authorization and approval shall not have been withdrawn);
- the shareholders of Parent approving the spin-off;
- New BBX Capital's registration statement on Form 10 of which this information statement is a part shall have become effective under the Exchange Act and shall not be the subject of any stop order or proceedings seeking a stop order, and this information statement shall have been sent to Parent's shareholders as of the

Table of Contents

record date, all necessary permits and authorizations under the Securities Act and the Exchange Act relating to the issuance and trading of shares of New BBX Capital's Class A Common Stock and Class B Common Stock shall have been obtained and be in effect, and such shares shall have been approved for listing, trading or quotation on a national securities exchange or the OTC Markets; and

- no court or other governmental authority having jurisdiction over Parent or New BBX Capital shall have issued or entered any order, and no applicable law shall have been enacted or promulgated, in each case, that is then in effect and has the effect of permanently restraining, enjoining or otherwise prohibiting the consummation of the spin-off.

We are not aware of any material regulatory requirements that must be complied with or any material regulatory or third party approvals that must be obtained, other than compliance with SEC rules and regulations and the approval for listing, trading or quotation of New BBX Capital's Class A Common Stock and Class B Common Stock on a national securities exchange or the OTC Markets.

Mutual Releases and Indemnification

Parent and New BBX Capital will release each other, each other's respective subsidiaries and specified related parties from any and all liabilities arising out of or related to any events occurring (or failing to occur) or conditions existing (or alleged to have exist), arising at or before the effective time of the spin-off, whether such events, circumstances or actions are known or unknown as of the effective time of the spin-off (provided, however, that New BBX Capital's release shall apply only to claims related to New BBX Capital's business). In addition, neither party may bring any legal proceeding against the other party or other releasees with respect to any released claim. The Separation and Distribution Agreement provides that this mutual release will not impair each party's right to enforce the agreements entered into between Parent and New BBX Capital in connection with the spin-off and certain other rights, including, among other things, any right to indemnification or advancement of expenses under the organizational documents of any party or pursuant to directors and officers insurance, accrued and unpaid compensation or expense reimbursement of any employee, terms of existing employment agreements or arrangements, or any rights of a shareholder of Parent in its capacity as such.

Further, under the Separation and Distribution Agreement, New BBX Capital will indemnify Parent and its affiliates and their respective officers, directors, employees and agents for any liabilities resulting from, relating to or arising out of New BBX Capital's business, including any of its subsidiaries or any assets or liabilities held by it or transferred to or assumed by New BBX Capital in connection with the spin-off, any breach by New BBX Capital of any agreement or obligation under any agreement entered into between Parent and New BBX Capital in connection with the spin-off, and the enforcement of any such right to indemnification. Parent will indemnify New BBX Capital and its affiliates and their respective officers, directors, employees and agents for any and all liabilities resulting from, relating to or arising out of any business, asset or liability not held by, transferred to, or assumed by, New BBX Capital in connection with the spin-off, any breach by Parent of any agreement or obligation under any agreement entered into between Parent and New BBX Capital in connection with the spin-off, and the enforcement of any such right to indemnification. The Separation and Distribution Agreement addresses other matters associated with the indemnification granted by each party under the agreement, including adjustments to indemnification payments for insurance proceeds, the procedure to defend third-party claims and the right to contribution by the indemnified party in the event the indemnification provided under the Separation and Distribution Agreement is not legally available.

Additional Covenants

The Separation and Distribution Agreement also addresses additional obligations of Parent and New BBX Capital, including those relating to, among others, omitted services, release of guarantees or indemnity, access to and exchange of information, record retention, provision of financial information, ownership of information,

Table of Contents

cooperation in the conduct of certain claims, the privileged nature of information, insurance, waivers of conflicts of interest for counsel, confidentiality of information and non-solicitation, and directors' and officers' exculpation, indemnification and insurance.

Tax Matters Agreement

The Tax Matters Agreement generally sets out the respective rights, responsibilities and obligations of Parent and New BBX Capital with respect to taxes (including taxes arising in the ordinary course of business and taxes incurred as a result of the spin-off), tax attributes, tax returns, tax contests and certain other related tax matters.

The Tax Matters Agreement allocates responsibility for the preparation and filing of certain tax returns (and the payment of taxes reflected thereon). Under the Tax Matters Agreement, Parent will generally be liable for its own taxes and taxes of all of its subsidiaries (other than the taxes of New BBX Capital and its subsidiaries, the taxes for which New BBX Capital shall be liable) for all tax periods (or portion thereof) ending on the effective date of the spin-off. New BBX Capital will be responsible for its taxes, including for taxes of its subsidiaries, as well as for taxes of Parent arising as a result of the spin-off (including any taxes resulting from an election under Section 336(e) of the Internal Revenue Code of 1986, as amended (the "Code") in connection with the spin-off). New BBX Capital will bear liability for any transfer taxes incurred in the spin-off.

Each of Parent and New BBX Capital will indemnify each other against any taxes to the extent paid by one party but allocated to the other party under the Tax Matters Agreement, or arising from any breach of its covenants thereunder, and related out-of-pocket costs and expenses.

Employee Matters Agreement

The Employee Matters Agreement sets out the respective rights, responsibilities and obligations of Parent and New BBX Capital with respect to the transfer of certain employees of the businesses of New BBX Capital and related matters, including benefit plans, terms of employment, retirement plans and other employment-related matters.

Under the Employee Matters Agreement, New BBX Capital or its subsidiaries will generally assume or retain responsibility as employer of employees whose duties primarily relate to their respective businesses as well as all obligations and liabilities with respect thereto.

Upon the spin-off, the employees of New BBX Capital or its subsidiaries, in their capacities as such, will cease to participate in any Parent employee benefit plans, and will instead be entitled to participate in employee benefit plans established or maintained by New BBX Capital or its subsidiaries. Employees who prior to the spin-off were covered by plans maintained by New BBX Capital subsidiaries will remain covered by such plans. New BBX Capital employees will be entitled to credit for prior service to the extent afforded under any Parent plans for purposes of eligibility to participate and vesting, except to the extent such credit would result in the duplication of benefits for the same period of service.

New BBX Capital may establish or designate welfare benefit plans and administer a group welfare benefits plan, in which the employees of New BBX Capital or its subsidiaries may participate immediately following the spin-off. In such case, New BBX Capital will use reasonable best efforts to ensure that such employees will be immediately eligible to commence participation in such plans without regard to any eligibility period, pre-existing condition, waiting period, or certain other restrictions.

Transition Services Agreement

The Transition Services Agreement generally sets out the respective rights, responsibilities and obligations of Parent and New BBX Capital with respect to the support services to be provided to one another after the spin-off, as may be necessary to ensure the orderly transition under the Separation and Distribution Agreement.

Table of Contents

The Transition Services Agreement establishes a baseline charge for certain categories or components of services to be provided, which will be at cost unless the parties mutually agree to a different charge. The Transition Services Agreement will be effective upon the spin-off and will continue for a minimum term of one year, provided that after that year, Parent or New BBX Capital may terminate the Transition Services Agreement with respect to any or all services provided thereunder at any time upon thirty (30) days prior written notice to the other party. Either party may renew or extend the term of the Transition Services Agreement with respect to the provision of any service which has not been previously terminated.

Promissory Note

In connection with the spin-off, Parent will issue a \$75 million promissory note in favor of New BBX Capital. Amounts outstanding under the note will accrue interest at a rate of 6% per annum. The note will require payments of interest only on a quarterly basis; provided however that interest payments may be deferred at the option of Parent, with interest on the entire outstanding balance thereafter to accrue at a cumulative, compounded rate of 8% per annum until such time as Parent is current on all accrued payments under the note, including deferred interest. All outstanding amounts under the note will become due and payable in five years or upon certain events.

Principal Executive Office

Following the spin-off, Parent and New BBX Capital will share office space at their principal executive offices located in Fort Lauderdale, Florida. The space is currently leased by Parent. It is expected that the lease will be assigned to New BBX Capital, with a portion of the office space to be subleased to Parent at a rate of approximately 20% of the rental payments under the lease (currently estimated to be approximately \$200,000 per year), or New BBX Capital will pay or reimburse Parent for payments under the lease other than 20% of the rental payments under the lease to be borne by Parent.

Acceleration of Restricted Stock Awards

The vesting of all unvested restricted stock awards of Parent's Class A Common Stock and Class B Common Stock was accelerated in contemplation of the spin-off. All of these restricted stock awards were held by the Company's executive officers, and they covered a total of 488,503 shares of Parent's Class A Common Stock and 528,484 shares of Parent's Class B Common Stock in the aggregate. The shares are (and, prior to the vesting, were) considered outstanding and will participate in the spin-off on the same terms as all other outstanding shares of Parent's common stock. Absent the vesting acceleration, the restricted stock awards would otherwise have been scheduled to vest between October 2020 and October 2023.

Trading of New BBX Capital's Common Stock

Parent will own all of the outstanding shares of New BBX Capital's common stock prior to the spin-off. Accordingly, there is no current trading market for New BBX Capital's common stock. New BBX Capital is applying for its Class A Common Stock and Class B Common Stock to be quoted on the OTCQX market. However, there are no assurances that an active public market for New BBX Capital's Class A Common Stock or Class B Common Stock will develop or be sustained after the distribution. If an active public market does not develop or is not sustained, it may be difficult for New BBX Capital's shareholders to sell their shares of New BBX Capital's Class A Common Stock or Class B Common Stock at a price that is attractive to them, or at all. New BBX Capital has requested the trading symbol "BBXT" for its Class A Common Stock and "BFCTB" for its Class B Common Stock.

Table of Contents

Subject to the approval of New BBX Capital's application for quotation of its Class A Common Stock and Class B Common Stock on the OTCQX Market, it is expected that trading may commence on a "when-issued" basis approximately two trading days before the record date. However, "when-issued" symbols are subject to action by FINRA. If "when-issued" trading is approved, FINRA has advised us that it will publish the addition of "when-issued" symbols on its Daily List in advance of the first "when-issued" trading date. "When-issued" trading refers to a transaction made conditionally because the security has been authorized but not yet issued. Generally, shares may trade on the OTCQX Market on a "when-issued" basis after they have been authorized but not yet formally issued, which is often initiated by the OTC Markets prior to the record date relating to the issuance of such shares. Any "when-issued" transactions in New BBX Capital's common stock will be settled after the shares of New BBX Capital's common stock have been issued to Parent's shareholders. It is currently expected that, subject to FINRA approval, "when-issued" trading in New BBX Capital's Class A Common Stock and Class B Common Stock will end and "regular way" trading will begin on the first trading day following the distribution date. "Regular way" trading refers to trading after a security has been issued.

We cannot predict the trading prices for New BBX Capital's common stock when trading begins. Those prices will be determined by the marketplace. Prices at which trading in New BBX Capital's common stock occurs may fluctuate significantly. Trading prices for New BBX Capital's common stock may be influenced by many factors, including New BBX Capital's operating results, investor perception of New BBX Capital, market fluctuations and general economic conditions. In addition, the stock market in general has experienced extreme price and volume fluctuations that have affected the performance of many stocks and that have often been unrelated or disproportionate to a company's operating performance. These are just some of the factors that may adversely affect the market price of New BBX Capital's common stock. See "Risk Factors" for further discussion of risks which may impact New BBX Capital and the trading price of its common stock.

Shares of New BBX Capital's common stock received by Parent shareholders in connection with the spin-off will be freely transferable, except for shares received by persons who may be deemed to be New BBX Capital's affiliates under the Securities Act. Shareholders of Parent that receive shares of New BBX Capital's common stock in the spin-off and are deemed affiliates of New BBX Capital will be permitted to sell their shares of New BBX Capital's common stock only pursuant to an effective registration statement under the Securities Act or in accordance with Rule 144 of the Securities Act or another exemption from the registration requirements of the Securities Act.

Trading of Parent's Common Stock Between the Record Date and the Distribution Date

Parent's Class A Common Stock is listed on the NYSE. It is anticipated that, beginning on the record date and continuing until the time of the distribution, there will be two markets in shares of Parent's Class A Common Stock on the NYSE: a "regular-way" market and an "ex-distribution" market. Shares of Parent's Class A Common Stock that trade on the "regular-way" market will trade with an entitlement to the shares of New BBX Capital's Class A Common Stock to be distributed in the spin-off in respect thereof. Shares of Parent's Class A Common Stock that trade on the "ex-distribution" market will trade without an entitlement to shares of New BBX Capital's Class A Common Stock. Therefore, if a shareholder sells shares of Parent's Class A Common Stock in the "regular-way" market on or prior to the time of the distribution, such shareholder will also be selling the right to receive the shares of New BBX Capital's Class A Common Stock that such shareholder would have otherwise received in the spin-off in respect of the shares of Parent's Class A Common Stock being sold. If a shareholder owns shares of Parent's Class A Common Stock on the record date and sells those shares on the "ex-distribution" market on or prior to the time of the distribution, such shareholder will continue to be entitled to receive the shares of New BBX Capital's Class A Common Stock which are distributed in the spin-off in respect of the shares of Parent's Class A Common Stock being sold.

Parent's Class B Common Stock is quoted on the OTCQX market. While there is no assurance as to the ex-distribution date that FINRA will ultimately set with respect to New BBX Capital's Class B Common Stock, it is anticipated that, pursuant to Rule 11140 promulgated by FINRA, FINRA will set an "ex-distribution date" for New BBX Capital's Class B Common Stock as the first business day following the distribution date. Assuming that FINRA sets an ex-distribution date for New BBX Capital's Class B Common Stock as the first

Table of Contents

business day following the distribution date, then shareholders who hold shares of Parent's Class B Common Stock on the record date and sell the shares on or prior to the distribution date will also be selling the right to receive the shares of New BBX Capital's Class B Common Stock that such shareholder would have otherwise received in the spin-off in respect of the shares of Parent's Class B Common Stock being sold.

Material U.S. Federal Income Tax Consequences of the Spin-Off

The following is a summary of the material U.S. federal income tax consequences of the spin-off to "U.S. holders" and "Non-U.S. holders" (in each case, as defined below). It addresses U.S. holders or Non-U.S. holders that will receive New BBX Capital's common stock in the distribution. This summary deals only with U.S. holders or Non-U.S. holders that use the U.S. dollar as their functional currency and hold their Parent common stock as a capital asset. This summary does not address tax considerations applicable to investors subject to special rules, such as persons owning (either actually or constructively) 10% or more of Parent or New BBX Capital's stock, certain financial institutions, dealers or traders, insurance companies, tax exempt entities, persons holding their shares as part of a hedge, straddle, conversion, constructive sale or other integrated transaction. It also does not address any U.S. state and local tax or non-U.S. tax considerations.

As used here, "U.S. holder" means a beneficial owner of Parent or New BBX Capital's common stock (as applicable) that is, for U.S. federal income tax purposes, (i) a citizen or individual resident of the United States, (ii) a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia, (iii) a trust subject to the control of a U.S. person and the primary supervision of a U.S. court or (iv) an estate the income of which is subject to U.S. federal income tax without regard to its source. For purposes of this discussion, a "Non-U.S. holder" is a beneficial owner of Parent or New BBX Capital's common stock (as applicable) that is, for U.S. federal income tax purposes, an individual, a corporation, a trust or an estate that is not a U.S. holder.

The tax consequences to a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) receiving New BBX Capital common stock in the spin-off generally will depend on the status of the partnership and the activities of its partners. Partnerships holding Parent common stock should consult their own tax advisors about the U.S. federal income tax consequences to their partners from receiving New BBX Capital common stock in the spin-off.

Tax Classification of the Spin-off in General

The spin-off will not qualify for tax-free treatment under Section 355 of the Code and, accordingly, shareholders of Parent will be treated as having received a distribution of property that does not qualify for tax-free treatment in connection with their receipt of shares of New BBX Capital's common stock in connection with the spin-off. The amount of that distribution will be equal to the fair market value of the New BBX Capital common stock received. We believe that a reasonable approach to determine the fair market value of the shares of New BBX Capital's Class A Common Stock or Class B Common Stock received would be to use the volume-weighted average price of New BBX Capital's common stock on the first full trading day following the distribution. We believe this is a reasonable approach because the rights of New BBX Capital's Class A Common Stock and Class B Common Stock (other than voting rights, as described above) are substantially the same and New BBX Capital's Class B Common Stock will be convertible into shares of New BBX Capital's Class A Common Stock on a share-for-share basis in the holder's discretion, however there is expected to be significantly less trading volume in the shares of New BBX Capital's Class B Common Stock as compared to New BBX Capital's Class A Common Stock.

To the extent, if any, that New BBX Capital's market value at the time of the distribution is greater than Parent's tax basis in New BBX Capital, New BBX Capital will indemnify Parent for tax on gain taken into account as a result of the distribution of New BBX Capital's common stock, determined as if no net operating losses or other tax attributes were available to shelter that gain and computed at an assumed tax rate of 25%. If

Table of Contents

Parent recognizes gain on the distribution, so that New BBX Capital has an indemnity obligation, Parent and New BBX Capital expect to make an election for U.S. federal income tax purposes that would enable New BBX Capital to increase the basis of its assets to New BBX Capital's market value at the time of the distribution, thereby increasing the amount of amortization or depreciation deductions allowable to New BBX Capital after the distribution of New BBX Capital's common stock. To the extent, however, that New BBX Capital's market value at the time of the distribution is less than Parent's tax basis in New BBX Capital, Parent will not recognize any loss, but Parent and New BBX Capital expect to make an election that is intended to prevent a reduction to fair market value of New BBX Capital's tax basis in its assets (or in the assets of partnerships in which it holds an interest) in order to preserve New BBX Capital's ability to claim the amortization or depreciation deductions that would have been available if the separation had not occurred. There can be no assurance, however, that such a basis reduction will not be required.

U.S. Holders

The distribution of New BBX Capital common stock should be treated as ordinary dividend income to the extent considered paid out of Parent's current year or accumulated earnings and profits (as determined under U.S. federal income tax principles). Distributions in excess of both current year and accumulated earnings and profits will be treated as a non-taxable return of capital, which reduces basis, to the extent of the holder's basis in Parent's common stock and thereafter as capital gain. To the extent that any such amount is treated as a dividend, corporate U.S. holders should generally be eligible for the dividends received deduction and non-corporate U.S. holders should generally qualify for reduced rates applicable to qualified dividend income, assuming, in each case, that a minimum holding period and certain other generally applicable requirements are satisfied. U.S. holders will take a tax basis in their New BBX Capital common stock equal to its fair market value on the date of receipt.

Parent will not be able to determine the amount of the distribution (if any) that will be treated as a dividend until after the close of the taxable year of the spin-off, because its current year earnings and profits will be calculated based on its income for the entire taxable year in which the distribution occurs. In addition to Parent's operating results for that year, which will not include the earnings and expenses of the business conducted by New BBX Capital after the separation, other factors that are not knowable at this time will affect Parent's earnings and profits for the taxable year of the spin-off. Those factors include the extent, if any, to which the value of New BBX Capital at the time of the spin-off exceeds Parent's tax basis in New BBX Capital, resulting in recognition of a gain that will increase Parent's earnings and profits. Parent currently intends to cause shareholders to be provided with a determination of the portion of the distribution constituting a taxable dividend as soon as practicable after its earnings and profits for the taxable year in which the distribution occurs are calculated. The information will be based on Parent's estimates and information available at the time that such determination is provided to shareholders, and there is no assurance that the forms provided and returns filed will not need to be amended based on changes in Parent's estimates or subsequent events or information. Further, this information may not be available until after U.S. holders file their income tax returns for that taxable year. Accordingly, such U.S. holders may need to file amended tax returns to reflect the amount of the taxable dividend as finally determined.

To the extent that the distribution of New BBX Capital common stock constitutes an "extraordinary dividend" with respect to a particular U.S. holder, special rules may apply. In general, a dividend constitutes an "extraordinary dividend" if the amount of the dividend exceeds 10% of that U.S. holder's tax basis in its stock. For purposes of this calculation, only the portion of a distribution treated as a dividend, rather than the full amount of the distribution, is taken into account. If the portion (if any) of the distribution treated as a dividend constitutes an extraordinary dividend to a corporate U.S. holder that both (i) claimed a dividends-received deduction with respect to the distribution and (ii) held its Parent common stock for two years or less, such U.S. holder will reduce its tax basis in its Parent common stock (but not below zero) by an amount determined by reference to the dividends-received deduction claimed. If any corporate U.S. holder's basis would be reduced below zero as a result of these rules, any excess would be treated as capital gain. In addition, if the portion (if any) of the distribution treated as a dividend qualifies as an extraordinary dividend to a non-corporate U.S. holder

Table of Contents

who had claimed a reduced rate for qualified dividend income on the distribution, such non-corporate U.S. holder may be required to treat a portion of any loss on a subsequent sale of its Parent common stock as long-term capital loss, regardless of its actual holding period.

U.S. holders should consult with their tax advisors regarding the possible applicability and effects of the extraordinary dividend provisions, including the possible availability of an election to substitute the fair market value of the Parent common stock for its tax basis for purposes of determining if the portion (if any) of the distribution treated as a dividend constitutes an extraordinary dividend. Such election will generally be available if the fair market value of the Parent common stock as of the day before the ex-dividend date is established to the satisfaction of the Secretary of the Treasury.

Dividends and capital gains earned by non-corporate U.S. holders may be subject to the 3.8% Medicare tax on net investment income.

Non-U.S. Holders

For Non-U.S. holders, the characterization of the distribution for U.S. federal income tax purposes as a dividend, a return of capital or a capital gain will be determined in the manner described above under “U.S. holders.”

In the case of a Non-U.S. holder, the portion (if any) of the distribution treated as a dividend for U.S. federal income tax purposes will generally be subject to U.S. federal gross-basis income tax at a rate of 30%, or a lower rate specified in an applicable income tax treaty. This tax is generally collected by way of withholding. Because the amount of the distribution (if any) constituting a dividend for U.S. federal income tax purposes will not be known at the time of the distribution, for purposes of determining required withholding, Parent or its withholding agent is generally required by U.S. Internal Revenue Service (“IRS”) regulations to treat the entire amount of the distribution as a dividend, and withhold tax from that amount, unless it elects instead to withhold based on a reasonable estimate of Parent’s earnings and profits. Thus, Parent or another withholding agent will withhold some portion of the New BBX Capital common stock otherwise distributable to a Non-U.S. holder to satisfy its obligation to withhold tax, except to the extent it estimates that the amount of the distribution will exceed its earnings and profits. To the extent it is required to withhold tax, Parent or its withholding agent may sell the portion of New BBX Capital common stock otherwise distributable to Non-U.S. holders needed to pay that tax, together with associated expenses. Non-U.S. holders would generally be eligible to obtain a refund of any excess amounts withheld (which would be the entire amount withheld to pay tax if Parent determines, after the end of the taxable year of the spin-off that it had no earnings and profits) by filing an appropriate claim for refund with the IRS. To receive the benefit of a reduced treaty rate, a Non-U.S. holder must furnish to Parent or its paying agent a valid IRS Form W-8BEN, W-8BEN-E or other applicable form certifying such holder’s qualification for the reduced rate. This certification must be provided to Parent or its paying agent prior to the distribution of New BBX Capital common stock.

Dividends that are treated as “effectively connected” with a U.S. trade or business conducted by a Non-U.S. holder (and, if an applicable income tax treaty so provides, are also attributable to a U.S. permanent establishment of such Non-U.S. holder) are not subject to the withholding tax, provided the Non-U.S. holder satisfies certain certification and disclosure requirements. Instead, such dividends, net of specified deductions and credits, are taxed at the same graduated U.S. federal income tax rates applicable to U.S. persons. Any such effectively connected dividends received by a Non-U.S. holder that is a corporation may, under certain circumstances, be subject to an additional “branch profits tax” at a 30% rate or such lower rate as specified by an applicable income tax treaty.

In addition, any capital gains recognized (including capital gains arising from the amount of the distribution exceeding current and accumulated earnings and profits as well as basis in such Non-U.S. holder’s Parent common stock) may be subject to U.S. net income tax (and in respect of corporate non-U.S. holders, branch

Table of Contents

profits tax) if the gain is effectively connected with a trade or business of the Non-U.S. holder in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base of the Non-U.S. holder within the United States). Additionally, a Non-U.S. holder that is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and meets certain other requirements will be subject to a flat 30% tax on the amount of capital gains together with certain other U.S. source capital gains realized during such year, to the extent that they exceed certain U.S. source capital losses realized during such year.

Tax Considerations to U.S. Holders in Respect of Ownership and Disposition of New BBX Capital Common Stock

Dividends

Any dividends paid by New BBX Capital out of its current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) generally will be taxable to a U.S. holder as ordinary dividend income. Corporate U.S. holders should generally be eligible for the dividends-received deduction and non-corporate U.S. holders should generally qualify for reduced rates applicable to qualified dividend income, assuming, in each case, that a minimum holding period and certain other generally applicable requirements are satisfied. Dividends in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. holder's basis in New BBX Capital's common stock and thereafter as capital gain. U.S. holders should consult their own tax advisors with respect to the appropriate U.S. federal income tax treatment of any dividend received from New BBX Capital. Dividends received by a non-corporate U.S. holder may be subject to a 3.8% Medicare tax on net investment income.

Sales or Other Dispositions of New BBX Capital Common Stock

A U.S. holder will recognize capital gain or loss on the sale or other disposition of New BBX Capital common stock in an amount equal to the difference between the U.S. holder's adjusted tax basis in its New BBX Capital common stock and the amount realized from the disposition. Any gain or loss on a sale or other disposition of New BBX Capital common stock generally will be treated as arising from U.S. sources and will be long-term capital gain or loss if the holder has held our common stock for more than one year. Deductions for capital losses are subject to limitations. Any gain recognized by a non-corporate U.S. holder may be subject to a 3.8% Medicare tax on net investment income.

Tax Considerations to Non-U.S. Holders in Respect of Ownership and Disposition of New BBX Capital Common Stock

Dividends

Any dividends paid on New BBX Capital common stock that are characterized as dividends paid to a Non-U.S. holder generally will be subject to withholding of U.S. federal income tax at a 30% rate or such lower rate as may be provided by an applicable income tax treaty. To receive the benefit of a reduced treaty rate, a Non-U.S. holder must furnish to New BBX Capital or its paying agent a valid IRS Form W-8 (or applicable successor form) certifying such holder's qualification for the reduced rate. This certification must be provided to New BBX Capital or its paying agent prior to the payment of dividends and must be updated periodically. If a Non-U.S. holder who qualifies for a reduced treaty rate but does not timely provide New BBX Capital or the payment agent with the required certification, such Non-U.S. holder may be entitled to a credit against their U.S. federal income tax liability or a refund of the tax withheld, which the Non-U.S. holder may claim by filing the appropriate claim for refund with the IRS.

Dividends that are treated as "effectively connected" with a trade or business conducted by a Non-U.S. holder within the United States (and, if an applicable income tax treaty so provides, are also attributable to a U.S. permanent establishment of such Non-U.S. holder) are not subject to the withholding tax, provided the Non-U.S.

Table of Contents

holder satisfies certain certification and disclosure requirements. Instead, such dividends, net of specified deductions and credits, are taxed at the same graduated U.S. federal income tax rates applicable to U.S. persons. To the extent a dividend is effectively connected with a U.S. trade or business, non-corporate Non-U.S. holders may be eligible for taxation at reduced U.S. federal tax rates applicable to qualified dividend income. Any such effectively connected dividends received by a Non-U.S. holder that is a corporation may, under certain circumstances, be subject to an additional “branch profits tax” at a 30% rate or such lower rate as specified by an applicable income tax treaty.

Sales or Other Dispositions of New BBX Capital Common Stock

Subject to the discussions under “Information Reporting and Backup Withholding” and “FATCA,” below, a Non-U.S. holder will generally not be subject to any U.S. federal income tax or withholding tax on any gain realized upon such holder’s sale or other disposition of New BBX Capital common stock. Gain on sale of New BBX Capital common stock may be subject to U.S. net income tax (and in respect of corporate non-U.S. holders, branch profits tax) if the gain is effectively connected with a trade or business of the Non-U.S. holder in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base of the Non-U.S. holder within the United States). Additionally, a Non-U.S. holder that is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and meets certain other requirements will be subject to a flat 30% tax on the amount of gain derived from the sale that, together with certain other U.S. source capital gains realized during such year, to the extent that they exceed certain U.S. source capital losses realized during such year.

FATCA

Sections 1471-1474 of the Code (commonly known as “FATCA”) impose a 30% withholding tax on certain types of payments (including dividends by Parent and New BBX Capital) made to “foreign financial institutions” and certain other non-U.S. entities unless (i) the foreign financial institution undertakes certain diligence and reporting obligations or (ii) the foreign non-financial entity either certifies it does not have any substantial U.S. owners or furnishes identifying information regarding each substantial U.S. owner. If any payee, whether or not it is a beneficial owner or an intermediary with respect to a payment, is a foreign financial institution that is not subject to special treatment under certain intergovernmental agreements, it must enter into an agreement with the U.S. Treasury requiring, among other things, that it undertakes to identify accounts held by certain U.S. persons or U.S.-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent them from complying with these reporting or other requirements. Withholding under this legislation on withholdable payments to foreign financial institutions and certain non-financial foreign entities also apply with respect to the gross proceeds of a disposition of New BBX Capital common stock (which will include sales, redemptions and returns on capital). Failure by a Non-U.S. holder (or any non-U.S. intermediary through which it will hold its stock) that is subject to FATCA to comply with its certification and reporting requirements, or properly document its status as a person not subject to FATCA withholding, could result in withholding at a rate of 30% on withholdable payments made to the Non-U.S. holder. Non-U.S. holders or U.S. holders owning Parent or New BBX Capital common stock through a non-U.S. intermediary should consult their tax advisors regarding this legislation.

Information Reporting and Backup Withholding

In general, information reporting requirements may apply to dividends, sales proceeds or other amounts paid to U.S. holders and Non-U.S. holders, unless an exemption applies. Backup withholding tax may apply to amounts subject to reporting if the holder fails to provide an accurate taxpayer identification number or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. A U.S. holder or Non-U.S. holder can claim a credit against its U.S. federal income tax liability for the amount of any backup withholding tax and a refund of any excess, provided that all required information is timely provided to the IRS. U.S. holders and Non-U.S. holders should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for establishing an exemption.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR SHAREHOLDER. EACH SHAREHOLDER IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF THE SPIN-OFF IN LIGHT OF THE SHAREHOLDER'S OWN CIRCUMSTANCES.

Holders

Currently, New BBX Capital is a wholly-owned subsidiary of Parent and as such it only has one shareholder, Parent. Upon completion of the spin-off, it is anticipated that New BBX Capital will have 111 record holders of 15,624,091 outstanding shares of New BBX Capital's Class A Common Stock and 51 record holders of 3,693,596 outstanding shares of New BBX Capital's Class B Common Stock. The outstanding share amounts set forth above is based on the number of shares of Parent's Class A Common Stock and Class B Common Stock expected to be outstanding on the record date and, as previously described, reflects the one-for-five reverse split of Parent's Class A Common Stock and Class B Common Stock effected on July 22, 2020.

Reason for Furnishing this Information Statement

We are furnishing this information statement to you, as a shareholder of Parent entitled to receive shares of New BBX Capital's common stock in the spin-off, for the sole purpose of providing you with information about the spin-off and New BBX Capital. This information statement is not, and you should not consider it, an inducement or encouragement to buy, hold or sell any securities of Parent or New BBX Capital. We believe that the information in this information statement is accurate as of the date set forth on the cover. Changes may occur after that date and neither Parent nor New BBX Capital undertakes any obligation to update the information except as may be required by law.

DIVIDEND POLICY

Following the spin-off, dividends by New BBX Capital will be at the discretion of New BBX Capital's Board of Directors based on New BBX Capital's financial condition, results of operations and capital requirements, and considerations that New BBX Capital's Board of Directors considers relevant. In addition, the terms of agreements governing New BBX Capital's indebtedness, whether existing at the time of the spin-off or subsequently entered into, may limit or prohibit dividend payments. It is currently expected that, for the foreseeable future following the spin-off, New BBX Capital will retain any earnings for use in the operation of its business. Accordingly, New BBX Capital does not anticipate paying any cash dividends on its common stock for the foreseeable future.

CAPITALIZATION

The following table presents our cash and cash equivalents and capitalization as of June 30, 2020 on a historical basis and on a pro forma basis to give effect to the spin-off and the related transactions and events described in this information statement as if the spin-off and such related transactions and events had occurred on June 30, 2020. We are providing the following capitalization table for informational purposes only. You should not construe it as indicative of our capitalization or financial condition had the spin-off and the related transactions and events been completed on the date assumed. The capitalization table below also may not reflect the capitalization or financial condition that would have resulted had New BBX Capital been operated as a separate company apart from Parent’s organization at that date or New BBX Capital’s future capitalization or financial condition. You should read the table below in conjunction with the financial and other information included in the sections of this information statement entitled “Unaudited Pro Forma Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and with New BBX Capital’s historical financial statements and accompanying notes included elsewhere in this information statement.

	June 30, 2020	
	Actual	Pro Forma
<i>(dollars in thousands)</i>		
Cash		
Cash and cash equivalents	\$ 96,537	96,537
Capitalization:		
Debt Outstanding		
Notes payable and lines of credit	41,614	41,614
Redeemable noncontrolling interest	1,759	1,759
Equity		
Preferred stock of \$0.01 par value: authorized 10,000,000 shares		
Class A Common Stock of \$0.01 par value; authorized 30,000,000 shares: none issued and outstanding, 15,624,091 pro forma	—	156
Class B Common Stock of \$0.01 par value; authorized 4,000,000 shares: none issued and outstanding, 3,693,596 pro forma	—	37
Additional paid-in-capital	—	317,739(A)
Parent’s net investment	242,932	—
Accumulated other comprehensive income	1,203	1,203
Parent equity/total stockholders’ equity	244,135	319,135
Noncontrolling interests	278	278
Total Equity	244,413	319,413
Total Capitalization	\$ 287,786	362,786

(A) In connection with the spin-off, Parent will issue a \$75 million promissory note in favor of New BBX Capital.

SELECTED HISTORICAL FINANCIAL INFORMATION

The following table presents selected historical financial data for the periods indicated below. New BBX Capital derived the selected historical statement of operations data for the six months ended June 30, 2020 and 2019 and the balance sheet data as of June 30, 2020 from its unaudited combined carve-out financial statements included elsewhere in this information statement. New BBX Capital derived the selected historical statement of financial condition data as of December 31, 2017 from its unaudited statement of financial condition that is not included in this information statement. New BBX Capital derived the selected historical financial data as of December 31, 2019 and 2018, and for each of the years in the three-year period ended December 31, 2019, from its audited combined carve-out financial statements included elsewhere in this information statement. In management's opinion, the unaudited combined carve-out financial statements have been prepared on the same basis as the audited combined carve-out financial statements and include all adjustments, consisting only of normal recurring adjustments and allocations, necessary for a fair presentation of the information for the periods presented.

The historical statements of operations reflect allocations of general corporate expenses from Parent, including, but not limited to, executive management, finance, legal, information technology, human resources, employee benefits administration, treasury, risk management and other shared services. These expenses have been allocated to New BBX Capital on the basis of direct usage when identifiable, while the remainder of the expenses, including costs related to executive compensation, were allocated primarily on a pro-rata basis of combined revenues and equity in earnings of unconsolidated joint ventures of Parent and its subsidiaries. Management considers these allocations to be a reasonable reflection of the utilization of services by, or the benefits provided to, New BBX Capital. The allocations may not, however, reflect the expenses New BBX Capital would have incurred as a stand-alone public company for the periods presented. Actual costs that may have been incurred if New BBX Capital had been a stand-alone public company would depend on a number of factors, including the chosen organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure. The financial statements included in this information statement may not necessarily reflect New BBX Capital's financial position, results of operations and cash flows as if New BBX Capital had operated as a stand-alone public company during all periods presented. Accordingly, New BBX Capital's historical results may not be a reliable indicator of its future performance or financial condition. In addition, the financial data as of and for the six months ended June 30, 2020 and 2019 are not necessarily indicative of the results that may be obtained for the full year or any other future period.

In presenting the financial data in conformity with GAAP, New BBX Capital is required to make estimates and assumptions that affect the amounts reported. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies" included elsewhere in this information statement for a detailed discussion of the accounting policies that management believes require subjective and complex judgments that could potentially affect reported results.

Table of Contents

You should read the selected historical financial data in conjunction with New BBX Capital's audited combined carve-out financial statements and unaudited combined carve-out financial statements included elsewhere in this information statement and the financial and other information contained in the sections of this information statement entitled "Unaudited Pro Forma Financial Statements," "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	For the Six Months		For the Years Ended		
	Ended		December 31,		
	June 30,		2019	2018	2017
	2020	2019	(in thousands)		
Statements of Operations Data:					
Total revenues	\$ 74,785	105,136	203,724	208,565	152,036
Total cost and expenses	119,896	107,000	213,227	226,126	178,068
Equity in earnings of unconsolidated real estate joint ventures	696	8,742	37,898	14,194	12,541
Other income	111	554	665	277	220
Foreign exchange gain (loss)	272	(24)	(75)	68	(193)
(Loss) income before income taxes	(44,032)	7,408	28,985	(3,022)	(13,464)
Benefit (provision) for income taxes (1)	9,214	(2,148)	(8,334)	(2,865)	(1,306)
Net (loss) income from continuing operations	(34,818)	5,260	20,651	(5,887)	(14,770)
Discontinued operations	(74)	(3,523)	(7,138)	(3,580)	(1,339)
Net (loss) income	(34,892)	1,737	13,513	(9,467)	(16,109)
Less: Net loss attributable to noncontrolling interests	4,312	68	224	266	20
Net (loss) income attributable to Parent	<u>\$ (30,580)</u>	<u>1,805</u>	<u>13,737</u>	<u>(9,201)</u>	<u>(16,089)</u>

	As of June 30,		As of December 31,	
	2020	2019	2018	2017
	(in thousands)			
Statements of Financial Condition Data:				
Total assets (2)	\$ 416,797	361,507	309,952	315,170
Borrowings (3)	41,614	42,736	37,496	43,920
Parent's equity	242,932	179,681	235,415	237,259
Accumulated other comprehensive income	1,203	1,554	1,216	1,785
Noncontrolling interests	278	1,001	899	(238)
Total equity (2)	244,413	182,236	237,530	238,806

- (1) The provision for income taxes for the year ended December 31, 2017 was the result of the reduction in New BBX Capital's net deferred income tax asset associated with the enactment of the Tax Cuts and Jobs Act which permanently lowered the corporate income tax rate from 35% to 21%. The provision for income taxes for the year ended December 31, 2018 was the result of nondeductible executive compensation.
- (2) Total assets as of June 30, 2020 and December 31, 2019 includes \$79.9 million and \$87.1 million of operating lease assets, while total assets in the prior periods presented do not include operating lease assets. Total equity as of December 31, 2019 includes a cumulative effect adjustment of \$2.2 million, net of income taxes, associated with a right-of-use asset impairment loss recognized upon the adoption of the new lease accounting standard on January 1, 2019. Based on the transition guidance elected by New BBX Capital upon the adoption of the new lease accounting standard, comparable prior periods are reported in accordance with Topic 840, which did not require the recognition of right-of-use assets and lease liabilities related to operating leases. See Note 2—Summary of Significant Accounting Policies to New BBX Capital's audited combined carve-out financial statements included elsewhere in this information statement.
- (3) Borrowings consist of community development bonds, revolving credit facilities and term loans.

UNAUDITED PRO FORMA FINANCIAL STATEMENTS

The unaudited pro forma combined financial statements set forth below have been derived from New BBX Capital's historical annual and interim financial statements, including its unaudited statement of financial condition as of June 30, 2020, its unaudited statement of operations for the six months ended June 30, 2020, and its audited statement of operations for the year ended December 31, 2019, which are included elsewhere in this information statement. New BBX Capital's historical financial statements include allocations of certain expenses from Parent, including expenses for costs related to functions such as treasury, tax, accounting, legal, internal audit, human resources, public and investor relations, general management, shared information technology systems, corporate governance activities, executive services and centrally managed employee benefit arrangements.

The unaudited pro forma combined financial statements give effect to the following transaction accounting adjustments:

- the \$75 million promissory note expected to be made by Parent in favor of New BBX Capital in connection with the spin-off; and
- New BBX Capital's anticipated post-distribution capital structure, including the issuance of approximately 15,624,091 shares of New BBX Capital's Class A Common Stock to holders of Parent's Class A Common Stock and approximately 3,693,596 shares of New BBX Capital's Class B Common Stock to holders of Parent's Class B Common Stock (in each case, based upon the number of outstanding shares of Parent's Class A Common Stock or Class B Common Stock, as applicable, on June 30, 2020, the one-for-five reverse split of Parent's Class A Common Stock and Class B Common Stock effected on July 22, 2020, the acceleration of the vesting of restricted stock awards of Parent's Class A Common Stock and Class B Common Stock previously granted to Parent's executives, and a distribution ratio of one share of New BBX Capital's Class A Common Stock for each share of Parent's Class A Common Stock and one share of New BBX Capital's Class B Common Stock for each share of Parent's Class B Common Stock).

The unaudited pro forma statements of operations for the six months ended June 30, 2020 and the year ended December 31, 2019 give effect to the spin-off and the related transactions described above as if they had occurred on January 1, 2019. The unaudited pro forma balance sheet as of June 30, 2020 gives effect to the spin-off and the related transactions described above as if they had occurred on such date.

In management's opinion, the unaudited pro forma combined financial statements reflect adjustments necessary to present fairly New BBX Capital's pro forma results and financial position as of and for the periods indicated. The pro forma adjustments are based on currently available information and assumptions management believes are, under the circumstances and given the information available at this time, reasonable, directly attributable to New BBX Capital's separation from Parent, and reflect changes necessary to reflect New BBX Capital's financial condition and results of operations as if New BBX Capital was a stand-alone entity.

The unaudited pro forma combined financial statements are for illustrative and informational purposes only and are not intended to represent what New BBX Capital's results of operations or financial position would have been had the spin-off and related transactions occurred on the dates assumed. The unaudited pro forma combined financial statements also should not be considered indicative of New BBX Capital's future results of operations or financial position as a separate, publicly-traded company.

Parent currently provides many corporate functions on New BBX Capital's behalf, including those described above, and New BBX Capital's historical financial statements include allocations of these expenses from Parent. We believe that these allocations are representative of costs that New BBX Capital would have

Table of Contents

incurred as a separate stand-alone publicly-traded company. However, future costs that New BBX Capital may incur as a stand-alone publicly-traded company are uncertain and may be higher or lower than the historical allocations in the unaudited pro forma combined financial statements.

Costs related to the spin-off prior to its completion have been and will be borne by Parent. These costs include, but are not limited to, the recognition in contemplation of the spin-off of compensation expense related to the acceleration of the vesting of restricted stock awards previously granted to Parent's executives (for which unrecognized compensation expenses were \$19.8 million as of June 30, 2020) and the cost of the expected cash payout to settle Parent's long-term incentive program for 2020 (which was historically paid primarily in stock awards). Accordingly, these costs were not allocated to New BBX Capital or otherwise reflected in New BBX Capital's financial statements, including New BBX Capital's historical and pro forma statements of operations contained herein.

The unaudited pro forma combined financial statements should be read in conjunction with New BBX Capital's historical financial statements and accompanying notes included elsewhere in this information statement and the financial and other information contained in the section of this information statement entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations."

NEW BBX CAPITAL
UNAUDITED PRO FORMA STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(In thousands, except per share data)

	Historical	Transaction Accounting Adjustments	Autonomous Entity Adjustments	Pro Forma
Revenues:				
Trade sales	\$ 63,936	—	—	63,936
Sales of real estate inventory	9,278	—	—	9,278
Interest income	199	2,250 (B)	—	2,449
Net losses on sales of real estate assets	(34)	—	—	(34)
Other revenue	1,406	—	—	1,406
Total revenues	74,785	2,250	—	77,035
Costs and Expenses:				
Cost of trade sales	52,173	—	—	52,173
Cost of real estate inventory sold	6,106	—	—	6,106
Interest expense	—	—	—	—
Recoveries from loan losses, net	(5,037)	—	—	(5,037)
Impairment losses	30,740	—	—	30,740
Selling, general and administrative expenses	35,914	—	—	35,914
Total costs and expenses	119,896	—	—	119,896
Operating profits (losses)	(45,111)	2,250	—	(42,861)
Equity in net earnings of unconsolidated real estate joint ventures	696	—	—	696
Other income	111	—	—	111
Foreign exchange gain	272	—	—	272
Loss from continuing operations before income taxes	(44,032)	2,250	—	(41,782)
Benefit (provision) for income taxes	9,214	(471) (C)	—	8,743
Net Loss from continuing operations	(34,818)	1,779	—	(33,039)
Less: Net loss attributable to noncontrolling interests	4,312	—	—	4,312
Net Loss from continuing operations attributable to parent/shareholders	<u>\$ (30,506)</u>	<u>1,779</u>	<u>—</u>	<u>(28,727)</u>
Earnings per common share				
Basic			(D)	(1.49)
Diluted			(D)	(1.49)
Weighted-average common shares outstanding				
Basic			(E)	19,261
Diluted			(E)	19,261

See accompanying notes to unaudited pro forma combined financial statements

NEW BBX CAPITAL
UNAUDITED PRO FORMA STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In thousands, except per share data)

	Historical	Transaction Accounting Adjustments	Autonomous Entity Adjustments	Pro Forma
Revenues:				
Trade sales	\$180,319	—	—	180,319
Sales of real estate inventory	5,049	—	—	5,049
Interest income	811	4,500 (B)	—	5,311
Net gains on sales of real estate assets	13,616	—	—	13,616
Other revenue	3,929	—	—	3,929
Total revenues	<u>203,724</u>	<u>4,500</u>	<u>—</u>	<u>208,224</u>
Costs and Expenses:				
Cost of trade sales	125,735	—	—	125,735
Cost of real estate inventory sold	2,643	—	—	2,643
Interest expense	433	—	—	433
Recoveries from loan losses, net	(5,428)	—	—	(5,428)
Impairment losses	189	—	—	189
Selling, general and administrative expenses	89,655	—	—	89,655
Total costs and expenses	<u>213,227</u>	<u>—</u>	<u>—</u>	<u>213,227</u>
Operating profits (losses)	<u>(9,503)</u>	<u>4,500</u>	<u>—</u>	<u>(5,003)</u>
Equity in net earnings of unconsolidated real estate joint ventures	37,898	—	—	37,898
Other income	665	—	—	665
Foreign exchange loss	(75)	—	—	(75)
Income from continuing operations before income taxes	28,985	4,500	—	33,485
(Provision) for income taxes	(8,334)	(1,104) (C)	—	(9,438)
Net income from continuing operations	20,651	3,396	—	24,047
Less: net loss attributable to noncontrolling interests	224	—	—	224
Net income from continuing operations attributable to parent/shareholders	<u>\$ 20,875</u>	<u>3,396</u>	<u>—</u>	<u>24,271</u>
Earnings per common share				
Basic			(D)	1.26
Diluted			(D)	1.26
Weighted-average common shares outstanding				
Basic			(E)	19,276
Diluted			(E)	19,276

See accompanying notes to unaudited pro forma combined financial statements

NEW BBX CAPITAL
UNAUDITED PRO FORMA STATEMENT OF FINANCIAL CONDITION
AS OF JUNE 30, 2020
(In thousands)

	Historical	Transaction Accounting Adjustments	Autonomous Entity Adjustments	Pro Forma
ASSETS				
Cash and cash equivalents	\$ 96,537	—	—	96,537
Restricted cash	529	—	—	529
Trade accounts receivable, net	15,157	—	—	15,157
Trade inventory	20,501	—	—	20,501
Real estate	63,897	—	—	63,897
Investments in unconsolidated real estate joint ventures	63,775	—	—	63,775
Property and equipment, net	28,990	—	—	28,990
Goodwill	14,864	—	—	14,864
Intangible assets, net	6,392	—	—	6,392
Operating lease assets	79,853	—	—	79,853
Note receivable from parent	—	75,000(A)	—	75,000
Due from Parent	683	—	—	683
Other assets	15,614	—	—	15,614
Deferred tax asset, net	9,944	—	—	9,944
Discontinued operations total assets	61	—	—	61
Total assets	<u>\$416,797</u>	<u>75,000</u>	<u>—</u>	<u>491,797</u>
LIABILITIES AND EQUITY				
Liabilities:				
Accounts payable	11,814	—	—	11,814
Accrued expenses	14,440	—	—	14,440
Other liabilities	6,597	—	—	6,597
Operating lease liabilities	96,119	—	—	96,119
Notes payable and other borrowings	41,614	—	—	41,614
Discontinued operations total liabilities	41	—	—	41
Total liabilities	<u>170,625</u>	<u>—</u>	<u>—</u>	<u>170,625</u>
Redeemable noncontrolling interest	1,759	—	—	1,759
Equity:				
Parent's equity	242,932	75,000(A)	—	317,932
Accumulated other comprehensive income	1,203	—	—	1,203
Noncontrolling interests	278	—	—	278
Total equity	<u>244,413</u>	<u>75,000</u>	<u>—</u>	<u>319,413</u>
Total liabilities and equity	<u>\$416,797</u>	<u>75,000</u>	<u>—</u>	<u>491,797</u>

See accompanying notes to unaudited pro forma combined financial statements

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

- A. Pursuant to the Separation and Distribution Agreement between Parent and New BBX Capital, Parent will issue a \$75 million promissory note in favor of New BBX Capital.
- B. Adjustment represents interest income from Parent's \$75 million promissory note that bears interest at 6.0% per annum.
- C. Represents the provision for income taxes based on the estimated effective income tax rate of 20.9% for the six months ended June 30, 2020 and 24.5% for the year ended December 31, 2019.
- D. Pro forma basic and diluted earnings (loss) per share were calculated based on income (loss) from continuing operations attributable to shareholders divided by the weighted average pro forma basic common shares and diluted common shares, respectively, outstanding for the period.
- E. Pro forma weighted average basic and diluted common shares outstanding for the six months ended June 30, 2020 and the year ended December 31, 2019 reflect Parent's historical basic weighted average shares outstanding for the respective periods adjusted for the 1 for 5 reverse stock split effected by Parent and the accelerated vesting of outstanding restricted stock awards as of January 1, 2019 (or when the restricted stock awards were granted if the grant date for the applicable award was subsequent to January 1, 2019).

BUSINESS

You should read the following business description in conjunction with New BBX Capital's audited and unaudited combined carve-out financial statements and related notes appearing elsewhere in this information statement.

Company Overview

New BBX Capital is a Florida-based diversified holding company. Prior to the spin-off, New BBX Capital will be converted into a Florida corporation. New BBX Capital's principal holdings include (i) BBX Capital Real Estate, which is engaged in the acquisition, development, construction, ownership, financing, and management of real estate and investments in real estate joint ventures, owns a 50% equity interest in The Altman Companies, a developer and manager of multifamily apartment communities, and manages the legacy assets retained in connection with Parent's sale of BankAtlantic in 2012, including a portfolio of loans receivable, real estate properties and judgments, (ii) BBX Sweet Holdings, which is engaged in the ownership and management of companies in the confectionery industry, including IT'SUGAR, a retailer of special candy products, including bulk candy, candy in giant packaging and novelty items, and (iii) Renin, which is engaged in the design, manufacture, and distribution of sliding doors, door systems and hardware, and home décor products.

The Company's goal is to build long-term shareholder value. Since many of the Company's assets do not generate income on a regular or predictable basis, the Company's objective is long-term growth as measured by increases in book value and intrinsic value over time. In addition, the Company's goal is to streamline its investment verticals so that the Company can be more easily analyzed and followed by the marketplace.

The Company regularly reviews the performance of its investments and, based upon economic, market, and other relevant factors, considers transactions involving the sale or disposition of all or a portion of its assets, investments, or subsidiaries.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a discussion of the impact of the COVID-19 pandemic on the operations and results of our businesses and investments.

Our Businesses

BBX Capital Real Estate

BBX Capital Real Estate is engaged in the acquisition, development, construction, ownership, financing, and management of real estate and investments in real estate joint ventures, including investments in multifamily rental apartment communities, single-family master-planned for sale communities, and commercial properties located primarily in Florida. In addition, it owns a 50% equity interest in The Altman Companies, a developer and manager of multifamily apartment communities, and manages the legacy assets acquired in connection with Parent's sale of BankAtlantic in 2012, including a portfolio of loans receivable, real estate properties and judgments.

BBX Capital Real Estate's strategy is focused on:

- identifying and acquiring or developing real estate, including multifamily apartment and townhome communities, single-family master-planned communities, and commercial properties; and
- identifying and investing in opportunistic real estate joint ventures with third party developers.

Although BBX Capital Real Estate has historically focused on the monetization of the legacy asset portfolio through the collection or sale of loans receivable and the development or sale of foreclosed real estate properties,

[Table of Contents](#)

it largely completed the monetization of the portfolio following the sale of several significant real estate properties during 2019. As a result, BBX Capital Real Estate is currently focused on leveraging The Altman Companies, as well as BBX Capital Real Estate's relationships with third party developers, to identify new development opportunities with the goal of building a diversified portfolio of real estate investments that generate profits. In addition to the development and sale of multifamily apartment communities, these investment opportunities may also include the development of multifamily apartment communities that will be owned over a long-term hold period and the acquisition of existing multifamily apartment communities which can be renovated and re-leased pursuant to a "value add" strategy, as well as the pursuit of possible investment opportunities in additional geographic locations. Furthermore, while BBX Capital Real Estate's investments in multifamily apartment communities sponsored by The Altman Companies primarily involve investing in the managing member in the joint ventures that are formed to invest in such projects, BBX Capital Real Estate has in the past and may in the future consider opportunistically making debt or equity investments in one or more of such projects in lieu of seeking funding from unaffiliated third parties.

Investments

BBX Capital Real Estate currently holds investments in a diverse portfolio of real estate developments, including multifamily rental apartment communities, single-family master-planned for sale communities, mixed-used properties, and other legacy assets. The following provides a description of certain of these investments.

Multifamily Apartment Developments—The Altman Companies

The Altman Companies

In November 2018, BBX Capital Real Estate acquired a 50% equity interest in The Altman Companies, a joint venture between BBX Capital Real Estate and Joel Altman engaged in the development, construction, and management of multifamily apartment communities, for cash consideration of \$14.6 million, including \$2.3 million in transaction costs. The Company accounts for this investment under the equity method of accounting. The Altman Companies is a fully integrated platform engaged in all aspects of the development process through its ownership of various operating companies that were previously owned and operated by Mr. Altman. These companies and their predecessors have operated since 1968 and have developed and managed more than 25,000 multifamily units throughout the United States, including communities in Florida, Michigan, Illinois, Tennessee, Georgia, Texas, and North Carolina. The Altman Companies currently operates through the following companies:

- Altman Development Company ("ADC")—The Altman Companies owns 100% of ADC, which performs site selection and other predevelopment activities (including project underwriting and design), identifies development financing (which is typically comprised of a combination of internal and external equity and institutional debt), provides oversight of the construction process, and arranges for the ultimate sale of the projects upon stabilization. ADC enters into a development agreement with each joint venture that is formed to invest in development projects originated by the platform and earns a development fee for its services.
- Altman Management Company ("AMC")—The Altman Companies owns 100% of AMC, which performs leasing and property management services for the multifamily apartment communities developed by the Altman Companies prior to the ultimate sale of such projects. In certain cases, AMC also provides such services to apartment communities owned by third parties and certain affiliated entities. AMC enters into a leasing and property management agreement with each joint venture that is formed to invest in projects originated by the platform and earns a management fee for its services.
- Altman-Glenewenkel Construction ("AGC")—The Altman Companies owns 60% of AGC, which performs general contractor services for the multifamily apartment communities developed by the Altman Companies. AGC enters into a general contractor agreement with each joint venture that is formed to invest in projects originated by the platform and earns a general contractor fee for its services.

Table of Contents

In addition to the fees earned by these companies, BBX Capital Real Estate invests in the managing member of the joint ventures that are formed to invest in projects originated by the platform. Such equity interests are typically entitled to a preferred equity interest in the projects to the extent that the external equity investors in such ventures receive agreed-upon returns on their investments.

The Altman Companies has historically incurred operating costs in excess of the fees earned from the projects, and as a result, earnings generated by the platform generally arise as a result of the ability to invest as the managing member and receive promoted equity interests in the projects.

Pursuant to the operating agreement of The Altman Companies, BBX Capital Real Estate will acquire an additional 40% equity interest in The Altman Companies from Mr. Altman for a purchase price, subject to certain adjustments, of \$9.4 million in January 2023, and Mr. Altman can also, at his option or in other predefined circumstances, require New BBX Capital to purchase his remaining 10% equity interest in The Altman Companies for \$2.4 million. However, he will retain his membership interests, including his decision making rights, in the managing member of any development joint ventures that are originated prior to New BBX Capital's acquisition of additional equity interests in The Altman Companies. In addition, in certain circumstances, BBX Capital Real Estate may acquire the 40% membership interests in AGC that are not owned by The Altman Companies for a purchase price based on prescribed formulas in the operating agreement of AGC.

In connection with its investment in the Altman Companies, BBX Capital Real Estate acquired interests in the managing member of seven multifamily apartment developments, including four developments in which BBX Capital Real Estate had previously invested as a non-managing member, for aggregate cash consideration of \$8.8 million.

In addition, as of June 30, 2020, BBX Capital Real Estate and Mr. Altman have each contributed \$3.75 million to ABBX Guaranty, LLC, a joint venture established to provide guarantees on the indebtedness and construction cost overruns of new real estate joint ventures formed by The Altman Companies.

The following provides a description of certain of BBX Capital Real Estate's current investments in multifamily apartment communities sponsored by The Altman Companies.

Altis at Grand Central

In September 2017, BBX Capital Real Estate invested \$1.9 million as one of a number of investors in a joint venture with Mr. Altman to develop Altis at Grand Central, a 314 unit multifamily apartment community in Tampa, Florida. In November 2018, BBX Capital Real Estate also acquired approximately 50% of Mr. Altman's membership interest in the joint venture for \$0.6 million. Construction commenced in 2017 and is expected to be substantially completed during 2020. The 314 apartment units were approximately 50% leased as of June 30, 2020.

Altis at Promenade

In December 2017, BBX Capital Real Estate invested \$1.0 million as one of a number of investors in a joint venture with Mr. Altman to develop Altis at Promenade, a 338 unit multifamily apartment community in Tampa, Florida. In November 2018, BBX Capital Real Estate also acquired approximately 50% of Mr. Altman's membership interest in the joint venture for \$1.2 million. Construction commenced in 2018 and was substantially completed during 2019. The 338 apartment units were approximately 70% leased as of June 30, 2020.

Altis at Ludlam

During 2018, BBX Capital Real Estate invested \$0.7 million with Mr. Altman and another investor in a joint venture to acquire land, obtain entitlements, and fund predevelopment costs for a potential multifamily apartment

Table of Contents

development in Miami, Florida. During 2019, BBX Capital Real Estate invested an additional \$0.4 million in the joint venture to fund predevelopment costs. In June 2020, the joint venture obtained entitlements, closed on development financing, and commenced development of a 312 unit multifamily apartment community with 7,500 square feet of retail space. In connection with the closing, BBXRE received a \$0.5 million distribution from the joint venture as a reimbursement of predevelopment costs and invested an additional \$8.5 million in the joint venture as preferred equity.

Altis at Preserve (Suncoast)

During 2018, BBX Capital Real Estate invested \$1.9 million with Mr. Altman in a joint venture to acquire land, obtain entitlements, and fund predevelopment costs for the development of Altis at Preserve (Suncoast), a 350 unit multifamily apartment community in Tampa, Florida. In 2019, the joint venture closed on its development financing and commenced construction, which is expected to be substantially completed in 2020. In connection with the closing, BBX Capital Real Estate and Mr. Altman retained membership interests in the managing member of the joint venture and received distributions of a portion of their previous capital contributions based on the final development financing structure.

Altis at Pembroke Gardens

In November 2018, BBX Capital Real Estate acquired approximately 50% of Mr. Altman's membership interest in a joint venture invested in Altis at Pembroke Gardens for \$1.3 million. Altis at Pembroke Gardens is a 280 unit multifamily apartment community in Pembroke Pines, Florida. Construction of the community was completed during 2017, and the 280 apartment units were approximately 88% leased as of June 30, 2020. The joint venture intends to seek to sell the project in 2021.

Altis at Boca Raton

In November 2018, BBX Capital Real Estate acquired approximately 50% of Mr. Altman's membership interest in a joint venture invested in Altis at Boca Raton for \$1.9 million. Altis at Boca Raton is a 398 unit multifamily apartment community in Boca Raton, Florida. Construction of the community was completed during 2017, and the 398 apartment units were approximately 88% leased as of June 30, 2020. The joint venture intends to seek to sell the project in 2021.

Altis at Little Havana

In June 2019, BBX Capital Real Estate invested \$0.8 million in a joint venture sponsored by The Altman Companies to develop Altis at Little Havana, a 224 unit multifamily apartment community in Miami, Florida. Construction commenced in 2019 and is expected to be substantially completed in 2021.

Altis at Lake Willis (Vineland Point)

In August 2019, BBX Capital Real Estate invested \$4.5 million in a joint venture sponsored by The Altman Companies to acquire land, obtain entitlements, and fund predevelopment costs for the development of a potential multifamily apartment community in Orlando, Florida. The joint venture is continuing to evaluate its plans for the project, including the potential development of the community in two phases.

Altis at Miramar East/West

In October 2019, BBX Capital Real Estate invested \$2.5 million in a joint venture sponsored by The Altman Companies to develop Altis Miramar West, a 320 unit multifamily apartment community, and Altis Miramar East, a 330 unit multifamily apartment community, on two adjacent sites in Miramar, Florida. Construction commenced in 2019 and is expected to be substantially completed in 2021.

Table of Contents

Rights to Joint Venture Distributions

The operating agreements governing Altman joint ventures generally provide that the holders of thenon-managing membership interests are entitled to distributions based on their pro-rata share of the capital contributions to the ventures until such members receive their aggregate capital contributions plus a specified return on their capital. After such members receive their contributed capital and the specified returns, distributions are based on an agreed-upon allocation of the remaining cash flows available for distribution, with the holders of the managing membership interests receiving an increasing percentage of the distributions. As BBX Capital Real Estate's investments in the above joint ventures include investments as both a non-managing member and a managing member, New BBX Capital's economic interest in the expected distributions from such ventures in many cases is not the same as its pro-rata share of its contributed capital in such ventures.

Single Family Developments

Beacon Lake Master Planned Development

BBX Capital Real Estate has obtained entitlements to develop raw land in St. Johns County, Florida into 1,476 finished lots which will comprise the Beacon Lake Community. As part of the development, BBX Capital Real Estate is developing the land and common areas and selling the finished lots to third-party homebuilders who will construct single-family homes and townhomes that are planned to range from 1,800 square feet to 4,000 square feet and priced from the high \$200,000's to the \$500,000's.

In 2017, BBX Capital Real Estate commenced land development and entered into agreements with homebuilders for the 302 finished lots comprising Phase I of the project. During the years ended December 31, 2019 and 2018, BBX Capital Real Estate closed on the sale of all of the finished lots comprising Phase I to homebuilders (51 in 2019 and 251 in 2018).

BBX Capital Real Estate has also commenced land development of the lots comprising Phase II of the project, which is expected to include approximately 400 single-family homes and 196 townhomes, and an additional 79 lots for single-family homes as part of Phase III of the project. During the six months ended June 30, 2020, BBX Capital Real Estate closed on the sale of 71 single family lots and 38 townhome lots to homebuilders. As of June 30, 2020, BBX Capital Real Estate had entered into agreements with homebuilders to sell developed lots for an additional 373 single-family homes and 158 townhomes as part of Phases II and III and has collected deposits related to these agreements.

BBX Capital Real Estate has financed a portion of the development costs for the project through the issuance of Community Development District Bonds. Under the terms of the agreements with the homebuilders, in connection with the sale of the finished lots, BBX Capital Real Estate is required to repay a portion of the bonds with proceeds from such sales, while a portion of the bonds are required to be assumed by the homebuilders.

Sky Cove

In June 2019, BBX Capital Real Estate invested \$4.2 million as one of a number of investors in a joint venture with Label & Co. to develop Sky Cove at Westlake, a residential community comprised of 204 single family homes in Loxahatchee, Florida. BBX Capital Real Estate is entitled to receive 26.25% of the joint venture distributions until it receives its aggregate capital contributions plus a specified return on its capital. After all investors receive a specified return and the return of their contributed capital, any distributions thereafter are shared based on earnings, with Label & Co., as the managing member, receiving an increasing percentage of distributions. The project commenced construction in 2019, and home closings commenced in 2020.

Marbella

As of June 30, 2020, BBX Capital Real Estate had invested \$7.0 million in a joint venture with CC Homes to develop Marbella, a residential community comprised of 158 single family homes in Miramar, Florida, and

Table of Contents

expects to invest an additional \$1.3 million in the venture during the remainder of 2020. BBX Capital Real Estate is entitled to receive 70.00% of the joint venture distributions until it receives its aggregate capital contributions plus a specified return on its capital. After all investors receive a specified return and the return of their contributed capital, any distributions thereafter are shared based on earnings, with CC Homes, as the managing member, receiving an increasing percentage of distributions. The joint venture acquired the development land in 2019 and commenced site development in 2020.

Mixed Use Developments

Bayview

In 2014, BBX Capital Real Estate invested in a joint venture with an affiliate of Procacci Development Corporation (“PDC”). At the inception of the venture, BBX Capital Real Estate and PDC each contributed \$1.8 million to the venture in exchange for a 50% interest. The joint venture acquired for \$8.0 million approximately three acres of real estate in Fort Lauderdale, Florida. There is currently an approximate 84,000 square foot office building, along with a convenience store and gas station, on the property. The office building has low occupancy with short term leases, while the lease for the convenience store ends in March 2022. BBX Capital Real Estate anticipates that the property will be redeveloped into a mixed-use project in the future.

L03/212 Partners

As of June 30, 2020, BBX Capital Real Estate has invested \$2.8 million as one of a number of investors in The Main Las Olas joint venture, which was formed to invest in the development of The Main Las Olas, a mixed-used project in downtown Fort Lauderdale, Florida that is planned to be comprised of an office tower with approximately 365,000 square feet of leasable area, a residential tower with approximately 341 units, and approximately 45,000 square feet of ground floor retail. As of December 31, 2019, BBX Capital Real Estate expects to invest an additional \$1.0 million in the venture as development progresses. The project is currently under construction and is anticipated to be substantially completed during the fourth quarter of 2020. Parent has executed an agreement with the joint venture to lease space in the office tower for its corporate headquarters.

Other Assets

In addition to the above projects, BBX Capital Real Estate holds certain investments in real estate joint ventures in which a majority of the assets of the ventures have been sold. BBX Capital Real Estate also holds various legacy assets acquired in connection with Parent’s sale of BankAtlantic in 2012, including loans receivable and real estate with an aggregate carrying amount of approximately \$21.8 million as of June 30, 2020. The majority of the legacy assets do not generate cash flows on a regular or predictable basis and are not expected to do so until the assets are monetized through loan repayments or transactions involving the sale, joint venture, or development of the underlying real estate.

In recent years, BBX Capital Real Estate has generated substantial profits from the legacy asset portfolio, as the majority of the loans receivable and foreclosed real estate assets within the portfolio were impaired in prior periods to their estimated fair values during the recession that began in 2007 and 2008 but were ultimately monetized by BBX Capital Real Estate following the subsequent recovery in the real estate market over the past several years. Although BBX Capital Real Estate is continuing its efforts to monetize the remaining assets within the portfolio, BBX Capital Real Estate has substantially completed the monetization of the portfolio and does not expect to generate substantial profits from the remaining assets in future periods.

BBX Sweet Holdings

Business Overview

BBX Sweet Holdings is engaged in the ownership and management of operating businesses in the confectionery industry, including IT’SUGAR, Hoffman’s Chocolates, and Las Olas Confections and Snacks.

[Table of Contents](#)

IT'SUGAR is a specialty candy retailer in retail locations, which include a mix of high-traffic resort and entertainment, lifestyle, mall/outlet, and urban locations throughout the U.S. Its products include bulk candy, candy in giant packaging, and licensed and novelty items. IT'SUGAR has historically utilized a store model for its retail locations that requires a relatively low initial investment, with a goal of shorter payback periods and increased investment returns. However, as a result of trends in retail consumer traffic, IT'SUGAR had focused on opening and operating larger stores in select resort and entertainment locations which generally experience higher traffic and sales volume but require a higher initial investment. During 2019, IT'SUGAR continued to invest capital in these types of locations, including Grand Bazaar, a 6,000 square foot location in Las Vegas, Nevada that was opened in June 2019, and a 22,000 square foot, three story candy department store at American Dream, a 3 million square foot shopping and entertainment complex in New Jersey. While the American Dream store opened in December 2019, it was closed and remained closed as of June 30, 2020 as a result of the COVID-19 pandemic. In addition, IT'SUGAR is continuing to evaluate its current retail locations where sales volumes may give rise to early lease termination rights and the potential opportunity to renegotiate lease terms and occupancy costs. For certain underperforming locations where IT'SUGAR does not have early lease termination rights, IT'SUGAR is evaluating potential opportunities to close or sublease such locations. In certain circumstances, IT'SUGAR may determine that it is in its best interest to incur costs to exit a location if New BBX Capital believes that the closure of such locations will improve IT'SUGAR's overall operating efficiencies and profitability over the long term.

BBX Sweet Holdings' other operations include Hoffman's Chocolates, a retailer of gourmet chocolates with retail locations in South Florida, and Las Olas Confections and Snacks, a manufacturer and wholesaler of chocolate and other confectionery products.

Renin

Business Overview

Renin is engaged in the design, manufacture, and distribution of sliding doors, door systems and hardware, and home décor products and operates through its headquarters in Canada and two manufacturing and distribution facilities in the United States and Canada. In addition to its own manufacturing, Renin also sources various products and materials from China and Vietnam. Following BBX Capital's acquisition of Renin in 2013, Renin, which historically generated operating losses, has become profitable, generating trade sales of \$67.5 million and income before taxes of \$1.8 million for the year ended December 31, 2019 and for the six months ended June 30, 2020.

Renin's products are sold through three channels in North America: retail, commercial, and direct installation in the greater Toronto area. Renin's retail channel currently comprises approximately 63% of its gross sales and includes big box retail customers such as Lowes, Home Depot, and Costco. Revenues from one customer of Renin represented \$20.2 million, \$20.7 million, and \$20.9 million of the New BBX Capital's total revenues for the years ended December 31, 2019, 2018 and 2017, respectively, which represented nearly 10% of the Company's total revenues for the years ended December 31, 2019 and 2018 and over 10% of the Company's total revenues for the year ended December 31, 2017. Its commercial channel currently comprises approximately 26% of its gross sales and includes original equipment manufacturers and fabricators across North America. Renin's direct installation channel generates the remaining sales.

Renin's business and operating strategy is focused on:

- Growing sales across all channels by delivering outstanding customer service and consistently developing innovative products;
- Improving gross margin by lowering manufacturing costs through productivity improvement;
- Reducing customer lead-times through better inventory planning and repatriation of domestic manufacturing balanced with global sourcing of finished goods; and
- Seeking to potentially acquire companies in complementary businesses.

Table of Contents

Renin has entered into a non-binding letter of intent in connection with a possible acquisition of a Canadian company which is engaged in a complementary business. Renin is currently performing due diligence in connection with the potential acquisition. There is no assurance that a definitive agreement for the acquisition will be entered into by the parties or that the transaction will be consummated.

Competition

The industries in which New BBX Capital's investments conduct business are very competitive, and New BBX Capital also faces substantial competition with respect to our investment activities from real estate investors and developers, private equity funds, hedge funds, and other institutional investors. New BBX Capital competes with institutions and entities that are larger and have greater resources than the resources available to New BBX Capital.

BBX Capital Real Estate invests in the development of multifamily apartment communities. Due to the historically strong performance of this class of asset within the real estate market, BBX Capital Real Estate is experiencing increased competition from other real estate investors and developers, which is increasing the cost of land and resulting in increased inventories of multifamily apartment communities in the markets in which BBX Capital Real Estate invests and operates, which can decrease market rental rates and increase the time required to lease and stabilize its developments.

Renin's products are primarily sold to large retailers and wholesalers, and it experiences intense competition from importers of foreign products.

Four unaffiliated companies in the confectionery industry currently account for the majority of the industry's revenues, reflecting significant concentration and competition in the industry in which BBX Sweet Holdings operates.

Regulatory Matters

As a public company, New BBX Capital will be subject to federal securities laws, including the Exchange Act. In addition, the companies in which New BBX Capital holds investments are subject to federal, state and local laws and regulations generally applicable to their respective businesses.

Seasonality

BBX Sweet Holdings' businesses are subject to seasonal fluctuations in trade sales, which cause fluctuations in BBX Sweet Holdings' quarterly results of operations. Historically, IT'SUGAR generated its strongest retail trade sales during the months from June through August, as well as during the month of December, when families are on vacation. BBX Sweet Holdings' other operating businesses generate their strongest trade sales during the fourth quarter in connection with various holidays in the United States.

Employees

As of December 31, 2019, New BBX Capital had 1,312 employees. As previously described, however, New BBX Capital has taken steps to reduce expenses in connection with, and in an attempt to mitigate the effects of, the COVID-19 pandemic, including the furlough by IT'SUGAR of all of its store employees and the majority of its corporate employees beginning in March 2020. While certain of such employees have been recalled as part of IT'SUGAR's phased reopening plan, not all IT'SUGAR stores have been reopened and certain stores that were reopened have subsequently been required to close due to government mandates or staffing shortages. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information.

None of our employees are represented by a labor organization, and none are party to any collective bargaining agreement. We have not experienced any work stoppages and consider our relations with our employees to be satisfactory.

Properties

Following the spin-off, Parent and New BBX Capital will share office space at their principal executive offices located at 401 East Las Olas Boulevard, Suite 800, Fort Lauderdale, Florida, 33301. The space is currently leased by Parent under a lease with an expiration date of February 28, 2021. Parent has the right to renew the terms of the lease for two additional terms of five years commencing as of the expiration date. Parent has executed a lease for a new principal executive office located at 201 East Las Olas Boulevard, Fort Lauderdale, Florida, 33301, and expects to relocate its office upon the delivery of the new space during the first quarter of 2021. The lease agreement for the new principal executive office has an initial term of 10 years and provides Parent with the right to renew the terms of the lease for three additional terms of five years following the initial term. It is expected that the principal executive office lease will either be assigned to New BBX Capital, with a portion of the office space to be subleased to Parent at a rate of \$200,000 per year, or New BBX Capital will pay or reimburse Parent for payments under the lease other than \$200,000 of annual rent to be borne by Parent.

BBX Sweet Holdings maintains certain executive offices at Parent's principal executive office and also maintains a principal executive office for IT'SUGAR at 3155 Southwest 10th Street, Deerfield Beach, Florida that is occupied under a lease with an expiration date of October 31, 2024. BBX Sweet Holdings operates retail locations throughout the United States which are subject to leases that expire between 2020 and 2030 and seven Hoffman's Chocolates retail locations in South Florida which are subject to leases that expire between 2020 and 2026. BBX Sweet Holdings also operates a manufacturing facility in Orlando, Florida which is subject to a lease that expires in 2020, subject to four one-year renewals that may be exercised by BBX Sweet Holdings, and leases a manufacturing facility in Utah which is subject to a lease that expires in 2023 and has been subleased. BBX Sweet Holdings also owns a manufacturing facility in Greenacres, Florida. As discussed herein, BBX Sweet Holdings and IT'SUGAR in particular are not current in the payments due under their leases and in many cases the landlords have delivered notices of default with respect to the leased premises.

Renin's principal executive office is located at 110 Walker Drive, Brampton, Ontario and is occupied under a lease with an expiration date of December 31, 2027. Renin leases its manufacturing facilities in the United States and Canada which have lease expiration dates of December 31, 2022 and December 31, 2027, respectively.

Legal Proceedings

In the ordinary course of business, New BBX Capital and its subsidiaries are parties to lawsuits as plaintiff or defendant involving its operations and activities. Additionally, from time to time in the ordinary course of business, New BBX Capital is involved in disputes with existing and former employees, vendors, taxing jurisdictions, landlords and various other parties and also receives consumer complaints and complaints, inquiries, and orders requiring compliance from governmental and consumer agencies, including Offices of State Attorneys General. New BBX Capital takes these matters seriously and attempts to resolve any such issues as they arise. We may also become subject to litigation related to the COVID-19 pandemic, including with respect to leases and any actions we take or may be required to take as a result of the pandemic.

Reserves are accrued for matters in which management believes it is probable that a loss will be incurred and the amount of such loss can be reasonably estimated. Management does not believe that the aggregate liability relating to known contingencies in excess of the aggregate amounts accrued will have a material impact on New BBX Capital's results of operations or financial condition. However, litigation is inherently uncertain, and the actual costs of resolving legal claims, including awards of damages, may be substantially higher than the amounts accrued for these claims and may have a material adverse impact on New BBX Capital's results of operations or financial condition.

Adverse judgments and the costs of defending or resolving legal claims may be substantial and may have a material adverse impact on New BBX Capital's financial statements. Management is not at this time able to estimate a range of reasonably possible losses with respect to matters in which it is reasonably possible that a loss

[Table of Contents](#)

will occur. In certain matters, management is unable to estimate the loss or reasonable range of loss until additional developments provide information sufficient to support an assessment of the loss or reasonable range of loss. Frequently in these matters, the claims are broad, and the plaintiffs have not quantified or factually supported their claim.

There were no material pending legal proceedings against New BBX Capital or its subsidiaries as of June 30, 2020.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULT OF OPERATIONS**

You should read the following discussion of our results of operations and financial condition together with our historical financial statements and accompanying notes that we have included elsewhere in this information statement as well as the discussion in the section of this information statement entitled "Business." The following discussion contains forward-looking statements that involve risks and uncertainties. The forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections. Actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including, without limitation, those discussed in the sections of this information statement entitled "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements."

The historical and pro forma financial statements included in this information statement may not reflect what New BBX Capital's business, financial position or results of operations would have been had it been a separate, publicly-traded company during the periods presented or what its results of operations, financial position, and cash flows will be in the future. For additional information about New BBX Capital's past financial performance and the basis of presentation of New BBX Capital's financial statements, please see "Unaudited Pro Forma Financial Statements" and New BBX Capital's historical financial statements and the notes thereto included elsewhere in this information statement,

Overview

BBX Capital Florida LLC is currently a Florida limited liability company. Prior to the spin-off, BBX Capital Florida LLC will be converted into a Florida corporation. BBX Capital Florida LLC or the corporation into which it is converted is referred to together with its subsidiaries as the "Company," "we," "us," or "our," and without its subsidiaries as "New BBX Capital."

The Company is a Florida-based diversified holding company whose principal investments are BBX Capital Real Estate LLC ("BBX Capital Real Estate" or "BBXRE"), BBX Sweet Holdings, LLC ("BBX Sweet Holdings"), and Renin Holdings, LLC ("Renin").

The Company's goal is to build long-term shareholder value. Since many of the Company's assets do not generate income on a regular or predictable basis, the Company's objective is long-term growth as measured by increases in book value and intrinsic value over time. The Company regularly reviews the performance of its investments and, based upon economic, market, and other relevant factors, considers transactions involving the sale or disposition of all or a portion of its assets, investments, or subsidiaries.

As of June 30, 2020, the Company had total consolidated assets of approximately \$416.8 million and Parent's equity of approximately \$242.9 million.

Impact of the COVID-19 Pandemic

The COVID-19 pandemic has caused, and continues to cause, an unprecedented disruption in the U.S. and global economies and the industries in which the Company operates due to, among other things, government ordered "shelter in place" and "stay at home" orders and advisories, travel restrictions, and restrictions on business operations, including government guidance with respect to travel, public accommodations, social gatherings, and related matters. The disruptions arising from the pandemic and the reaction of the general public had a significant adverse impact on the Company's financial condition and operations during the six months ended June 30, 2020. The duration and severity of the pandemic and related disruptions, as well as the adverse impact on economic and market conditions, are uncertain; however, given the nature of these circumstances, the adverse impact of the pandemic on the Company's consolidated results of operations, cash flows, and financial condition in 2020 has

Table of Contents

been, and is expected to continue to be, material. Furthermore, although the duration and severity of the effects of the pandemic are uncertain, demand for many of the Company's products and services may remain weak for a significant length of time, and the Company cannot predict if or when the industries in which the Company operates will return to pre-pandemic levels.

Although the impact of the COVID-19 pandemic on the Company's principal investments and management's efforts to mitigate the effects of the pandemic has varied, as described in further detail below, New BBX Capital and its subsidiaries have sought to take steps to manage expenses through cost saving initiatives and reductions in employee head count and actions to increase liquidity and strengthen the Company's financial position, including maintaining availability under lines of credit and reducing planned capital expenditures. As of June 30, 2020, the Company's consolidated cash and cash equivalent balances were \$96.5 million.

See below for additional discussions related to the current and possible impacts of the COVID-19 pandemic on the Company's principal investments.

Summary of Combined Results of Operations for the Six Months Ended June 30, 2020 and 2019

Consolidated Results

The following summarizes key financial highlights for the six months ended June 30, 2020 compared to the same 2019 period:

- Total consolidated revenues of \$74.8 million, a 28.9% decrease compared to the same 2019 period.
- Loss before income taxes from continuing operations of \$44.0 million compared to income of \$7.4 million during the same 2019 period.
- Net loss attributable to Parent of \$30.6 million compared to income of \$1.8 million during the same 2019 period.

The Company's consolidated results for the six months ended June 30, 2020 compared to the same 2019 period were significantly impacted by the following:

- A decrease in BBX Sweet Holdings' revenues primarily attributable to the impact of the COVID-19 pandemic on its operations, including the closure of IT'SUGAR's retail locations in March 2020.
- The recognition of impairment losses of \$30.7 million in the 2020 period primarily related to goodwill and long-lived assets associated with IT'SUGAR as a result of the impact of the COVID-19 pandemic.
- A net decrease in sale activity by BBX Capital Real Estate and its joint ventures in the 2020 period as compared to the 2019 period.
- A net decrease in selling, general and administrative expenses primarily attributable to cost mitigating activities implemented in the 2020 period in response to the COVID-19 pandemic, including permanent and temporary reductions in workforce.

Segment Results

New BBX Capital currently reports the results of its business activities through the following reportable segments: BBX Capital Real Estate, BBX Sweet Holdings, and Renin.

Table of Contents

Information regarding income before income taxes by reportable segment is set forth in the table below (in thousands):

	For the Six Months Ended June 30,		
	2020	2019	Change
BBX Capital Real Estate	\$ 3,672	21,527	(17,855)
BBX Sweet Holdings	(38,952)	(4,166)	(34,786)
Renin	1,925	1,071	854
Other	(3,044)	245	(2,289)
Reconciling items and eliminations	(7,633)	(11,269)	2,636
(Loss) income before income taxes from continuing operations	(44,032)	7,408	(51,440)
Benefit (provision) for income taxes	9,214	(2,148)	11,362
Net (loss) income from continuing operations	(34,818)	5,260	(40,078)
Discontinued operations	(74)	(3,523)	3,449
Net (loss) income	(34,892)	1,737	(36,629)
Less: Net loss attributable to noncontrolling interests	4,312	68	4,244
Net (loss) income attributable to Parent	<u><u>\$ (30,580)</u></u>	<u><u>1,805</u></u>	<u><u>(32,385)</u></u>

BBX Capital Real Estate Reportable Segment

Segment Description

BBX Capital Real Estate (or BBXRE) is engaged in the acquisition, development, construction, ownership, financing, and management of real estate and investments in real estate joint ventures, including investments in multifamily rental apartment communities, single-family master-planned for sale housing communities, and commercial properties located primarily in Florida. In addition, BBXRE owns a 50% equity interest in the Altman Companies, a developer and manager of multifamily apartment communities, and also manages the legacy assets acquired in connection with the Company's sale of BankAtlantic in 2012, including portfolios of loans receivable, real estate properties, and judgments.

Overview

Although BBXRE has not to date been as significantly impacted by the COVID-19 pandemic as BBX Sweet Holdings, the effects of the pandemic have impacted BBXRE's operations and are expected to impact its operating results and financial position for the year ended December 31, 2020. Recent construction activities have continued at BBXRE's existing projects, and following some disruptions in March and April 2020, sales at BBXRE's single-family home developments generally returned to pre-pandemic levels. However, the effects of the pandemic, including increased unemployment and economic uncertainty, as well as recent increases in the number of COVID-19 cases in Florida and throughout the United States, have impacted rental activities at BBXRE's multifamily apartment developments. In addition, the effects of the pandemic, including the impact on general economic conditions and real estate and credit markets, have increased uncertainty relating to the expected timing and pricing of future sales of multifamily apartment developments, single-family homes, and developed lots at BBXRE's Beacon Lake Community, as well as the timing and financing of new multifamily apartment developments.

While the Company expects that the impact of the COVID-19 pandemic will adversely affect BBXRE's operating results and financial condition for the year ended December 31, 2020, particularly with respect to the expected timing of sales, the Company evaluated various factors, including asset-specific factors, overall economic and market conditions, and the excess of the expected profits associated with such assets in relation to their carrying amounts, and concluded that, except as discussed below, there had not been a significant decline in

Table of Contents

the fair value of most of BBXRE's real estate assets as of June 30, 2020 that should be recognized as an impairment loss. As part of this evaluation, the Company considered the sales at its single-family home developments (which remain at or near pre-pandemic levels), continued collection of rent at its multifamily apartment developments, and indications that there has not to date been a significant decline in sales prices for single family homes or an increase in capitalization rates for multifamily apartment communities. However, the Company recognized \$2.7 million of impairment losses during the six months ended June 30, 2020 primarily related to a decline in the estimated fair values of certain of BBXRE's investments in joint ventures, including i) a joint venture that is developing an office tower, as the market for office space has been more significantly impacted by the pandemic compared to the single family and multifamily markets in which BBXRE primarily invests, and ii) a joint venture invested in a multifamily apartment community in which BBXRE purchased its interest following the stabilization of the underlying asset at a purchase price calculated based on assumptions related to the timing and pricing of the sale of the asset, both of which have been impacted by the pandemic.

There is no assurance that the real estate market will not be materially adversely impacted by the pandemic or otherwise, that the sales prices of single-family homes will not materially decline, that rents will be paid when due or at all, or that market rents will not materially decline. While government efforts to delay or forestall evictions and the availability of judicial remedies have not to date materially impacted BBXRE's operations, they may in the future have an adverse impact on both market values and BBXRE's operating results. Further, the effects of the pandemic may impact the costs of operating BBXRE's real estate assets, including, but not limited to, an increase in property insurance costs indicated by recent quotes of insurance costs that are higher than pre-pandemic levels, which could also have an adverse impact on market values and BBXRE's operating results. BBXRE will continue to monitor economic and market conditions and may recognize further impairment losses in future periods as a result of various factors, including, but not limited to, material declines in overall real estate values, sales prices for single family homes, and/or rental rates for multifamily apartments.

Prior to the pandemic, BBXRE previously disclosed that it anticipated that its operating profits would decline in 2020 as compared to recent prior periods when significant sales of assets were consummated, and BBXRE expects that the effects of the COVID-19 pandemic will result in a further decline in its results of operations for 2020. Further, as BBXRE's primary focus in 2020 had been to source investments in new development opportunities with the goal of building a diversified portfolio of real estate investments that generate profits in future periods, the effects of the COVID-19 pandemic may impact BBXRE over a longer term to the extent that its ability to identify new development opportunities that meet its investment criteria or source debt or equity capital from unaffiliated third parties is adversely impacted. While BBXRE may be able to identify opportunistic investments in a recessionary environment that could be funded with available cash, there is no certainty that such opportunities will be identified, that such opportunities will meet the Company's investment criteria, or that required funds will be available for that purpose.

As a result of the above factors, including the potential impact of the COVID-19 pandemic on sales of existing projects and investments in new development opportunities, BBXRE's results of operations and financial condition may be materially adversely impacted by the effects of the pandemic in future periods.

The Altman Companies and Related Investments

During the six months ended June 30, 2020, the Altis at Wiregrass joint venture, which was sponsored by the Altman Companies, sold its 392 unit multifamily apartment community in Tampa, Florida. As a result of the sale, BBXRE recognized \$0.8 million of equity earnings and received \$2.3 million of distributions from the venture during the six months ended June 30, 2020. During the period, BBXRE also contributed \$1.3 million of additional capital to the Altman Companies to fund operations and invested \$10.9 million in existing real estate joint ventures sponsored by the Altman Companies, including \$1.6 million in additional equity contributions to the Altis Miramar West, Altis Miramar East, and Altis at Lake Willis joint ventures and an \$8.5 million preferred equity contribution to the Altis at Ludlam joint venture.

Table of Contents

To date, the COVID-19 pandemic has not significantly impacted construction activities which remain ongoing at the existing projects sponsored by the Altman Companies, and as a result, the Altman Companies continues to generate development and general contractor fees from such projects. In addition, the Altman Companies had collected in excess of 95% of the rents at the multifamily apartment communities under its management through July 2020, although initial collections of August 2020 rent were slower than in prior months. With respect to its leasing activities, while leasing was conducted virtually during March through May 2020, the Altman Companies has reopened its leasing offices for visits by appointment. However, as a result of the effects of the pandemic, the Altman Companies has experienced a decline in tenant demand and in the volume of new leases at certain of its communities, which has resulted in an increase in concessions offered to prospective and renewing tenants in an effort to maintain occupancy at its stabilized communities or increase occupancy at its communities under development. Further, some jurisdictions have imposed moratoriums on evictions.

BBXRE and the Altman Companies currently believe that market participants for multifamily apartment communities similar to those sponsored and managed by the Altman Companies are generally assuming a short to medium term decline in occupancy and market rents and an increase in rent concessions and a recovery in occupancy and rental rates in 12-24 months. However, the impact of the COVID-19 pandemic on the economy remains uncertain, and the effects of the pandemic, including a prolonged economic downturn, high unemployment, the expiration of or a decrease in government benefits to individuals, and government-mandated moratoriums on tenant evictions, could ultimately have a longer term and more significant impact on rental rates, occupancy levels, and rent collections, including an increase in tenant delinquencies and/or requests for rent abatements. These effects would impact the amount of rental revenues generated from the multifamily apartment communities sponsored and managed by the Altman Companies, the extent of management fees earned by the Altman Companies, and the ability of the related joint ventures to stabilize and successfully sell such communities. Furthermore, a decline in rental revenues at developments sponsored by the Altman Companies could require it, as the sponsor and managing member, to fund operating shortfalls in certain circumstances and could also impact the ability of the related joint ventures to extend or refinance the construction loans on their respective projects.

Further, BBXRE and the Altman Companies believe that capitalization rates for multifamily apartment communities similar to those sponsored and managed by the Altman Companies have largely remained steady, as the impact of the increased uncertainty in the overall market has generally been seen as having been offset by the impact of the significant decline in interest rates. However, the impact of the COVID-19 pandemic on economic conditions in general, including the uncertainty regarding the severity and duration of such impact, has adversely impacted the level of real estate sales activity and overall credit markets and may ultimately have a significant adverse impact on capitalization rates and real estate values in future periods, particularly if there is a prolonged economic downturn.

If there is a significant adverse impact on real estate values as a result of lower rental revenues, higher capitalization rates, or otherwise, the joint ventures sponsored by the Altman Companies may be unable to sell their respective multifamily apartment developments within the time frames previously anticipated and/or for the previously forecasted sales prices, if at all, which may impact the profits expected to be earned by BBXRE from its investment in the managing member of such projects and could result in the recognition of impairment losses related to BBXRE's investment in such projects. Furthermore, the Altman Companies may be unable to close on the equity and/or debt financing necessary to commence the construction of new projects, including the development of Altis at Lake Willis, which could result in increased operating losses at the Altman Companies due to a decline in development, general contractor, and management fees, the recognition of impairment losses by BBXRE and/or the Altman Companies related to their current investments in predevelopment expenditures and land acquired for development, and the recognition of impairment losses related to BBXRE's overall investment in the Altman Companies, as the profitability and value of the Altman Companies is directly correlated with its ability to source new development opportunities.

Beacon Lake Master Planned Development

During the six months ended June 30, 2020, BBXRE continued the development of the lots comprising Phase II of the Beacon Lake Community in St. Johns County, Florida, which is expected to include approximately

Table of Contents

400 single-family homes and 196 townhomes, and an additional 79 lots for single-family homes as part of Phase III of the project and sold to homebuilders 71 single family lots and 38 townhome lots. In addition, as part of BBXRE's efforts to maximize liquidity in light of overall economic conditions, the community development district related to the Beacon Lake Community issued \$8.6 million of additional community development bonds. The funds from the issuance were used to reimburse BBXRE for its funding of ongoing development costs related to Phases II and III and the repayment of a portion of the bonds previously issued by the community development district. As of June 30, 2020, BBXRE had entered into agreements with homebuilders to sell developed lots for an additional 373 single-family homes and 158 townhomes as part of Phases II and III and has collected deposits related to these agreements.

Following the initial outbreak of COVID-19 in March 2020, homebuilders at the Beacon Lake Community experienced a decline in the volume of sales traffic and home sales and requested extensions of their existing agreements for the purchase of additional developed lots from BBXRE, and BBXRE agreed to such extensions. Subsequently, sales activity significantly increased in May 2020 and generally returned to pre-pandemic levels in June and July 2020. Accordingly, BBXRE currently expects the remaining sale of developed lots to occur pursuant to the modified takedown schedules under its agreements with homebuilders. However, there is no assurance that this will be the case, and the effects of the COVID-19 pandemic on the economy and demand for single-family housing remain uncertain and could result in further requests by homebuilders to extend the timing of their purchase of developed lots and/or failure of the homebuilders to meet their obligations under these contracts. In addition, a decline in home prices as a result of the economic impacts associated with the COVID-19 pandemic could result in a decrease in contingent revenues expected to be earned by BBXRE in connection with sales of homes by homebuilders on developed lots previously sold to them, as well as a decrease in the expected sales prices for the unsold lots comprising the remainder of the Beacon Lakes Community. Although BBXRE is not currently expecting a significant decrease in the sales prices or fair value of its unsold lots, a significant decline in the demand and pricing for single-family homes could result in the recognition of impairment losses in future periods.

Results of Operations

Information regarding the results of operations for BBXRE is set forth below (dollars in thousands):

	For the Six Months Ended June 30,		
	2020	2019	Change
Sales of real estate inventory	\$ 9,278	4,660	4,618
Interest income	185	465	(280)
Net (losses) gains on sales of real estate assets	(34)	10,996	(11,030)
Other	787	1,125	(338)
Total revenues	10,216	17,246	(7,030)
Cost of real estate inventory sold	6,106	2,643	3,463
Recoveries from loan losses, net	(5,037)	(2,385)	(2,652)
Impairment losses	2,710	—	2,710
Selling, general and administrative expenses	3,461	4,373	(912)
Total costs and expenses	7,240	4,631	2,609
Operating profits	2,976	12,615	(9,639)
Equity in net earnings of unconsolidated joint ventures	696	8,742	(8,046)
Other income	—	170	(170)
Income before income taxes	\$ 3,672	21,527	(17,855)

Table of Contents

BBX Capital Real Estate's income before income taxes for the six months ended June 30, 2020 compared to the same 2019 period decreased by \$17.9 million primarily due to the following:

- A decrease in net gains on sales of real estate assets primarily due to BBXRE's sale of various real estate assets during the 2019 period, including RoboVault and land parcels at PGA Station; and
- A decrease in equity in net earnings of unconsolidated joint ventures primarily due to sales of real estate during the 2019 period, including the sale of real estate assets by the Altis at Lakeline and PGA Design Center joint ventures and single-family homes by the Chapel Trail joint venture; and
- The recognition of impairment losses during the 2020 period; partially offset by,
- An increase in net profits from the sale of developed lots to homebuilders at the Beacon Lake Community development, as BBXRE sold 110 developed lots during the 2020 period and 51 developed lots during the 2019 period;
- A net increase in recoveries from loan losses primarily due to a settlement with a financial institution servicing loans and guarantors for BBXRE; and
- A decrease in selling, general and administrative expenses primarily associated with the receipt of a legal settlement with a title company in the 2020 period and lower operating expenses due to the sale of RoboVault.

BBX Sweet Holdings Reportable Segment

Segment Description

BBX Sweet Holdings is engaged in the ownership and management of operating businesses in the confectionery industry, including IT'SUGAR, Hoffman's Chocolates, and Las Olas Confections and Snacks. IT'SUGAR is a specialty candy retailer whose products include bulk candy, candy in giant packaging, and licensed and novelty items. Hoffman's Chocolates is a retailer of gourmet chocolates with retail locations in South Florida, and Las Olas Confections and Snacks is a manufacturer and wholesaler of chocolate and other confectionery products.

Overview

Although BBX Sweet Holdings' results from operations were improved for the first two months of 2020 as compared to 2019, reflecting, among other things, IT'SUGAR's opening of a three story candy department store at American Dream in New Jersey in December 2019 and the opening of three other stores in 2019, BBX Sweet Holdings has been materially adversely impacted by the effects of the COVID-19 pandemic.

In March 2020, as a result of various factors, including government-mandated closures and CDC and WHO advisories in connection with the COVID-19 pandemic, IT'SUGAR closed all of its retail locations and furloughed all store employees and the majority of its corporate employees. During the three months ended June 30, 2020, IT'SUGAR reopened 85 of its retail locations (out of approximately 100 locations that were open prior to the pandemic) as part of a phased reopening plan, and as part of this plan, it implemented revised store floor plans, increased sanitation protocols and began recalling furloughed store and corporate employees to full or part-time employment. Subsequent to June 30, 2020, IT'SUGAR reopened an additional 11 of its retail locations but was required to close 4 previously reopened retail locations as a result of various governments reimplementing mandated closures. In addition, on a daily basis, IT'SUGAR has had to temporarily close 4-6 locations due to staffing shortages. Sales at IT'SUGAR's retail locations that were open as of June 30, 2020 declined during the second quarter of 2020 by approximately 48% as compared to the comparable period in 2019, and sales at its locations that were open as of July 31, 2020 declined by approximately 43% during July 2020 as compared to the comparable period in 2019. There is no assurance that sales volumes will improve or will not further decline, as the duration and severity of the COVID-19 pandemic and its effects on demand and future sales levels, including a recessionary economic environment and the potential impact of the pandemic on

Table of Contents

consumer behavior, remain uncertain. In addition, IT'SUGAR may close additional previously reopened locations as a result of various factors, including governments reimplementing mandated closures, continued staffing shortages, or insufficient sales volumes. Further, there is uncertainty as to when IT'SUGAR will be able to reopen locations that have remained closed since March 2020 or that were subsequently closed following their initial reopening.

As a result of the closure of its retail locations, IT'SUGAR ceased paying rent to the landlords of such locations in April 2020 and has been engaged in negotiations with its landlords for rent abatements, deferrals, and other modifications for the period of time that the locations were or have been closed and the period of time that the locations are opened and operating under conditions which are affected by the pandemic. Accordingly, as of June 30, 2020, IT'SUGAR had accrued and unpaid current rental obligations of \$4.5 million, which are included in other liabilities in the Company's condensed consolidated statement of financial condition, and had received default notices from landlords in relation to 28 of its locations. While IT'SUGAR had executed lease amendments in relation to 16 of its retail locations as of June 30, 2020 and an additional 5 of its retail locations subsequent to June 30, 2020, it remains involved in ongoing and active negotiations with most of its landlords and has only paid a portion of July 2020 rent for most of its locations (including many locations for which IT'SUGAR had previously executed lease amendments related to rent concessions for April through June 2020). In connection with these negotiations, IT'SUGAR's landlords have in some cases indicated that they might provide additional relief if IT'SUGAR opened additional locations at certain of the landlords' other retail locations. The terms of the executed lease amendments vary and include a combination of rent abatements and deferrals. For amendments that provide for the deferral of rent, the repayment terms generally contemplate a repayment period during the remainder of 2020 and through the end of 2021. Certain amendments also provide for the payment of rent based on a percentage of sales volumes for a period of one year to two years in lieu of previously scheduled fixed and variable lease costs under the terms of the existing leases. However, there is no assurance that IT'SUGAR will be able to reach agreements with the landlords of its remaining locations relating to rents for the months of April through June 2020 or with all of its landlords relating to rents for the remaining months of 2020. Furthermore, due to the uncertainty related to IT'SUGAR's business as a result of the pandemic, including the potential impact on sales volumes and the possibility of additional closures of its retail locations, there is no assurance that it will be in a position to meet its obligations under the terms of lease agreements and amendments that have been executed or are otherwise being negotiated. Further, there is no assurance that the terms of lease amendments that have been executed or are being negotiated will provide sufficient relief for IT'SUGAR to stabilize and maintain its full operations. If IT'SUGAR's negotiations with its landlords are not successful and its failure to pay rent constitutes an event of default under the applicable lease agreements, IT'SUGAR's landlords may also pursue remedies available to them pursuant to such agreements, which may include the acceleration of obligations under the lease agreements and the initiation of eviction proceedings.

In April 2020, New BBX Capital, through a wholly-owned subsidiary of BBXRE, purchased IT'SUGAR's revolving line of credit and equipment note from the respective lenders for the aggregate outstanding principal balance of the loans of \$4.3 million plus accrued interest and subsequently advanced an additional \$2.0 million to IT'SUGAR pursuant to the terms of the loans. However, New BBX Capital is continuing to evaluate the potential operating deficits and liquidity requirements of its subsidiaries as a result of the impact of the COVID-19 pandemic and may determine not to provide additional funding or capital to subsidiaries whose operations they believe may not be sustainable. There is no assurance that New BBX Capital or its other subsidiaries will provide additional funds to IT'SUGAR.

The effects of the COVID-19 pandemic on demand, sales levels, and consumer behavior, as well as the current recessionary economic environment, have had and could continue to have a material adverse effect on IT'SUGAR's business, results of operations, and financial condition. As a result of the impact of the pandemic on IT'SUGAR's business, including the above mentioned decline in sales volumes as a result of the prolonged closure of its retail locations, decrease in customer traffic in its stores, and the impact of the pandemic on demand and consumer behavior, IT'SUGAR does not believe that it will have sufficient liquidity to continue its

Table of Contents

operations if it is unable to obtain significant rent abatements or deferrals from its landlords and amended payment terms from its vendors and its sales volumes do not recover and stabilize in a reasonable period of time. Further, based on its current estimates, IT'SUGAR expects that it will require additional funding or capital in 2020 in order to maintain its operations and is engaged in efforts to obtain additional funding from New BBX Capital or other outside investors. If IT'SUGAR is unable to successfully negotiate with its landlords and vendors, its sales volumes do not recover, and it is unable to obtain additional funding or capital, IT'SUGAR would need to consider pursuing a formal or informal restructuring.

As a result of the above factors, the Company recognized \$25.3 million of impairment losses related to IT'SUGAR's goodwill and long-lived assets during the six months ended June 30, 2020, including the recognition of a goodwill impairment loss of \$20.3 million during the three months ended March 31, 2020 based on a decline in the estimated fair value of IT'SUGAR as of March 31, 2020. See Notes 1 and 6 to the Company's unaudited combined carve-out financial statements for the six months ended June 30, 2020 and 2019 included in this information statement for additional information with respect to the Company's recognition of impairment losses related to IT'SUGAR, including the Company's significant estimates and assumptions related to IT'SUGAR and the fact that such assumptions may change over time as a result of the COVID-19 pandemic, which may result in the recognition of additional impairment losses related to IT'SUGAR's assets that would be material to the Company's financial statements.

In addition to the material adverse impact of the COVID-19 pandemic on IT'SUGAR's operations, BBX Sweet Holdings' other operations have also been adversely impacted by the pandemic. In March 2020, Hoffman's Chocolates closed all of its retail locations to customer traffic and limited sales to curbside pickup (where allowable by government mandates) and online customers. During the three months ended June 30, 2020, it reopened all of its locations and achieved sales volumes at approximately 70% of pre-pandemic levels (as compared to the comparable period in 2019). In addition, while Las Olas Confections and Snacks' manufacturing and distribution processes were not materially impacted by the pandemic, its sales during the three months ended June 30, 2020 were approximately 51% of pre-pandemic levels (as compared to the comparable period in 2019). Hoffman's Chocolates and Las Olas Confections and Snacks have also been engaged in negotiations with the landlords of their respective retail and manufacturing locations for rent abatements, deferrals, and other modifications. As of June 30, 2020, Hoffman's Chocolates and Las Olas Confections and Snacks had accrued and unpaid current rental obligations of \$0.3 million, which are included in other liabilities in the Company's condensed consolidated statement of financial condition, and they had executed lease amendments with respect to 4 of such locations, including Las Olas Confections and Snacks' manufacturing facility in Orlando, Florida. Subsequent to June 30, 2020, Hoffman's Chocolates executed lease amendments with respect to an additional 2 of its retail locations. Similar to IT'SUGAR, there is no assurance that the sales volumes of these businesses will improve, and they may be required to close previously reopened locations as a result of governments reimplementing mandated closures or otherwise. Furthermore, there is no assurance that Hoffman's Chocolates will be able to execute lease amendments with the landlords of its remaining locations, and due to the uncertainty related to these businesses as a result of the pandemic, there is no assurance they will be in position to meet their obligations under the terms of lease agreements and amendments that have been executed or are otherwise being negotiated.

Table of Contents

Results of Operations

Information regarding the results of operations for BBX Sweet Holdings is set forth below (dollars in thousands):

	For the Six Months Ended June 30,		
	2020	2019	Change
Trade sales	\$ 26,577	47,988	(21,411)
Cost of trade sales	(23,815)	(31,634)	7,819
Gross margin	2,762	16,354	(13,592)
Interest income	27	29	(2)
Other revenue	204	96	108
Interest expense	(116)	(98)	(18)
Impairment losses	(25,303)	—	(25,303)
Selling, general and administrative expenses	(16,640)	(20,774)	4,134
Operating losses	(39,066)	(4,393)	(34,673)
Other income	114	227	(113)
Loss before income taxes	\$ (38,952)	(4,166)	(34,786)
Gross margin percentage	%10.39	34.08	(23.69)
SG&A as a percent of trade sales	%62.61	43.29	19.32

BBX Sweet Holdings' loss before income taxes for the six months ended June 30, 2020 was \$39.0 million compared to \$4.2 million during the same 2019 period, which reflects the following:

- The recognition of impairment losses due to a decline in the estimated value of the goodwill and long-lived assets associated with BBX Sweet Holdings' reporting units as a result of the impact of the COVID-19 pandemic on market conditions;
- A decrease in trade sales primarily due to the impacts of the COVID-19 pandemic described above, including the temporary closing of all of IT'SUGAR's retail locations in March 2020; and
- A significant decline in gross margin percentage as a result of ongoing lease costs associated with BBX Sweet Holdings' retail and manufacturing locations; partially offset by
- A net decrease in selling, general and administrative expenses primarily due to the furlough of all of IT'SUGAR's store employees and the majority of its corporate employees from March 2020 to June 2020 as a result of the COVID-19 pandemic.

Table of Contents

Information regarding the results of operations for IT'SUGAR for the six months ended June 30, 2020 and 2019 is set forth below (dollars in thousands):

	For the Six Months Ended June 30,		
	2020	2019	Change
Trade sales	\$ 19,597	38,669	(19,072)
Cost of trade sales	(17,828)	(23,540)	5,712
Gross margin	1,769	15,129	(13,360)
Other revenue	8	7	1
Interest expense	(76)	(57)	(19)
Impairment losses	(24,948)	—	(24,948)
Selling, general and administrative expenses	(13,327)	(17,078)	3,751
Operating losses	(36,574)	(1,999)	(34,575)
Other income	62	219	(157)
Loss before income taxes	\$ (36,512)	(1,780)	(34,732)
Gross margin percentage	%9.03	39.12	(30.09)
SG&A as a percent of trade sales	%68.01	44.16	23.84

Renin Reportable Segment

Segment Description

Renin is engaged in the design, manufacture, and distribution of sliding doors, door systems and hardware, and home décor products and operates through its headquarters in Canada and two manufacturing and distribution facilities in the United States and Canada. In addition to its own manufacturing, Renin also sources various products and raw materials from China and Vietnam. Renin's products are sold through three channels in North America: retail, commercial, and direct installation in the greater Toronto area.

Overview

Renin has not to date been significantly impacted by the COVID-19 pandemic, and it has continued to operate both of its manufacturing and distribution facilities, source various products and raw materials from China and Vietnam, and sell its products through various channels. Although Renin has experienced a decline in sales to certain customers as a result of concerns related to the pandemic, these declines have been offset by an increase in sales to various customers in its retail and commercial channels. In particular, Renin has observed an increase in online orders in its retail channel and has also experienced an increase in sales to former customers in its commercial channel who previously began sourcing products in China and have returned as customers following the implementation of tariffs on Chinese products. In addition, Renin has realized cost reductions as a result of the pandemic, including lower costs related to travel and trade shows and wage subsidies related to employees in its Canadian offices.

Although Renin's operations have not to date been significantly impacted by the pandemic, the effects of the pandemic, including a recessionary economic environment, could have a significant adverse impact on Renin's results of operations and financial condition in future periods, particularly if an economic downturn is prolonged in nature and impacts consumer demand or the effects of the pandemic result in material disruptions in the supply chains for its products and raw materials. Further, while Renin has begun to diversify its supply chain and transfer the assembly of certain products from foreign suppliers to its own manufacturing facilities, Renin continues to source products and raw materials from China. As a result, disruptions in its supply chain from China as a result of various factors, including increased tariffs or closures in the supply chain, could impact Renin's cost of product and ability to meet customer demand.

Table of Contents

Renin is currently evaluating various opportunities to expand its operations, including through acquisitions.

Results of Operations

Information regarding the results of operations for Renin is set forth below (dollars in thousands):

	For the Six Months Ended June 30,		
	2020	2019	Change
Trade sales	\$ 34,621	34,682	(61)
Cost of trade sales	<u>(28,127)</u>	<u>(28,006)</u>	<u>(121)</u>
Gross margin	6,494	6,676	(182)
Interest expense	(185)	(256)	71
Selling, general and administrative expenses	<u>(4,653)</u>	<u>(5,477)</u>	<u>824</u>
Operating profits	1,656	943	713
Other (expense) income	(3)	152	(155)
Foreign exchange gain (loss)	<u>272</u>	<u>(24)</u>	<u>296</u>
Income before income taxes	<u>\$ 1,925</u>	<u>1,071</u>	<u>854</u>
Gross margin percentage	<u>%18.76</u>	<u>19.25</u>	<u>(0.49)</u>
SG&A as a percent of trade sales	<u>%13.44</u>	<u>15.79</u>	<u>(2.35)</u>

Renin's income before income taxes for the six months ended June 30, 2020 was \$1.9 million compared to \$1.1 million during the same 2019 period. The increase was primarily due to reduced selling, general and administrative expenses associated with lower marketing expenses from reduced travel and trade show costs and open positions.

Other

Other in the Company's segment information includes its investments in other operating businesses, including a restaurant located in South Florida that was acquired through a loan foreclosure and an insurance agency.

During the six months ended June 30, 2020, the Company recognized \$2.7 million of impairment losses related to certain of these investments primarily resulting from the effects of the COVID-19 pandemic on the estimated value of the businesses.

Reconciling Items and Eliminations

Reconciling items and eliminations in the Company's segment information includes the following:

- New BBX Capital's corporate general and administrative expenses allocation from Parent;
- Elimination of transactions between New BBX Capital's subsidiaries, including the purchase by BBXRE of IT'SUGAR's revolving line of credit and equipment note for the outstanding principal balances plus accrued interest and subsequent \$2.0 million advance to IT'SUGAR pursuant to the terms of the loans; and
- Interest expense capitalized in connection with real estate construction activities.

Corporate General and Administrative Expenses

New BBX Capital's corporate general and administrative expenses consist primarily of an allocation of the cost of services provided by the Parent to New BBX Capital for various support functions, including executive compensation, legal, accounting, human resources, investor relations, and executive offices. The cost allocation from Parent to New BBX Capital's corporate general and administrative expenses for the six months ended June 30, 2020 and 2019 were \$7.9 million and \$11.3 million, respectively. The decrease in the cost allocation for corporate general and administrative expenses for the 2020 period as compared to the same 2019 period primarily reflects the allocation of compensation expense related to Parent's Chief Executive Officer and Chief Financial Officer to Bluegreen as a result of their expanded roles at Bluegreen in the 2020 periods, which resulted in lower executive compensation expenses incurred directly by Parent, as well as an updated estimate of the allocation of annual executive bonus expenses expected to be paid in cash and stock.

Provision for Income Taxes

The Company estimates its effective annual income tax rate on a quarterly basis based on current and forecasted operating results for the annual period and applies the estimated effective income tax rate to its loss or income before income taxes reduced by net income or loss attributable to noncontrolling interests in joint ventures taxed as partnerships.

The Company's effective income tax rate was approximately 21% and 29% during the six months ended June 30, 2020 and 2019, respectively. The Company's effective income tax rate for the six months ended June 30, 2020 was impacted by the Company's nondeductible executive compensation allocated from Parent and state income taxes. The effective income tax rate for the 2020 period reflects a current estimated ordinary taxable loss for the year ended December 31, 2020 resulting primarily from the effects of the COVID-19 pandemic.

Discontinued Operations

As described in Note 1 to the Company's unaudited combined carve-out financial statements for the six months ended June 30, 2020 and 2019, Food for Thought Restaurant Group ("FFTRG"), a wholly-owned subsidiary of the Company, previously entered into area development and franchise agreements with MOD Pizza related to the development of MOD Pizza franchised restaurant locations throughout Florida and, through 2019, had opened nine restaurant locations. In September 2019, the Company entered into an agreement with MOD Pizza to terminate the area development and franchise agreements and transferred seven of its restaurant locations, including the related assets, operations, and lease obligations, to MOD Pizza. In addition, the Company closed the remaining two locations and terminated the related lease agreements.

The Company recognized a pre-tax loss from discontinued operations of \$0.1 million and \$4.6 million during the six months ended June 30, 2020 and 2019, respectively. The \$4.6 million loss for the six months ended June 30, 2019 was primarily attributable to operating losses associated with FFTRG's MOD Pizza restaurant locations, including costs incurred in connection with the opening of two restaurant locations and the recognition of impairment losses of \$2.8 million associated with property and equipment at three locations that were performing below expectations.

Net Loss Attributable to Noncontrolling Interests

New BBX Capital's combined carve-out financial statements include the results of operations and financial position of IT'SUGAR, a partially-owned subsidiary in which it holds a controlling financial interest. As a result, the Company is required to attribute net income or loss to the noncontrolling interest in IT'SUGAR.

Net loss attributable to noncontrolling interests was \$4.3 million during the six months ended June 30, 2020 compared to \$68,000 for the comparable 2019 period. The increase in the net loss attributable to noncontrolling

Table of Contents

interests for the six months ended June 30, 2020 as compared to the same 2019 period was primarily due to increased operating losses at IT'SUGAR, including the recognition of impairment losses related to its goodwill and long lived assets,

Consolidated Cash Flows

A summary of our consolidated cash flows is set forth below (in thousands):

	For the Six Months Ended June 30,	
	2020	2019
Cash flows used in operating activities	\$ (8,856)	(2,801)
Cash flows (used in) provided by investing activities	(10,324)	29,218
Cash flows provided by (used in) financing activities	94,962	(30,227)
Net increase (decrease) in cash, cash equivalents and restricted cash	\$ 75,782	(3,810)
Cash, cash equivalents and restricted cash at beginning of period	21,287	30,082
Cash, cash equivalents and restricted cash at end of period	\$ 97,069	26,272

Cash Flows related to Operating Activities

The Company's cash used in operating activities increased by \$6.1 million during the six months ended June 30, 2020 compared to the same 2019 period primarily due to increased operating losses as a result of the impacts of the COVID-19 pandemic, including a decline in trade sales primarily reflecting the closure of BBX Sweet Holdings' retail locations and subsequent impact on consumer demand, and lower distributions from unconsolidated real estate joint ventures, partially offset by a reduction in spending for real estate inventory during the 2020 period as compared to the 2019 period.

Cash Flows related to Investing Activities

The Company's cash used in investing activities increased by \$39.5 million during the six months ended June 30, 2020 compared to the same 2019 period primarily to lower distributions from unconsolidated real estate joint venture and decreased proceeds from the sale of real estate, partially offset by an increase in loan recoveries in the legacy asset portfolio.

Cash Flows related to Financing Activities

The Company's cash provided by financing activities increased by \$125.2 million during the six months ended June 30, 2020 compared to the same 2019 period, which was primarily due to higher net transfers from Parent in the 2020 period.

Commitments

The Company's material commitments as of June 30, 2020 included the required payments due on notes payable and other borrowings and commitments under non-cancelable operating leases.

Table of Contents

The following table summarizes the contractual minimum principal and interest payments required on the Company's outstanding debt and payments required on the Company's non-cancelable operating leases by period due date as of June 30, 2020 (in thousands):

	Payments Due by Period				Unamortized Debt Issuance Costs	Total
	Less than 1 year	1 — 3 Years	4 — 5 Years	After 5 Years		
Contractual Obligations ⁽¹⁾						
Notes payable and other borrowings	\$ 8,438	850	2,539	30,832	(1,045)	41,614
Noncancelable operating leases	13,007	50,101	34,495	48,557	—	146,160
Total contractual obligations	<u>21,445</u>	<u>50,951</u>	<u>37,034</u>	<u>79,389</u>	<u>(1,045)</u>	<u>187,774</u>
Interest Obligations ⁽²⁾						
Notes payable and other borrowings	1,959	4,265	4,114	27,449	—	37,787
Total contractual interest	<u>1,959</u>	<u>4,265</u>	<u>4,114</u>	<u>27,449</u>	<u>—</u>	<u>37,787</u>
Total contractual obligations	<u>\$ 23,404</u>	<u>55,216</u>	<u>41,148</u>	<u>106,838</u>	<u>(1,045)</u>	<u>225,561</u>

- (1) Does not include BBXRE's obligation under the Altman Companies' operating agreement to purchase an additional 40% equity interest in January 2023 for a purchase price, subject to certain adjustments, of \$9.4 million.
- (2) Assumes that the scheduled minimum principal payments are made in accordance with the table above and the interest rate on variable rate debt remains the same as the rate at June 30, 2020.

At the current time, New BBX Capital intends to use its cash in order to satisfy the payments required under its contractual obligations for the foreseeable future, while its subsidiaries will use, to the extent available, their respective cash on hand, cash flows from operations, and cash received from new borrowings under existing or future debt facilities in order to satisfy their respective obligations. However, as a result of the COVID-19 pandemic and the related impact on the Company's operations, there is no assurance that New BBX Capital's subsidiaries will have sufficient cash from such sources to satisfy their respective contractual obligations and maintain their respective operations.

While New BBX Capital has available cash that it may use to contribute to or fund the obligations and commitments of its subsidiaries, New BBX Capital intends to evaluate the facts and circumstances of the cash requirements of each of its subsidiaries, including their operating deficits, their liquidity requirements, and the sustainability of their operations as a result of the COVID-19 pandemic and otherwise, and make a determination of whether and to what extent it will make funds available to each subsidiary.

Off-balance-sheet Arrangements

Parent guarantees certain obligations of New BBX Capital's wholly-owned subsidiaries and unconsolidated real estate joint ventures as described in further detail in Note 11 to the Company's unaudited combined carve-out financial statements for the six months ended June 30, 2020 and 2019 included in this information statement.

The Company has investments in joint ventures involved in the development of multifamily rental apartment communities, as well as single-family master-planned for sale housing communities. The Company's investments in these joint ventures are accounted for as unconsolidated variable interest entities, and as a result, the Company does not recognize the assets and liabilities of these joint ventures in its financial statements. As of June 30, 2020 and December 31, 2019, the Company's investments in these joint ventures totaled \$63.8 million and \$57.3 million, respectively. These unconsolidated real estate joint ventures generally finance their activities with a combination of debt financing and equity. The Company generally does not directly guarantee the financing of these joint ventures, other than as described in Note 11 to the Company's unaudited combined

carve-out financial statements included in this information statement, and the Company's maximum exposure to losses from these joint ventures is its equity investment. The Company is typically not obligated to fund additional capital to its joint ventures; however, the Company's interest in a joint venture may be diluted if the Company elects not to fund a joint venture capital call.

Summary of Combined Results of Operations for the years ended December 31, 2019, 2018 and 2017

Consolidated Results

The following summarizes key financial highlights for the year ended December 31, 2019 compared to the same 2018 period:

- Total consolidated revenues were \$203.7 million, a 2.3% decrease compared to 2018.
- Income from continuing operations before income taxes was \$29.0 million compared to a loss from continuing operations of \$3.0 million for 2018.
- Net income attributable to Parent was \$13.7 million, compared to a net loss attributable to Parent of \$9.2 million for 2018.

The Company's consolidated results for the year ended December 31, 2019 compared to 2018 were significantly impacted by the following:

- A net increase in sale activity in BBX Capital Real Estate's portfolio in 2019, including the Altis at Bonterra joint venture's sale of its multifamily apartment community in Hialeah, Florida, which resulted in the recognition of \$29.2 million of equity earnings from the joint venture in 2019, and the sale of various real estate assets, which resulted in an increase in the gains on sales of real estate assets of \$9.1 million in 2019 as compared to 2018.
- A decrease in operating losses generated by BBX Sweet Holdings in 2019, which primarily reflects the impact of various strategic initiatives implemented by the Company during 2018, including the closure of a manufacturing facility and a reduction in corporate personnel and infrastructure, and various impairment losses and other costs recognized in 2018 in connection with such initiatives.

The following summarizes key financial highlights for the year ended December 31, 2018 compared to 2017:

- Total consolidated revenues were \$208.6 million, a 37.2% increase compared to 2017.
- Loss from continuing operations before income taxes was \$3.0 million, a 77.6% decrease compared to 2017.
- Net loss attributable to Parent was \$9.2 million, a 42.8% decrease compared to 2017.

The Company's consolidated results for 2018 as compared to the same 2017 period were significantly impacted by the following events:

- In June 2017, the Company acquired IT'SUGAR, a specialty candy retailer with retail locations throughout the United States, for a purchase price of \$58.4 million, net of cash acquired. During 2018, IT'SUGAR contributed revenues of \$79.8 million and a loss before income taxes of \$2.4 million.
- In December 2017, the enactment of the Tax Cuts and Jobs Act (the "Tax Reform Act"), which reduced the U.S. corporate income tax rate from 35% to 21% effective January 1, 2018, resulted in a \$4.0 million reduction in the Company's deferred tax asset in 2017.
- During 2018, BBX Capital Real Estate closed on the sale of 251 developed lots to homebuilders as part of Phase I of its development of the Beacon Lake Community, which resulted in pre-tax profits of \$7.7 million in 2018. In addition, BBX Capital Real Estate monetized various investments within its portfolio, including the Addison on Millenia, Altis at Shingle Creek, and a student housing facility.

Table of Contents

Segment Results

Income before income taxes by reportable segment for the years ended December 31, 2019, 2018, and 2017 is set forth in the table below (in thousands):

	For the Years Ended December 31,		
	2019	2018	2017
BBX Capital Real Estate	\$ 52,696	30,214	16,085
BBX Sweet Holdings	(5,122)	(14,986)	(16,781)
Renin	1,808	2,461	2,180
Other	349	346	(219)
Reconciling items and eliminations	(20,746)	(21,057)	(14,729)
Income (loss) from continuing operations before income taxes	28,985	(3,022)	(13,464)
Provision for income taxes	(8,334)	(2,865)	(1,306)
Net income (loss) from continuing operations	20,651	(5,887)	(14,770)
Net loss from discontinued operations	(7,138)	(3,580)	(1,339)
Net income (loss)	13,513	(9,467)	(16,109)
Less: Net loss attributable to noncontrolling interests	224	266	20
Net income (loss) attributable to Parent	\$ 13,737	(9,201)	(16,089)

BBX Capital Real Estate Reportable Segment

Overview

The Altman Companies and Related Investments

In 2018, BBXRE acquired a 50% membership interest in the Altman Companies, a joint venture between the Company and Joel Altman (“JA”) engaged in the development, construction, and management of multifamily apartment communities. As of December 31, 2019, BBXRE had investments in ten active developments sponsored by the Altman Companies, comprised of three developments that are stabilized or being leased and expected to be sold over the next two years, five developments that are under construction, and two projects that are currently in predevelopment stages.

During the year ended December 31, 2019, BBXRE monetized certain of its investments in real estate joint ventures that were sponsored by the Altman Companies, including the following:

- In April 2019, the Altis at Lakeline joint venture sold its 354 unit multifamily apartment community in Cedar Park, Texas. As a result of the sale, BBXRE recognized \$5.0 million of equity earnings and received approximately \$9.3 million of distributions from the venture during the year ended December 31, 2019.
- In August 2019, the Altis at Bonterra joint venture sold its 314 unit multifamily apartment community located in Hialeah, Florida. As a result of the sale, BBXRE recognized \$29.2 million of equity earnings and received approximately \$46.0 million of distributions from the joint venture. In addition, prior to the sale, BBXRE received approximately \$4.3 million of distributions from the venture during the year ended December 31, 2019 related to prior operating profits of the venture.

BBXRE also continued to invest in new real estate joint ventures sponsored by the Altman Companies, which are summarized below:

- During the year ended December 31, 2019, joint ventures sponsored by the Altman Companies closed on construction financing and commenced development of the following projects:
 - Altis at Preserve (Suncoast), a 350 unit multifamily apartment community in Tampa, Florida;

Table of Contents

- Altis at Little Havana, a 224 unit multifamily apartment community in Miami, Florida;
- Altis Miramar West, a 320 unit multifamily apartment community in Miramar, Florida; and
- Altis Miramar East, a 330 unit multifamily apartment community, in Miramar, Florida.

The Altman Companies is providing development, construction, and management services to the ventures in exchange for ongoing fee revenue, and BBXRE and JA have invested in the respective managing member of these ventures. As of December 31, 2019, BBXRE had invested an aggregate of \$4.2 million in the managing members of these joint ventures.

- In August 2019, BBXRE invested \$4.5 million in the Altis at Lake Willis (Vineland Pointe) joint venture, which was formed to acquire land, obtain entitlements, and fund predevelopment costs for the development of a potential multifamily apartment community in Orlando, Florida. The joint venture expects to receive entitlements for the project, close on the capital to construct the project, and commence construction in 2021.

Beacon Lake Master Planned Development

During the year ended December 31, 2019, BBXRE continued its development of the Beacon Lake Community in St. Johns County, Florida and sold to homebuilders the remaining 51 developed lots in Phase I of the project, which is comprised of 302 lots.

BBXRE has commenced land development on the lots comprising Phase II of the project, which is expected to include approximately 400 single-family homes and 196 townhomes, and an additional 79 lots for single-family homes as part of Phase III of the project. BBXRE has entered into agreements with homebuilders to sell developed lots for 422 single-family homes and all of the 196 townhomes, and closings on the sale of developed lots in Phase II to homebuilders commenced in January 2020.

Other Joint Venture Activity

During the year ended December 31, 2019, the PGA Design Center joint venture sold its remaining commercial buildings located in Palm Beach Gardens, Florida and provided seller financing to the buyer for a portion of the sales price. As a result of the sale, BBXRE recognized \$2.8 million of equity earnings and received approximately \$2.3 million of distributions from the venture.

In addition, BBXRE invested in two new real estate joint ventures, including The Main Las Olas joint venture, which was formed to invest in the development of The Main Las Olas, a mixed-used project in downtown Fort Lauderdale, Florida that is planned to be comprised of an office tower with approximately 365,000 square feet of leasable area, a residential tower with approximately 341 units, and approximately 45,000 square feet of ground floor retail, and the Sky Cove joint venture, which was formed to develop, construct, and sell 204 single-family homes in Westlake Florida. BBXRE has invested \$2.0 million in The Main Las Olas joint venture and \$4.2 million in the Sky Cove joint venture and expects to invest an additional \$2.0 million in The Main Las Olas joint venture as the development progresses.

Other Real Estate Activity

During the year ended December 31, 2019, BBXRE sold other various real estate assets within its portfolio, including RoboVault, a self-storage facility located in Fort Lauderdale, Florida, its remaining land parcels located at PGA Station in Palm Beach Gardens, Florida, and various land parcels located in Florida. As a result of these sales, BBXRE recognized total net gains on sales of real estate of \$13.6 million and received aggregate net proceeds of \$35.2 million.

In connection with the sale of its remaining land parcels at PGA Station, which were sold to the buyer of the commercial buildings sold by the PGA Design Center joint venture, as described above, BBXRE reinvested

Table of Contents

\$2.1 million of the proceeds in the PGA Lender joint venture, a joint venture formed with the PGA Design Center joint venture to invest in the seller financing provided to the buyer.

Results of Operations

Information regarding the results of operations for BBX Capital Real Estate is set forth below (dollars in thousands):

	For the Years Ended			Change 2019 vs 2018	Change 2018 vs 2017
	December 31,				
	2019	2018	2017		
Sales of real estate inventory	\$ 5,049	21,771	—	(16,722)	21,771
Interest income	750	2,277	2,225	(1,527)	52
Net gains on sales of real estate assets	13,616	4,563	1,451	9,053	3,112
Other	1,619	2,541	4,997	(922)	(2,456)
Total revenues	\$21,034	31,152	8,673	(10,118)	22,479
Cost of real estate inventory sold	2,643	14,116	—	(11,473)	14,116
Recoveries from loan losses, net	(5,428)	(8,653)	(7,546)	3,225	(1,107)
Impairment losses	47	571	1,696	(524)	(1,125)
Selling, general and administrative expenses	9,144	9,210	11,127	(66)	(1,917)
Total costs and expenses	6,406	15,244	5,277	(8,838)	9,967
Operating profits	14,628	15,908	3,396	(1,280)	12,512
Equity in net earnings of unconsolidated joint ventures	37,898	14,194	12,541	23,704	1,653
Other income	170	112	148	58	(36)
Income before income taxes	\$52,696	30,214	16,085	22,482	14,129

BBX Capital Real Estate's income before income taxes for the year ended December 31, 2019 compared to the 2018 period increased by \$22.5 million, or 74.4%, primarily due to the following:

- A net increase in equity in earnings of unconsolidated joint ventures and gains on sales of real estate assets primarily associated with the sales in 2019 described above, as well as the sale of single-family homes by the Chapel Trail joint venture; partially offset by
- The recognition of a \$3.1 million net gain upon the sale of a student housing complex in 2018;
- A decrease in interest income and recoveries from loan losses primarily due to the continued decline in the balance of the legacy asset portfolio, as several significant nonaccrual commercial loans were repaid in 2018; and
- A decrease in net profits from the sale of developed lots to homebuilders at the Beacon Lake Community development, as BBXRE sold 51 developed lots in 2019 and 251 in 2018.

BBX Capital Real Estate's income before income taxes for the year ended December 31, 2018 compared to 2017 increased by \$14.1 million, or 87.9%, primarily due to the following:

- Net profits from the sale of 251 developed lots to homebuilders at the Beacon Lake Community development during the year ended December 31, 2018;
- Net gains on the sale of real estate primarily resulting from the sale of a student housing facility during 2018;
- A net increase in equity in earnings of unconsolidated joint ventures primarily due to the sale of the properties developed by the Addison on Millenia and Altis at Shingle Creek joint ventures, partially offset by the CC Homes Bonterra joint venture's completion of sales in its 394 single-family home community development during late 2017;

Table of Contents

- A decrease in impairment losses on commercial land parcels; and
- An increase in recoveries from loan losses primarily resulting from a \$2.9 million recovery on a commercial loan in 2018; partially offset by
- A decrease in net profits from the above mentioned student housing facility after its sale, which consists of a decrease in rental revenues and selling, general and administrative expenses associated with the property.

BBX Sweet Holdings Reportable Segment

Overview

During the fourth quarter of 2019, the Company reorganized the operating businesses in the confectionery industry that are owned by BBX Sweet Holdings, including the centralization of various management and back office activities and the management of the operations of these businesses by the Company's executive management based on the consolidated activities and results of BBX Sweet Holdings. In addition, BBX Sweet Holdings continued its efforts to streamline and integrate the operations of these businesses, including the manufacturing and sourcing of certain products by Las Olas Confections and Snacks for BBX Sweet Holdings' retail operations at IT'SUGAR and Hoffman's Chocolates. As a result of these organizational changes, the Company updated its internal and external presentations of the operating results of these businesses to reflect the consolidated results of BBX Sweet Holdings.

IT'SUGAR

Consistent with its focus at the time on selectively opening larger stores in resort and entertainment locations which experience high traffic, IT'SUGAR invested capital in several new retail locations in 2019, including Grand Bazaar, a 6,000 square foot location in Las Vegas, Nevada that was opened in June 2019, and a 22,000 square foot, three story candy department store at American Dream, a 3 million square foot shopping and entertainment complex in New Jersey, that was opened in December 2019.

Hoffman's Chocolates

During the year ended December 31, 2019, BBX Sweet Holdings implemented various initiatives to reduce costs at Hoffman's Chocolates, including reductions in corporate personnel and the integration of certain of its management and back office activities with BBX Sweet Holdings.

Las Olas Confections and Snacks

During the year ended December 31, 2019, Las Olas Confections and Snacks significantly reduced its operating losses as a result of various strategic initiatives implemented by BBX Sweet Holdings during 2018, including the closure of a manufacturing facility in Utah and a reduction in corporate personnel and infrastructure, and various impairment losses and other costs recognized in 2018 in connection with such initiatives that did not reoccur in 2019.

Table of Contents

Results of Operations

Information regarding the results of operations for BBX Sweet Holdings is set forth below (dollars in thousands):

	For the Years Ended December 31,			Change 2019 vs 2018	Change 2018 vs 2017
	2019	2018	2017		
Trade sales	\$ 105,406	101,187	72,899	4,219	28,288
Cost of trade sales	(67,703)	(65,829)	(51,975)	(1,874)	(13,854)
Gross margin	37,703	35,358	20,924	2,345	14,434
Interest income	56	61	40	(5)	21
Other revenues	324	10	7	314	3
Interest expense	(196)	(308)	(335)	112	27
Impairment losses	(142)	(4,147)	(5,786)	4,005	1,639
Selling, general and administrative expenses	(43,203)	(46,130)	(31,703)	2,927	(14,427)
Total operating losses	(5,458)	(15,156)	(16,853)	9,698	1,697
Other income	336	170	72	166	98
Loss before income taxes	\$ (5,122)	(14,986)	(16,781)	9,864	1,795
Gross margin percentage	% 35.77	34.94	28.70	0.83	6.24
SG&A as a percent of trade sales	% 40.99	45.59	43.49	(4.60)	2.10

BBX Sweet Holdings' results of operations include the results of IT'SUGAR's operations commencing on June 16, 2017, the date on which BBX Sweet Holdings acquired IT'SUGAR.

BBX Sweet Holdings' loss before income taxes for the year ended December 31, 2019 compared to the same 2018 period decreased by \$9.9 million, or 65.8%, primarily due to the following:

- The recognition of impairment losses in 2018 in connection with the implementation of various strategic initiatives in 2018, as described above, and ongoing losses from BBX Sweet Holdings' businesses;
- A net decrease in selling, general and administrative expenses primarily due to the above mentioned strategic initiatives, which have resulted in lower ongoing operating costs and the recognition of severance and other expenses in 2018 that did not reoccur in 2019, partially offset by costs associated with new IT'SUGAR locations opened in 2019 and 2018, including the FAO Schweetz location in New York City, the Grand Bazaar location in Las Vegas, and the American Dream location in New Jersey; and
- A net increase in gross margin primarily due to sales from the new IT'SUGAR locations described above and improvements in Las Olas Confections and Snacks' gross margin percentage as a result of improved efficiencies in its manufacturing facility and the closure of its manufacturing facility in Utah.

BBX Sweet Holdings' loss before income taxes for the year ended December 31, 2018 compared to the same 2017 period decreased by \$1.8 million, or 10.7%, primarily due to the following:

- A net increase in the loss before income taxes generated by IT'SUGAR as a result of costs and expenses associated with replacing various executives and opening new locations, as well as the operating results for 2018 reflecting seasonal operating losses that are typically incurred during the first half of the annual period which are not reflected in IT'SUGAR's operating results for 2017 due to the timing of BBX Sweet Holdings' acquisition of IT'SUGAR in June 2017;
- A net decrease in Las Olas Confections and Snacks selling, general and administrative expenses and improvements in gross margin primarily due to the above mentioned strategic initiatives; and
- A net decrease in impairment losses related to certain of BBX Sweet Holdings' businesses.

Table of Contents

Information regarding the results of operations for IT*SUGAR is set forth below (dollars in thousands):

	For the Years Ended December 31,		June 16, 2017 to December 31, 2017	Change 2019 vs 2018	Change 2018 vs 2017
	2019	2018			
Trade sales	\$ 85,275	79,618	46,765	5,657	32,853
Cost of trade sales	(50,748)	(46,718)	(26,639)	(4,030)	(20,079)
Gross margin	34,527	32,900	20,126	1,627	12,774
Interest income	—	1	2	(1)	(1)
Other revenues	10	10	6	—	4
Interest expense	(114)	(40)	—	(74)	(40)
Impairment losses	(142)	—	—	(142)	—
Selling, general and administrative expenses	(36,521)	(35,404)	(17,594)	(1,117)	(17,810)
Total operating (losses) profits	(2,240)	(2,533)	2,540	293	(5,073)
Other income	276	149	58	127	91
Loss before income taxes	\$ (1,964)	(2,384)	2,598	420	(4,982)
Gross margin percentage	% 40.49	41.32	43.04	(0.83)	(1.71)
SG&A as a percent of trade sales	% 42.83	44.47	37.62	(1.64)	6.85

Renin Reportable Segment

Overview

During the year ended December 31, 2019, Renin's trade sales were down compared to its trade sales in 2018. Although Renin's gross trade sales marginally increased during 2019 as compared to 2018, this increase was offset by higher volume rebates and promotional spend on customers in its retail channel. Overall, sales to retail customers, including big box retailers, continue to comprise a significant portion of Renin's customer mix, as retail, commercial, and direct installation trade sales as a percentage of total gross trade sales were 63%, 26%, and 11%, respectively, during the year ended December 31, 2019. With respect to Renin's product mix, although barn door products had been historically increasing as a percentage of its overall product mix, Renin's product mix based on gross sales within its major product categories remained relatively consistent in 2019 as compared to 2018.

Although Renin's gross margins improved in 2019 as compared to 2018 partially due to the impact of certain promotions in which products were sold at low margins in 2018, Renin experienced increased costs on the products it sources from China as a result of tariffs levied on these products. As a result, Renin is focusing on identifying alternative sources for such products and reducing the costs of its manufactured products. Renin has also experienced increased interest in its manufactured products in its commercial channel, as its domestically produced products are becoming more competitive with Chinese imports as a result of tariffs.

Table of Contents

Results of Operations

Information regarding the results of operations for Renin is set forth below (dollars in thousands):

	For the Years Ended December 31,			Change	Change
	2019	2018	2017	2019 vs 2018	2018 vs 2017
Trade sales	\$ 67,537	68,417	68,935	(880)	(518)
Cost of trade sales	(54,243)	(55,483)	(54,941)	1,240	(542)
Gross margin	13,294	12,934	13,994	360	(1,060)
Interest expense	(498)	(638)	(509)	140	(129)
Selling, general and administrative expenses	11,066	9,903	11,112	1,163	(1,209)
Total operating profits	1,730	2,393	2,373	(663)	20
Other income	153	—	—	153	—
Foreign exchange (loss) gain	(75)	68	(193)	(143)	261
Income before income taxes	\$ 1,808	2,461	2,180	(653)	281
Gross margin percentage	% 19.68	18.90	20.30	0.78	(1.40)
SG&A as a percent of trade sales	% 16.39	14.47	16.12	1.92	(1.65)

Renin's income before income taxes for the year ended December 31, 2019 compared to the same 2018 period decreased by \$0.7 million, or 26.5%, primarily due to the following:

- An increase in selling, general and administrative expenses primarily due to consulting expenses related to the procurement of raw materials, severance expenses, and higher employee compensation expenses associated with the accrual of performance bonuses; and
- A decrease in trade sales primarily resulting from higher volume rebates and promotional spend on customers in Renin's retail channel; partially offset by
- An improvement in Renin's gross margin percentage which reflects improved pricing for the procurement of raw materials in 2019 and a barn door promotion to sell excess inventory in 2018 that was not repeated in 2019, partially offset by the impact of tariffs on products imported from China.

Renin's income before income taxes for the year ended December 31, 2018 compared to 2017 increased by \$0.3 million, or 12.9%, primarily due to the following:

- A decrease in selling, general and administrative expenses primarily attributable to a reduction in headcount and lower consulting expenses; partially offset by
- A decrease in trade sales primarily due to the impact of lower sales to customers in its commercial and direct installation channels and higher rebates and promotional discounts, partially offset by an increase in sales to retail customers; and
- An overall decrease in the gross margin percentage primarily due to promotional discounts provided to a customer to sell excess inventory.

Other

Other in the Company's segment information includes its investments in other operating businesses, including a restaurant located in South Florida that was acquired through a loan foreclosure and an insurance agency. Income before income tax for the other businesses was \$0.3 million for each of the years ended December 31, 2019 and 2018 and a net loss before income tax of \$0.2 million for the year ended December 31, 2017.

Reconciling Items and Eliminations

Reconciling items and eliminations in the Company's segment information includes the following:

- New BBX Capital's corporate general and administrative expense allocation from Parent;
- Elimination of transactions between New BBX Capital's subsidiaries; and
- Interest expense capitalized in connection with real estate construction.

Corporate General and Administrative Expenses

New BBX Capital's corporate general and administrative expenses consist of a cost allocation of services provided by Parent to New BBX Capital for various support functions, including executive compensation, legal, accounting, human resources, investor relations, and executive offices. The cost allocation from Parent to New BBX Capital's for the years ended December 31, 2019, 2018, and 2017, were \$20.7 million, \$21.2 million, and \$14.9 million, respectively. The lower cost allocation for the year ended December 31, 2017 compared to the years ended December 31, 2019 and 2018 was due to the impact of lower revenues during 2017, as IT'SUGAR was acquired in June 2017.

Provision for Income Taxes

The Company's effective income tax rate was approximately 29.0%, (96.0%), and (9.7%) during 2019, 2018 and 2017, respectively. The provision for income taxes was different than the expected federal income tax rate of 21% for the years ended December 31, 2019 and 2018 primarily due to nondeductible executive compensation and state income taxes, and for 2018, nondeductible goodwill impairments and a \$2.8 million adjustment associated with the Company's completion of its analysis of its accounting for the enactment of the Tax Reform Act in December 2017. See Note 13 to New BBX Capital's audited combined carve-out financial statements for the years ended December 31, 2019, 2018 and 2017 included elsewhere in this information statement for additional information with respect to the Company's accounting for the Tax Reform Act. The benefit for income taxes was lower than the expected federal income tax rate of 35% for the year ended December 31, 2017 due to the reduction in the corporate tax rate discussed above, nondeductible executive compensation and goodwill impairments, and state income taxes.

Discontinued Operations

In September 2019, due to continuing losses at FFTRG's MOD Pizza restaurant locations and the Company's goal of streamlining its investment verticals, the Company entered into an agreement with MOD to terminate FFTRG's area development and franchise agreements. The Company disposed of its restaurant locations by transferring the assets and lease obligations to MOD or closing the restaurant locations in September 2019.

The net losses before taxes from the Company's MOD Pizza franchise operations for the years ended December 31, 2019, 2018, and 2017 were \$9.4 million, \$4.5 million, and \$2.5 million, respectively. The net losses for the year ended December 31, 2019 included aggregate impairment losses of \$6.7 million related to the transfer of the seven restaurant locations to MOD Pizza and the closure of the two restaurant locations.

The net losses in the 2018 and 2017 periods were primarily attributable to selling, general, and administrative expenses, including compensation expenses associated with store employees and operations, human resource, marketing, and finance personnel that were hired in connection with establishing initial restaurant operations, depreciation expense associated with leasehold improvements, furniture, and fixtures at restaurant locations, and costs associated with store openings and the review of potential restaurant sites. During the year ended December 31, 2018, the selling, general and administrative expenses were partially offset by sales generated from the five restaurant locations opened during 2018 and the two restaurant locations opened during the fourth quarter of 2017.

[Table of Contents](#)

Net Income Attributable to Noncontrolling Interests

New BBX Capital's consolidated financial statements include the results of operations and financial position of IT'SUGAR, a partially-owned subsidiary in which it holds a controlling financial interest. As a result, the Company is required to attribute net income to the noncontrolling interests in this subsidiary.

Net loss attributable to noncontrolling interests during the years ended December 31, 2019, 2018, and 2017 was \$0.2 million, \$0.3 million, and \$20,000, respectively.

Consolidated Cash Flows

A summary of our consolidated cash flows is set forth below (in thousands):

	For the Years Ended December 31,		
	2019	2018	2017
Cash flows provided by (used in) operating activities	\$ 22,669	11,207	(13,388)
Cash flows provided by (used in) investing activities	35,963	1,574	(39,268)
Cash flows (used in) provided by financing activities	(67,427)	(10,084)	46,974
Net (decrease) increase in cash, cash equivalents and restricted cash	\$ (8,795)	2,697	(5,682)
Cash, cash equivalents and restricted cash at beginning of period	30,082	27,385	33,067
Cash, cash equivalents and restricted cash at end of period	\$ 21,287	30,082	27,385

Cash Flows provided by Operating Activities

The Company's operating cash flows increased \$11.5 million during the year ended December 31, 2019 compared to the same period in 2018. The increase was primarily due to increase in operating distributions from real estate joint ventures partially offset by a decrease in proceeds from the sale of developed lots at the Beacon Lake Community development and an increase in spending on the development of real estate inventory at Beacon Lake.

The Company's operating cash flows increased \$24.6 million during the year ended December 31, 2018 compared to the same period in 2017. The increase was primarily due to higher operating distributions from real estate joint ventures and the sale of real estate inventory at the Beacon Lake Community development.

Cash Flows provided by/used in Investing Activities

Cash provided by investing activities increased by \$34.4 million during the year ended December 31, 2019 compared to the same period in 2018. The increase primarily reflects a \$19.4 million increase in distributions from unconsolidated real estate joint ventures, \$17.3 million of higher proceeds from the sale of real estate and property and equipment, and a \$4.0 million net decrease in investments in unconsolidated real estate joint ventures, partially offset by a \$13.1 million decrease in proceeds from net loan recoveries.

Cash provided by investing activities increased by \$40.8 million during the year ended December 31, 2018 compared to the same period in 2017. The increase reflects the \$58.4 million of cash paid for the Company's acquisition of IT'SUGAR in June 2017, partially offset by the acquisition of joint venture interests associated with the Altman Companies and increased expenditures for property and equipment.

Cash Flows provided by/used in Financing Activities

Cash used in financing activities increased by \$57.3 million during the year ended December 31, 2019 compared to the same period in 2018. The increase was primarily the result of \$65.4 million of net transfers to

Table of Contents

Parent compared to net transfers from Parent of \$7.6 million during 2018. The increase in cash used from financing activities was partially offset by a \$14.1 million decrease in repayments of notes payable.

Cash used in financing activities increased by \$57.1 million during the year ended December 31, 2018 compared to the same period in 2017. The increase was primarily the result of a \$34.4 million increase in net transfers to Parent and a \$15.7 million increase in loan repayments, partially offset by a \$6.6 million increase net proceeds from borrowings.

Commitments

The Company's material commitments as of December 31, 2019 included the required payments due on its, notes payable and other borrowings and commitments under non-cancelable operating leases.

The following table summarizes the contractual minimum principal and interest payments, net of unamortized discount, required on all of the Company's outstanding debt and payments required on the Company's non-cancelable operating leases by period due date as of December 31, 2019 (in thousands):

	Payments Due by Period				Unamortized Debt Issuance Costs	Total
	Less than 1 year	1 - 3 Years	4 - 5 Years	After 5 Years		
Contractual Obligations (1)						
Notes payable and other borrowings	\$ 7,017	6,842	2,279	27,422	(824)	42,736
Noncancelable operating leases	19,492	39,178	27,671	32,299	—	118,640
Total contractual obligations	<u>26,509</u>	<u>46,020</u>	<u>29,950</u>	<u>59,721</u>	<u>(824)</u>	<u>161,376</u>
Interest Obligations (2)						
Notes payable and other borrowings	2,293	3,774	3,265	20,194	—	29,526
Total contractual interest	<u>2,293</u>	<u>3,774</u>	<u>3,265</u>	<u>20,194</u>	<u>—</u>	<u>29,526</u>
Total contractual obligations	<u>\$ 28,802</u>	<u>49,794</u>	<u>33,215</u>	<u>79,915</u>	<u>(824)</u>	<u>190,902</u>

- (1) Does not include BBXRE's obligation under the Altman Companies' operating agreement to purchase an additional 40% equity interest in January 2023 for a purchase price, subject to certain adjustments, of \$9.4 million.
- (2) Assumes that the scheduled minimum principal payments are made in accordance with the table above and the interest rate on variable rate debt remains the same as the rate at December 31, 2019.

Off-balance-sheet Arrangements

New BBX Capital guarantees certain obligations of its wholly-owned subsidiaries and unconsolidated real estate joint ventures, which are not included in the contractual obligations table above, and also guarantees certain of the obligations in the above table as described in further detail in Note 16 to New BBX Capital's audited combined carve-out financial statements for the years ended December 31, 2019, 2018 and 2017 included elsewhere in this information statement.

The Company has investments in joint ventures involved in the development of multifamily apartment and townhome communities, as well as single-family master planned communities. The Company's investments in these joint ventures are accounted for under the equity method of accounting, and as a result, the Company does not recognize the assets and liabilities of these joint ventures in its financial statements. As of December 31, 2019 and 2018, the Company's investments in these joint ventures totaled \$57.3 million and \$64.7 million, respectively. These unconsolidated real estate joint ventures generally finance their activities with a combination of debt

financing and equity. The Company generally does not directly guarantee the financing of these joint ventures, other than as described in further detail in Note 7 to New BBX Capital's audited combined carve-out financial statement for the years ended December 31, 2019, 2018 and 2017 included elsewhere in this information statement, and the Company's maximum exposure to losses from these joint ventures is its equity investment. The Company is typically not obligated to fund additional capital to its joint ventures; however, the Company's interest in a joint venture may be diluted if the Company elects not to fund a joint venture capital call.

Liquidity and Capital Resources

As of June 30, 2020, the Company, had cash, cash equivalents, and short-term investments of approximately \$96.5 million. Management believes that the Company has sufficient liquidity to fund operations, including anticipated working capital, capital expenditure, and debt service requirements, and respond to the challenges related to the COVID-19 pandemic for the foreseeable future, subject to mitigation and cost reduction efforts and management's determination of whether and/or the extent to which it will fund the operations and commitments of its subsidiaries. As discussed in this report, the Company has sought to take various mitigating measures to manage through the current challenges resulting from the COVID-19 pandemic, including cost and capital expenditure reductions at its subsidiaries. However, management is continuing to evaluate the potential operating deficits and liquidity requirements of its subsidiaries as a result of the impact of the COVID-19 pandemic and may determine not to provide additional funding or capital to subsidiaries whose operations it believes may not be sustainable.

New BBX Capital's principal sources of liquidity have historically been its available cash and short-term investments, distributions from unconsolidated real estate joint ventures, proceeds received from lot sales at the Beacon Lake Community development, sales of real estate, and contributions from Parent. However, the COVID-19 pandemic has impacted or otherwise resulted in uncertainty regarding many of these sources of liquidity, and if the proposed distribution of New BBX Capital's stock to Parent's stockholders is approved and consummated, New BBX Capital will no longer receive ongoing capital contributions from Parent following the consummation of the distribution. New BBX Capital believes that its primary source of liquidity for the foreseeable future will be its available cash, cash equivalents, and short-term investments.

New BBX Capital believes that its current financial condition will allow it to meet its anticipated near-term liquidity needs. New BBX Capital may also seek additional liquidity from outside sources, including traditional bank financing, secured or unsecured indebtedness, or the issuance of equity and/or debt securities. However, these alternatives may not be available to New BBX Capital on attractive terms, or at all. The inability to raise funds through the sources discussed above would have a material adverse effect on the Company's business, results of operations, and financial condition.

Anticipated and Potential Liquidity Requirements

New BBX Capital has historically used its available funds for operations and general corporate purposes (including working capital, capital expenditures, debt service requirements, and the Company's other commitments described above), make additional investments in real estate opportunities, operating businesses, or other opportunities, or make distributions to Parent. While New BBX Capital may continue to evaluate opportunistic investments, New BBX Capital currently expects to use its available funds primarily for operations and general corporate purposes and to fund operating deficits resulting from the COVID-19 pandemic. However, as discussed above, New BBX Capital's management intends to evaluate the operating deficits and liquidity requirements of its subsidiaries as a result of the impact of the COVID-19 pandemic on operations and general economic conditions and may make a determination that it will not provide additional funding or capital to certain of its subsidiaries.

In November 2018, BBXRE acquired a 50% membership interest in the Altman Companies, a joint venture between the Company and Joel Altman engaged in the development, construction, and management of

Table of Contents

multifamily apartment communities. Although the Altman Companies generates revenues from the performance of development, general contractor, leasing, and property management services to the joint ventures that are formed to invest in the development projects that it originates, it is expected to generate profits for BBXRE and Joel Altman primarily through the equity distributions that BBXRE and Joel Altman receive through their investment in the managing member of such joint ventures. Therefore, as the timing of such distributions to BBXRE and Joel Altman is generally contingent upon the sale or refinancing of a completed development project, it is anticipated that BBXRE and Joel Altman will be required to contribute capital to the Altman Companies for its ongoing operating costs and predevelopment expenditures, as well as to the managing member of newly formed joint ventures. At the current time, BBXRE anticipates that it will invest approximately \$1.0 million to \$2.0 million in the Altman Companies and related joint ventures during the remainder of 2020 relating to planned predevelopment expenditures, ongoing operating costs and potential operating shortfalls related to certain projects. Furthermore, if the Altman Companies closes on development financing for additional projects, BBXRE expects that it would be required to contribute an additional \$1.25 million to ABBX Guaranty, LLC, a joint venture between BBXRE and Joel Altman that provides guarantees on the indebtedness and construction cost overruns of new real estate joint ventures formed by the Altman Companies. However, at this time, the COVID-19 pandemic has resulted in uncertainty in the ability of the Altman Companies to close on the capital necessary to commence the construction of new projects for the foreseeable future.

Pursuant to the operating agreement of the Altman Companies, BBXRE will also acquire an additional 40% equity interest in the Altman Companies from Joel Altman for a purchase price of \$9.4 million in January 2023, while Joel Altman can also, at his option or in other predefined circumstances, require BBXRE to purchase his remaining 10% equity interest in the Altman Companies for \$2.4 million. In addition, in certain circumstances, BBXRE may acquire the 40% membership interests in Altman-Glenewinkel Construction that are not owned by the Altman Companies for a purchase price based on prescribed formulas in the operating agreement of Altman-Glenewinkel Construction.

In addition to BBXRE's anticipated investments in the Altman Companies and related joint ventures, BBXRE has entered into two real estate joint ventures, CCB Miramar, LLC and L03/212 Partners, LLC, in which the Company expects to contribute additional capital of approximately \$1.9 million during the next twelve to twenty-four months based on the current plans and estimates associated with the related development projects.

Credit Facilities with Future Availability

As of June 30, 2020, New BBX Capital and certain of its subsidiaries had the following credit facilities with future availability, subject to eligible collateral and the terms of the facilities, as applicable.

Toronto-Dominion Commercial Bank. In May 2017, Renin entered into a credit facility with TD Bank that was subsequently renewed in September 2019 and 2018. Under the terms and conditions of the credit facility, TD Bank agreed to provide term loans for up to \$1.7 million and loans under a revolving credit facility for up to approximately \$16.3 million subject to certain terms and conditions. During the first quarter of 2020, Renin received a waiver from TD Bank of its breach of the quarterly debt service coverage ratio under the facility, and the credit facility was amended to replace the existing debt service coverage ratio with an interest coverage ratio. In connection with the amendment to the credit facility, Renin repaid the outstanding balance of the term loan with borrowings from the revolving credit facility. As of June 30, 2020, the outstanding amounts under the revolving credit facility was \$8.0 million with an effective interest rate of 3.17%.

As of June 30, 2020, New BBX Capital and certain of its subsidiaries had availability of approximately \$5.2 million under the above revolving lines of credit, subject to eligible collateral and the terms of the facilities, as applicable. However, the effects of the COVID-19 pandemic on the Company's operations could impact its ability to remain in compliance with the financial covenants under these facilities and limit the extent of availability under the facilities in future periods.

Table of Contents

In connection with the spin-off, Parent will issue a \$75 million promissory note in favor of New BBX Capital. Amounts outstanding under the note will accrue interest at a rate of 6% per annum. The note will require payments of interest only on a quarterly basis; provided however that interest payments may be deferred at the option of Parent, with interest on the entire outstanding balance thereafter to accrue at a cumulative, compounded rate of 8% per annum until such time as Parent is current on all accrued payments under the note, including deferred interest. All outstanding amounts under the note will become due and payable in five years or upon certain events.

Critical Accounting Policies

Management views critical accounting policies as accounting policies that are important to the understanding of our financial statements and also involve estimates and judgments about inherently uncertain matters. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated statements of financial condition and assumptions that affect the recognition of income and expenses on the consolidated statements of operations and comprehensive income (loss) for the periods presented. On an ongoing basis, management evaluates its estimates, including, but not limited to, those that relate to the determination of: the recognition of revenue; the recovery of the carrying value of real estate inventories; the fair value of assets measured at, or compared to, fair value on a non-recurring basis, such as assets held for sale, intangible assets, other long-lived assets and goodwill; the valuation of assets and liabilities assumed in the acquisition of a business; the amount of deferred tax valuation allowance and accounting for uncertain tax positions; and the estimate of contingent liabilities related to litigation and other claims and assessments. The accounting policies that we have identified as critical accounting policies are: the recognition of revenue; evaluating goodwill for impairment; and evaluating long-lived assets and definite lived intangible assets for impairment. Management bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates under different assumptions and conditions. If actual results significantly differ from management's estimates, our results of operations and financial condition could be materially and adversely impacted.

Revenue Recognition—Variable Consideration on Trade Sales and Sales of Real Estate Inventory

The Company's trade sales are generally sold with a right of return, and the Company may provide other sales credits or incentives, such as volume discounts or rebates. Additionally, the Company is entitled to contingent consideration on certain single-family lot sales to builders. These programs are accounted for as variable consideration when determining the amount of revenue to recognize upon transfer of control. Estimates of contingent consideration, returns, and incentives are calculated using the expected value method and updated at the end of each reporting period when additional information becomes available. Variable consideration estimates are based on historical experience adjusted for current economic conditions and sales trends. These estimates rely on assumptions and judgments regarding issues where the outcome is unknown, and actual results or values may differ significantly from these estimates. A significant change in the timing of revenue recognized could occur if actual variable consideration is significantly different than our estimates.

Evaluating Goodwill for Impairment

The process of evaluating goodwill for impairment involves the determination of the fair value of the Company's reporting units. Inherent in such fair value determinations are certain judgments and estimates relating to future cash flows, including the Company's interpretation of current economic indicators and market valuations, and assumptions about the Company's strategic plans with regard to its operations. Due to the uncertainties associated with such evaluations, actual results could differ materially from such estimates. The Company's goodwill as of December 31, 2019 was \$37.2 million, \$35.2 million of which related to the IT*SUGAR reporting unit. Based on its annual impairment test as of December 31, 2019, the Company determined that the goodwill assigned to its reporting units, including the IT*SUGAR reporting unit, was not

Table of Contents

impaired at December 31, 2019. However, due to the continuing adverse impacts of the COVID-19 pandemic, in connection with its impairment testing as of March 31, 2020, the Company estimated that the fair value of the IT'SUGAR reporting unit was \$27.3 million as of March 31, 2020 and recognized a goodwill impairment loss of \$20.3 million during the quarter ended March 31, 2020 based on the excess of the carrying amount of the IT'SUGAR reporting unit over its estimated fair value.

In addition to the IT'SUGAR reporting unit, the Company tested the goodwill of its other reporting units and based on its estimates of fair value recognized goodwill impairment losses of \$2.1 million during the six months ended June 30, 2020 related to these reporting units. The decline in the fair value of these reporting units from December 31, 2019 primarily resulted from the effects of the COVID-19 pandemic on these businesses. To the extent that conditions or performance do not improve, we may recognize additional goodwill impairment charges in future periods.

Evaluating Long-lived Assets and Definite-lived Intangible Assets for Impairment

The Company evaluates its long-lived assets and definite-lived intangible assets, including property and equipment, and real estate held-for-investment, for potential impairment whenever events or changes in circumstances indicate that the carrying amounts of such assets may not be recoverable. With respect to property and equipment associated with new retail locations, the Company assesses whether there are indicators of impairment upon the earlier of the stabilization of the applicable retail location or twelve to eighteen months following the opening of the location (depending on the maturity of the retail brand). The carrying amounts of assets are not considered recoverable when the carrying amounts exceed the undiscounted cash flows estimated to be generated by those assets. As the carrying amounts of these assets are dependent upon estimates of future earnings that they are expected to generate, these assets may be impaired if cash flows decrease significantly or do not meet expectations, in which case they would be written down to their fair value. The estimates of useful lives and expected cash flows require us to make significant judgments regarding future periods that are subject to a number of factors, many of which may be beyond our control. As of December 31, 2019, the Company had capitalized in excess of \$9.2 million of property and equipment associated with new IT'SUGAR retail locations which had not stabilized or had not been open for twelve to eighteen months. As a result of the Company's testing of its long-lived assets for impairment as of June 30, 2020, the Company recognized impairment losses of \$5.4 million during the six months ended June 30, 2020 related primarily to leasehold improvements and right-of-use assets associated with certain of IT'SUGAR's retail locations. The recognition of these impairment losses primarily resulted from the effects of the COVID-19 pandemic on the estimated cash flows expected to be generated by the related assets. To the extent that conditions or performance do not improve, we may recognize additional impairment charges associated with these locations and assets in future periods.

Recent Accounting Pronouncements

See Note 2 to the Company's audited combined carve-out financial statements for the years ended December 31, 2019, 2018 and 2017 for a discussion of recently adopted and recently issued accounting pronouncements.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

Market risk is defined as the risk of loss arising from adverse changes in market valuations resulting from interest rate risk, foreign currency exchange rate risk, commodity price risk and equity price risk. New BBX Capital's primary market risk is equity price risk, interest rate risk and commodity price risk.

New BBX Capital's real estate assets market risk consists primarily of equity pricing risk and secondarily interest rate risk. New BBX Capital's real estate assets are investments in unconsolidated real estate companies, real estate held-for-investment or held-for-sale and real estate inventory. New BBX Capital's financial condition and earnings are affected by changes in real estate values in the markets where the real estate or real estate collateral is located and changes in interest rates which affects the affordability of real estate. As a result, there is exposure to equity pricing and interest rate risk in the real estate market.

New BBX Capital's results of operations are subject to foreign currency exchange risk of the U.S. dollar compared to the Canadian dollar though its ownership of Renin. Renin's assets, liabilities, revenue and expenses that are denominated in foreign currencies will be affected by changes in the exchange rates between the U.S. dollar and the Canadian dollar. As of June 30, 2020, New BBX Capital has not entered into any foreign exchange forward contracts as hedges against foreign currency exchange risk.

New BBX Capital is affected by interest rates, which are subject to the influence of economic conditions generally, both domestic and foreign, and also to the monetary and fiscal policies of the United States and its agencies, particularly the Federal Reserve. The nature and timing of any changes in such policies or general economic conditions and their effect on the Company and its subsidiaries are unpredictable.

As of June 30, 2020, New BBX Capital had fixed interest rate debt of approximately \$34.7 million and floating interest rate debt of approximately \$8.0 million. The floating interest rates are subject to floors and are generally based either upon the prevailing prime or LIBOR rates. For floating rate financial instruments, interest rate changes generally do not affect the market value of the debt, but do impact earnings and cash flows relating to the debt, assuming other factors are held constant. Conversely, for fixed rate financial instruments, interest rate changes affect the market value of the debt but do not impact earnings or cash flows relating to the debt, assuming other factors are held constant.

New BBX Capital is subject to commodity pricing risk in connection with its Renin and BBX Sweet Holdings operating businesses. Commodity price increases or decreases ultimately result in corresponding changes in raw material prices which could impact our financial condition and results of operations. We have not in the past entered into, and do not currently have any plans to enter into, commodity futures and options contracts to reduce our commodity pricing risk.

To the extent inflationary trends, tightened credit markets or other factors affect interest rates, New BBX Capital's debt service costs may increase. In the event of tightened credit markets, there may be a significant tightening of availability under our existing lines, we may be unable to renew our lines of credit or obtain new facilities. As a result, instability or volatility in the financial markets restricting the availability of credit, including any tightening of the credit markets in connection with the recent coronavirus outbreak, may adversely impact New BBX Capital's business, results of operations, liquidity, or financial condition.

Impact of Inflation

The financial statements and related financial data and notes presented herein have been prepared in accordance with GAAP, which requires the measurement of financial position and operating results in terms of historical dollars without considering changes in the relative purchasing power of money over time due to inflation.

[Table of Contents](#)

New BBX Capital believes that inflation and changing prices have had and may in the future have a material impact on its revenues and results of operations. Furthermore, while increases in real estate construction and development costs may result in increases in rental rates and real estate sales prices, rental rates and sales prices may not increase commensurate with the increase in costs or they may decrease, and increased construction costs may have a material adverse impact on gross margin. In addition, inflation is often accompanied by higher interest rates which could have a negative impact on consumer demand and the costs of financing activities. Rising interest rates as well as increased materials and labor costs may reduce margins.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Review, Approval or Ratification of Related Party Transactions

New BBX Capital will have in place a policy for the review and approval of transactions in which New BBX Capital is to be a participant, where the amount involved exceeds or is expected to exceed \$120,000 annually, and in which any of New BBX Capital's directors or executive officers, or any of their immediate family members, will have a direct or indirect material interest. Any such related party transaction is to be for the benefit of New BBX Capital and upon terms no less favorable to New BBX Capital than if the related party transaction was with an unrelated party.

It is expected that New BBX Capital will delegate to its Nominating/Corporate Governance Committee the review and approval of related party transactions relating to directors or executive officers, or their immediate family members, other than those presenting issues regarding financial or accounting matters, the review and approval of which is expected to be delegated to the Audit Committee. In reviewing related party transactions, the Nominating/Corporate Governance Committee or the Audit Committee, as applicable, will evaluate and consider the terms of the related party transaction, including an assessment of the arms-length nature of the terms, and such other factors that it deems appropriate with respect to the transaction.

Related Party Transactions and Relationships

It is expected that Alan B. Levan, John E. Abdo, Jarett S. Levan and Seth M. Wise will be deemed to control New BBX Capital following the spin-off by virtue of their collective ownership of shares expected to represent approximately 78.8% of the total voting power of New BBX Capital's Class A Common Stock and Class B Common Stock following the spin-off. It is further expected that Messrs. Alan Levan, Abdo, Jarett Levan and Wise are expected to serve as directors of both Parent and New BBX Capital following the spin-off.

New BBX Capital and its subsidiaries are parties to an Agreement to Allocate Consolidated Income Tax Liability and Benefits with Parent and its other subsidiaries. Under the agreement, the parties calculate their respective income tax liabilities and attributes as if each of them was a separate filer. If any tax attributes are used by another party to the agreement to offset its tax liability, the party providing the benefit will receive an amount for the tax benefits realized. For the year ended December 31, 2019, Parent paid New BBX Capital \$1.0 million pursuant to the tax sharing agreement. As of December 31, 2019, \$2.8 million was due from New BBX Capital to Parent under the tax sharing agreement. The tax sharing agreement will be terminated with respect to New BBX Capital and its subsidiaries in connection with the spin-off.

For the year ended December 31, 2019, New BBX Capital and its subsidiaries reimbursed Parent for its provision of management advisory and employer provided medical insurance in the amount of \$621,000, which was Parent's cost of providing the services.

For the year ended December 31, 2019, New BBX Capital and its subsidiaries received \$774,000 in consideration for its provision of risk management consulting services to Parent and Bluegreen Vacations.

Certain of New BBX Capital's affiliates, including its executive officers, have independently made investments with their own funds in investments that New BBX Capital has sponsored or in which New BBX Capital holds investments.

In addition to the foregoing, see the section of this information statement entitled "The Spin-Off—Relationship Between New BBX Capital and Parent" for a description of the agreements expected to be entered into between Parent and New BBX Capital in connection with the spin-off which set forth the terms and conditions of the separation of the businesses of Parent between Parent and New BBX Capital and will govern various ongoing arrangements between Parent and New BBX Capital upon completion of the spin-off.

MANAGEMENT**Directors and Executive Officers Following the Spin-Off**

The following table lists the names, ages and expected positions of the individuals who are expected to serve as the executive officers and/or directors of New BBX Capital immediately following the spin-off.

Name	Age	Position
Alan B. Levan	75	Chairman
John E. Abdo	77	Vice Chairman
Jarett S. Levan	46	Chief Executive Officer, President and Director; Chief Executive Officer, BBX Sweet Holdings
Seth M. Wise		Executive Vice President and Director; President, BBX Capital Real Estate; Co-Chief Executive Officer, The Altman Companies
Brett Sheppard	36	Chief Financial Officer
Norman H. Becker	82	Director
Andrew R. Cagnetta, Jr.	55	Director
Steven M. Coldren	72	Director
Gregory A. Haile	42	Director
Willis N. Holcombe	75	Director
Anthony P. Segreto	70	Director
Neil Sterling	69	Director

The following additional information is provided for each of the above-named individuals. Our executive officers will be appointed by, and serve at the discretion of, our Board of Directors. Except as set forth below, there is no family relationship between any of the individuals expected to serve as directors or executive officers of New BBX Capital.

Alan B. Levan formed the I.R.E. Group (predecessor to Parent) in 1972. From 1978 until December 2015, he served as Chairman, Chief Executive Officer and President of Parent or its predecessors. During February 2017, Mr. Alan Levan was reappointed as Parent's Chairman and Chief Executive Officer and he continues to serve in such capacities. From December 2015 until his reappointment as Parent's Chairman and Chief Executive Officer during February 2017, Mr. Alan Levan served as Founder and strategic advisor to Parent's Board of Directors. Mr. Alan Levan has also served as Chairman of the Board of Bluegreen Vacations since May 2017 and from May 2002 to December 2015. In addition, effective January 1, 2020, Mr. Alan Levan was appointed Chief Executive Officer and President of Bluegreen Vacations. From May 2015 until February 2017, he served Bluegreen Vacations in a non-executive capacity. From 1994 until December 2015, Mr. Alan Levan was also Chairman and Chief Executive Officer of BBX Capital Corporation (formerly BankAtlantic Bancorp, Inc), which merged with and into a wholly owned subsidiary of Parent during December 2016 (the "Parent Merger"). He also served as Founder and strategic advisor to the Board of Directors of Parent during that time and currently serves as its Chairman and Chief Executive Officer. In addition, Mr. Alan Levan served as Chairman of BankAtlantic from 1987 until July 2012 when BankAtlantic was sold to BB&T Corporation ("BB&T"). Mr. Alan Levan also served as a director of Benihana Inc. ("Benihana") until August 2012. Parent had a significant investment in Benihana until August 2012 when Benihana was acquired by Safflower Holdings Corp. We believe that Mr. Alan Levan is a strong operating executive and that his proven leadership skills will enhance us and our Board of Directors. We also believe that Mr. Alan Levan, as our Chairman, will provide our Board of Directors with critical insight regarding our business and prospects. Mr. Alan Levan is the father of Jarett S. Levan, who is expected to serve as Chief Executive Officer, President and a director of New BBX Capital and Chief Executive Officer of BBX Sweet Holdings.

Table of Contents

John E. Abdo has served as Vice Chairman of Parent since 1993 and Vice Chairman of BBX Capital Corporation (formerly BankAtlantic Bancorp, Inc.) prior to the Parent merger. He has also served as Vice Chairman of the Board of Bluegreen Vacations since 2002, except for the period from December 2015 until August 2017, during which time he served as Acting Chairman of the Board of Bluegreen Vacations. Mr. Abdo served as Vice Chairman of BankAtlantic from 1987 until the completion of the sale of BankAtlantic to BB&T during July 2012. Mr. Abdo is also President of Abdo Companies, Inc., a member of the Board of Directors of the Performing Arts Center Authority (“PACA”) and the former 20-year President, and current member of the Investment Committee and Finance Committee, of the Broward Performing Arts Foundation. Mr. Abdo also served as a director of Benihana until August 2012, including serving as Vice Chairman of the Board of Benihana from 2009 through August 2012. We believe that, based on his extensive experience as part of the Florida business community and his knowledge of our business and affairs, we will benefit from Mr. Abdo’s contributions to our Board of Directors. We also believe that Mr. Abdo’s real estate background will enable him to provide additional knowledge and perspective to our Board of Directors.

Jarett S. Levan serves as President of Parent and will be the President and Chief Executive Officer of New BBX Capital. From December 2015 to February 2017, he also served as Acting Chairman and Chief Executive Officer of Parent. He has served as a member of Parent’s Board of Directors since September 2009. Since August 2017, Mr. Jarett Levan has served as a director of Bluegreen Vacations. Commencing in 1999 he was a Director and in 2015 he became the Acting Chairman and Chief Executive Officer of BBX Capital Corporation (formerly BankAtlantic Bancorp, Inc.) until the completion of the Parent Merger in December 2016. Further, Mr. Jarett Levan was the President of BankAtlantic from 2005 to 2007 and was the Chief Executive Officer of BankAtlantic from January 2007 until July 2012 when BankAtlantic was sold to BB&T. Mr. Jarett Levan also serves as a director of Business for the Arts of Broward, the Broward Center for the Performing Arts, the Greater Fort Lauderdale Alliance, the Broward Workshop, the Broward College Foundation and the Ambassadors Board of Nova Southeastern University. We believe that Mr. Jarett Levan’s operating and management experience, and his knowledge of our business, will allow him to provide insight to our Board of Directors with respect to our business, affairs and prospects. Mr. Jarett Levan is the son of Alan B. Levan, who is expected to serve as our Chairman.

Seth M. Wise has served as a director and Executive Vice President of Parent since September 2009. Mr. Wise has also served as Executive Vice President of BBX Capital Corporation (formerly BankAtlantic Bancorp, Inc.) since August 2012 and as a director of Bluegreen Vacations since August 2017. In addition, since July 2005, Mr. Wise has served as President of Woodbridge Holdings Corporation (including its predecessor, Woodbridge Holdings, LLC) (“Woodbridge”) after serving as its Executive Vice President since September 2003. He also previously was Vice President of Abdo Companies, Inc. We believe that Mr. Wise’s real estate-related experience and background will enhance our Board of Directors’ knowledge with respect to the real estate industry and that our Board will benefit from the insight he brings with respect to our operations and investments.

Brett Sheppard joined Parent in 2017 and has served as its Chief Accounting Officer since August 2018. Mr. Sheppard will be appointed Chief Financial Officer of New BBX Capital in connection with the spin-off. Prior to joining Parent, Mr. Sheppard served as Corporate Controller of Equity One, Inc. and as a Senior Auditor with Ernst & Young LLP. Mr. Sheppard is a Certified Public Accountant and holds an M.Pr.A. and B.B.A. in Accounting and Finance.

Norman H. Becker was appointed to Parent’s Board of Directors in connection with the completion of the Parent Merger during December 2016 after serving as a director of BCC since 2013. Mr. Becker is currently, and has been for more than ten years, self-employed as a Certified Public Accountant. Mr. Becker was the Chief Financial Officer and Treasurer of Proguard Acquisition Corp. as well as a member of its Board of Directors until his resignation from such positions during June 2012. Mr. Becker was previously a partner with Touche Ross & Co., the predecessor of Deloitte & Touche LLP, for more than ten years. He has served as a director of Bluegreen Vacations since 2003. He also served as a director of Benihana until August 2012. We believe that Mr. Becker’s business, financial and accounting expertise will allow him to provide valuable insight to our Board of Directors and that his accounting and financial knowledge will make him a valuable resource for our Audit Committee.

Table of Contents

Andrew R. Cagnetta, Jr. has served as a director of Parent since 2018. Mr. Cagnetta is the Chief Executive Officer of Transworld Business Advisors, LLC, an international business brokerage firm headquartered in West Palm Beach, Florida. We believe that Mr. Cagnetta will be a valuable asset to our Board of Directors based on his understanding of, and connections in, the South Florida business market and his knowledge and experience with respect to business acquisitions and sales, including developments and trends with respect thereto, and other business and financial matters generally.

Steven M. Coldren was appointed to Parent's Board of Directors in connection with the completion of the Parent Merger during December 2016 after serving as a director of Parent or its predecessor since 1986. Mr. Coldren is the President/Founder of Business Information Systems, Inc., a distributor of commercial recording systems since 1982. Until 2004, Mr. Coldren was also Chairman of Medical Information Systems, Corp., a distributor of hospital computer systems. We believe that Mr. Coldren's business and financial experience as the President/Founder of Business Information Systems, Inc. and Chairman of Medical Information Systems Corp., combined with his knowledge of our business as a consequence of his long history of service as a director of Parent, will be valuable to our Board of Directors.

Gregory A. Haile was appointed to Parent's Board of Directors during October 2019. Mr. Haile has served as the President of Broward College since July 1, 2018. From September 2011 to June 2018, he was the General Counsel and Vice President for Public Policy and Government Affairs for Broward College. Prior to joining Broward College, Mr. Haile was an attorney in private practice. We believe that Mr. Haile will provide valuable input and contributions to our Board based on, among other things, his leadership experience, relationships within and knowledge of the South Florida community, and significant history of board and committee service.

Willis N. Holcombe was appointed to Parent's Board of Directors in connection with the completion of the Parent Merger during December 2016 after serving as a director of Parent since 2003. Dr. Holcombe served as the Chancellor of the Florida College System from October 2007 until his retirement from that position in November 2011 and as interim President of Florida State College at Jacksonville from January 2013 through December 2013. He previously served as the President of Broward Community College from January 1987 until January 2004, as well as interim President from November 2006 to July 2007. Dr. Holcombe also served as a director on the Florida Prepaid College Board from January 2008 through November 2011. We believe that Dr. Holcombe's academic background and management acumen, including his previous service as Chancellor of the Florida College System, give him a unique perspective to provide meaningful insight to our Board of Directors and that we will also benefit from Dr. Holcombe's knowledge of, and relationships within, the South Florida community.

Anthony P. Segreto was appointed to Parent's Board of Directors in connection with the completion of the Parent Merger during December 2016 after serving as a director of BCC since 2012 and an advisory director of Parent from 2009 until 2012. Mr. Segreto also served as a consultant to BankAtlantic from October 2009 until the completion of the sale of BankAtlantic to BB&T during July 2012. Mr. Segreto was an integral part of the South Florida NBC news team for 40 years where he was a well-respected reporter and anchor for both sports and news. He has also served on the Boards of a number of nonprofit organizations, including as a member of the Board of Governors of the Huizenga School of Business and Entrepreneurship and the Community Foundation of Broward. We believe that we will benefit from Mr. Segreto's recognition, relationships and community involvement in Florida, as well as his business acumen.

Neil Sterling has served as a director of Parent since 2003. Mr. Sterling has been the principal of The Sterling Resources Group, Inc., a business development consulting firm, since 1998. He is also the Founder and Chief Executive Officer of SRG Technology, LLC, a software development company. We believe that, as a result of his experience as an executive and business consultant and his resulting exposure to, and knowledge of, numerous companies and industries, Mr. Sterling will be able to bring strategic insight to our Board of Directors. In addition, we believe that he will provide a valuable perspective to our Board resulting from his not-for-profit services as a former member of the Broward County School Board, Founding Chairperson of PACA, and member of the Florida Ethics Commission, among other charitable and not-for-profit services.

Board of Directors Composition

Our Bylaws provide that our Board of Directors will consist of no less than three or more than sixteen directors, and for each director to serve for a term expiring at our next annual meeting of shareholders. The specific number of directors is set from time to time by resolution of the Board. It is expected that our Board of Directors will set the number of directors comprising the Board immediately following the spin-off at eleven directors. Our directors will hold office until their successors have been duly elected and qualified or until the earlier of their death, resignation or removal. An election of directors by our shareholders will be determined by plurality vote.

Director Independence

Based on current transactions and relationships, it is expected that Norman H. Becker, Andrew R. Cagnetta, Jr., Steven M. Coldren, Gregory Adam Haile, Willis N. Holcombe, Anthony P. Segreto and Neil Sterling, who together would comprise a majority of our Board of Directors and each of whom has been determined to be an “independent” director of Parent under the listing standards of the NYSE and applicable SEC rules and regulations, will qualify as independent directors for purposes of serving on our Board. We expect to make our determination of director independence using the definition of “independence” set forth in listing standards of the NYSE. In addition, it is expected that, to assist it in making its independence determinations, our Board of Directors will adopt the following categorical standards of relationships that, in our Board’s opinion, will not constitute material relationships that would impair a director’s independence: (i) serving on third party Boards of Directors, including Parent’s Board of Directors, with other members of our Board; (ii) payments or charitable gifts by us to entities with which a director is an executive officer or employee where such payments do not exceed the greater of \$1 million annually or 2% of such entity’s consolidated gross revenues for the applicable year; and (iii) investments by directors in common with each other or us. In addition, among the relationships and transactions expected to be reviewed by our Board, it is expected that our Board will consider Mr. Becker’s service on the Board of Directors of Bluegreen Vacations, and that Business Information Systems, Inc., a company of which Mr. Coldren is the President leases office space from Abdo Companies, Inc., of which John E. Abdo is President. Prior to its expansion in 2019, the lease covered 4,000 square feet and provided for annual rent of \$84,000. During 2019, the lease was expanded to cover a total approximately 6,000 square feet and the annual rent was increased to \$140,000, which is purported to be the current market rate. Further, Gregory Adam Haile has served as the President of Broward College since July 2018 after serving as its General Counsel and Vice President for Public Policy and Government Affairs since September 2011. Mr. Haile is also a member of the Board of Directors of the Broward College Foundation. During 2019, Parent made contributions of \$10,000 to each of Broward College and the Broward College Foundation. Such relationships are not expected to constitute material relationships that would impair the applicable director’s independence.

Board Committees

Following the spin-off, the standing committees of our Board will include an Audit Committee, a Compensation Committee and a Nominating/Corporate Governance Committee, each as further described below.

Audit Committee

We will have a separately-designated Audit Committee. The members of the Audit Committee are expected to be Norman H. Becker, Chairman, Andrew R. Cagnetta, Jr., Steven M. Coldren and Gregory A. Haile. We expect that each member of the Audit Committee will be deemed to be “financially literate” and “independent,” as determined in accordance with applicable rules and regulations, and that Mr. Becker will be determined to be “audit committee financial experts,” as defined under Item 407 of Regulation S-K promulgated by the SEC.

The Audit Committee’s responsibilities will include, among other things, appointing, retaining, overseeing and determining the compensation and services of our independent auditors, overseeing the quality and integrity

Table of Contents

of our financial statements and related disclosures, overseeing our compliance with legal and regulatory requirements, assessing our independent auditors' qualifications, independence and performance, and monitoring the performance of our internal audit and control functions.

The responsibilities of the Audit Committee, which we anticipate will be substantially similar to the responsibilities of Parent's Audit Committee, will be more fully described in the Audit Committee charter. We will post the Audit Committee charter on our website and we will provide it in print, without charge, to any shareholder that requests it.

Compensation Committee

We will have a separately-designated Compensation Committee. The members of the Compensation Committee are expected to be Neil Sterling, Chairman, Steven M. Coldren, and Willis N. Holcombe. We expect that each member of the Compensation Committee will be determined to be "independent," as determined in accordance with applicable rules and regulations, and "non-employee directors" within the meaning of Section 16 of the Exchange Act.

The Compensation Committee will provide assistance to our Board in fulfilling its responsibilities relating to the compensation of our executive officers. It will review and determine the compensation of our executive officers, including our Chief Executive Officer, and administer our equity-based compensation plans. The Compensation Committee will have the authority to retain consultants to assist the Compensation Committee in its evaluation of executive compensation, as well as the authority to approve any such consultant's fees and retention terms.

The responsibilities of the Compensation Committee, which we anticipate will be substantially similar to the responsibilities of Parent's Compensation Committee, will be more fully described in the Compensation Committee charter. We will post the Compensation Committee charter on our website and we will provide it in print, without charge, to any shareholder that requests it.

Nominating/Corporate Governance Committee

We will have a separately-designated Nominating/Corporate Governance Committee. The members of the Nominating/Corporate Governance Committee are expected to be Steven M. Coldren, Chairman, Andrew R. Cagnetta, Jr., Gregory A. Haile, Anthony P. Segreto and Neil Sterling. We expect that each member of the Nominating/Corporate Governance Committee will be determined to be "independent," as determined in accordance with applicable rules and regulations.

The Nominating/Corporate Governance Committee will be responsible for assisting our Board of Directors in identifying individuals qualified to become directors, making recommendations of candidates for directorships, developing and recommending a set of corporate governance principles to our Board of Directors, overseeing the evaluation of our Board of Directors and management, overseeing the selection, composition and evaluation of Board committees, and overseeing the management continuity and succession planning process. As previously described, it is also expected that the Nominating/Corporate Governance Committee will be responsible for reviewing and, if it determines to be advisable, approving related party transactions involving New BBX Capital and its directors or executive officers, or their immediate family members, other than those presenting issues regarding financial or accounting matters, the review and approval of which is expected to be delegated to the Audit Committee.

Our initial Board of Directors will be selected by Parent and is expected to be comprised of the individuals indicated as directors under "Directors and Executive Officers Following the Spin-Off" above. After the spin-off, the Nominating/Corporate Governance Committee will review, following the end of each fiscal year, the composition of our Board of Directors and the ability of its current members to continue effectively as directors for the upcoming fiscal year. If the Nominating/Corporate Governance Committee thinks it is in our best interest to nominate a new individual for director, or fill a vacancy on our Board of Directors which may exist from time to time, it will consider potential candidates for Board appointments who meet the criteria for selection as a nominee and have the specific qualities or skills sought.

[Table of Contents](#)

The responsibilities of the Nominating/Corporate Governance Committee, which we anticipate will be substantially similar to the responsibilities of Parent's Nominating/Corporate Governance Committee, will be more fully described in the Nominating/Corporate Governance Committee charter. We will post the Nominating/Corporate Governance Committee charter on our website and we will provide it in print, without charge, to any shareholder that requests it.

Code of Business Conduct and Ethics

We expect that our Board of Directors will adopt a Code of Business Conduct and Ethics similar to Parent's Code of Business Conduct and Ethics and that will apply to all of our directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer. A copy of the Code of Business Conduct and Ethics will be available on our website and will be available in print, without charge, to any shareholder that requests it. In addition, we will post amendments to or waivers from the Code of Business Conduct and Ethics (to the extent applicable to our principal executive officer, principal financial officer or principal accounting officer) on our website.

Corporate Governance Guidelines

We expect that our Board will adopt Corporate Governance Guidelines similar to those adopted by Parent's Board of Directors. The full text of the Corporate Governance Guidelines will be posted on our website and will be available in print, without charge, to any shareholder that requests it.

Risk Oversight

Our Board will be responsible for overseeing our management and our business and affairs, which includes the oversight of risk. In exercising its oversight, our Board may allocate some areas of focus to its committees and retain other areas of focus for itself. The Audit Committee will be responsible for efforts designed to assure that the Board is provided the information and resources to assess management's handling of our approach to risk management. The Audit Committee will also have oversight responsibility for our financial risk (such as accounting, finance, internal control and tax strategy), and the Audit Committee or the full Board will receive and review, as appropriate, the reports of our internal audit group regarding the results of its annual company-wide risk assessment and internal audit plan. Reports of all internal audits will be provided to the Audit Committee. The Compensation Committee will oversee compliance with our executive compensation plans and related laws and policies. The Nominating/Corporate Governance Committee will oversee compliance with governance-related laws and policies, including our Corporate Governance Guidelines. The Board as a whole will have responsibility for overseeing management's handling of our strategic and operational risks. Throughout the year, senior management will report to the Board the risks that it believes may be material to us, with a goal of achieving serious and thoughtful Board-level attention to the nature of the material risks we face and the adequacy of our risk management processes and systems.

Executive Sessions of Non-Employee Directors

It is expected that our non-employee directors will meet at least twice per year in executive sessions of the Board in which members of management, including directors who are also employees, will not participate. We expect that Neil Sterling will be the presiding director for the executive sessions.

EXECUTIVE COMPENSATION

Historical Compensation of Named Executive Officers Prior to the Spin-Off

Set forth below is summary information regarding the compensation paid or accrued by Parent and its subsidiaries to or on behalf of Alan B. Levan, John E. Abdo, Jarett S. Levan and Seth M. Wise (who are expected to be our “Named Executive Officers,” as defined under Item 402 of Regulation S-K promulgated by the SEC) and the compensation arrangements between the Named Executive Officers and Parent prior to the spin-off.

The amounts and forms of compensation reported below do not necessarily reflect the compensation that the Named Executive Officers will receive for their services on our behalf following the spin-off because historical compensation was determined by Parent’s management and future compensation levels will be determined based on the compensation policies, programs and procedures to be established by our Compensation Committee.

Summary Compensation Table

The following table sets forth, for the years ended December 31, 2019 and 2018, certain summary information concerning compensation which Parent and its subsidiaries, including Bluegreen Vacations, paid to, or accrued on behalf of, the Named Executive Officers.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)(1)	Stock Awards (\$)(2)	Non-equity Incentive Plan Compensation (\$)	All Other Compensation (\$)	Total (\$)
Alan B. Levan, Chairman and CEO	2019	<u>1,500,000</u>	<u>3,000,000</u>	<u>4,044,226</u>	<u>—</u>	<u>197,930(3)</u>	<u>8,742,156</u>
	2018	<u>1,500,000</u>	<u>—</u>	<u>4,211,698</u>	<u>3,705,709</u>	<u>314,330</u>	<u>9,731,737</u>
John E. Abdo, Vice Chairman of the Board	2019	<u>1,500,000</u>	<u>3,000,000</u>	<u>4,044,226</u>	<u>—</u>	<u>317,440(4)</u>	<u>8,861,666</u>
	2018	<u>1,500,000</u>	<u>—</u>	<u>4,917,408</u>	<u>3,000,000</u>	<u>322,740</u>	<u>9,740,148</u>
Jarett S. Levan President	2019	<u>900,000</u>	<u>1,871,011</u>	<u>1,011,055</u>	<u>—</u>	<u>49,468(5)</u>	<u>3,831,534</u>
	2018	<u>900,000</u>	<u>—</u>	<u>1,229,355</u>	<u>1,949,349</u>	<u>25,766</u>	<u>4,104,470</u>
Seth M. Wise, EVP	2019	<u>900,000</u>	<u>1,871,011</u>	<u>1,011,055</u>	<u>—</u>	<u>37,850(6)</u>	<u>3,819,916</u>
	2018	<u>900,000</u>	<u>—</u>	<u>1,229,355</u>	<u>1,949,349</u>	<u>28,615</u>	<u>4,107,319</u>

- (1) Represents, for 2019, annual bonuses paid to the Named Executive Officers at the discretion of Parent’s Compensation Committee and, for each of Mr. Jarett Levan and Mr. Wise, the cash portion of an additional discretionary bonus awarded to such executive for 2019 in lieu of restricted stock awards. \$2,000,000 of Mr. Alan Levan’s bonus was paid by Bluegreen Vacations.
- (2) The 2019 amounts represent the grant date fair value of restricted stock awards of 965,209 shares, 965,209 shares, 241,302 shares and 241,302 shares of Parent’s Class A Common Stock granted to Mr. Alan Levan, Mr. Abdo, Mr. Jarett Levan and Mr. Wise, respectively, under Parent’s Amended and Restated 2014 Incentive Plan. These restricted stock awards were scheduled to vest in four equal annual installments beginning on October 1, 2020. As previously described, the vesting of all unvested restricted stock awards was accelerated in contemplation of the spin-off. The restricted stock awards were granted on January 21, 2020 for services performed during 2019. Assumptions used in the calculation of the grant date fair value of the awards described in this footnote are included in Note 17 to Parent’s audited financial statements contained in Parent’s Annual Report on Form 10-K for the year ended December 31, 2019, as filed with the SEC on March 13, 2020.
- (3) Includes \$135,567 of life and disability insurance premium payments and \$62,363 of perquisites and other benefits, including \$25,700 of membership dues and \$25,344 of automobile expenses. Perquisites and benefits also included matching contributions to Parent’s 401(k) plan, and payment for physical medical examinations.

Table of Contents

- (4) Includes \$306,240 in management fees paid by Parent to Abdo Companies, Inc., of which Mr. Abdo is the principal shareholder and Chief Executive Officer, as well as matching contributions to Parent’s 401(k) plan.
- (5) Includes \$36,654 of membership dues to community and professional organizations, as well as other benefits, including matching contributions to Parent’s 401(k) plan and payment for physical medical examinations.
- (6) Includes membership dues to community and professional organizations, automobile expenses, and matching contributions to Parent’s 401(k) plan.

Outstanding Equity Awards at Fiscal Year End 2019

The table below sets forth certain information regarding equity-based awards of Parent held by the Named Executive Officers as of December 31, 2019, all of which are in the form of restricted stock awards. As described in the “Summary Compensation Table” above, in addition to the restricted stock awards set forth in the following table, during January 2020, each of Mr. Alan Levan and Mr. Abdo was granted restricted stock awards of 965,209 shares of Parent’s Class A Common Stock, and each of Mr. Jarett Levan and Mr. Wise was granted restricted stock awards of 241,302 shares of Parent’s Class A Common Stock. The shares subject to the restricted stock awards granted during January were scheduled to vest in four equal annual installments beginning on October 1, 2020. As previously described, the vesting of all unvested restricted stock awards was accelerated in contemplation of the spin-off. See “The Spin-Off—Acceleration of Restricted Stock Awards.” No Named Executive Officer holds, or held as of December 31, 2019, any equity awards in New BBX Capital.

Name	Option Awards					Stock Awards				
	Number of Securities Underlying Unexercised Options	Number of Securities Underlying Unexercised Options	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock that have not Vested	Market Value of Shares or Units of Stock that have not Vested	Equity Incentive Plan Awards Number of Unearned Units or Other Rights that have not Vested	Equity Incentive Plan Awards Market or Payout Value or Unearned Shares, Units or Other Rights that have not Vested	
Alan B. Levan	—	—	N/A	—	—	149,482 (1)(2) 250,000 (1)(3) 516,140 (1)(4)	\$ 701,071 \$1,172,500 \$2,420,697	N/A N/A N/A	N/A N/A N/A	
John E. Abdo	—	—	N/A	—	—	149,482 (1)(2) 312,351 (1)(3) 602,624 (1)(4)	\$ 701,071 \$1,464,926 \$2,826,307	N/A N/A N/A	N/A N/A N/A	
Jarett S. Levan	—	—	N/A	—	—	74,741 (1)(2) 78,088 (1)(3) 150,657 (1)(4)	\$ 350,535 \$ 366,233 \$ 706,581	N/A N/A N/A	N/A N/A N/A	
Seth M. Wise	—	—	N/A	—	—	74,741 (1)(2) 78,088 (1)(3) 150,657 (1)(4)	\$ 350,535 \$ 366,233 \$ 706,581	N/A N/A N/A	N/A N/A N/A	

- (1) Represents restricted stock awards of shares of the Parent’s Class B Common Stock.
- (2) Vesting was pro-rata over four years, with the first three installments having vested on October 1, 2017, 2018 and 2019. As described above, the balance of the restricted shares vested in contemplation of the spin-off.
- (3) Vesting was pro-rata over four years, with the first two installments having vested on October 1, 2018 and 2019. As described above, the balance of the restricted shares vested in contemplation of the spin-off.
- (4) Vesting was pro-rata over four years, with the first installment having vested on October 1, 2019. As described above, the balance of the restricted shares vested in contemplation of the spin-off.

Employment Agreements with Parent

Parent has employment agreements with each of the Named Executive Officers. Under the terms of their respective employment agreements, each Named Executive Officer receives an annual base salary and is entitled to receive bonuses (payable in cash, equity awards or a combination thereof) pursuant to bonus plans established from time to time by Parent's Compensation Committee or otherwise at the discretion of Parent's Compensation Committee. Each employment agreement may be terminated by Parent for "Cause" or "Without Cause" or by the Named Executive Officer for "Good Reason" (as such terms are defined in the employment agreement). If an employment agreement is terminated for "Cause," the applicable Named Executive Officer will be entitled to receive his base salary through the date of termination. If an employment agreement is terminated "Without Cause" or by the Named Executive Officer for "Good Reason," the applicable Named Executive Officer will be entitled to receive his base salary through the date of termination and the prorated portion of the Named Executive Officer's annual bonus based on the average annual bonus paid to him during the prior two fiscal years, subject to a maximum annual bonus for purposes of this calculation in an amount equal to 200% of his then-current annual base salary, in the case of Mr. Alan Levan and Mr. Abdo, and 80% of his then-current annual base salary, in the case of Mr. Jarett Levan and Mr. Wise. In addition, if an employment agreement is terminated "Without Cause" or by the Named Executive Officer for "Good Reason," the Named Executive Officer will be entitled to receive a severance payment as follows. Each of Mr. Alan Levan and Mr. Abdo will be entitled to receive a severance payment in an amount equal to 2 times the sum of his annual base salary and annual bonus opportunity at the date of termination (or 2.99 times the sum of his annual base salary and annual bonus opportunity at the date of termination if such termination occurs within two years after a "Change in Control" (as defined in the employment agreements)). Each of Mr. Jarett Levan and Mr. Wise will be entitled to receive a severance payment in an amount equal to 1.5 times the sum of his annual base salary and annual bonus opportunity at the date of termination (or 2 times the sum of his annual base salary and annual bonus opportunity at the date of termination if such termination occurs within two years after a "Change in Control"). For purposes of calculating the severance payment, each Named Executive Officer's "annual bonus opportunity" will be subject to the same maximum as described above with respect to the calculation of the prorated bonus to which the Named Executive Officer would be entitled in the event of a "Without Cause" or "Good Reason" termination. In addition, with respect to each Named Executive Officer's employment agreement, if the employment agreement is terminated "Without Cause" or is terminated by the Named Executive Officer for "Good Reason" or as a result of the Named Executive Officer's death, all unvested incentive stock options, if any, and restricted stock awards will immediately accelerate and fully vest as of the termination date. Further, in the event of a termination "Without Cause" or a termination by the Named Executive Officer for "Good Reason," the Named Executive Officer will be entitled to continued benefits, including, without limitation, health and life insurance, for the following periods: (i) two years following the year in which the termination occurs (or three years following the year in which the termination occurs, if such termination occurred within two years after a "Change in Control"), in the case of Mr. Alan Levan and Mr. Abdo, and (ii) eighteen months following the year in which the termination occurs (or two years following the year in which the termination occurs, if such termination occurred within two years after a "Change in Control"), in the case of Mr. Jarett Levan and Mr. Wise. Each employment agreement will also be terminated upon the Named Executive Officer's death, in which case the estate of the applicable Named Executive Officer will be entitled to receive his base salary through the date of his death and the prorated portion of the Named Executive Officer's annual bonus, calculated as described above.

As described in further detail below, it is expected that following the spin-off, Mr. Alan Levan and Mr. Abdo will enter into employment agreements with New BBX Capital, which will be in addition to their respective employment agreements with Parent, and that Mr. Jarett Levan and Mr. Wise will enter into employment agreements with New BBX Capital in lieu of their respective employment agreements with Parent.

Expected Named Executive Officer Compensation Following the Spin-Off

Following the spin-off, the compensation of the Named Executive Officers for their services on behalf of New BBX Capital and its subsidiaries will be determined by our Compensation Committee. It is currently expected that, unless otherwise determined by our Compensation Committee, each of Mr. Alan Levan and Mr. Abdo will initially receive from New BBX Capital annual cash compensation, including salary and bonuses,

Table of Contents

of up to \$1.2 million in the aggregate and that each of Mr. Jarett Levan and Mr. Wise will initially receive from New BBX Capital annual cash compensation, including salary and bonuses, of up to \$1.4 million in the aggregate. The Named Executive Officers may also receive grants of equity awards as from time to time determined by our Compensation Committee as well as perquisites and other personal benefits. It is currently expected that each of Mr. Alan Levan and Mr. Abdo will initially have the opportunity to receive from New BBX Capital annual awards of restricted shares of New BBX Capital's common stock having a value of up to \$1.6 million and that each of Mr. Jarett Levan and Mr. Wise will initially have the opportunity to receive from New BBX Capital annual awards of restricted shares of New BBX Capital's common stock having a value of up to \$1.5 million. It is expected that such awards will be subject to pro rata vesting in annual installments over four years. The grant of restricted stock awards will be subject to our adoption of an equity compensation plan upon the approval of our Compensation Committee and shareholders following the spin-off (as described below under "Equity Incentive Plan") and the approval of the grants by our Compensation Committee.

It is expected that, following the spin-off, Mr. Alan Levan and Mr. Abdo will enter into employment agreements with New BBX Capital, which will be in addition to their respective employment agreements with Parent, and that Mr. Jarett Levan and Mr. Wise will enter into employment agreements with New BBX Capital in lieu of their respective employment agreements with Parent. The employment agreements with New BBX Capital are expected to contain terms substantially similar to those contained in the Named Executive Officers' respective current employment agreements with Parent, as described above. The compensation of the Named Executive Officers following the spin-off and the other terms of the employment agreements will be subject to the approval of New BBX Capital's Compensation Committee following the spin-off.

Equity Incentive Plan

We expect that equity-based compensation will be an important component of our compensation program and, accordingly, expect that we will seek to adopt an equity incentive plan following the spin-off. Any such plan will be subject to the approval of our Compensation Committee, presented for shareholder approval at a meeting of our shareholders, and described in detail in the proxy statement for such shareholder meeting.

Compensation Committee Interlocks and Insider Participation

None of the individuals expected to serve on our Compensation Committee following the spin-off are current or former officers or employees of our Company or any of our subsidiaries. In addition, we are not aware of any interlocking or other relationships or transactions involving any such individuals required to be disclosed under Item 407(e)(4) of Regulation S-K promulgated by the SEC.

DIRECTOR COMPENSATION

Following the spin-off, the Compensation Committee will recommend director compensation to the full Board of Directors based on factors it considers appropriate and based on the recommendations of management. We expect that such compensation will initially be the same as the compensation currently paid by Parent to its directors for their service on Parent's Board and its committees, which is as follows. It is expected that each non-employee director of the Company will receive an annual cash retainer of \$100,000 for his service on the Board of Directors. In addition to compensation for their service on the Board of Directors, we also expect to pay compensation to our non-employee directors for their service on the Board's committees. It is expected that the Chairman of the Audit Committee will receive an annual cash retainer of \$20,000, that all other members of the Audit Committee will receive annual cash retainers of \$16,000, and that the Chairman of the Compensation Committee and the Chairman of the Nominating/Corporate Governance Committee will each receive an annual cash retainer of \$3,500. Other than the Chairman, it is not expected that members of the Compensation Committee or the Nominating/Corporate Governance Committee will receive additional compensation for their service on those committees. In addition, we do not expect to separately compensate our directors who are also employees of our Company or any of our subsidiaries for their service on our Board of Directors or, if applicable, any of its committees. Our directors will be entitled to reimbursement for reasonable travel and other out-of-pocket business expenses incurred in connection with their service on our Board and its committees, including any such expenses incurred in connection with their attendance at Board and committee meetings.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Before the spin-off, all of the outstanding shares of our common stock will be owned beneficially and of record by Parent. Immediately following the spin-off, Parent will not own any shares of our common stock.

The following table shows the anticipated beneficial ownership of our Class A Common Stock and Class B Common Stock immediately following the spin-off by (i) each person who we believe, based on the assumptions described below, will beneficially own more than 5% of the outstanding shares of our Class A Common Stock or Class B Common Stock, (ii) each of the Named Executive Officers, (iii) each person expected to serve as a director on our Board following the spin-off, and (iv) all of our expected directors and executive officers following the spin-off as a group. The following table has been prepared based on the number of outstanding shares of Parent’s Class A Common Stock and Class B Common Stock as of August 17, 2020, each person’s beneficial ownership of Parent’s Class A Common Stock and Class B Common Stock as of such date, and a distribution ratio of one share of our Class A Common Stock for each share of Parent’s Class A Common Stock and one share of our Class B Common Stock for each share of Parent’s Class B Common Stock. Except as otherwise noted in the footnotes below, (i) each person named in the table below is expected to have sole voting and investment power over the shares of our Class A Common Stock or Class B Common Stock expected to be beneficially owned by such person and (ii) the address of each person named in the table below is 401 East Las Olas Boulevard, Suite 800, Fort Lauderdale, Florida 33301.

Name of Beneficial Owner	Notes	Class A Common Stock Ownership	Class B Common Stock Ownership	Percent of Class A Common Stock	Percent of Class B Common Stock
Levan BFC Stock Partners LP	(1,2,3,6)	—	336,915	2.1%	9.1%
Levan Partners LLC	(1,2,3,6)	986,197	141,577	7.2%	3.8%
Alan B. Levan	(1,2,3,4,5,6,7)	1,760,057	3,516,232	27.6%	95.2%
John E. Abdo	(1,2,3,5)	1,065,286	1,495,311	15.0%	40.5%
Seth M. Wise	(1,2,7,8)	197,445	335,158	3.3%	9.1%
Jarett S. Levan	(1,2,6,7)	191,395	342,606	5.3%	18.3%
Norman H. Becker	(2)	1,204	—	*	0.0%
Andrew R.Cagnetta Jr.	(2)	1,000	—	*	0.0%
Steven M. Coldren	(2)	1,893	—	*	0.0%
Willis N. Holcombe	(2)	—	—	0.0%	0.0%
Anthony P. Segreto	(2)	—	—	0.0%	0.0%
Neil Sterling	(2)	—	—	0.0%	0.0%
Gregory A. Haile	(2)	—	—	0.0%	0.0%
Dr. Herbert A. Wertheim	(1,9)	793,632	83,290	5.6%	2.3%
All expected directors and executive officers as a group (12 persons)	(1,2,3,4,5,6,7,8)	3,218,280	3,516,232	35.2%	95.2%

* Less than one percent of class.

- (1) Shares of the Company’s Class B Common Stock are convertible on a share-for-share basis into shares of the Company’s Class A Common Stock at any time at the beneficial owner’s discretion. The number of shares of Class B Common Stock held by each beneficial owner and convertible within 60 days after August 17, 2020 into shares of Class A Common Stock is not separately included in the “Class A Common Stock Ownership” column, but is included for the purpose of calculating the percent of Class A Common Stock held by each beneficial owner.
- (2) Mailing address is 401 East Las Olas Boulevard, Suite 800, Fort Lauderdale, Florida 33301.
- (3) The Company may be deemed to be controlled by Messrs. Alan Levan, Abdo, Jarett Levan and Wise, who collectively may be deemed to have an aggregate beneficial ownership of shares of the Company’s Class A Common Stock and Class B Common Stock representing approximately 78.8% of the total voting power of the Company’s Common Stock.

Table of Contents

- (4) Mr. Alan Levan's beneficial holdings include the 986,197 shares of Class A Common Stock and 141,577 shares of Class B Common Stock owned by Levan Partners LLC and the 336,915 shares of Class B Common Stock owned by Levan BFC Stock Partners LP. Mr. Alan Levan's beneficial holdings also include 2,340 shares of Class A Common Stock and 240 shares of Class B Common Stock held of record by his wife, 7,342 shares of Class A Common Stock held through trusts for the benefit of his children and 78,700 of Class A Common Stock held by the Susie and Alan B. Levan Family Foundation. In addition, Mr. Alan Levan's beneficial holdings of Class B Common Stock include the shares of Class B Common Stock held by Mr. Abdo, Mr. Jarett Levan and Mr. Wise, as described below.
- (5) Mr. Alan Levan and Mr. Abdo are parties to an agreement pursuant to which Mr. Abdo has granted to Mr. Alan Levan a proxy to vote the shares of Class B Common Stock that Mr. Abdo beneficially owns. As a result, the shares of Class B Common Stock beneficially owned by Mr. Abdo are included in Mr. Alan Levan's beneficial holdings in the table. Mr. Abdo has also agreed not to sell any of his shares of Class B Common Stock without first converting those shares into shares of Class A Common Stock. Pursuant to the agreement, Mr. Alan Levan and Mr. Abdo have also agreed to vote their shares of Class B Common Stock in favor of the election of the other to the Company's Board of Directors for so long as they are willing and able to serve as directors of the Company. The agreement also provides for Mr. Jarett Levan to succeed to Mr. Alan Levan's rights under the agreement in the event of Mr. Alan Levan's death or disability.
- (6) Mr. Alan Levan and Mr. Jarett Levan are parties to an agreement pursuant to which Mr. Jarett Levan has agreed to vote the shares of Class B Common Stock that he owns or otherwise has the right to vote in the same manner as Mr. Alan Levan votes his shares of Class B Common Stock. As a result, the shares of Class B Common Stock beneficially owned by Mr. Jarett Levan are included in Mr. Alan Levan's beneficial holdings in the table. Mr. Jarett Levan has also agreed, subject to certain exceptions, not to transfer certain of his shares of Class B Common Stock and to obtain the consent of Mr. Alan Levan prior to the conversion of certain of his shares of Class B Common Stock into shares of Class A Common Stock. Pursuant to the agreement, Mr. Alan Levan and Mr. Jarett Levan have also agreed to vote their shares of Class B Common Stock in favor of the election of the other to the Company's Board of Directors for so long as they are willing and able to serve as directors of the Company.
- (7) Mr. Jarett Levan and Mr. Wise are parties to an agreement pursuant to which Mr. Wise has agreed to vote the shares of Class B Common Stock that he owns or otherwise has the right to vote in the same manner as Mr. Jarett Levan's shares of Class B Common Stock are voted. As a result of this agreement and the above-described agreement between Mr. Alan Levan and Mr. Jarett Levan, the shares of Class B Common Stock beneficially owned by Mr. Wise are included in Mr. Alan Levan's beneficial holdings in the table. Mr. Wise has also agreed, subject to certain exceptions, not to transfer certain of his shares of Class B Common Stock or convert such shares of Class B Common Stock into shares of Class A Common Stock, in each case, without first offering Mr. Jarett Levan the right to purchase such shares. Pursuant to the agreement, Mr. Jarett Levan and Mr. Wise have also agreed to vote, or cause to be voted, their shares of Class B Common Stock in favor of the election of the other to the Company's Board of Directors for so long as they are willing and able to serve as directors of the Company.
- (8) Mr. Wise's holdings of Class A Common Stock include 49 shares held in his spouse's IRA which he may be deemed to beneficially own.
- (9) Dr. Wertheim's ownership was reported in a Rebuttal of Control Agreement filed on December 20, 1996 with the Office of Thrift Supervision (as adjusted for stock splits since the date of filing). The Rebuttal of Control Agreement indicated that Dr. Wertheim had no intention to directly or indirectly manage or control the Company. Dr. Wertheim's mailing address, as reported by him, is 191 Leucadendra Drive, Coral Gables, Florida 33156.

DESCRIPTION OF CAPITAL STOCK

The following is a summary of the material terms of our capital stock that will be contained in our Articles of Incorporation and Bylaws, as expected to be adopted in connection with our conversion into a Florida corporation prior to the spin-off. We also expect to enter into a rights agreement (referred to in this section as the "Rights Agreement") in connection with or prior to the spin-off, which is summarized below. The terms of our capital stock may also be affected by Florida law.

The following summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the forms of our Articles of Incorporation, our Bylaws and the Rights Agreement, each of which is included as an exhibit to the registration statement on Form 10 of which this information statement is a part. See "Where You Can Find More Information."

Authorized Capital Stock

Under our Articles of Incorporation, our authorized capital stock will consist of 30,000,000 shares of Class A Common Stock, par value \$0.01 per share, 5,000,000 shares of Class B Common Stock, par value \$0.01 per share, and 10,000,000 shares of preferred stock, par value \$0.01 per share.

Class A Common Stock and Class B Common Stock

Based on the number of shares of Parent's Class A Common Stock and Class B Common Stock expected to be outstanding as of the record date, we expect that approximately 15,624,091 shares of our Class A Common Stock and 3,693,596 shares of our Class B Common Stock will be distributed in the spin-off. However, the actual number of shares of our Class A Common Stock and Class B Common Stock to be distributed in the spin-off will be determined based on the actual number of shares of Parent's Class A Common Stock and Class B Common Stock outstanding as of the record date. The shares of our Class A Common Stock and Class B Common Stock distributed in the spin-off will constitute all of the issued and outstanding shares of our capital stock immediately following the distribution.

Voting Rights

Except as provided by Florida law or as specifically provided in our Articles of Incorporation, holders of our Class A Common Stock and Class B Common Stock will vote as a single group on matters presented to them for a shareholder vote. With respect to each such matter, each share of our Class A Common Stock will be entitled to one vote, with all of the shares of Class A Common Stock representing in the aggregate 22% of the total voting power of our Class A Common Stock and Class B Common Stock, and each share of our Class B Common Stock will be entitled to the number of votes per share so that all of the shares of Class B Common Stock will represent in the aggregate 78% of the total voting power of our Class A Common Stock and Class B Common Stock. These fixed voting percentages will remain in effect until the total number of outstanding shares of our Class B Common Stock falls below 360,000 shares. If the total number of outstanding shares of our Class B Common Stock is less than 360,000 shares but greater than 280,000 shares, then our Class A Common Stock will hold a voting percentage equal to 40% and our Class B Common Stock will hold a voting percentage equal to the remaining 60%. If the total number of outstanding shares of our Class B Common Stock is less than 280,000 shares but greater than 100,000 shares, then our Class A Common Stock will hold a voting percentage equal to 53% and our Class B Common Stock will hold a voting percentage equal to the remaining 47%. If the total number of outstanding shares of our Class B Common Stock is less than 100,000 shares, then each share of our Class A Common Stock and Class B Common Stock will be entitled to one vote on each matter presented to a vote of our shareholders. Each of the above-described share thresholds will be ratably adjusted in connection with any stock split, reverse stock split or similar transaction effected by us.

Table of Contents

Under Florida law, holders of our Class A Common Stock will be entitled to vote as a separate voting group on amendments to our Articles of Incorporation which require the approval of our shareholders under Florida law and would:

- effect an exchange or reclassification of all or part of the shares of our Class A Common Stock into shares of another class;
- effect an exchange or reclassification, or create a right of exchange, of all or part of the shares of another class into shares of our Class A Common Stock;
- change the designation, rights, preferences, or limitations of all or part of the shares of our Class A Common Stock;
- change all or part of the shares of our Class A Common Stock into a different number of shares of Class A Common Stock;
- create a new class of shares which have rights or preferences with respect to distributions or to dissolution that are prior or superior to our Class A Common Stock;
- increase the rights, preferences or number of authorized shares of any class that, after giving effect to the amendment, have rights or preferences with respect to distributions or to dissolution that are prior or superior to our Class A Common Stock;
- limit or deny any existing preemptive right of all or part of the shares of our Class A Common Stock; or
- cancel or otherwise affect rights to distributions or dividends that have accumulated but not yet been declared on all or part of the shares of our Class A Common Stock.

However, if a proposed amendment that would otherwise entitle the holders of our Class A Common Stock to vote as a separate voting group as a result of the amendment having one of the effects described above would affect the holders of our Class B Common Stock or any of our other securities outstanding from time to time in the same or substantially similar way, then the holders of our Class A Common Stock will not be entitled to vote as a separate voting group on the proposed amendment but instead will vote together with the other similarly affected shareholders as a single voting group on the amendment.

Under Florida law, holders of our Class B Common Stock will be entitled to vote as a separate voting group on any amendment to our Articles of Incorporation which requires the approval of our shareholders under Florida law and would affect the rights of the holders of our Class B Common Stock in substantially the same manner as described above with respect to our Class A Common Stock. Holders of our Class A Common Stock and Class B Common Stock will also be entitled to vote as a separate voting group on any plan of merger or plan of share exchange that requires the approval of our shareholders under Florida law and contains a provision which, if included in a proposed amendment to our Articles of Incorporation, would require their vote as a separate voting group.

In addition to the rights afforded to our shareholders under Florida law, our Articles of Incorporation will provide that the approval of the holders of our Class B Common Stock, voting as a separate voting group, will be required before any of the following actions may be taken:

- the issuance of any additional shares of our Class B Common Stock, other than a stock dividend issued to holders of our Class B Common Stock;
- a reduction in the number of outstanding shares of our Class B Common Stock, except for any reduction by virtue of a conversion of shares of our Class B Common Stock into shares of our Class A Common Stock or a voluntary disposition to us; or
- any amendments of the voting rights provisions of our Articles of Incorporation.

Our Articles of Incorporation do not provide for cumulative voting on the election of directors.

Table of Contents

Convertibility

Under our Articles of Incorporation, holders of our Class B Common Stock will possess the right, at any time, to convert any or all of their shares of our Class B Common Stock into shares of our Class A Common Stock on a share-for-share basis. Our Class A Common Stock will not be convertible into any other class or series of our securities.

Dividends and Other Distributions

Holders of our Class A Common Stock and Class B Common Stock will be entitled to receive cash dividends, when and as declared by our Board of Directors out of legally available assets, subject to preferences that may apply to any shares of our preferred stock outstanding from time to time. Any distribution per share with respect to our Class A Common Stock will be identical to the distribution per share with respect to our Class B Common Stock, except that a stock dividend or other non-cash distribution to holders of our Class A Common Stock may be declared and issued in the form of our Class A Common Stock or Class A Common Stock of our affiliates while a dividend or other non-cash distribution to holders of our Class B Common Stock may be declared and issued in the form of either our Class A Common Stock or Class B Common Stock or Class A Common Stock or Class B Common Stock of our affiliates.

Liquidation Rights

Upon any liquidation, the assets legally available for distribution to our shareholders after payment of liabilities and any liquidation preference of any shares of our preferred stock outstanding from time to time will be distributed ratably among the holders of our Class A Common Stock and Class B Common Stock.

Other Rights

All of our outstanding shares of common stock currently held by Parent are, and all of the shares of our Class A Common Stock and Class B Common Stock that we will issue in connection with the spin-off will, be fully paid and nonassessable. The holders of our Class A Common Stock and Class B Common Stock have no preemptive rights, and our Class A Common Stock and Class B Common Stock is not subject to any redemption or sinking fund provisions.

Additional Shares of Common Stock

We may issue additional authorized shares of our Class A Common Stock or Class B Common Stock as authorized by our Board of Directors from time to time, without shareholder approval, subject to any limitations imposed by the listing standards of any national securities exchange on which our Class A Common Stock or Class B Common Stock may be listed.

Preferred Stock

Under our Articles of Incorporation, and as permitted by Florida law, our Board of Directors may authorize the issuance of preferred stock in one or more series, establish from time to time the number of shares to be included in each series and fix the designation, powers, preferences and rights of the shares of each series and any of its qualifications, limitations or restrictions, in each case, without vote or action by our shareholders except to the extent required by the listing standards of any national securities exchange on which our Class A Common Stock or Class B Common Stock may be listed. These rights, preferences and privileges could include dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights of our Class A Common Stock or Class B Common Stock or otherwise adversely affect the voting power or other rights of the holders of our Class A Common Stock or Class B Common Stock, including the likelihood that holders of our Class A Common Stock or Class B Common Stock

Table of Contents

would receive dividend payments and payments on liquidation, or the amounts thereof. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions, financing transactions and other corporate purposes, could also, among other things, have the effect of delaying, deferring or preventing a change in control or other corporate actions, and might adversely affect the market price of our Class A Common Stock or Class B Common Stock.

In connection with the expected adoption of the rights agreement described below, it is anticipated that 2,000,000 shares of our authorized preferred stock will be designated as Series A Junior Participating Preferred Stock, none of which will be outstanding upon the effectiveness of the spin-off.

Rights Agreement

In connection with the spin-off, we expect to enter into a Rights Agreement prior to the distribution. The following is a summary of the terms of the Rights Agreement.

The Rights

Under the terms and conditions of the Rights Agreement, one preferred share purchase right (a “Right”) will be issued with respect to each share of our Class A Common Stock and Class B Common Stock issued in the spin-off. In addition, new Rights will accompany any new shares of our Class A Common Stock and Class B Common Stock subsequently issued until the earlier of the Rights Agreement Distribution Date described below or the redemption or exchange of the Rights or other termination or expiration of the Rights Agreement. Prior to exercise, the Rights will not give their holders any dividend, voting, liquidation or any other rights of a shareholder of our Company.

Prior to the Rights Agreement Distribution Date, each Right will be transferred with and only with the share of our Class A Common Stock or Class B Common Stock with respect to which the Right was issued. Until the Rights Agreement Distribution Date (or earlier expiration of the Rights), the surrender for transfer of any shares of our Class A Common Stock or Class B Common Stock will also constitute the transfer of the Rights associated with such shares. After the Rights Agreement Distribution Date, the Rights will separate from our Class A Common Stock and Class B Common Stock and be evidenced by book-entry credits or by Rights certificates to be mailed to all eligible holders of our Class A Common Stock or Class B Common Stock. Any Rights beneficially owned by an Acquiring Person and any of the Acquiring Person’s Affiliates, Associates and other Related Persons (as such terms are defined in the Rights Agreement), and certain subsequent transferees of such persons, will become null and void and may not be exercised.

Exercise Price

Once the Rights become exercisable, each Right will allow its holder to purchase from us one-hundredth of a share of Series A Junior Participating Preferred Stock for a price determined by the Board of Directors and set forth in the Rights Agreement (the “Purchase Price”).

Series A Junior Participating Preferred Stock Provisions

The value of one one-hundredth of a share of Series A Junior Participating Preferred Stock is intended to approximate the value of one share of our Class A Common Stock. Each one one-hundredth of a share of Series A Junior Participating Preferred Stock, if issued:

- will not be redeemable;
- will entitle holders to, when, as and if declared by our Board of Directors, dividend payments of \$0.01, or an amount equal to the dividend paid on one share of our Class A Common Stock, whichever is greater;

Table of Contents

- will entitle holders upon liquidation either to receive \$1.00 or an amount equal to the payment made on one share of our Class A Common Stock, whichever is greater;
- will have the same voting power as one share of our Class A Common Stock (with all outstanding shares of our Class A Common Stock and Series A Junior Participating Preferred Stock representing, in the aggregate, 22% of the general voting power of our stock, subject to adjustment in accordance with our Articles of Incorporation, as described above; and
- will entitle holders to a payment equal to the payment made on one share of our Class A Common Stock if shares of our Class A Common Stock are exchanged via merger, consolidation, or a similar transaction.

Exercisability

The Rights will not be exercisable until the Rights Agreement Distribution Date, which is the earlier to occur of (i) 10 business days following a public announcement that a person or group of affiliated or associated persons or person(s) acting in concert therewith has acquired, or obtained the right to acquire, beneficial ownership of 5% or more of the outstanding shares of our Class A Common Stock, Class B Common Stock or total combined common stock or (ii) 10 business days (or such later date as may be determined by action of our Board of Directors) following the commencement of, or announcement of an intention to make, a tender offer or exchange offer the consummation of which would result in the beneficial ownership by a person or group of 5% or more of the outstanding shares of our Class A Common Stock, Class B Common Stock or total combined common stock.

Exemptions

Persons who would beneficially own 5% or more of our Class A Common Stock, Class B Common Stock or total combined common stock by virtue of the distribution, if such distribution were to be consummated at the time of the first public announcement of our adoption of the Rights Agreement will not be required to divest any shares and will not trigger exercisability of the Rights so long as they do not become the beneficial owner of one or more additional shares of our Class A Common Stock or Class B Common Stock (other than pursuant to certain limited exceptions expressly set forth in the Rights Agreement) which results in their beneficial ownership of 5% or more of the outstanding shares of our Class A Common Stock, Class B Common Stock or total combined common stock. Additionally, if our Board of Directors determines that a person or group who would otherwise be an Acquiring Person exceeded any of the 5% thresholds inadvertently and without any intention of obtaining, changing or influencing control of our Company, then such person or group will not be deemed to be or to have become an Acquiring Person in such case provided such person or group divests itself, as soon as practicable (as determined by our Board of Directors), of beneficial ownership of a sufficient number of shares of our Class A Common Stock or Class B Common Stock (as determined by our Board of Directors) so that such person or group would no longer otherwise qualify as an Acquiring Person. Further, if we repurchase shares of our Class A Common Stock or Class B Common Stock and, as a result, a person or group's holdings constitute 5% or more of the remaining outstanding shares of our Class A Common Stock, Class B Common Stock or total combined common stock, that person or group will not be an Acquiring Person so long as they do not become the beneficial owner of one or more additional shares of our Class A Common Stock or Class B Common Stock (other than pursuant to certain limited exceptions expressly set forth in the Rights Agreement) which results in their beneficial ownership of 5% or more of the outstanding shares of our Class A Common Stock, Class B Common Stock or total combined common stock. The Rights will also not become exercisable solely as a result of any unilateral grant of a security by us, including our grant of stock awards, restricted stock awards, options, warrants, rights or similar interests to our directors, officers or employees, or as a result of the vesting or exercise of any such security. In addition, a person or group will not become an Acquiring Person solely as the result of the acquisition by such person or group of shares of our Class A Common Stock or Class B Common Stock from an individual who beneficially owned 5% or more of our Class A Common Stock, Class B Common Stock or total combined common stock then outstanding if such shares are received upon such

Table of Contents

individual's death pursuant to such individual's will or pursuant to a charitable trust created by such individual for estate planning purposes. We and our subsidiaries, any employee benefit plan of us or any of our subsidiaries, or any entity or trustee holding (or acting in a fiduciary capacity in respect of) shares of our Class A Common Stock or Class B Common Stock for or pursuant to the terms of any such plan or for the purpose of funding any such plan or funding other employee benefits for our employees or the employees of any of our subsidiaries are excepted from the provisions of the Rights Agreement.

Acquisitions of shares of our Class A Common Stock or Class B Common Stock as a result of acquiring additional shares of Parent's Class A Common Stock or Class B Common Stock following the first public announcement of our adoption of the Rights Agreement and prior to the distribution of shares representing our Class A Common Stock or Class B Common Stock in the when-issued trading market or as a result of the distribution will each be included in determining the beneficial ownership of a person and all such acquisitions following the first public announcement of our adoption of the Rights Agreement will be taken into account in determining whether a person is an Acquiring Person under the terms of the Rights Agreement. Therefore, a person could become an Acquiring Person under the terms of the Rights Agreement simultaneously with the receipt of shares in the distribution.

Consequences of a Person or Group Becoming an Acquiring Person

If a person or group becomes an Acquiring Person, all holders of Rights (except the Acquiring Person, each Related Person of the Acquiring Person, and certain of their respective transferees, whose Rights will have become void) may, for the Purchase Price, purchase from us a number of shares of our Class A Common Stock or equivalent securities having a market value at that time of twice the Purchase Price.

If, after a person or group has become an Acquiring Person, we are acquired in a merger or other business combination transaction or 50% or more of our consolidated assets or earning power are sold, proper provisions will be made so that each holder of a Right (other than Rights beneficially owned by the Acquiring Person, each Related Person of the Acquiring Person, and certain of their respective transferees, all of which Rights will have become void) will thereafter have the right to receive upon the exercise of a Right that number of shares of common stock of the person with whom we have engaged in the foregoing transaction (or its parent) that at the time of such transaction having a market value of two times the Purchase Price.

Exchange

From the date, if any, on which any person or group becomes an Acquiring Person until the expiration of the Rights Agreement, our Board of Directors will have the right to extinguish the Rights by exchanging the Rights (other than Rights beneficially owned by the Acquiring Person, each Related Person of the Acquiring Person, and certain of their respective transferees, all of which Rights will have become void), in whole or in part, at an exchange ratio of one share of our Class A Common Stock, or a fractional share of Series A Junior Participating Preferred Stock (or other class or series of our preferred stock having similar rights, preferences and privileges as the Series A Junior Participating Preferred Stock) of equivalent value, per Right (subject to adjustment in accordance with the terms of the Rights Agreement).

Redemption

At any time prior to the Rights Agreement Distribution Date, our Board of Directors may redeem the Rights, in whole but not in part, at a price of \$0.0001 per Right (the "Redemption Price"), payable, at our option, in cash, shares of Class A Common Stock or Class B Common Stock or such other form of consideration as our Board shall determine. The redemption of the Rights may be made effective at such time, on such basis and with such conditions as our Board of Directors, in its sole discretion, may establish. Immediately upon any redemption of the Rights, the right to exercise the Rights will terminate, and the holders of Rights will thereafter only have the right to receive the Redemption Price.

Table of Contents

Adjustments

The Purchase Price, the Redemption Price, the number of shares issuable in exchange for or upon exercise of the Rights and the number of outstanding Rights will be subject to adjustment in accordance with the terms of the Rights Agreement to prevent dilution that may occur as a result of certain events, including, among others, a stock dividend, a stock split or a reclassification of our capital stock. No adjustments to the Purchase Price of less than 1% will be made.

Amendments

For so long as the Rights are redeemable, we may amend the Rights Agreement in any manner without the approval of any holders of Rights or of our Class A Common Stock or Class B Common Stock. After such time as the Rights are no longer redeemable, we may amend the Rights Agreement in any manner without the consent of any holders of Rights, except that no such amendment may (i) adversely affect the interests of the holders of Rights as such (other than an Acquiring Person, any Related Person of an Acquiring Person and certain of their transferees), (ii) cause the Rights Agreement again to become amendable other than in accordance with this sentence, or (iii) cause the Rights again to become redeemable.

Term

The Rights Agreement will have a term of two years, subject to earlier termination upon redemption or exchange of the rights or otherwise at the discretion our Board of Directors, or extension of the Rights Agreement by our Board of Directors in accordance with the terms of the Rights Agreement.

Certain Anti-Takeover Effects

The terms of our Class A Common Stock and Class B Common Stock will make the sale or transfer of control of our Company or the removal of our directors unlikely without the concurrence of the holders of our Class B Common Stock. In addition, the sale or transfer of control of our Company or the removal of our directors will be impossible without the consent of Alan B. Levan, John E. Abdo, Jarett S. Levan and Seth M. Wise so long as they own shares of our Class A Common Stock and Class B Common Stock representing a majority of our total voting power.

Our Articles of Incorporation and Bylaws will also contain other provisions that may discourage, delay or prevent a merger, acquisition or other change in control. These provisions include those which permit our Board of Directors to establish the number of directors and fill any vacancies and newly created directorships and specify advance notice procedures that must be complied with by shareholders in order to make shareholder proposals or nominate directors. The Rights Agreement may also have an anti-takeover effect as it will provide a deterrent to any person or group from acquiring 5% or more of our outstanding Class A Common Stock, Class B Common Stock or total combined common stock, although the Rights Agreement should not interfere with any merger or other business combination approved by our Board of Directors.

In addition, the authorized but unissued shares of our common stock and preferred stock are available for future issuance without shareholder approval, subject to any limitations imposed by the listing standards of any national securities exchange on which our Class A Common Stock or Class B Common Stock may be listed. These additional shares may be used for a variety of corporate finance transactions, acquisitions and employee benefit plans. The existence of authorized but unissued common stock and preferred stock (and our Board of Directors' authority to establish the rights, preferences and limitation of the preferred stock, as described above) could make more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

As a Florida corporation, we are also subject to the provisions of Florida law, including those limiting the voting rights of "control shares." Under Florida law, subject to certain exceptions, including mergers and

Table of Contents

acquisitions effected in accordance with Florida law, the holder of “control shares” of a Florida corporation that has (i) 100 or more shareholders, (ii) its principal place of business, its principal office or substantial assets in Florida and (iii) either more than 10% of its shareholders residing in Florida, more than 10% of its shares owned by Florida residents or 1,000 shareholders residing in Florida, will not have the right to vote those shares unless the acquisition of the shares was approved by a majority of each class of voting securities of the corporation, excluding those shares held by interested persons. “Control shares” are defined as shares acquired by a person, either directly or indirectly, that when added to all other shares of the issuing corporation owned by that person, would entitle that person to exercise, either directly or indirectly, voting power within any of the following ranges: (i) 20% or more but less than 33% of all voting power of the corporation’s voting securities; (ii) 33% or more but less than a majority of all voting power of the corporation’s voting securities; or (iii) a majority or more of all of the voting power of the corporation’s voting securities.

Exclusive Forum Provision

Our Bylaws will contain an exclusive forum provision which provides that, unless our Board of Directors consents to the selection of an alternative forum, the Circuit Court located in Miami-Dade County, Florida (or, if such Circuit Court does not have jurisdiction, another Circuit Court located within Florida or, if no Circuit Court located within Florida has jurisdiction, the federal district court for the Southern District of Florida) shall be the sole and exclusive forum for “Covered Proceedings,” which include: (i) any derivative action or proceeding brought on our behalf; (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our shareholders; (iii) any action asserting a claim against us or any of our directors, officers or other employees arising pursuant to any provision of the Florida Business Corporation Act, our Articles of Incorporation or our Bylaws (in each case, as may be amended or amended and restated from time to time); and (iv) any action asserting a claim against us or any of our directors, officers or other employees governed by the internal affairs doctrine of the State of Florida. To the extent within the categories set forth in the preceding sentence, Covered Proceedings include causes of action under the Exchange Act and the Securities Act. The exclusive forum provision will also provide that if any Covered Proceeding is filed in a court other than a court located within Florida in the name of any shareholder, then such shareholder shall be deemed to have consented to (a) the personal jurisdiction of the state and federal courts located within Florida in connection with any action brought in any such court to enforce the exclusive forum provision and (b) having service of process made upon such shareholder in any such enforcement action by service upon such shareholder’s counsel in the action as agent for such shareholder. Notwithstanding the foregoing, shareholders cannot waive compliance with the federal securities laws and the rules and regulations thereunder.

The exclusive forum provision may limit a shareholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees or be cost-prohibitive to shareholders, which may discourage such lawsuits against us and our directors, officers and other employees. However, there is uncertainty regarding whether a court would enforce the exclusive forum provision. If a court were to find the exclusive forum provision to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our financial condition and operating results.

Transfer Agent and Registrar

After the distribution, we expect that the transfer agent and registrar for our Class A Common Stock and Class B Common Stock will be American Stock Transfer & Trust Company, LLC.

Listing

We have submitted an application for our Class A Common Stock and Class B Common Stock to be quoted on the OTCQX market and requested the trading symbol “BBXT” for our Class A Common Stock and “BFCTB” for our Class B Common Stock.

Limitation on Liability and Indemnification of Directors and Officers

Florida law generally provides that a director of a Florida corporation is not personally liable for monetary damages to the corporation or any other person for any statement, vote, decision or failure to act regarding corporate management or policy, unless the director breached or failed to perform his or her duties as a director and the director's breach of or failure to perform those duties constitutes (i) a violation of criminal law, unless the director had reasonable cause to believe his conduct was lawful or had no reasonable cause to believe his conduct was unlawful, (ii) a transaction from which the director derived an improper personal benefit, either directly or indirectly, (iii) an unlawful distribution, (iv) in a proceeding by or in the right of the corporation or in the right of a shareholder, conscious disregard for the best interest of the corporation or willful misconduct, or (v) in a proceeding by or in the right of someone other than the corporation or a shareholder, recklessness or an act or omission which was committed in bad faith or with malicious purpose or in a manner exhibiting wanton and willful disregard of human rights, safety or property.

In addition, Florida law provides that a Florida corporation has the power to (i) indemnify any person who was or is a party to any proceeding (other than an action by, or in the right of, the corporation), because he or she was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against liability incurred in connection with such proceeding, including any appeal thereof, if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful, and (ii) indemnify any person who was or is a party to any proceeding by or in the right of the corporation to procure a judgment in its favor because that person is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses and amounts paid in settlement not exceeding, in the judgment of the Board of Directors of the corporation, the estimated expense of litigating the proceeding to conclusion, actually and reasonably incurred in connection with the defense or settlement of such proceeding, including any appeal thereof. Indemnification under clause (ii) of the preceding sentence is authorized if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, except that no indemnification with regard to a proceeding by or in the right of the corporation is to be made in respect of any claim, issue or matter as to which such person has been found liable unless, and only to the extent that, the court in which the proceeding was brought, or any other court of competent jurisdiction, determines upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Further, under Florida law, to the extent that a director, officer, employee or agent of a Florida corporation has been successful on the merits or otherwise in defense of any proceeding referred to in the preceding paragraph, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses actually and reasonably incurred by him or her in connection therewith.

Our Articles of Incorporation and Bylaws will contain indemnification provisions substantially similar to the above-described provisions of Florida law. In addition, we carry insurance permitted by Florida law for our directors, officers, employees and agents which covers alleged or actual error or omission, misstatement, misleading misstatement, neglect or breach of fiduciary duty while acting in such capacities on behalf of the corporation, which acts may include liabilities under the Securities Act.

To the extent our directors and officers are indemnified against liabilities arising under the Securities Act, whether under the provisions contained in our Articles of Incorporation or Bylaws or pursuant to Florida law or other contractual arrangements providing for indemnification which we may enter into from time to time, we have been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form 10 with the SEC with respect to the shares of our Class A Common Stock, Class B Common Stock and associated preferred share purchase rights that the shareholders of Parent will receive in the distribution. This information statement is a part of that registration statement and, as allowed by SEC rules, does not include all of the information you can find in the registration statement or the exhibits to the registration statement. For additional information relating to us and the spin-off, we refer you to the registration statement and its exhibits, which are available from the SEC as described below. Statements contained in this information statement as to the contents of any contract or document referred to are not necessarily complete and in each instance, if the contract or document is filed as an exhibit to the registration statement, we refer you to the copy of the contract or other document so filed. We qualify each statement in all respects by the relevant reference.

We will maintain a website which we expect will be located at www.bbxcapital.com. Our website and the information contained on or connected to that site do not and will not constitute part of, and are not incorporated into, this information statement or the registration statement on Form 10 of which this information statement is a part.

As a result of the spin-off, we will be subject to the information and reporting requirements of the Exchange Act and, accordingly, we will file annual, quarterly and current reports, proxy statements and other information with the SEC. The registration statement referred to above, including its exhibits, is, and our future filings with the SEC will be, available to the public on the Internet website maintained by the SEC at www.sec.gov. In addition, we plan to make available, free of charge, on our website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, reports filed under Section 16 of the Exchange Act and amendments to those reports as soon as reasonably practicable after we electronically file or furnish those materials to the SEC.

We intend to furnish holders of our Class A Common Stock and Class B Common Stock with annual reports containing consolidated financial statements prepared in accordance with GAAP and audited and reported on, with an opinion expressed, by an independent registered public accounting firm.

You should rely only on the information contained in this information statement or in the documents incorporated by reference herein. We have not authorized any person to provide you with different information or to make any representation not contained in, or incorporated by reference into, this information statement and, if given or made, such information or representation must not be relied upon as having been authorized by us or Parent. Neither the delivery of this information statement nor consummation of the spin-off shall under any circumstances create any implication that there has been no change in our affairs or those of Parent since the date of this information statement, or that the information in this information statement is correct as of any time after its date.

**INDEX TO COMBINED CARVE-OUT FINANCIAL STATEMENTS
BBX CAPITAL FLORIDA LLC AND SUBSIDIARIES**

AUDITED COMBINED CARVE-OUT FINANCIAL STATEMENTS

	Page
Report of Independent Registered Public Accounting Firm	F-1
Combined Carve-Out Statements of Financial Condition as of December 31, 2019 and 2018	F-2
Combined Carve-Out Statements of Operations and Comprehensive Income (Loss) for the years ended December 31, 2019, 2018 and 2017	F-3
Combined Carve-Out Statements of Changes in Equity for the years ended December 31, 2019, 2018 and 2017	F-4
Combined Carve-Out Statements of Cash Flows for the years ended December 31, 2019, 2018 and 2017	F-5
Notes to the Combined Carve-Out Financial Statements	F-7

UNAUDITED COMBINED CARVE-OUT FINANCIAL STATEMENTS

	Page
Combined Carve-Out Statements of Financial Condition as of June 30, 2020 and December 31, 2019—Unaudited	F-50
Combined Carve-Out Statements of Operations and Comprehensive (Loss) Income for the six months ended June 30, 2020 and 2019—Unaudited	F-51
Combined Carve-Out Statements of Changes in Equity for the six months ended June 30, 2020 and 2019—Unaudited	F-52
Combined Carve-Out Statements of Cash Flows for the six months ended June 30, 2020 and 2019—Unaudited	F-53
Notes to Combined Carve-Out Financial Statements—Unaudited	F-55

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Shareholder and Audit Committee of Shareholder
BBX Capital Florida LLC

Opinion on the financial statements

We have audited the accompanying combined carve-out statements of financial condition of BBX Capital Florida LLC (a Florida limited liability company) and subsidiaries (the “Company”) as of December 31, 2019 and 2018, the related combined carve-out statements of operations and comprehensive income (loss), statements of changes in equity, and cash flows for each of the three years in the period ended December 31, 2019, and the related notes (collectively referred to as the “financial statements”). In our opinion, the combined carve-out financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

Change in accounting principle

As discussed in Note 2 to the financial statements, the Company has changed its method of accounting for leases in 2019 due to the adoption of Accounting Standards Codification Topic 842, Leases.

COVID-19 Outbreak

We draw attention to Note 21 to the combined financial statements, which describes the uncertainty related to the COVID-19 pandemic and impact on the Company’s business.

Basis for opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ GRANT THORNTON LLP

We have served as the Company’s auditor since 2020.

Fort Lauderdale, Florida
June 17, 2020

BBX Capital Florida LLC and Subsidiaries

Combined Carve-Out Statements of Financial Condition

(in thousands)	December 31,	
	2019	2018
ASSETS		
Cash and cash equivalents	\$ 20,723	22,103
Restricted cash	529	966
Trade accounts receivable, net	13,104	18,293
Trade inventory	22,843	20,046
Real estate (\$11,297 in 2019 and \$20,202 in 2018 held for sale)	65,818	54,956
Investments in unconsolidated real estate joint ventures	57,330	64,738
Property and equipment, net	29,836	33,007
Goodwill	37,248	37,248
Intangible assets, net	6,671	7,331
Operating lease assets	87,082	—
Due from parent	—	1,922
Other assets	16,051	28,974
Deferred tax asset, net	3,280	4,749
Discontinued operations total assets	992	15,619
Total assets	\$ 361,507	309,952
LIABILITIES AND EQUITY		
Liabilities:		
Accounts payable	\$ 10,104	10,513
Accrued expenses	14,115	10,761
Other liabilities	6,336	8,317
Due to parent	1,362	—
Operating lease liability	99,568	—
Notes payable and lines-of-credit	42,736	37,496
Discontinued operations total liabilities	1,041	2,756
Total liabilities	175,262	69,843
Commitments and contingencies (See Note 16)		
Redeemable noncontrolling interest	4,009	2,579
Equity:		
Parent's equity	179,681	235,415
Accumulated other comprehensive income	1,554	1,216
Noncontrolling interests	1,001	899
Total equity	182,236	237,530
Total liabilities and equity	\$ 361,507	309,952

See Notes to Combined Carve-Out Financial Statements

BBX Capital Florida LLC and Subsidiaries
For the Years Ended December 31, 2019, 2018 and 2017

Combined Carve-Out Statements of Operations and Comprehensive Income (Loss)

(in thousands)	For the Years Ended December 31,		
	2019	2018	2017
Revenues:			
Trade sales	\$ 180,319	175,499	141,834
Sales of real estate inventory	5,049	21,771	—
Interest income	811	2,338	2,265
Net gains on sales of real estate assets	13,616	4,563	1,451
Other revenue	3,929	4,394	6,486
Total revenues	203,724	208,565	152,036
Costs and Expenses:			
Cost of trade sales	125,735	124,223	107,245
Cost of real estate inventory sold	2,643	14,116	—
Interest expense	433	803	593
Recoveries from loan losses, net	(5,428)	(8,653)	(7,546)
Impairment losses	189	4,718	7,482
Selling, general and administrative expenses	89,655	90,919	70,294
Total costs and expenses	213,227	226,126	178,068
Operating losses	(9,503)	(17,561)	(26,032)
Equity in net earnings of unconsolidated real estate joint ventures	37,898	14,194	12,541
Other income	665	277	220
Foreign exchange (loss) gain	(75)	68	(193)
Income (loss) from continuing operations before income taxes	28,985	(3,022)	(13,464)
Provision for income taxes	(8,334)	(2,865)	(1,306)
Income (loss) from continuing operations	20,651	(5,887)	(14,770)
Discontinued Operation (See Note 19)			
Loss from operations	(9,434)	(4,529)	(2,454)
Benefit for income taxes	2,296	949	1,115
Loss from discontinued operations	(7,138)	(3,580)	(1,339)
Net income (loss)	13,513	(9,467)	(16,109)
Less: Net loss attributable to noncontrolling interests	224	266	20
Net income (loss) attributable to Parent	\$ 13,737	(9,201)	(16,089)
Net income (loss)	\$ 13,513	(9,467)	(16,109)
Other comprehensive income, net of tax:			
Unrealized gain (loss) on securities available for sale	51	(46)	141
Foreign currency translation adjustments	287	(194)	595
Other comprehensive gain (loss), net	338	(240)	736
Comprehensive income (loss), net of tax	13,851	(9,707)	(15,373)
Less: Comprehensive loss attributable to noncontrolling interests	224	266	20
Comprehensive income (loss) attributable to Parent	\$ 14,075	(9,441)	(15,353)

See Notes to Combined Carve-Out Financial Statements

BBX Capital Florida LLC and Subsidiaries
For the Years Ended December 31, 2019, 2018 and 2017

Combined Carve-Out Statements of Changes in Equity

(in thousands)

	For each of the Years in the Three Years Ended December 31, 2019			
	Parent's Equity	Accumulated Other Comprehensive income	Noncontrolling Interest	Total Equity
Balance at December 31, 2016	\$211,237	1,049	77	212,363
Net loss excluding \$176 of earnings attributable to redeemable noncontrolling interest	(16,089)	—	(196)	(16,285)
Other comprehensive income	—	736	—	736
Noncontrolling interest distributions	—	—	(119)	(119)
Net transfers from parent	42,111	—	—	42,111
Balance at December 31, 2017	<u>237,259</u>	<u>1,785</u>	<u>(238)</u>	<u>238,806</u>
Cumulative effect from the adoption of ASU 2016-01	329	(329)	—	—
Net loss excluding \$369 of loss attributable to redeemable noncontrolling interest	(9,201)	—	103	(9,098)
Other comprehensive loss	—	(240)	—	(240)
Purchase of noncontrolling interest	(587)	—	329	(258)
Increase in noncontrolling interest from loan foreclosures	—	—	705	705
Net transfers from parent	7,615	—	—	7,615
Balance at December 31, 2018	<u>235,415</u>	<u>1,216</u>	<u>899</u>	<u>237,530</u>
Cumulative effect from the adoption of ASU 2016-02 net of income taxes and redeemable noncontrolling interest	(2,202)	—	—	(2,202)
Accretion of redeemable noncontrolling interest	(1,902)	—	—	(1,902)
Net income excluding \$326 of loss attributable to redeemable noncontrolling interest	13,737	—	102	13,839
Other comprehensive income	—	338	—	338
Net transfers to parent	(65,367)	—	—	(65,367)
Balance at December 31, 2019	<u>\$179,681</u>	<u>1,554</u>	<u>1,001</u>	<u>182,236</u>

See Notes to Combined Carve-Out Financial Statements

BBX Capital Florida LLC and Subsidiaries
Combined Carve-Out Statements of Cash Flows

(in thousands)	For the Years Ended		
	December 31,		
	2019	2018	2017
Operating activities:			
Net income (loss)	\$ 13,513	(9,467)	(16,109)
Adjustment to reconcile net income to net cash provided by (used in) operating activities:			
Recoveries from loan losses, net	(5,428)	(8,653)	(7,546)
Depreciation, amortization and accretion, net	8,008	8,322	6,005
Net gains on sales of real estate and property and equipment	(13,305)	(4,563)	(2,502)
Equity earnings of unconsolidated real estate joint ventures	(37,898)	(14,194)	(12,541)
Return on investment in unconsolidated real estate joint ventures	39,043	17,679	12,852
Decrease in deferred income tax asset, net	2,343	1,084	1,912
Impairment losses	6,938	4,718	6,873
Decrease (increase) in trade receivable	5,190	(2,323)	39
(Increase) decrease in trade inventory	(2,733)	3,882	(2,261)
(Increase) decrease in real estate inventory	(7,445)	12,001	(273)
Net change in operating lease asset and operating lease liability	515	—	—
Decrease (increase) in other assets	6,817	2,197	(696)
(Decrease) increase in accounts payable	(596)	1,648	1,883
Net change in due/from to parent	3,284	(1,282)	(1,326)
Increase in accrued expenses	927	1,638	4,512
Increase (decrease) in other liabilities	3,496	(1,480)	(4,210)
Net cash provided by (used in) operating activities	<u>22,669</u>	<u>11,207</u>	<u>(13,388)</u>
Investing activities:			
Return of investment in unconsolidated real estate joint ventures	31,442	12,080	6,440
Investments in unconsolidated real estate joint ventures	(25,179)	(29,187)	(5,194)
Proceeds from repayment of loans receivable	6,339	19,394	11,168
Proceeds from sales of real estate held-for-sale	23,512	17,431	15,081
Proceeds from sales of property and equipment	11,762	569	341
Additions to real estate held-for-sale and held-for-investment	(600)	(1,221)	(1,642)
Purchases of property and equipment	(11,091)	(12,796)	(6,664)
Cash paid for acquisition, net of cash received	—	—	(58,418)
Decrease in cash from other investing activities	(222)	(4,696)	(380)
Net cash provided by (used in) investing activities	<u>35,963</u>	<u>1,574</u>	<u>(39,268)</u>

(Continued)

BBX Capital Florida LLC and Subsidiaries
Combined Carve-Out Statements of Cash Flows

(in thousands)	For the Years Ended		
	December 31,		
	2019	2018	2017
Financing activities:			
Repayments of notes payable and other borrowings	(3,947)	(18,037)	(2,362)
Proceeds from notes payable and other borrowings	1,983	721	7,344
Payments for debt issuance costs	(96)	(125)	—
Purchase of noncontrolling interest	—	(258)	—
Noncontrolling interest distributions	—	—	(119)
Net transfers (to) from parent	(65,367)	7,615	42,111
Net cash (used in) provided by financing activities	<u>(67,427)</u>	<u>(10,084)</u>	<u>46,974</u>
(Decrease) increase in cash, cash equivalents and restricted cash	<u>(8,795)</u>	<u>2,697</u>	<u>(5,682)</u>
Cash, cash equivalents and restricted cash at beginning of period	30,082	27,385	33,067
Cash, cash equivalents and restricted cash at end of period	<u>\$ 21,287</u>	<u>30,082</u>	<u>27,385</u>
Supplemental cash flow information:			
Interest paid on borrowings, net of amounts capitalized	\$ 721	854	2,253
Income taxes paid	1,227	678	2,236
Supplementary disclosure of non-cash investing and financing activities:			
Construction funds receivable transferred to real estate	18,318	14,548	11,276
Loans receivable transferred to real estate	333	1,673	1,365
Increase in other assets upon issuance of Community Development District Bonds	8,110	15,996	—
Assumption of Community Development District Bonds by builders	1,035	5,572	—
Reconciliation of cash, cash equivalents and restricted cash:			
Cash and cash equivalents	20,723	22,103	19,795
Restricted cash	529	966	609
Cash discontinued operations	35	7,013	6,981
Total cash, cash equivalents, and restricted cash	<u>\$ 21,287</u>	<u>30,082</u>	<u>27,385</u>

See Notes to Combined Carve-Out Financial Statements

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

1. Organization

BBX Capital Florida LLC and its subsidiaries (the “Company” or, unless otherwise indicated or the context otherwise requires, “we,” “us,” or “our”) is a Florida-based diversified holding company. BBX Capital Florida LLC as a standalone entity without its subsidiaries is referred to as “New BBX Capital.”

New BBX Capital is currently wholly owned by BBX Capital Corporation (“BBX Capital” or “Parent”) and includes subsidiaries which hold or will hold substantially all of the BBX Capital’s investments other than its investment in Woodbridge Holdings Corporation (“Woodbridge”), which owns greater than 90% of the common stock of Bluegreen Vacations Corporation. BBX Capital previously formed New BBX Capital and merged the former BBX Capital Corporation (“BCC”) into it in December 2016.

On June 17, 2020, the Parent announced plans to spin-off the Company to its stockholders through a pro rata distribution of the Company’s stock to the Parent’s existing shareholders. The spin-off transaction is expected to be taxable to the Parent’s stockholders. The distribution is subject to the satisfaction or waiver of certain conditions, including, among other things, final approval of the distribution by the Parent’s shareholders, the Information Statement on Form 10, of which these financial statements form a part, being declared effective by the Securities and Exchange Commission (“SEC”), and New BBX Capital’s common stock being approved for listing on a national securities exchange.

Principal Investments

New BBX Capital’s principal investments include BBX Capital Real Estate LLC (“BBX Capital Real Estate”), BBX Sweet Holdings, LLC (“BBX Sweet Holdings”), and Renin Holdings, LLC (“Renin”).

BBX Capital Real Estate

BBX Capital Real Estate is engaged in the acquisition, development, construction, ownership, financing, and management of real estate and investments in real estate joint ventures, including investments in multifamily apartment and townhome communities, single-family master-planned communities, and commercial properties located primarily in Florida. In addition, BBX Capital Real Estate owns a 50% equity interest in The Altman Companies, LLC (the “Altman Companies”), a developer and manager of multifamily apartment communities, and manages the legacy assets acquired in connection with BCC’s sale of BankAtlantic in 2012, including portfolios of loans receivable, real estate properties.

BBX Sweet Holdings

BBX Sweet Holdings is engaged in the ownership and management of operating businesses in the confectionery industry, including IT’SUGAR, Hoffman’s Chocolates, and Las Olas Confections and Snacks. IT’SUGAR is a specialty candy retailer which operates approximately 100 retail locations, which include a mix of high-traffic resort and entertainment, lifestyle, mall/outlet, and urban locations in over 25 states and Washington D.C., and its products include bulk candy, candy in giant packaging, and novelty items. Hoffman’s Chocolates is a retailer of gourmet chocolates with retail locations in South Florida, and Las Olas Confections and Snacks is a manufacturer and wholesaler of chocolate and other confectionery products.

Renin

Renin is engaged in the design, manufacture, and distribution of sliding doors, door systems and hardware, and home décor products and operates through its headquarters in Canada and two manufacturing and distribution

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

facilities in the United States and Canada. In addition to its own manufacturing, Renin also sources various products and raw materials from China. During the year ended December 31, 2019, Renin's total revenues included \$36.0 million of trade sales to two major customers and their affiliates and \$18.4 million of revenues generated outside the United States. Revenues from one customer of Renin represented \$20.2 million, \$20.7 million, and \$20.9 million of the Company's total revenues for the years ended December 31, 2019, 2018 and 2017, respectively, which represented nearly 10% of the Company's total revenues for the years ended December 31, 2019 and 2018 and over 10% of the Company's total revenues for the year ended December 31, 2017. Renin's properties and equipment located outside the United States had a carrying amount of \$1.6 million as of December 31, 2019.

Other

In addition to its principal investments, the Company has investments in other operating businesses, including a restaurant located in South Florida that was acquired through a loan foreclosure and an insurance agency, and previously operated pizza restaurant locations as a franchisee of MOD Super Fast Pizza ("MOD Pizza"), as described below.

In 2016, Food for Thought Restaurant Group ("FFTRG"), a wholly owned subsidiary of New BBX Capital, entered into area development and franchise agreements with MOD Pizza related to the development of up to approximately 60 MOD Pizza franchised restaurant locations throughout Florida. Through 2019, FFTRG had opened nine restaurant locations. As a result of FFTRG's overall operating performance and the Company's goal of streamlining its investment verticals, the Company entered into an agreement with MOD Pizza to terminate the area development and franchise agreements and transferred seven of its restaurant locations, including the related assets, operations, and lease obligations, to MOD Pizza during the third quarter of 2019. In addition, the Company closed the remaining two locations and terminated the related lease agreements. In connection with the transfer of the seven restaurant locations to MOD Pizza, the Company recognized an aggregate impairment loss of \$4.0 million related to the disposal group, which included property and equipment, intangible assets, and net lease liabilities. In addition, prior to the transaction, the Company previously recognized \$2.7 million of impairment losses associated with property and equipment at three restaurant locations. Accordingly, the Company recognized \$6.7 million of impairment losses associated with its investment in MOD Pizza restaurant locations during the year ended December 31, 2019. FFTRG's operations as a franchisee of MOD Pizza are presented as discontinued operations in the Company's combined financial statements.

Basis of Presentation

The accompanying combined carve-out financial statements of the Company include the combined financial statements of New BBX Capital and its subsidiaries, including BBX Capital Real Estate, BBX Sweet Holdings, Renin, and FFTRG, as well as certain subsidiaries in which ownership is expected to be transferred from the Parent in connection with the spin-off transaction described above.

These combined carve-out financial statements have been derived from the accounting records of these companies and should be read with the accompanying notes thereto. Further, the combined carve-out financial statements do not necessarily reflect what the results of operations, financial position, or cash flows would have been had the Company been a separate entity nor are they indicative of the future results of the Company.

The majority of the assets, liabilities, revenues, expenses, and cash flows of the Company have been identified based on the existing legal entities. However, the historical costs and expenses reflected in the financial statements also include an allocation for certain corporate and shared service functions historically provided by the Parent. These expenses have been allocated to the Company on the basis of direct usage when identifiable, while the remainder of the expenses, including costs related to executive compensation, were allocated primarily on a pro-rata basis of combined revenues and equity in earnings of unconsolidated joint ventures of the Parent and its subsidiaries. The Company believes that the assumptions underlying the combined carve-out financial

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

statements, including the assumptions regarding the allocation of general corporate expenses from the Parent, are reasonable. However, the combined carve-out financial statements may not include all of the actual expenses that would have been incurred had the Company been operating as a standalone company during the periods presented. Actual costs that would have been incurred if the Company operated as a standalone company would depend on multiple factors, including organizational structure, technology infrastructure, and strategic direction. The Company also may incur additional costs associated with being a public company that are not reflected in the accompanying financial statements.

2. Summary of Significant Accounting Policies

Consolidation Policy—The combined carve-out financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and include the accounts of New BBX Capital’s wholly-owned subsidiaries, other entities in which New BBX Capital or its subsidiaries hold controlling financial interests, and any VIEs in which New BBX Capital or one of its consolidated subsidiaries is deemed the primary beneficiary of the VIE. All significant inter-company accounts and transactions have been eliminated.

Use of Estimates—The preparation of GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. On an ongoing basis, management evaluates its estimates, including those that relate to the recognition of revenue; the allowance for bad debt; the recovery of the carrying value of real estate; the measurement of assets and liabilities at fair value, including amounts recognized in business combinations and items measured at fair value on a non-recurring basis, such as intangible assets, goodwill, and real estate; the amount of the deferred tax valuation allowance and accounting for uncertain tax positions; and the estimate of contingent liabilities related to litigation and other claims and assessments. Management bases its estimates on historical experience and on other various assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates under different assumptions and conditions.

Cash and Cash Equivalents, and Restricted Cash—Cash equivalents consist of demand deposits at financial institutions, money market funds, and other short-term investments with original maturities at the time of purchase of 90 days or less. Cash in excess of the Company’s immediate operating requirements are generally invested in short-term time deposits and money market instruments that typically have original maturities at the date of purchase of three months or less. Restricted cash consists primarily of cash held at financial institutions associated with our insurance subsidiary or with borrowings. Cash and cash equivalents are maintained at various financial institutions located throughout the United States and Canada, in amounts exceeding the \$250,000 federally insured limit. Accordingly, the Company is subject to credit risk. Management performs periodic evaluations of the relative credit standing of financial institutions maintaining the Company’s deposits to evaluate and, if necessary, take actions in an attempt to mitigate credit risk.

Revenue Recognition

Trade sales—Revenue is recognized on trade sales as follows:

- Revenue is recognized on wholesale trade sales when control of the products is transferred to customers, which generally occurs when the products are shipped or the customers accept delivery. Wholesale trade sales typically have payment terms between 10 and 90 days. Certain customer trade sale contracts have

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

provisions for right of return, volume rebates, and price concessions. These types of discounts are accounted for as variable consideration, and the Company uses the expected value method to calculate the estimated reduction in the trade sales revenue. The inputs used in the expected value method include historical experience with the customer, sales forecasts, and outstanding purchase orders.

- Revenue is recognized on retail trade sales at the point of sale, which occurs when products are sold at the Company's retail locations.
- Sales and other taxes imposed by governmental authorities that are collected by the Company from customers are excluded from revenue or the transaction price.
- Shipping and handling activities that occur after the control of goods is transferred to a customer are accounted for as fulfillment activities instead of a separate performance obligation.
- Revenue is not adjusted for the effects of a significant financing component if the Company expects, at the contract inception, that the performance obligation will be satisfied within one year or less.

Sales of real estate inventory—Revenue is generally recognized on sales of real estate inventory to customers when the sales are closed and title passes to the buyer. The Company generally receives payment from the sale of real estate inventory at the date of closing. In addition, certain real estate sales contracts provide for a contingent purchase price. The contingent purchase price in contracts pursuant to which the Company sells developed lots to homebuilders is generally calculated as a percentage of the proceeds that the homebuilders receive from sales to their own customers, and the Company does not receive payment of such amounts until the homebuilders close on such sales. The Company accounts for the contingent purchase price in these contracts as variable consideration and estimates the amount of such consideration that may be recognized upon the closing of the real estate transaction based on the expected value method. The estimate of variable consideration is recognized as revenue to the extent that it is not probable that a significant reversal in the amount of cumulative revenue recognized will occur when the uncertainty associated with the variable consideration is subsequently resolved. The inputs used in the expected value method include current sales prices (net of incentives), historical contingent purchase price receipts, and sales contracts on similar properties.

Interest income—Interest income from loans receivable originated by the Company is recognized on accruing loans when management determines that it is probable that all of the principal and interest will be collected in accordance with the loan's contractual terms. Interest income is recognized on non-accrual loans on a cash basis. Loans receivable are included in other assets in the Company's combined carve-out statements of financial condition.

Net gains on sales of real estate assets—Net gains on sales of real estate assets represents sales of assets to non-customers. Gains (or losses) are recognized from sales to non-customers when the control of the asset has been transferred to the buyer, which generally occurs when title passes to the buyer.

Trade Accounts Receivable and Allowance for Bad Debts—Accounts receivable are stated at the amounts billed to customers for sale of goods or services with a contractual maturity of one year or less. The Company provides an allowance for bad debts. This allowance is based on a review of outstanding receivables, historical collection information, and an evaluation of existing economic conditions impacting the Company's customers. Accounts receivable are ordinarily due 30 to 60 days after the issuance of the invoice (based on terms). Accounts receivable are considered delinquent after 30 days past the due date. These delinquent receivables are monitored and are charged to the allowance for bad debts based on an evaluation of individual circumstances of the customer. Account balances are written off after collection efforts have been made and the potential recovery is considered remote.

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

Trade Inventories—Trade inventory is measured at the lower of cost or market. Cost includes all costs of conversions, including materials, direct labor, production overhead, depreciation of equipment, and shipping costs. Raw materials are not written down unless the goods in which they are incorporated are expected to be sold for less than cost, in which case, they are written down by reference to replacement cost of the raw materials. Finished goods and work in progress are stated at the lower of cost or market determined on a first-in, first-out or average cost basis. Shipping and handling fees billed to customers are recorded as trade sales, and shipping and handling fees paid by the Company are recorded as cost of goods sold.

In valuing inventory, the Company makes assumptions regarding the write-downs required for excess and obsolete inventory based on judgments and estimates formulated from available information. Estimates for excess and obsolete inventory are based on historical and forecasted usage. Inventory is also examined for upcoming expiration, and write-downs are recorded where appropriate. At December 31, 2019 and 2018, the reserve for inventory was \$0.9 million and \$0.5 million, respectively.

Real Estate—From time to time, the Company acquires real estate or takes possession or ownership of real estate through the foreclosure of collateral on loans receivable. Such real estate is classified as real estate held-for-sale, real estate held-for-investment, or real estate inventory. When real estate is classified as held-for-sale, it is initially recorded at fair value less estimated selling costs and subsequently measured at the lower of cost or estimated fair value less selling costs. When real estate is classified as held-for-investment, it is initially recorded at fair value and, if applicable, is depreciated in subsequent periods over its useful life using the straight-line method. Real estate is classified as real estate inventory when the property is under development for sale to customers and is measured at cost, including costs of improvements and amenities incurred subsequent to acquisition, capitalized interest and real estate taxes, and other costs incurred during the construction period. Expenditures for capital improvements are generally capitalized, while the ongoing costs of owning and operating real estate are charged to selling, general and administrative expenses as incurred. Impairments required on loans receivable at the time of foreclosure of real estate collateral are charged to the allowance for loan losses, while impairments of real estate required under ASC 360 to reflect subsequent declines in fair value are recorded as impairment losses in the Company's combined carve-out statements of operations and comprehensive income.

Investments in Unconsolidated Real Estate Joint Ventures—The Company uses the equity method of accounting to record its equity investments in entities in which it has significant influence but does not hold a controlling financial interest, including equity investments in VIEs in which the Company is not the primary beneficiary. Under the equity method, an investment is reflected on the statement of financial condition of an investor as a single amount, and an investor's share of earnings or losses from its investment is reflected in the statement of operations as a single amount. The investment is initially measured at cost and subsequently adjusted for the investor's share of the earnings or losses of the investee and distributions received from the investee. The investor recognizes its share of the earnings or losses of the investee in the periods in which they are reported by the investee in its financial statements rather than in the period in which an investee declares a distribution. Intra-entity profits and losses on assets still remaining with an investor or investee are eliminated.

The Company recognizes its share of earnings or losses from certain equity method investments based on the hypothetical liquidation at book value ("HLBV") method. Under the HLBV method, earnings or losses are recognized based on how an entity would allocate and distribute its cash if it were to sell all of its assets and settle its liabilities for their carrying amounts and liquidate at the reporting date. The HLBV method is used to calculate the Company's share of earnings or losses from equity method investments when the contractual cash disbursements are different than the investors' equity interest.

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

The Company capitalizes interest expense on investments in and advances or loans to real estate joint ventures accounted for under the equity method that have commenced qualifying activities, such as real estate development projects. The capitalization of interest expense ceases when the investee completes its qualifying activities, and total capitalized interest expense cannot exceed interest expense incurred.

The Company reviews its investments on an ongoing basis for indicators of other-than-temporary impairment. This determination requires significant judgment in which the Company evaluates, among other factors, the fair market value of its investments, general market conditions, the duration and extent to which the fair value of an investment is less than cost, and the Company's intent and ability to hold an investment until it recovers. The Company also considers specific adverse conditions related to the financial health and business outlook of the investee, including industry and market performance, rating agency actions, and expected future operating and financing cash flows. If a decline in the fair value of an investment is determined to be other-than-temporary, an impairment loss is recorded to reduce the investment to its fair value, and a new cost basis in the investment is established.

Property and Equipment, net—Property and equipment is stated at cost less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which is generally 3 years for computer equipment, 3 to 5 years for software, 5 years for furniture and fixtures, and 7 to 10 years for manufacturing equipment. The cost of leasehold improvements is depreciated using the straight-line method over the shorter of the terms of the related leases or the estimated useful lives of the improvements. Costs for new property, leasehold improvements, and equipment, as well as major renewals and betterments, are capitalized, while costs for maintenance and repairs are expensed as incurred.

Long-Lived Assets—The Company evaluates its long-lived assets, including property and equipment, definite-lived intangible assets, and right-of-use assets associated with its lease agreements, for potential impairment whenever events or changes in circumstances indicate that the carrying amount of an asset (or asset group) may not be recoverable. Factors which could indicate that an asset (or asset group) may not be recoverable include, but are not limited to, significant underperformance relative to historical or projected future operating results, significant changes in the manner of use of the assets or the strategy for the overall business, a significant decrease in the market value of the assets, and significant negative industry or economic trends. The carrying amount of an asset (or asset group) is not considered recoverable when the carrying amount exceeds the sum of the undiscounted cash flows expected to result from the use of the asset (or asset group). To the extent that the carrying amount of an asset (or asset group) exceeds the sum of such undiscounted cash flows, an impairment loss is measured and recorded based on the amount by which the carrying amount of the asset (or asset group) exceeds its fair value. Impairment losses associated with an asset group are allocated to long-lived assets within the asset group based on their relative carrying amounts; however, the carrying amounts of individual long-lived assets within an asset group are not reduced below their individual fair values.

To the extent that impairment testing is required, the Company estimates the fair values of its trademark and customer relationship intangible assets. The relief from royalty valuation method, a form of the income approach, is used to estimate the fair value of trademarks. Under this method, the fair value of trademarks is determined by calculating the present value using a risk-adjusted discount rate of the estimated future royalty payments that would have to be paid if the trademarks were not owned. The multi-period excess earnings method, a form of the income approach, is used to estimate the fair value of customer relationships. The multi-period excess earnings method isolates the expected cash flows attributable to the customer relationship intangible asset and discounts these cash flows at a risk adjusted discount rate.

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

As the carrying amounts of the Company's long-lived assets and definite-lived intangible assets are dependent upon estimates of future cash flows that they are expected to generate, these assets may be impaired if cash flows decrease significantly or do not meet expectations, in which case they would be written down to their estimated fair values. The estimates of useful lives and expected cash flows require the Company to make significant judgments regarding future periods that are subject to a number of factors, many of which are beyond the Company's control.

Goodwill—The Company recognizes goodwill upon the acquisition of a business when the fair values of the consideration transferred and any noncontrolling interests in the acquiree are in excess of the fair value of the acquiree's identifiable net assets. The Company tests goodwill for potential impairment on an annual basis as of December 31 or during interim periods if impairment indicators exist. The Company first assesses qualitatively whether it is necessary to perform goodwill impairment testing. Impairment testing is performed when it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. The Company evaluates various factors affecting a reporting unit in its qualitative assessment, including, but not limited to, macroeconomic conditions, industry and market considerations, cost factors, and financial performance. If the Company concludes from its qualitative assessment that goodwill impairment testing is required, the fair value of the reporting unit is compared to its carrying amount. If the carrying amount of a reporting unit exceeds its fair value, the Company records an impairment loss for the excess amount, although the impairment loss is limited to the amount of goodwill allocated to the reporting unit.

The Company generally applies an income approach utilizing a discounted cash flow methodology and a market approach utilizing a guideline public company and transaction methodology to estimate the fair value of its reporting units. The estimated fair values obtained from the income and market approaches are compared and reviewed for reasonableness to determine a best estimate of fair value. The Company's discounted cash flow methodology establishes an estimate of fair value by estimating the present value of the projected future cash flows to be generated from a reporting unit. The discount rate applied to the projected future cash flows to arrive at the present value is intended to reflect all risks of ownership and the associated risks of realizing the stream of projected future cash flows. The Company generally uses a five to ten-year period in computing discounted cash flow values. The most significant assumptions used in the discounted cash flow methodology are generally the terminal value, the discount rate, and the forecast of future cash flows. The guideline public company methodology establishes an estimate of fair value based upon the trading prices of public traded companies that are similar to the applicable reporting unit, while the guideline transaction methodology establishes an estimate of fair value based on acquisitions of companies that are similar to the applicable reporting unit. Under these methods, the Company develops multiples of revenue and earnings before interest, taxes, depreciation and amortization ("EBITDA") based upon the indicated enterprise value, revenues, and EBITDA of the guideline companies and makes adjustments to such multiples based on various considerations, including the financial condition, operating performance, and relative risk of the guideline companies. The adjusted multiples are then applied to the revenues and EBITDA of the reporting unit to develop an estimated fair value of the reporting unit. Depending on the facts and circumstances applicable to the reporting unit and the guideline companies, the Company may place greater emphasis on the income or market approach to determine its best estimate of fair value.

Inherent in the Company's determinations of fair value are certain judgments and estimates relating to future cash flows, including the Company's assessment of current economic indicators and market valuations, and assumptions about the Company's strategic plans with regard to its operating businesses. Due to the uncertainties associated with such evaluations, actual results could differ materially from such estimates.

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

Operating Lease Assets and Operating Lease Liabilities—The Company recognizes right-of-use assets and lease liabilities associated with lease agreements with an initial term of greater than 12 months, while lease agreements with an initial term of 12 months or less are not recorded in the Company's combined carve-out statements of financial condition. The Company determines if an arrangement is a lease at inception. The operating lease assets represent the Company's right to use an underlying asset for the lease term, and operating lease liabilities represent the Company's obligation to make lease payments. Operating lease assets and liabilities are recognized when the Company takes possession of the underlying asset based on the present value of lease payments over the lease term. The Company generally does not include lease payments associated with renewal options that are exercisable at its discretion in the measurement of its operating lease assets and operating lease liabilities as it is not reasonably certain that such options will be exercised. The Company generally recognizes lease costs associated with its operating leases on a straight-line basis over the lease term, while variable lease payments that do not depend on an index or rate are recognized as variable lease costs in the period in which the obligation for those payments is incurred. The Company recognizes accrued straight-line rent and unamortized tenant allowances received from landlords associated with its operating leases as a reduction of the operated lease assets associated with such leases. The Company has lease agreements with lease and non-lease components which it generally accounts for as a single lease component for lease classification, recognition and measurement purposes.

Cost of Trade Sales—Cost of trade sales includes the cost of inventory, shipping and handling, warehousing, and occupancy expenses related to the Company's retail locations and manufacturing facilities.

Deferred Financing Costs—Deferred financing costs are comprised of costs incurred in connection with obtaining financing from third-party lenders and are presented in the Company's combined carve-out statements of financial condition as other assets or as a direct deduction from the carrying amount of the associated debt liability. These costs are capitalized and amortized to interest expense over the terms of the related financing arrangements. As of December 31, 2019 and 2018, unamortized deferred financing costs presented in other assets totaled \$0.1 million and \$0.2 million, respectively, while unamortized costs presented against the associated debt liabilities totaled \$0.8 million and \$0.7 million, respectively. Interest expense from the amortization of deferred financing costs for the years ended December 31, 2019, 2018 and 2017 was \$72,000, \$41,000, and \$20,000, respectively.

Income Taxes—The Company accounts for income taxes on a separate return basis and accounts for income taxes using the asset and liability method. Accordingly, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in the tax rate is recognized in income or expense in the period that the change is effective. Income tax benefits are recognized when it is probable that the deduction will be sustained. A valuation allowance is established when it is more likely than not that all or a portion of a deferred tax asset will either expire before the Company is able to realize the benefit, or that future deductibility is uncertain. If a valuation allowance is recorded, a subsequent change in circumstances that causes a change in judgment about the realization of the related deferred tax amount could result in the reversal of the deferred tax valuation allowance.

An uncertain tax position is defined as a position taken or expected to be taken in a tax return that is not based on clear and unambiguous tax law and which is reflected in measuring current or deferred income tax assets and liabilities for interim or annual periods. The Company may recognize the tax benefit from an uncertain tax position only if it believes that it is more likely than not that the tax position will be sustained on examination by

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

the taxing authorities based on the technical merits of the position. The Company measures the tax benefits recognized based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. The Company recognizes interest and penalties related to unrecognized tax benefits in its provision for income taxes.

Noncontrolling Interests—Noncontrolling interests reflect third parties' ownership interests in entities that are combined in the Company's financial statements but are less than 100% owned by the Company. Noncontrolling interests are recognized as equity in the combined carve-out statement of financial condition and presented separately from the equity attributable to the Parent, while noncontrolling interests that are redeemable for cash at the holder's option or upon a contingent event outside of the Company's control are classified as redeemable noncontrolling interests and presented in the mezzanine section between total liabilities and equity in the combined carve-out statement of financial condition. The Company measures redeemable noncontrolling interests on an ongoing basis by accreting changes in the estimated redemption value of such interests from the date of issuance to the earliest redemption date and adjusts the carrying amount of such interests to the calculated value in the event that it is in excess of the carrying amount of such interests at such time.

A change in the ownership interests of a subsidiary is accounted for as an equity transaction if the Company retains its controlling financial interest in the subsidiary.

The amounts of combined carve-out net income and comprehensive income attributable to the Parent and noncontrolling interests are separately presented in the Company's combined carve-out statement of operations and comprehensive income.

Advertising and Marketing—Advertising and marketing costs are expensed as incurred. Advertising and marketing costs, which are included as selling, general and administrative expenses in the Company's combined carve-out statements of operations and comprehensive income (loss), were \$2.5 million, \$2.3 million and \$1.5 million, respectively, for the years ended December 31, 2019, 2018 and 2017.

Accounting for Loss Contingencies—Loss contingencies, including those arising from legal actions, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated.

Recently Adopted Accounting Pronouncements

The Financial Accounting Standards Board ("FASB") has issued the following accounting pronouncements and guidance relevant to the Company's operations which have been adopted as of January 1, 2019:

ASU No. 2016-02—Leases (Topic 842). This standard, as subsequently amended and clarified by various ASUs, requires lessees to recognize assets and liabilities for the rights and obligations created by leases of assets. For income statement purposes, the standard retains a dual model which requires leases to be classified as either operating or finance based on criteria that are largely similar to those applied under prior lease accounting but without explicit bright lines. The standard also requires extensive quantitative and qualitative disclosures, including significant judgments and assumptions made by management in applying the standard, intended to provide greater insight into the amount, timing, and uncertainty of cash flows arising from leases.

The Company adopted the standard on January 1, 2019 and applied the transition guidance as of the date of adoption under the current-period adjustment method. As a result, the Company recognized right-of-use assets and lease liabilities associated with its leases on January 1, 2019, with a cumulative-effect adjustment to the

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

opening balance of accumulated earnings, while the comparable prior periods in the Company's financial statements have been and will continue to be reported in accordance with Topic 840, including the disclosures of Topic 840.

The standard includes a number of optional practical expedients under the transition guidance. The Company elected the package of practical expedients which allowed the Company to not reassess prior conclusions about lease identification, lease classification, and initial direct costs. The Company also made accounting policy elections by class of underlying asset to not apply the recognition requirements of the standard to leases with terms of 12 months or less and to not separate non-lease components from lease components. Consequently, each separate lease component and the non-lease components associated with that lease component is accounted for as a single lease component for lease classification, recognition, and measurement purposes.

Upon adoption of the standard on January 1, 2019, the Company recognized a lease liability of \$95.3 million and right-of-use asset of \$86.4 million. The difference between the lease liability and right-of-use asset primarily reflects the reclassification of accrued straight-line rent and unamortized tenant allowances from other liabilities in the Company's combined carve-out statement of financial condition to a reduction of the right-of-use asset. In addition, the Company recognized an impairment loss of \$3.4 million in connection with the recognition of right-of-use assets for certain IT'SUGAR retail locations as a cumulative-effect adjustment to the opening balance of accumulated earnings. The implementation of the standard did not have a material impact on the Company's combined carve-out statement of operations and comprehensive income or statement of cash flows. See Note 11 for additional information regarding the Company's lease agreements.

Future Adoption of Recently Issued Accounting Pronouncements

The FASB has issued the following accounting pronouncements and guidance relevant to the Company's operations which have not been adopted as of December 31, 2019:

ASU No. 2016-13, Financial Instruments—Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments (as subsequently amended and clarified by various ASUs). This standard introduces an approach of estimating credit losses on certain types of financial instruments based on expected losses and expands the disclosure requirements regarding an entity's assumptions, models, and methods for estimating its allowance for bad debts. The Company adopted this standard on January 1, 2020 using a modified retrospective method. The Company did not recognize a cumulative effect adjustment upon adoption of the standard as the standard did not have a material impact on the Company's allowance for bad debts. The Company also elected the practical expedient to not measure an allowance for credit losses for accrued interest receivables, as the Company's interest income is suspended, and previously accrued but unpaid interest income is reversed, on all delinquent notes receivable when principal or interest payments are more than 90 days contractually past due and not resumed until such loans are less than 90 days past due. As such, the adoption of the standard did not have a material impact on the Company's combined carve-out financial statements.

ASU No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. This standard removes specific exceptions to the general principles in Topic 740 including exceptions related to (i) the incremental approach for intraperiod tax allocations, (ii) accounting for basis differences when there are ownership changes in foreign investments, and (iii) interim period income tax accounting for year-to-date losses that exceed anticipated losses. The statement is effective for the Company on January 1, 2021 and interim periods within that fiscal year. Early adoption is permitted. The Company is currently evaluating the impact that ASU 2019-12 may have on its combined carve-out financial statements.

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

ASU 2018-15, Intangibles (Topic 350-40): Goodwill and Other – Internal-Use Software. This standard requires a customer in a cloud computing arrangement that is a service contract (“CCA”) to follow the internal-use software guidance in ASC 350-40 to determine which implementation costs to capitalize as assets or expense as incurred. The standard also requires entities to present implementation costs related to a CCA in the same financial statement line items as the CCA service fees. The Company adopted this standard on January 1, 2020 and is applying the transition guidance as of the date of adoption prospectively, under the current period adjustment method. The adoption of the standard is not expected to have a material impact on the Company’s combined carve-out financial statements.

ASU No. 2018-13, Fair Value Measurement (Topic 820), Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement. This standard modifies the disclosure requirements in Topic 820 related to the valuation techniques and inputs used in fair value measurements, uncertainty in measurement, and changes in measurements applied. This standard was effective for the Company on January 1, 2020, and the adoption of the standard is not expected to have a material impact on the Company’s combined carve-out financial statements and disclosures.

3. Acquisition

Acquisition of IT’SUGAR

On June 16, 2017, BBX Sweet Holdings acquired IT’SUGAR, a specialty candy retailer with approximately 100 retail locations in over 25 states and Washington, D.C., through the acquisition of all of its Class A Preferred Units and 90.4% of its Class B Common Units for cash consideration of approximately \$58.4 million, net of cash acquired. The remaining 9.6% of IT’SUGAR’s Class B Common Units is owned by JR Sugar Holdings, LLC (“JR Sugar”), an entity owned by the founder and CEO of IT’SUGAR.

The consolidated net assets and results of operations of IT’SUGAR are included in the Company’s combinedcarve-out financial statements commencing on June 16, 2017 and resulted in the following impact to trade sales and income before income taxes from the acquisition date to December 31, 2017 (in thousands):

	June 16, 2017 to December 31, 2017
Trade sales	<u>\$ 46,765</u>
Income before income taxes	<u>\$ 2,598</u>

BBX Capital Florida LLC and Subsidiaries**Notes to the Combined Carve-Out Financial Statements***Purchase Price Allocation*

The Company accounted for the acquisition of IT'SUGAR using the acquisition method of accounting, which requires that the assets acquired and liabilities assumed associated with an acquiree be recognized at their fair values at the acquisition date. The following table summarizes the purchase price allocation based on the Company's valuation, including the fair values of the assets acquired, liabilities assumed, and the redeemable noncontrolling interest in IT'SUGAR at the acquisition date (in thousands):

Property and equipment	\$18,747
Cash, inventory and other assets	12,212
Identifiable intangible assets ⁽¹⁾	<u>4,512</u>
Total assets acquired	<u>35,471</u>
Accounts payable and other liabilities	(5,370)
Identifiable intangible liabilities ⁽²⁾	<u>(716)</u>
Total liabilities assumed	<u>(6,086)</u>
Fair value of identifiable net assets	29,385
Redeemable noncontrolling interest	<u>(2,490)</u>
Goodwill	<u>35,164</u>
Purchase consideration	62,059
Less: cash acquired	<u>(3,641)</u>
Cash paid for acquisition less cash acquired	<u>\$58,418</u>
Acquisition-related costs included in selling, general and administrative expenses	<u>\$ 2,963</u>

- (1) Identifiable intangible assets were comprised of \$4.2 million, \$0.2 million and \$0.1 million associated with IT'SUGAR's trademark, favorable operating lease agreements, and a noncompetition agreement, respectively.
- (2) Identifiable intangible liabilities were comprised of unfavorable operating lease agreements.

The fair values reported in the above table were estimated by the Company using available market information and appropriate valuation methods. As considerable judgment is involved in estimates of fair value, the fair values presented above are not necessarily indicative of the amounts that the Company could realize in a current market exchange. The use of different market assumptions and/or estimation methods could have a material effect on the estimated fair value amounts.

The following summarizes the Company's methodologies for estimating the fair values of certain assets and liabilities associated with IT'SUGAR:

Property and Equipment

Property and equipment acquired consisted primarily of leasehold improvements at IT'SUGAR's retail locations. The fair value of the leasehold improvements and other equipment was estimated based on the replacement cost approach.

BBX Capital Florida LLC and Subsidiaries**Notes to the Combined Carve-Out Financial Statements***Identifiable Intangible Assets and Liabilities*

The identifiable intangible assets acquired primarily consisted of the fair value of IT'SUGAR's trademark, which was estimated using the relief-from-royalty method, a form of the income approach. Under this approach, the fair value was estimated by calculating the present value using a risk-adjusted discount rate of the expected future royalty payments that would have to be paid if the IT'SUGAR trademark was not owned.

The identifiable intangible assets and liabilities also included the fair value of IT'SUGAR's operating lease agreements associated with its retail stores. The fair values of these assets and liabilities were estimated by calculating the present value using a risk-adjusted discount rate of the difference between the contractual amounts to be paid pursuant to the lease agreements and the estimate of market lease rates at the acquisition date.

The \$4.2 million trademark intangible asset is being amortized over 15 years, and the \$0.2 million of favorable lease agreements and the \$0.7 million of unfavorable lease agreements were being amortized over a weighted average period of 6.5 years. Upon the Company's adoption of the new lease accounting standard on January 1, 2019, the unamortized balances of the intangibles related to IT'SUGAR's lease agreements were reclassified and included in the measurement of the right-of-use assets associated with the applicable lease agreements. The noncompetition agreement is being amortized over five years.

Goodwill

The goodwill recognized in connection with the acquisition reflects the difference between the estimated fair value of the net assets acquired and the consideration paid by BBX Sweet Holdings to acquire IT'SUGAR. The goodwill recognized in the acquisition is deductible for income tax purposes.

Pro Forma Information (unaudited)

The following unaudited pro forma financial data presents the Company's revenues and earnings for the year ended December 31, 2017 as if the acquisition was completed on January 1, 2016 (in thousands):

	Pro Forma For the Year Ended December 31, 2017
Trade sales	\$ 178,643
Loss from continuing operations before income taxes	\$ (12,792)
Net loss ⁽¹⁾	\$ (15,709)
Net loss attributable to Parent ⁽¹⁾	\$ (15,658)

(1) The pro forma income before income taxes, net income, and net income attributable to the Parent for the year ended December 31, 2017 were adjusted to exclude \$3.0 million of acquisition-related costs.

The unaudited pro forma financial data reported in the above table does not purport to represent what the actual results of the Company's operations would have been assuming that the acquisition date was January 1, 2016, nor does it purport to predict the Company's results of operations for future periods.

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

Noncontrolling Interest

Under the terms of IT'SUGAR's operating agreement, JR Sugar may require the Company to purchase for cash its Class B Common Units of IT'SUGAR upon the occurrence of certain events, including events relating to the employment agreement between the Company and the CEO of IT'SUGAR, as described below. The purchase price payable by the Company for such Class B Common Units will be determined based on the circumstance giving rise to such purchase obligation in accordance with prescribed formulas set forth in IT'SUGAR's operating agreement. In addition, commencing on the seventh anniversary of the acquisition date, the Company shall have the right, but not the obligation, to require JR Sugar to sell its Class B Common Units to the Company in accordance with a prescribed formula set forth in IT'SUGAR's operating agreement.

As a result of the redemption features, JR Sugar's Class B Common Units are considered redeemable noncontrolling interests and reflected in the mezzanine section as a separate line item in the Company's combined carve-out statement of financial condition. As the noncontrolling interests are not currently subject to redemption but are probable of becoming redeemable in a future period, the Company is measuring the noncontrolling interests by accreting changes in the estimated purchase price from the acquisition date to the earliest redemption date and adjusts the carrying amount of such interests to equal the calculated value in the event it is in excess of the carrying amount of such interests at such time.

The redeemable noncontrolling interest included in the Company's combined carve-out statements of financial condition as of December 31, 2019 and 2018 was \$4.0 million and \$2.6 million, respectively.

Employment and Loan Agreements

In connection with the acquisition of IT'SUGAR, the Company entered into an employment agreement with the founder and CEO of IT'SUGAR for his continued services as CEO of IT'SUGAR. Upon the occurrence of certain events constituting a breach of the employment agreement by the CEO resulting in his termination, the Company may exercise its ability to purchase JR Sugar's Class B Common Units for cash for an amount equal to the lesser of the fair market value of such units determined in accordance with the prescribed formula set forth in IT'SUGAR's operating agreement and the initial value ascribed to such units at the acquisition date. Similarly, upon the occurrence of certain "not for cause" termination events associated with the termination of the CEO's employment, JR Sugar may require the Company to purchase its Class B Common Units for cash for an amount equal to the greater of the fair market value of such units determined in accordance with the prescribed formula set forth in IT'SUGAR's operating agreement and the initial value ascribed to such units at the acquisition date.

Concurrent with the acquisition, JR Sugar borrowed \$2.0 million from the Company in the form of two promissory notes, as partial consideration for the purchase of its 9.6% ownership of IT'SUGAR's Class B Common Units. The notes mature on June 16, 2024, and a portion of the aggregate principal balance and accrued interest of such notes will be forgiven on an annual basis provided that IT'SUGAR's CEO continues to remain employed with the Company pursuant to his employment agreement. The notes receivable are presented as a deduction from the balance of the related Class B Common Units included in redeemable noncontrolling interests in the combined carve-out statements of financial condition.

BBX Capital Florida LLC and Subsidiaries**Notes to the Combined Carve-Out Financial Statements****4. Trade Accounts Receivable**

The Company's trade receivables consisted of the following (in thousands):

	December 31,	
	2019	2018
Trade receivables	\$ 13,274	18,372
Allowance for bad debts	(170)	(79)
Total trade inventory	\$ 13,104	18,293

5. Trade Inventory

The Company's trade inventory consisted of the following (in thousands):

	December 31,	
	2019	2018
Raw materials	\$ 3,048	2,718
Paper goods and packaging materials	1,327	1,112
Finished goods	18,468	16,216
Total trade inventory	\$ 22,843	20,046

6. Real Estate

The Company's real estate consisted of the following (in thousands):

	December 31,	
	2019	2018
Real estate held-for-sale	\$ 11,297	20,202
Real estate held-for-investment	6,015	10,976
Real estate inventory	48,506	23,778
Total real estate	\$ 65,818	54,956

The Company sold various real estate assets that were classified as held-for-sale or held-for-investment, including its remaining land parcels located at PGA Station in Palm Beach Gardens, Florida and various land parcels located in Florida, as well as RoboVault, a self-storage facility in Fort Lauderdale, Florida that was previously classified in property and equipment. As a result of these sales, the Company recognized total net gains on sales of real estate of \$13.6 million and received aggregate net proceeds of \$35.2 million during the year ended December 31, 2019.

7. Investments in Unconsolidated Real Estate Joint Ventures

As of December 31, 2019, the Company has equity interests in unconsolidated real estate joint ventures involved in the development of multifamily apartment and townhome communities, as well as single-family master planned communities. In addition, the Company owns a 50% equity interest in the Altman Companies, a developer and manager of multifamily apartment communities.

Investments in unconsolidated real estate joint ventures are accounted for as unconsolidated VIEs.

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

Investments in unconsolidated real estate joint ventures consisted of the following (in thousands, except ownership percentages):

	December 31,		
	2019	Ownership ⁽¹⁾	2018
Altis at Lakeline - Austin Investors, LLC	\$ 242%	34.47	\$ 4,531
Altis at Grand Central Capital, LLC	2,653	11.07	2,549
Altis Promenade Capital, LLC	2,126	6.61	2,195
Altis at Bonterra - Hialeah, LLC	618	96.73	21,602
Altis Ludlam - Miami Investor, LLC	1,081	33.30	675
Altis Suncoast Manager, LLC	753	33.30	1,857
Altis Pembroke Gardens, LLC	1,277	0.41	1,284
Altis Fairways, LLC	1,880	0.42	1,876
Altis Wiregrass, LLC	1,792	2.22	1,897
Altis LH-Miami Manager, LLC	811	3.43	—
Altis Vineland Pointe Manager, LLC	4,712	50.00	—
Altis Miramar East/West	2,631	5.00	—
The Altman Companies, LLC ⁽²⁾	14,745	50.00	14,893
ABBX Guaranty, LLC	3,750	50.00	2,500
Sunrise and Bayview Partners, LLC	1,562	50.00	1,439
PGA Design Center Holdings, LLC	996	40.00	691
CCB Miramar, LLC	5,999	70.00	1,575
BBX/Label Chapel Trail Development, LLC	1,126	46.75	4,515
L03/212 Partners, LLC	2,087	3.41	—
PGA Lender, LLC	2,111	45.88	—
Sky Cove, LLC	4,178	26.25	—
All other investments in real estate joint ventures	200		659
Total	<u>\$57,330</u>		<u>\$64,738</u>

- (1) The Company's ownership percentage in each real estate joint venture represents the Company's percentage of the contributed capital in each venture. The operating agreements for many of these ventures provide for a disproportionate allocation of distributions to the extent that certain investors receive specified returns on their investments, and as a result, these percentages do not necessarily reflect the Company's economic interest in the expected distributions from such ventures.
- (2) The investment in The Altman Companies, LLC includes \$2.3 million of transaction costs that were incurred in connection with the formation of the joint venture. See additional information below in this Note 7 regarding the Company's acquisition of its interest in the Altman Companies, LLC.

Unconsolidated Variable Interest Entities

In accordance with the applicable accounting guidance for the consolidation of VIEs, the Company analyzes its investments in real estate joint ventures to determine if such entities are VIEs, and to the extent that such entities are VIEs, if the Company is the primary beneficiary. Based on the Company's analysis of the forecasted cash flows and structure of these ventures, including the respective operating agreements governing these entities and any relevant financial agreements, such as financing arrangements, the Company has determined that its real estate joint ventures are VIEs in which the Company is not the primary beneficiary, and therefore, the Company accounts for its investments in the real estate joint ventures under the equity method of accounting. The

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

Company's conclusion that it is not the primary beneficiary of these entities is primarily based on the determination that the Company does not have the power to direct activities of the entities that most significantly affect their economic performance. In many of the joint ventures, the Company is not the operating manager and has limited protective rights under the operating agreements, while in certain joint ventures, the investors share decision-making authority in a manner that prevents any individual investor from exercising power over such entities.

The Company's maximum exposure to loss in its unconsolidated real estate joint ventures was \$59.8 million as of December 31, 2019.

Basis Differences

The aggregate difference between the Company's investments in unconsolidated real estate joint ventures and its underlying equity in the net assets of such ventures was \$9.2 million and \$11.9 million as of December 31, 2019 and 2018, respectively, which includes \$8.5 million and \$10.3 million associated with the Company's investment in the Altman Companies and certain multifamily apartment developments which were acquired for cash consideration based on their estimated fair values as of the acquisition date, as described below, and \$0.7 million and \$1.6 million associated with the capitalization of interest on real estate development projects.

Equity in Net Earnings of Unconsolidated Real Estate Joint Ventures

For the years ended December 31, 2019, 2018 and 2017, the Company's equity in net earnings of unconsolidated real estate joint ventures was \$37.9 million, \$14.2 million and \$12.5 million, respectively.

Equity earnings for the year ended December 31, 2019 includes \$29.2 million and \$5.0 million in equity earnings from the Altis at Bonterra and the Altis at Lakeline joint ventures, respectively, which includes the Company's share of gains recognized by the ventures upon the sale of their respective multifamily apartment communities. Equity earnings for the year ended December 31, 2018 includes \$9.3 million in equity earnings from the Addison on Millenia joint venture, which includes the Company's share of the gain recognized by the venture upon the sale of its multifamily apartment community. Equity earnings for the year ended December 31, 2017 includes \$11.0 million in equity earnings from the Hialeah Communities joint venture, which reflects the Company's share of the profits recognized by the venture upon the sale of single-family homes in its master planned community.

The Altman Companies, LLC

In November 2018, the Company acquired a 50% equity interest in the Altman Companies, a joint venture between the Company and Joel Altman ("JA") engaged in the development, construction, and management of multifamily apartment communities, for cash consideration of \$14.6 million, including \$2.3 million in transaction costs.

The Altman Companies owns 100% of the membership interests in Altman Development Company and Altman Management Company and 60% of the membership interests in Altman-Glenewinkel Construction and generates revenues from the performance of development, general contractor, leasing, and property management services to joint ventures that are formed to invest in development projects originated by the Altman Companies. In addition, the Company and JA invest in the managing member of such joint ventures based on their relative ownership percentages in the Altman Companies.

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

Pursuant to the operating agreement of the Altman Companies, the Company will acquire an additional 40% equity interest in the Altman Companies from JA for a purchase price of \$9.4 million in January 2023, and JA can also, at his option or in other predefined circumstances, require the Company to purchase his remaining 10% equity interest in the Altman Companies for \$2.4 million. However, JA will retain his membership interests, including his decision making rights, in the managing member of any development joint ventures that are originated prior to the Company’s acquisition of additional equity interests in the Altman Companies. In addition, in certain circumstances, the Company may acquire the 40% membership interests in Altman-Glenewinkel Construction that are not owned by the Altman Companies for a purchase price based on prescribed formulas in the operating agreement of Altman-Glenewinkel Construction.

Under the terms of the operating agreement of the Altman Companies, the venture is being jointly managed by the Company and JA until the Company’s acquisition of the additional 40% equity interest from JA, with the partners sharing decision making authority for all significant operating and financing decisions. To the extent that the parties cannot reach consensus on a matter, the operating agreement generally provides that a third party will resolve such matter; however, for certain decisions, the operating agreement provides that the venture cannot proceed with such matters without approval from both parties.

In connection with its investment in the Altman Companies, the Company acquired interests in the managing member of seven multifamily apartment developments, including four developments in which the Company had previously invested as a non-managing member, for aggregate cash consideration of \$8.8 million. In addition, the Company and JA have each contributed \$3.8 million to ABBX Guaranty, LLC, a joint venture established to provide guarantees on the indebtedness and construction cost overruns of new real estate joint ventures formed by the Altman Companies.

Summarized Financial Information of Certain Unconsolidated Real Estate Joint Ventures

The tables below set forth financial information, including condensed statements of financial condition and operations, related to Altis at Bonterra – Hialeah, LLC (in thousands):

	December 31,	
	2019	2018
Assets		
Cash	\$ 855	3,777
Restricted cash	559	256
Real estate	—	55,734
Other assets	—	134
Total assets	<u>\$ 1,414</u>	<u>59,901</u>
Liabilities and Equity		
Notes payable	\$ —	38,641
Other liabilities	751	571
Total liabilities	<u>751</u>	<u>39,212</u>
Total equity	<u>663</u>	<u>20,689</u>
Total liabilities and equity	<u>\$ 1,414</u>	<u>59,901</u>

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

	For the Years Ended December 31,		
	2019	2018	2017
Total revenues	\$ 4,498	6,510	1,851
Gain on sale of real estate	33,843	—	—
Other expenses	<u>(4,480)</u>	<u>(5,937)</u>	<u>(2,657)</u>
Net earnings (loss)	<u>\$33,861</u>	<u>573</u>	<u>(806)</u>
Equity in net earnings (loss) of unconsolidated real estate joint venture—Altis at Bonterra - Hialeah, LLC	<u>\$29,221</u>	<u>544</u>	<u>(766)</u>

The tables below set forth financial information, including condensed statements of financial condition and operations, related to Altis at Lakeline - Austin Investors, LLC (in thousands):

	December 31,	
	2019	2018
Assets		
Cash	\$ 628	2,403
Restricted cash	5	229
Real estate	—	42,940
Other assets	<u>144</u>	<u>108</u>
Total assets	<u>\$ 777</u>	<u>45,680</u>
Liabilities and Equity		
Notes payable	\$ —	33,467
Other liabilities	<u>—</u>	<u>1,835</u>
Total liabilities	<u>—</u>	<u>35,302</u>
Total equity	<u>777</u>	<u>10,378</u>
Total liabilities and equity	<u>\$ 777</u>	<u>45,680</u>

	For the Years Ended December 31,		
	2019	2018	2017
Total revenues	\$ 1,458	5,842	3,528
Gain on sale of real estate	17,178	—	—
Other expenses	<u>(1,801)</u>	<u>(6,746)</u>	<u>(6,028)</u>
Net earnings (loss)	<u>\$16,835</u>	<u>(904)</u>	<u>(2,500)</u>
Equity in net earnings (loss) of unconsolidated real estate joint venture—Altis at Lakeline - Austin Investors, LLC	<u>\$ 5,029</u>	<u>(312)</u>	<u>(862)</u>

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

The tables below set forth financial information, including condensed statements of financial condition and operations, related to Hialeah Communities, LLC (in thousands):

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
Assets		
Cash	\$ 431	675
Properties and equipment	—	—
Other assets	—	—
Total assets	<u>\$ 431</u>	<u>675</u>
Liabilities and Equity		
Notes payable	\$ —	—
Other liabilities	—	277
Total liabilities	—	277
Total equity	431	398
Total liabilities and equity	<u>\$ 431</u>	<u>675</u>

	<u>For the Years Ended</u> <u>December 31,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total revenues	\$ 50	406	80,407
Costs of sales	—	(64)	(51,072)
Other expenses	(38)	(44)	(5,134)
Net earnings	<u>\$ 12</u>	<u>298</u>	<u>24,201</u>
Equity in net earnings of unconsolidated real estate joint venture—Hialeah Communities, LLC	<u>\$ 5</u>	<u>55</u>	<u>11,043</u>

The tables below set forth financial information, including condensed statements of financial condition and operations, related to Altis at Shingle Creek, LLC (in thousands):

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
Assets		
Cash	\$ —	—
Properties and equipment	—	—
Other assets	—	—
Total assets	<u>\$ —</u>	<u>—</u>
Liabilities and Equity		
Notes payable	\$ —	—
Other liabilities	—	—
Total liabilities	—	—
Total equity	—	—
Total liabilities and equity	<u>\$ —</u>	<u>—</u>

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

	For the Years Ended December 31,		
	2019	2018	2017
Net gain on sale of real estate	\$—	22,027	—
Other revenues	—	1,704	4
Costs of sales	—	—	—
Other expenses	—	(2,156)	(254)
Net earnings (losses)	<u>\$—</u>	<u>21,575</u>	<u>(250)</u>
Equity in net earnings (losses) of unconsolidated real estate joint venture—Altis at Shingle Creek, LLC	<u>\$—</u>	<u>3,401</u>	<u>(5)</u>

The tables below set forth financial information, including condensed statements of financial condition and operations, related to BBX/Label Chapel Trail Development, LLC (in thousands):

	December 31,	
	2019	2018
Assets		
Cash	\$ 1,725	876
Real estate	2,134	20,103
Other assets	6	6
Total assets	<u>\$ 3,865</u>	<u>20,985</u>
Liabilities and Equity		
Notes payable	\$ 184	9,286
Other liabilities	357	2,587
Total liabilities	541	11,873
Total equity	3,324	9,112
Total liabilities and equity	<u>\$ 3,865</u>	<u>20,985</u>

	For the Years Ended December 31,		
	2019	2018	2017
Total revenues	\$ 44,988	—	—
Costs of sales	(35,575)	—	—
Other expenses	(2,341)	(1,388)	(177)
Net earnings (losses)	<u>\$ 7,072</u>	<u>(1,388)</u>	<u>(177)</u>
Equity in net earnings (losses) of unconsolidated real estate joint venture—BBX/Label Chapel Trail Development, LLC	<u>\$ 3,306</u>	<u>(649)</u>	<u>(83)</u>

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

8. Property and Equipment

Property and equipment consists of the following (in thousands):

	December 31,	
	2019	2018
Land, building and building improvements	\$ 2,258	11,052
Leasehold improvements	35,768	26,171
Office equipment, furniture, fixtures and software	11,941	9,115
Transportation	379	193
	<u>50,346</u>	<u>46,531</u>
Accumulated depreciation	<u>(20,510)</u>	<u>(13,524)</u>
Property and equipment, net	<u>\$ 29,836</u>	<u>33,007</u>

9. Goodwill

The activity in the balance of the Company's goodwill was as follows (in thousands):

	For the Years Ended December 31,		
	2019	2018	2017
Balance, beginning of period	\$37,248	39,482	6,731
Acquisitions	—	1,727	35,164
Impairment losses	—	<u>(3,961)</u>	<u>(2,413)</u>
Balance, end of period	<u>\$37,248</u>	<u>37,248</u>	<u>39,482</u>

The Company recognized \$1.7 million of goodwill in connection with the acquisition of an operating business through a loan foreclosure during the year ended December 31, 2018 and \$35.2 million of goodwill in connection with the acquisition of IT'SUGAR during the year ended December 31, 2017. The goodwill associated with IT'SUGAR is included in the Company's BBX Sweet Holdings reportable segment, while the remaining goodwill relates to an operating business included in the "Other" category for segment reporting.

As described in Note 2, the Company tests goodwill for potential impairment on an annual basis as of December 31 or during interim periods if impairment indicators exist. During the year ended December 31, 2019, the Company determined that its goodwill was not impaired. During the years ended December 31, 2018 and 2017, the Company determined that the fair values of certain of BBX Sweet Holdings' reporting units were below their respective carrying values as of the applicable testing dates and recognized goodwill impairment losses of \$4.0 million and \$2.4 million, respectively. The goodwill impairment losses recognized during the years ended December 31, 2018 and 2017 were measured based on the excess of the applicable reporting unit's carrying value over its fair value.

The decline in the fair values of these reporting units and the related recognition of goodwill impairment losses primarily resulted from ongoing losses in these operations and various strategic initiatives related to such businesses, including the consolidation of manufacturing facilities, a reduction in corporate personnel and infrastructure, and the elimination of various unprofitable brands.

BBX Capital Florida LLC and Subsidiaries**Notes to the Combined Carve-Out Financial Statements****10. Intangible Assets**

The Company's intangible assets consists of the following (in thousands):

Class	December 31,	
	2019	2018
Intangible assets:		
Trademarks	\$ 8,522	8,522
Customer relationships	70	70
Lease premium	—	111
Other	306	306
	8,898	9,009
Accumulated amortization	(2,227)	(1,678)
Total intangible assets	\$ 6,671	7,331

Trademarks and customer relationships are amortized using the straight-line method over their expected useful lives, which range from 12 to 20 years.

Amortization Expense

During the years ended December 31, 2019, 2018, and 2017, the Company recognized approximately \$0.6 million, \$0.5 million and \$0.7 million, respectively, of amortization expense related to its intangible assets which is reflected in selling, general and administrative expenses in the Company's statements of operations and comprehensive income.

The table below sets forth the estimated aggregate amortization expense of intangible assets during each of the five years subsequent to December 31, 2019 (in thousands):

Years Ending December 31,	Total
2020	\$546
2021	526
2022	501
2023	500
2024	500

11. Leases

New BBX Capital and its subsidiaries are lessees under various operating leases for retail stores, office space, equipment, and vehicles. Many of the Company's lease agreements include one or more options to renew, with renewal terms that can extend the lease term from one to seven years, and the exercise of such renewal options is generally at the Company's discretion. Certain of the Company's lease agreements include rental payments based on a percentage of sales generated at the leased location over contractually specified levels, and others include rental payments adjusted periodically for inflation. The Company's lease agreements do not contain material residual value guarantees or material restrictive covenants.

The Company recognizes right-of-use assets and lease liabilities associated with lease agreements with an initial term of 12 months or greater, while lease agreements with an initial term of 12 months or less are not recorded in

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

the Company's statement of financial condition. The Company generally does not include lease payments associated with renewal options that are exercisable at its discretion in the measurement of its right-of-use assets and lease liabilities as it is not reasonably certain that such options will be exercised. The table below sets forth information regarding the Company's lease agreements which had an initial term of greater than 12 months (dollars in thousands):

	As of December 31, 2019
Operating lease assets	\$ 87,082
Operating lease liabilities	\$ 99,568
Weighted average remaining lease term (years)	6.6
Weighted average discount rate ⁽¹⁾	5.26%

- (1) As most of the Company's lease agreements do not provide an implicit rate, the Company estimates incremental secured borrowing rates corresponding to the maturities of its lease agreements to determine the present value of future lease payments. To estimate incremental borrowing rates applicable to New BBX Capital and its subsidiaries, the Company considers various factors, including the rates applicable to its recently issued debt and credit facilities and prevailing financial market conditions. The Company used the incremental borrowing rates applicable to New BBX Capital and its subsidiaries on January 1, 2019 for operating leases that commenced prior to that date.

The Company generally recognizes lease costs associated with its operating leases on a straight-line basis over the lease term, while variable lease payments that do not depend on an index or rate are recognized as variable lease costs in the period in which the obligation for those payments is incurred. The table below sets forth information regarding the Company's lease costs which are included in cost of trade sales and selling, general, and administrative expenses in the Company's combined carve-out statements of operations (in thousands):

	For the Year Ended December 31, 2019
Fixed lease costs	\$ 19,944
Short-term lease costs	121
Variable lease costs	5,763
Total operating lease costs	<u>\$ 25,828</u>

The table below sets forth information regarding the maturity of the Company's operating lease liabilities as of December 31, 2019 (in thousands):

Period Ending December 31,	
2020	\$ 19,492
2021	20,243
2022	18,935
2023	16,283
2024	11,388
After 2024	<u>32,299</u>
Total lease payments	118,640
Less: interest	<u>19,072</u>
Present value of lease liabilities	<u>\$ 99,568</u>

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

Included in the Company's statement of cash flows under operating activities for the year ended December 31, 2019 was \$18.7 million of cash paid for amounts included in the measurement of lease liabilities. During the year ended December 31, 2019, the Company obtained \$22.9 million of right-of-use assets in exchange for operating lease liabilities.

The table below sets forth the approximate minimum future rental payments (excluding executory costs) under the Company's lease agreements during periods subsequent to December 31, 2018 related to agreements that were executed as of December 31, 2018 (in thousands):

<u>Period Ending December 31,</u>	
2019	\$ 18,363
2020	17,400
2021	16,839
2022	15,079
2023	12,787
After 2023	22,411
Total lease obligation	<u>\$ 102,879</u>

During the years ended December 31, 2018 and 2017, the Company recognized rent expenses under its lease agreements of \$22.4 million and \$11.1 million, respectively, which are included in cost of trade sales and selling, general, and administrative expenses in the Company's combined carve-out statements of operations.

12. Debt

The table below sets forth the contractual minimum principal payments of the Company's debt during each of the five years subsequent to December 31, 2019 and thereafter (in thousands):

	<u>Notes Payable and Lines-of Credit</u>
2020	\$ 7,017
2021	2,947
2022	3,895
2023	400
2024	1,879
Thereafter	27,422
	43,560
Unamortized debt issuance costs	(824)
Total Debt	<u>\$ 42,736</u>

The minimum contractual payments set forth in the table above may differ from actual payments due to the timing of principal payments required upon the sale of real estate assets that serve as collateral on certain debt (release payments).

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

Notes Payable and Lines-of-Credit

The table below sets forth information regarding the Company's notes payable and other borrowings (dollars in thousands):

	December 31, 2019			December 31, 2018		
	Debt Balance	Interest Rate	Carrying Amount of Pledged Assets	Debt Balance	Interest Rate	Carrying Amount of Pledged Assets
Community Development District Obligations	\$29,287	4.25-6.00%	\$49,352	\$24,583	4.25-6.00%	\$35,157
TD Bank Term Loan and Line of Credit	6,826	5.00%	(1)	8,117	5.47%	(1)
Banc of America Leasing & Capital Equipment Note	355	4.75%	(2)	555	4.75%	(2)
Bank of America Revolving Line of Credit	2,000	3.24%	—	—	—	—
Unsecured Note ⁽³⁾	3,400	6.00%	—	3,400	6.00%	—
Centennial Bank Note ⁽³⁾	1,469	5.25%	1,892	1,507	5.25%	1,968
Other	223	15.00%	—	—	—	—
Unamortized debt issuance costs	(824)			(666)		
Total notes payable and other borrowings	\$42,736			\$37,496		

- (1) The collateral is a blanket lien on Renin's assets.
- (2) The collateral is a security interest in the equipment financed by the underlying note. Additionally, IT'SUGAR is guarantor on the note.
- (3) BBX is guarantor on the note.

Community Development District Obligations—A community development district or similar development authority ("CDD") is a unit of local government created under various state and/or local statutes to encourage planned community development and allow for the construction of infrastructure improvements through alternative financing sources, including the tax-exempt bond markets. A CDD is generally created through the approval of the local city or county in which the CDD is located and is controlled by a board of supervisors representing the landowners within the CDD. In connection with the Company's development of the Beacon Lakes Community, The Meadow View at Twin Creeks CDD (the "Beacon Lakes CDD") was formed by St. Johns County, Florida to use bond financing to fund the construction of infrastructure improvements at the Beacon Lakes Community. The Beacon Lakes CDD issues bonds periodically to fund ongoing construction of the Beacon Lakes Community, and in May 2020, February 2019, November 2018 and November 2016, the Beacon Lakes CDD issued \$8.6 million, \$8.1 million, \$16.5 million, and \$21.4 million, respectively, of bonds.

The CDD bond obligations issued in May 2020 have fixed interest rates ranging from 4.25% to 5.38% and mature at various times during the years 2026 through 2051. The Company at its option has the ability to repay a specified portion of the bonds at the time that it sells developed lots in the Beacon Lakes Community.

The obligation to pay principal and interest on the bonds issued by the Beacon Lakes CDD is assigned to each parcel within the CDD, and the Beacon Lakes CDD has a lien on each parcel. If the owner of the parcel does not pay this obligation, the Beacon Lakes CDD can foreclose on the lien. The CDD bond obligations, including interest and the associated lien on the property, are typically payable, secured, and satisfied by revenues, fees, or assessments levied on the property benefited. The assessments to be levied by the CDD are fixed or determinable amounts.

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

The CDD bond obligations outstanding as of December 31, 2019 have fixed interest rates ranging from 4.25% to 6.00% and mature at various times during the years 2026 through 2049. The Company at its option has the ability to repay a specified portion of the bonds at the time that it sells developed lots in the Beacon Lakes Community.

Upon the issuance of CDD bond obligations by the Beacon Lakes CDD, the Company records an obligation for the CDD bond obligations with a corresponding increase in other assets. The CDD bonds are secured by a lien on the Beacon Lakes property, which is included in “Real Estate” in the Company’s combined statement of financial condition and has a carrying amount of \$48.5 million as of December 31, 2019. The Company relieves the CDD bond obligation associated with a particular parcel when the purchaser of the property assumes the obligation, which occurs automatically upon such purchaser’s acquisition of the property, or upon repayment by the Company. Included in “Other Assets” in the Company’s combined carve-out statements of financial condition as of December 31, 2019 and 2018 was \$0.8 million and \$11.4 million, respectively, of funds that the Company does not have the right of setoff on the Company’s CDD bond obligations. Construction funds receivable associated with the CDD bond obligations is reduced with a corresponding increase in real estate inventory when the CDD disburses the funds to contractors for the construction of infrastructure improvements.

Toronto-Dominion Commercial Bank (“TD Bank”) Term Loan and Line of Credit—Renin maintains a credit facility with TD Bank. Under the terms and conditions of the credit facility, TD Bank provides term loans for up to \$1.7 million and loans under a revolving credit facility for up to approximately \$16.3 million based on available collateral, as defined in the facility, and subject to Renin’s compliance with the terms and conditions of the facility, including certain specific financial covenants.

Amounts outstanding under the revolving credit facility bear interest at the Canadian or United States Prime Rate plus a margin of 1.00% per annum or the three-month LIBOR rate plus a margin of 2.75% per annum. Outstanding principal on the revolving credit facility is payable one year from the date of the advance. As of December 31, 2019, the amount outstanding under the revolving credit facility was \$6.1 million and is scheduled to mature in September 2020.

The term loans were funded in three tranches aggregating \$1.6 million through July 2017. Amounts outstanding under the term loans bear interest at fixed interest rates ranging from 5.8% to 6.2% for one year from the date of the applicable drawdown for each loan. Annually, the fixed interest rates adjust to a variable rate based on Canadian or United States Prime Rate plus a margin of 1.00% per annum or the three-month LIBOR rate plus a margin of 2.75% per annum. The amounts outstanding under the term loans mature between June 2020 and July 2022.

Amounts outstanding under the term loans and borrowings under the revolving credit facility require monthly interest payments.

Under the terms and conditions of the TD Bank credit facility, Renin is required to comply with certain financial covenants, including a quarterly debt service coverage ratio and a quarterly total debt to tangible net worth ratio, as defined in the facility. The facility also contains customary affirmative and negative covenants, including those that, among other things, limit the ability of Renin to incur liens or engage in certain asset dispositions, mergers or consolidations, dissolutions, liquidations, or winding up of its businesses. The credit facility is collateralized by all of Renin’s assets.

As of December 31, 2019, Renin was not in compliance with certain covenants under the TD Bank credit facility as a result of a breach of its quarterly debt service coverage ratio. During the first quarter of 2020, Renin received a waiver of the default from TD Bank, and the credit facility was amended to replace the existing debt service

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

coverage ratio with an interest coverage ratio. In connection with the amendment to the credit facility, Renin repaid the outstanding balance of the term loans with borrowings from the revolving credit facility.

Banc of America Leasing & Capital Equipment Note—In September 2018, IT’SUGAR entered into a Master Loan and Security Agreement with Banc of America Leasing & Capital, LLC which sets forth the terms and conditions pursuant to which IT’SUGAR may borrow funds to purchase equipment under one or more equipment security notes. The agreement contains customary representations and covenants. Each equipment note constitutes a separate, distinct and independent financing of equipment, is secured by a security interest in the purchased equipment, and is an unconditional contractual obligation of IT’SUGAR. As of December 31, 2019, there was one equipment note outstanding with a balance of \$0.4 million. The equipment note bears interest at a fixed rate of 4.75% per annum and is payable in 36 consecutive monthly principal and interest installments of \$18,516 with a maturity date of September 2021. The equipment note is subject to a prepayment charge equal to one percent of the amount prepaid multiplied by the number of years or fraction thereof for the then remaining equipment note term.

Bank of America Revolving Line of Credit—In August 2018, IT’SUGAR entered into a revolving credit facility with Bank of America. Under the terms and conditions of the credit facility, Bank of America has agreed to provide a revolving line of credit to IT’SUGAR for up to \$4.0 million based on available collateral, as defined by the credit facility, and subject to IT’SUGAR’s compliance with the terms and conditions of the credit facility, including certain specific financial covenants. The revolving credit facility is available through August 2021, and amounts outstanding bear interest at a LIBOR daily floating rate plus 1.50% or a monthly LIBOR rate subject to the terms and conditions of the credit facility. Payments of interest only are payable monthly.

Under the terms and conditions of this revolving line of credit, IT’SUGAR is required to comply with certain financial covenants, including quarterly and annual debt service coverage ratios. The facility also contains various covenants, including those that, among other things, limit the ability of IT’SUGAR to incur liens, make certain investments, or engage in certain asset acquisitions or dispositions.

In April 2020, a wholly-owned subsidiary of BBX Capital Real Estate purchased the Bank of America revolving line of credit and the Banc of America equipment note from the respective lenders for the outstanding principal balance of the loans, which were \$4.0 million and \$0.3 million, respectively, at the time of the purchase, plus accrued interest.

Unsecured Note—In October 2017, a wholly-owned subsidiary of BBX Capital Real Estate issued a \$3.4 million unsecured note to the seller of real estate to the Chapel Trail real estate joint venture, in which the subsidiary has a 46.75% equity interest. The issuance of the unsecured note was part of the subsidiary’s initial capital contribution to the venture. The note was not secured by the Company’s equity interest in the joint venture or the venture’s underlying property, and BBX guaranteed the repayment of the unsecured note. The unsecured note accrued interest at a fixed rate of 6.0% per annum, with monthly interest only payments, and was scheduled to mature in October 2022. In February 2020, the Company repaid in full the unsecured note.

Centennial Bank Note—In October 2014, Hoffman’s Chocolates issued a \$1.7 million note payable to Centennial Bank. The note is secured by land and buildings owned by Hoffman’s Chocolates, and BBX and BBX Sweet Holdings have guaranteed the repayment of the note. The note requires monthly principal and interest payments based upon a 25 year amortization schedule and matures in October 2024.

BBX Capital Florida LLC and Subsidiaries**Notes to the Combined Carve-Out Financial Statements*****Debt Compliance and Amounts Available under Credit Facilities***

As of December 31, 2019, New BBX Capital and its subsidiaries were in compliance with all financial debt covenants under its debt instruments other than the default which occurred under Renin's credit facility with TD Bank that was waived in the first quarter of 2020, as described above.

Amounts available under credit facilities for New BBX Capital and its subsidiaries as of December 31, 2019 were as follows (in thousands):

Renin	\$4,983
IT'SUGAR	2,000
Total credit availability	<u>\$6,983</u>

The amounts available under the Company's credit facilities are subject to eligible collateral and the terms of the facilities, as applicable.

13. Income Taxes

United States and foreign components of income (loss) from continuing operations before income taxes were as follows (in thousands):

	For the Years Ended December 31,		
	2019	2018	2017
U.S.	\$ 29,638	(2,170)	(13,950)
Foreign	(653)	(852)	486
Total	<u>\$ 28,985</u>	<u>(3,022)</u>	<u>(13,464)</u>

The Company's provision for income taxes from continuing operations consisted of the following (in thousands):

	For the Years Ended December 31,		
	2019	2018	2017
Current:			
Federal	\$4,163	914	(19)
State	<u>1,738</u>	<u>536</u>	<u>(227)</u>
	<u>5,901</u>	<u>1,450</u>	<u>(246)</u>
Deferred:			
Federal	2,665	1,471	1,801
State	<u>(232)</u>	<u>(56)</u>	<u>(249)</u>
	<u>2,433</u>	<u>1,415</u>	<u>1,552</u>
Provision for income taxes	<u>\$8,334</u>	<u>2,865</u>	<u>1,306</u>

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

The reasons for the difference between the provision for income taxes and the amount that results from applying the federal statutory tax rate to income before provision for income taxes from continuing operations relate to (in thousands):

	For the Years Ended December 31,		
	2019	2018	2017
Income tax provision (benefit) from continuing operations at expected federal income tax rate	\$6,087	(635)	(4,712)
Increase (decrease) resulting from:			
Provision for state taxes, net of federal effect	1,156	343	(230)
Effect of rate change	—	—	3,963
Nondeductible goodwill	—	832	832
Nondeductible executive compensation	1,119	1,205	805
(Decrease) increase in valuation allowance	(153)	226	(125)
Other—net	125	894	773
Provision for income taxes	<u>\$8,334</u>	<u>2,865</u>	<u>1,306</u>

The Company's deferred income taxes consists of the following components (in thousands):

	As of December 31,	
	2019	2018
Deferred federal and state tax assets:		
Net operating loss carryforwards	\$ 6,714	10,377
Book reserves for bad debt, inventory, real estate and property and equipment	1,407	2,167
Expensed recognized for books and deferred for tax	3,439	1,185
Intangible assets	—	114
Other assets	49	147
Total gross federal and state deferred tax assets	11,609	13,990
Less deferred tax asset valuation allowance	(6,914)	(7,067)
Total deferred tax assets	<u>4,695</u>	<u>6,923</u>
Deferred federal and state tax liabilities:		
Tax over book depreciation	(245)	(1,034)
Intangible assets	(592)	—
Other liabilities	(578)	(1,140)
Total gross deferred federal and state tax liabilities	<u>(1,415)</u>	<u>(2,174)</u>
Net federal and state deferred tax assets	<u>\$ 3,280</u>	<u>4,749</u>

Impact of the Tax Reform Act

On December 22, 2017, the Tax Reform Act was signed into law. In addition to changes or limitations to certain tax deductions, including limitations on the deductibility of interest payable to related and unrelated lenders and further limiting deductible executive compensation, the Tax Reform Act permanently lowered the federal corporate tax rate to 21% from the previous maximum rate of 35%, effective for tax years commencing

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

January 1, 2018. As a result of the reduction of the corporate tax rate to 21%, the Company revalued its deferred tax assets and liabilities as of the date of enactment and recognized a \$4.0 million provision for income taxes during the year ended December 31, 2017.

The Company's effective income tax rate was approximately 29.0%, (96.0%) and (9.7%) during 2019, 2018 and 2017, respectively. The provision for income taxes was different than the expected federal income tax rate of 21% for the years ended December 31, 2019 and 2018 primarily due to nondeductible executive compensation and state income taxes and for 2018 nondeductible goodwill impairments. The benefit for income taxes was lower than the expected federal income tax rate of 35% for the year ended December 31, 2017 due to the reduction in the corporate tax rate discussed above and nondeductible executive compensation and goodwill impairments as well as state income taxes.

The Company evaluates its deferred tax assets to determine if valuation allowances are required. In the evaluation, management considers expectations of sufficient future taxable income, trends in earnings, existence of taxable income in recent years, the future reversal of temporary differences, and available tax planning strategies that could be implemented, if required. Valuation allowances are established based on the consideration of all available evidence using a more likely than not standard. Based on the Company's evaluation a deferred tax valuation allowance was established for \$5.7 million of federal and state net operating loss carryforwards ("NOL") and \$1.2 million of Canadian NOL as of December 31, 2019.

The Company's federal and Florida NOL carryforwards can only be utilized if the separate entity that generated them has separate company taxable income (the "SRLY Limitation"). These carryforwards cannot be utilized against most of the Company's subsidiaries' taxable income. As such, a full valuation allowance has been established for these carryforwards. The Company's Canadian operation has had cumulative taxable losses in recent years, a full valuation allowance has been applied to these NOL carryforwards. In addition, one of the Canadian subsidiaries has a capital loss carryforward that can only be used to reduce capital gains, and the tax on Canadian capital gains is 50% of the Canadian tax rate. Canadian capital loss carryforwards do not expire. A full valuation allowance is maintained for the Canadian capital loss carryforward as it is unlikely that the Canadian subsidiary will generate capital gains in the future. The federal and Florida NOLs expire in the year 2026-2034 and the Canadian NOLs expire in the year 2033-2039. The Company's income tax provision (benefit) and current and deferred income taxes were calculated on a separate return basis. Certain deferred tax assets and liabilities will never be realized if the Company were to become a tax filer separate from the Parent.

The Company recognizes a liability for uncertain tax positions. An uncertain tax position is defined as a position in a previously filed tax return or a position expected to be taken in a future tax return that is not based on clear and unambiguous tax law and which is reflected in measuring current or deferred income tax assets and liabilities for interim or annual periods. The Company must recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The Company measures the tax benefits recognized based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. The Company recognizes interest and penalties related to unrecognized tax benefits as a component of general and administrative expenses. The Company had no uncertain tax positions as of December 31, 2019.

The Company is a party to an Agreement to Allocate Consolidated Income Tax Liability and Benefits with BBX Capital. Under the agreement, the parties calculate their respective income tax liabilities and attributes as if each of them was a separate filer. If any tax attributes are used by another party to the agreement to offset its tax liability, the party providing the benefit will receive an amount for the tax benefits realized. As of December 31, 2019, \$2.8 million was due the Parent and as of December 31, 2018, \$0.9 million was due to New BBX Capital

BBX Capital Florida LLC and Subsidiaries**Notes to the Combined Carve-Out Financial Statements**

from the Parent. Renin paid New BBX Capital \$1.0 million for the year ended December 31, 2019 pursuant to the tax sharing agreement.

14. Revenue Recognition

The table below sets forth the Company's revenue disaggregated by category (in thousands):

	For the Years Ended December 31,		
	2019	2018	2017
Trade sales—wholesale	\$ 80,197	82,800	89,223
Trade sales—retail	100,122	92,699	52,611
Sales of real estate inventory	5,049	21,771	—
Revenue from customers	185,368	197,270	141,834
Interest income	811	2,338	2,265
Net gains on sales of real estate assets	13,616	4,563	1,451
Other revenue	3,929	4,394	6,486
Total revenues	<u>\$ 203,724</u>	<u>208,565</u>	<u>152,036</u>

15. Related Parties

The Company paid the Parent \$0.6 million, \$1.0 million and \$1.0 million during the years ended December 31, 2019, 2018 and 2017, respectively, for management advisory and employer provided medical insurance. The Company reimbursed the Parent the actual cost of providing the services.

The Company received \$0.8 million, \$1.0 million, and \$0.8 million for providing risk management consulting services to the Parent and Bluegreen Vacations Corporation for the years ended December 31, 2019, 2018 and 2017, respectively.

The expenses associated with certain support functions paid for by the Parent were allocated to the Company on the basis of direct usage when identifiable, while the remainder of the expenses, including costs related to executive compensation, were allocated primarily on a pro-rata basis of combined revenues and equity in earnings of unconsolidated joint ventures of the Parent and its subsidiaries. These support functions included treasury, tax, accounting, legal, internal audit, human resources, public and investor relations, general management, shared information technology systems, corporate governance activities, executive services and centralized managed employee benefit arrangements. The support function costs allocated to the Company and included in selling, general and administrative expenses in the Company's combined carve-out statements of operations and comprehensive income (loss) for the years ended December 31, 2019, 2018 and 2017 were \$21.0 million, \$21.2 million and \$15.0 million, respectively. The allocated support function costs were recognized as contributed capital in the Company's combined carve-out statements of financial condition for the years ended December 31, 2019, 2018 and 2017.

See also the description of the Agreement to Allocate Consolidated Income Tax Liability and Benefits under Note 13—Income Taxes above.

BBX Capital Florida LLC and Subsidiaries**Notes to the Combined Carve-Out Financial Statements**

The components of net transfers from (to) Parent in the Combined Carve-Out Statement of Changes in Parent Equity consisted of the following (in thousands):

	For the Years Ended		
	December 31,		
	2019	2018	2017
Cash pooling	\$ (85,246)	(14,222)	27,477
Corporate overhead allocations	21,037	21,198	15,024
Asset transfers	302	660	341
Income taxes	(1,460)	(21)	(731)
Net transfers (to) from parent	<u>\$ (65,367)</u>	<u>7,615</u>	<u>42,111</u>

In March 2018, the Parent, Woodbridge, New BBX Capital, BBX Sweet Holdings, and FFTRG entered into a \$50.0 million revolving credit facility with Iberiabank as co-borrowers. Amounts borrowed under the facility accrue interest at a floating rate of 30-day LIBOR plus a margin of 3.0% to 3.75% or the Prime Rate plus a margin of 1.50% to 2.25%. The applicable margin is based on the Parent's debt to EBITDA ratio. Payments of interest only are payable monthly. The facility matures, and all outstanding principal and interest will be payable, on June 30, 2021, with a twelve month renewal option at Parent's request, subject to the satisfaction of certain conditions. The facility is secured by a pledge of a percentage of the Parent's membership interests in Woodbridge having a value of not less than \$100 million. Borrowings under the facility may be used for business acquisitions, real estate investments, stock repurchases, letters of credit, and general corporate purposes. Any one of the borrowers can make a funding request subject to availability and specific satisfaction of the terms and conditions of the advance for the specified purpose. In April 2018, the Parent borrowed \$30.0 million from the Iberiabank credit facility to partially fund a tender offer in which it purchased and retired 6,486,486 shares of its Class A common stock for an aggregate price of \$60.1 million. In January 2019, the Parent repaid the \$30.0 million outstanding balance of the credit facility. There have been no other advances under the credit facility. The credit facility had an outstanding balance of \$0 and \$30.0 million as of December 31, 2019 and 2018, respectively. Although New BBX Capital, BBX Sweet Holdings, and FFTRG are jointly and severally liable for obligations under the facility, the Company accounts for the Iberiabank facility as a contingent liability and recognizes the portion of the outstanding balance of the facility that it has agreed to pay or expects to pay on behalf of the co-borrowers. Therefore, as the Parent borrowed and repaid the outstanding balance under the facility, the Company did not recognize a liability for the outstanding balance of the credit facility at December 31, 2018.

16. Commitments and Contingencies

From time to time, the Company may become subject to threatened and/or asserted claims arising in the ordinary course of business. Management is not aware of any matters that have not been recorded, either individually or in the aggregate, that are reasonably likely to have a material adverse effect on the Company's financial condition, results of operations or liquidity.

The Parent guarantees certain obligations of the Company's unconsolidated real estate joint ventures and debt obligations, including the following:

- The Parent is a guarantor of 50% of the outstanding balance of a third party loan to the Sunrise and Bayview Partners, LLC real estate joint venture, which had an outstanding balance of \$5.0 million as of December 31, 2019.

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

- The Parent is a guarantor on certain notes payable by its wholly-owned subsidiaries. See Note 12 for additional information regarding these obligations.

17. Fair Value Measurement

Fair value is defined as the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

There are three main valuation techniques to measure the fair value of assets and liabilities: the market approach, the income approach and the cost approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The income approach uses financial models to convert future amounts to a single present amount and includes present value and option-pricing models. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset and is often referred to as current replacement cost.

The accounting guidance for fair value measurements defines an input fair value hierarchy that has three broad levels and gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The input fair value hierarchy is summarized below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability

Level 3: Unobservable inputs for the asset or liability

There were no material assets or liabilities measured at fair value on a recurring or nonrecurring basis in the Company's combined carve-out financial statements as of December 31, 2019 and 2018.

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

Financial Disclosures about Fair Value of Financial Instruments

The tables below set forth information related to the Company's financial instruments (in thousands):

	Carrying Amount As of December 31, 2019	Fair Value As of December 31, 2019	Fair Value Measurements Using		
			Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:					
Cash and cash equivalents	\$ 20,723	20,723	20,723	—	—
Restricted cash	529	529	529	—	—
Financial liabilities:					
Notes payable and other borrowings	42,736	45,669	—	—	45,669

	Carrying Amount As of December 31, 2018	Fair Value As of December 31, 2018	Fair Value Measurements Using		
			Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:					
Cash and cash equivalents	\$ 22,103	22,103	22,103	—	—
Restricted cash	966	966	966	—	—
Financial liabilities:					
Notes payable and other borrowings	37,496	39,047	—	—	39,047

The amounts reported in the combined carve-out statements of financial condition for cash and cash equivalents and restricted cash approximate fair value.

The fair values of the Company's Community Development Bonds, which are included in notes payable and other borrowings above, were measured using the market approach with Level 3 inputs obtained based on estimated market prices of similar financial instruments.

The fair values of the Company's notes payable and lines-of-credit (other than other borrowings and Community Development Bonds above) were measured using the income approach with Level 3 inputs by discounting the forecasted cash outflows associated with the debt using estimated market discount rates.

The Company's financial instruments also includes trade accounts receivable, accounts payable and accrued liabilities. The carrying amount of these financial instruments approximate their fair values due to their short-term maturities.

The Company is exposed to credit related losses in the event of non-performance by counterparties to the financial instruments with a maximum exposure equal to the carrying amount of the assets. The Company's exposure to credit risk consists of accounts receivable balances.

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

18. Segments

Operating segments are defined as components of an enterprise about which separate financial information is available that is regularly reviewed by the chief operating decision maker (“CODM”) in assessing performance and deciding how to allocate resources. Reportable segments consist of one or more operating segments with similar economic characteristics, products and services, production processes, type of customer, distribution system or regulatory environment.

The information provided for segment reporting is obtained from internal reports utilized by the Company’s CODM, and the presentation and allocation of assets and results of operations may not reflect the actual economic costs of the segments as standalone businesses. If a different basis of allocation were utilized, the relative contributions of the segments might differ, but the relative trends in the segments’ operating results would, in management’s view, likely not be impacted.

The Company’s three reportable segments are as follows: BBX Capital Real Estate, BBX Sweet Holdings and Renin. See Note 1 for a description of the Company’s reportable segments.

In the segment information for the years ended December 31, 2019, 2018 and 2017, amounts set forth in the column entitled “Other” include the Company’s investments in various operating businesses, including a controlling financial interest in a restaurant acquired in connection with a loan receivable default. The amounts set forth in the column entitled “Reconciling Items and Eliminations” include unallocated corporate general and administrative expenses.

The Company evaluates segment performance based on segment income from continuing operations before income taxes.

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

The table below sets forth the Company's segment information as of and for the years ended December 31, 2019 (in thousands):

	BBX Capital Real Estate	BBX Sweet Holdings	Renin	Other	Reconciling Items and Eliminations	Segment Total
Trade sales	\$ —	105,406	67,537	7,376	—	180,319
Sales of real estate inventory	5,049	—	—	—	—	5,049
Interest income	750	56	—	—	5	811
Net gains on sales of real estate assets	13,616	—	—	—	—	13,616
Other revenue	1,619	324	—	2,233	(247)	3,929
Total revenues	<u>21,034</u>	<u>105,786</u>	<u>67,537</u>	<u>9,609</u>	<u>(242)</u>	<u>203,724</u>
Costs and expenses:						
Cost of trade sales	—	67,703	54,243	3,788	1	125,735
Cost of real estate inventory sold	2,643	—	—	—	—	2,643
Interest expense	—	196	498	27	(288)	433
Recoveries from loan losses, net	(5,428)	—	—	—	—	(5,428)
Impairment losses	47	142	—	—	—	189
Selling, general and administrative expenses	9,144	43,203	11,066	5,451	20,791	89,655
Total costs and expenses	<u>6,406</u>	<u>111,244</u>	<u>65,807</u>	<u>9,266</u>	<u>20,504</u>	<u>213,227</u>
Equity in net earnings of unconsolidated real estate joint ventures	37,898	—	—	—	—	37,898
Other (expense) income	170	336	153	6	—	665
Foreign exchange loss	—	—	(75)	—	—	(75)
Income (loss) before income taxes	<u>\$ 52,696</u>	<u>(5,122)</u>	<u>1,808</u>	<u>349</u>	<u>(20,746)</u>	<u>28,985</u>
Total assets	<u>\$ 145,930</u>	<u>167,281</u>	<u>32,320</u>	<u>10,059</u>	<u>5,917</u>	<u>361,507</u>
Expenditures for property and equipment	\$ 4	9,441	517	1,129	—	11,091
Depreciation and amortization	\$ 93	5,565	1,202	770	—	7,630
Debt accretion and amortization	\$ 125	226	27	—	—	378
Cash and cash equivalents	\$ 13,776	6,314	—	633	—	20,723
Equity method investments	\$ 57,330	—	—	—	—	57,330
Goodwill	\$ —	35,521	—	1,727	—	37,248
Notes payable and other borrowings	\$ 31,877	3,810	6,825	224	—	42,736

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

The table below sets forth the Company's segment information as of and for the years ended December 31, 2018 (in thousands):

	BBX Capital Real Estate	BBX Sweet Holdings	Renin	Other	Reconciling Items and Eliminations	Segment Total
Revenues:						
Trade sales	\$ —	101,187	68,417	5,895	—	175,499
Sales of real estate inventory	21,771	—	—	—	—	21,771
Interest income	2,277	61	—	—	—	2,338
Net gains on sales of real estate assets	4,563	—	—	—	—	4,563
Other revenue	2,541	10	—	1,865	(22)	4,394
Total revenues	31,152	101,258	68,417	7,760	(22)	208,565
Costs and expenses:						
Cost of trade sales	—	65,829	55,483	2,911	—	124,223
Cost of real estate inventory sold	14,116	—	—	—	—	14,116
Interest expense	—	308	638	7	(150)	803
Recoveries from loan losses, net	(8,653)	—	—	—	—	(8,653)
Impairment losses	571	4,147	—	—	—	4,718
Selling, general and administrative expenses	9,210	46,130	9,903	4,491	21,185	90,919
Total costs and expenses	15,244	116,414	66,024	7,409	21,035	226,126
Equity in net earnings of unconsolidated real estate joint ventures	14,194	—	—	—	—	14,194
Other income (expense)	112	170	—	(5)	—	277
Foreign exchange gain	—	—	68	—	—	68
Income (loss) before income taxes	\$ 30,214	(14,986)	2,461	346	(21,057)	(3,022)
Total assets	\$ 165,109	83,617	32,322	20,187	8,717	309,952
Expenditures for property and equipment	\$ 318	6,254	796	5,428	—	12,796
Depreciation and amortization	\$ 374	5,897	1,159	671	—	8,101
Debt accretion and amortization	\$ 3	201	17	—	—	221
Cash and cash equivalents	\$ 16,103	5,328	—	668	4	22,103
Equity method investments	\$ 64,738	—	—	—	—	64,738
Goodwill	\$ —	35,521	—	1,727	—	37,248
Notes payable and other borrowings	\$ 27,333	2,046	8,117	—	—	37,496

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

The table below sets forth the Company's segment information as of and for the years ended December 31, 2017 (in thousands):

	BBX Capital Real Estate	BBX Sweet Holdings	Renin	Other	Reconciling Items and Eliminations	Segment Total
Revenues:						
Trade sales	\$ —	72,899	68,935	—	—	141,834
Interest income	2,225	40	—	—	—	2,265
Net gains on sales of real estate assets	1,451	—	—	—	—	1,451
Other revenue	4,997	7	—	1,528	(46)	6,486
Total revenues	8,673	72,946	68,935	1,528	(46)	152,036
Costs and expenses:						
Cost of trade sales	—	51,975	54,941	329	—	107,245
Interest expense	—	335	509	—	(251)	593
Recoveries from loan losses, net	(7,546)	—	—	—	—	(7,546)
Impairment losses	1,696	5,786	—	—	—	7,482
Selling, general and administrative expenses	11,127	31,703	11,112	1,418	14,934	70,294
Total costs and expenses	5,277	89,799	66,562	1,747	14,683	178,068
Equity in net earnings of unconsolidated real estate joint ventures	12,541	—	—	—	—	12,541
Other income	148	72	—	—	—	220
Foreign exchange loss	—	—	(193)	—	—	(193)
Income (loss) before income taxes	\$ 16,085	(16,781)	2,180	(219)	(14,729)	(13,464)
Total assets	\$ 166,548	92,587	36,189	12,525	7,321	315,170
Expenditures for property and equipment	\$ 308	2,246	1,592	2,518	—	6,664
Depreciation and amortization	\$ 581	4,080	1,000	112	—	5,773
Debt accretion and amortization	\$ —	55	—	75	102	232
Cash and cash equivalents	\$ 8,636	10,160	863	7,099	18	26,776
Equity method investments	\$ 51,117	—	—	—	—	51,117
Goodwill	\$ —	39,482	—	—	—	39,482
Notes payable and other borrowings	\$ 24,215	6,815	12,890	—	—	43,920

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

19. Discontinued Operations

As described in Note 1, in September 2019, FFTRG, a wholly owned subsidiary of New BBX Capital, exited its operations as a franchisee of MOD Pizza restaurant locations. Accordingly, these operations are presented as discontinued operations in the Company's combined financial statements.

The carrying amount of major classes of assets and liabilities included as part of discontinued operations is as follows (in thousands):

	For the Years Ended December 31,	
	2019	2018
ASSETS		
Cash and cash equivalents	\$ 35	7,013
Trade inventory	—	64
Property and equipment, net	—	7,355
Intangible assets, net	—	534
Operating lease assets	772	—
Other assets	185	653
Discontinued operations total assets	\$ 992	15,619
LIABILITIES AND EQUITY		
Liabilities:		
Accounts payable	\$ 2	189
Accrued expenses	134	2,567
Operating lease liability	905	—
Discontinued operations total liabilities	\$ 1,041	2,756

The major components on loss from discontinued operations are as follows (in thousands):

	For the Years Ended December 31,		
	2019	2018	2017
Revenues:			
Trade sales	\$ 6,044	4,007	245
Interest income	104	87	39
Total revenues	6,148	4,094	284
Costs and Expenses:			
Cost of trade sales	2,012	1,438	91
Depreciation, amortization and accretion, net	691	555	115
Impairment losses	6,749	—	—
Selling, general and administrative expenses	6,139	6,634	2,534
Total costs and expenses	15,591	8,627	2,740
Other revenue	9	4	2
Pre-tax loss from discontinued operations	\$ (9,434)	(4,529)	(2,454)

BBX Capital Florida LLC and Subsidiaries**Notes to the Combined Carve-Out Financial Statements**

The following are the major components of the statement of cash flows from discontinued operations (in thousands):

	For the Years Ended		
	December 31,		
	2019	2018	2017
Operating activities:			
Net loss	\$ (9,434)	(4,529)	(2,454)
Adjustment to reconcile net loss to net cash used by operating activities:			
Depreciation, amortization and accretion, net	691	555	115
Impairment losses	6,749	—	—
(Decrease) increase in trade inventory	64	(42)	(22)
Decrease (increase) in other assets	522	242	(61)
Change in operating lease assets and liabilities	(88)	—	—
(Decrease) increase in accounts payable	(187)	(16)	206
(Decrease) increase in accrued expenses	(1,201)	(138)	1,095
Net cash used in operating activities	<u>\$ (2,884)</u>	<u>(3,928)</u>	<u>(1,121)</u>
Investing activities:			
Cash paid for intangible assets	\$ (40)	(100)	—
Purchases of property and equipment	(576)	(5,140)	(1,953)
Net cash used in investing activities	<u>\$ (616)</u>	<u>(5,240)</u>	<u>(1,953)</u>
Supplemental disclosure of non-cash investing and financing activities:			
Operating lease assets recognized upon adoption of ASC 842	\$ 6,878	—	—
Operating lease liabilities recognized upon adoption of ASC 842	8,192	—	—

Included in discontinued operations total assets was a \$772,000 right of use asset and included in discontinued total liabilities was a \$905,000 lease obligation associated with a lease contract for a restaurant that was not opened. The Company is in negotiations with the landlord to terminate the lease and is currently in default of its lease obligation.

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

20. Selected Quarterly Results (Unaudited)

The following tables summarize the results of operations for each fiscal quarter during the years ended December 31, 2019 and 2018 (in thousands):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2019					
Revenues	\$ 50,979	54,157	47,692	50,896	203,724
Costs and expenses	56,554	50,446	52,232	53,995	213,227
	(5,575)	3,711	(4,540)	(3,099)	(9,503)
Equity in net (loss) earnings of unconsolidated real estate joint ventures	(17)	8,759	28,534	622	37,898
Other income	376	178	67	44	665
Foreign exchange gains (losses)	5	(29)	1	(52)	(75)
Income (loss) from continuing operations before income taxes	(5,211)	12,619	24,062	(2,485)	28,985
(Provision) benefit for income taxes	1,460	(3,608)	(6,893)	707	(8,334)
Income (loss) from continuing operations	(3,751)	9,011	17,169	(1,778)	20,651
Discontinued operations	(1,269)	(2,254)	(3,654)	39	(7,138)
Net income (loss)	(5,020)	6,757	13,515	(1,739)	13,513
Less: Net loss attributable to noncontrolling interests	40	27	98	59	224
Net income (loss) attributable to Parent	<u>\$ (4,980)</u>	<u>6,784</u>	<u>13,613</u>	<u>(1,680)</u>	<u>13,737</u>
2018					
Revenues	\$ 50,867	48,315	51,871	57,512	208,565
Costs and expenses	50,814	55,672	55,177	64,463	226,126
	53	(7,357)	(3,306)	(6,951)	(17,561)
Equity in net earnings (loss) of unconsolidated real estate joint ventures	1,280	(488)	373	13,029	14,194
Other income	19	87	101	70	277
Foreign exchange gains (losses)	52	(37)	76	(23)	68
Income (loss) from continuing operations before income taxes	1,404	(7,795)	(2,756)	6,125	(3,022)
(Provision) benefit for income taxes	1,610	(8,072)	(3,044)	6,641	(2,865)
Income (loss) from continuing operations	3,014	(15,867)	(5,800)	12,766	(5,887)
Discontinued operations	(619)	(825)	(1,074)	(1,062)	(3,580)
Net income (loss)	2,395	(16,692)	(6,874)	11,704	(9,467)
Less: Net income attributable to noncontrolling interests	145	30	(172)	263	266
Net income (loss) attributable to Parent	<u>\$ 2,540</u>	<u>(16,662)</u>	<u>(7,046)</u>	<u>11,967</u>	<u>(9,201)</u>

BBX Capital Florida LLC and Subsidiaries

Notes to the Combined Carve-Out Financial Statements

21. Subsequent Events

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through June 17, 2020, the date the financial statements were available to be issued. As of such date, there were no subsequent events identified that required recognition or disclosure other than as disclosed below or in the footnotes herein.

In June 2020, the Company invested an additional \$8.5 million in the Altis at Ludlam joint venture for an aggregate investment in the project of \$8.9 million. The Altis at Ludlam project is anticipated to be an approximate 310 unit multi family community with approximately 6,000 square feet of retail space located in Miami, Florida.

The ongoing novel coronavirus disease (“COVID-19”) pandemic, which began to impact the Company in March 2020, has been, and continues to be, an unprecedented disruption in the U.S. and global economies and the industries in which the Company operates due to, among other things, government ordered “shelter in place” and “stay at home” orders and advisories, travel restrictions, and restrictions on business operations, including required closures of retail locations. The disruptions arising from the pandemic and the reaction of the general public has had a significant adverse impact on the Company’s financial condition and operations during 2020. The duration and severity of the pandemic and related disruptions, as well as the adverse impact on economic and market conditions, are uncertain; however, given the nature of these circumstances, the adverse impact of the pandemic on the Company’s combined carve-out results of operations, cash flows, and financial condition in 2020 has been, and is expected to continue to be, material. Furthermore, although the duration and severity of the effects of the pandemic are uncertain, it is expected that demand for many of the Company’s products and services may remain weak for a significant length of time, and the Company cannot predict if and when the industries in which the Company operates will return to pre-pandemic levels.

Although the impact of the COVID-19 pandemic on the Company’s principal investments, including management’s efforts to mitigate the effects of the pandemic, has varied, as described in further detail below, New BBX Capital and its subsidiaries have taken steps to manage expenses through cost saving initiatives and reductions in employee head count and taken actions to increase liquidity and strengthen the Company’s financial position.

The following summarizes the current impact of the COVID-19 pandemic on the Company’s principal investments:

BBX Capital Real Estate

Construction activities remain ongoing at BBX Capital Real Estate (“BBXRE”)’s existing projects; however, the effects of the COVID-19 pandemic, including “shelter in place” and “stay at home” orders and advisories and increased unemployment and economic uncertainty, have disrupted sales activities at BBXRE’s single-family home developments and rental activities at its multifamily apartment developments. In addition, the effects of the pandemic, including the impact on general economic conditions and real estate and credit markets, have increased uncertainty related to the expected timing and pricing of future sales of multifamily apartment developments, single-family homes, and developed lots at BBXRE’s Beacon Lake Community, as well as the commencement of new multifamily apartment developments. The Company expects that the impact of the COVID-19 pandemic will adversely affect BBXRE’s operating results and financial condition for the year ended December 31, 2020.

BBX Capital Florida and Subsidiaries

Combined Carve-Out Statements of Financial Condition - Unaudited

(in thousands)	June 30, 2020	December 31, 2019
ASSETS		
Cash and cash equivalents	\$ 96,537	20,723
Restricted cash	529	529
Trade accounts receivable, net	15,157	13,104
Trade inventory	20,501	22,843
Real estate (\$11,354 in 2020 and \$11,297 in 2019 held for sale)	63,897	65,818
Investments in and advances to unconsolidated real estate joint ventures	63,775	57,330
Property and equipment, net	28,990	29,836
Goodwill	14,864	37,248
Intangible assets, net	6,392	6,671
Operating lease assets	79,853	87,082
Deferred tax asset, net	9,944	3,280
Due from parent	683	—
Other assets	15,614	16,051
Discontinued operations total assets	61	992
Total assets	<u>\$416,797</u>	<u>361,507</u>
LIABILITIES AND EQUITY		
Liabilities:		
Accounts payable	\$ 11,814	10,104
Accrued expenses	14,440	14,115
Other liabilities	6,597	6,336
Due to parent	—	1,362
Operating lease liabilities	96,119	99,568
Notes payable and other borrowings	41,614	42,736
Discontinued operations total liabilities	41	1,041
Total liabilities	<u>170,625</u>	<u>175,262</u>
Commitments and contingencies (See Note 10)		
Redeemable noncontrolling interest	1,759	4,009
Equity:		
Parent's equity	242,932	179,681
Accumulated other comprehensive income	1,203	1,554
Noncontrolling interests	278	1,001
Total equity	<u>244,413</u>	<u>182,236</u>
Total liabilities and equity	<u>\$416,797</u>	<u>361,507</u>

See Notes to Combined Carve-Out Financial Statements - Unaudited

BBX Capital Florida and Subsidiaries
Combined Carve-Out Statements of Operations and Comprehensive (Loss) Income-Unaudited

In thousands	For the Six Months Ended June 30,	
	2020	2019
Revenues:		
Trade sales	\$ 63,936	87,074
Sales of real estate inventory	9,278	4,660
Interest income	199	496
Net (losses) gains on sales of real estate assets	(34)	10,996
Other revenue	1,406	1,910
Total revenues	74,785	105,136
Costs and Expenses:		
Cost of trade sales	52,173	61,837
Cost of real estate inventory sold	6,106	2,643
Interest expense	—	291
Recoveries from loan losses, net	(5,037)	(2,385)
Impairment losses	30,740	—
Selling, general and administrative expenses	35,914	44,614
Total costs and expenses	119,896	107,000
Operating losses	(45,111)	(1,864)
Equity in net earnings of unconsolidated real estate joint ventures	696	8,742
Other income	111	554
Foreign exchange gain (loss)	272	(24)
(Loss) income before income taxes	(44,032)	7,408
Benefit (provision) for income taxes	9,214	(2,148)
Net (loss) income from continuing operations	(34,818)	5,260
Discontinued operations		
Loss from operations	(91)	(4,644)
Benefit for income taxes	17	1,121
Net loss from discontinued operations	(74)	(3,523)
Net (loss) income	(34,892)	1,737
Less: Net loss attributable to noncontrolling interests	4,312	68
Net (loss) income attributable to Parent	\$ (30,580)	1,805
Net (loss) income	\$ (34,892)	1,737
Other comprehensive (loss) income, net of tax:		
Unrealized gain on securities available for sale	4	37
Foreign currency translation adjustments	(355)	226
Other comprehensive (loss) income, net	(351)	263
Comprehensive (loss) income, net of tax	(35,243)	2,000
Less: Comprehensive loss attributable to noncontrolling interests	4,312	68
Comprehensive (loss) income attributable to Parent	\$ (30,931)	2,068

See Notes to Combined Carve-Out Financial Statements - Unaudited

BBX Capital Florida and Subsidiaries
 Combined Carve-Out Statements of Changes in Equity – Unaudited
 For the Six Months Ended June 30, 2019 and 2020

(In thousands)	Parent Equity	Accumulated Other Comprehensive Income	Non- controlling Interests	Total Equity
Balance, December 31, 2018	\$ 235,415	1,216	899	237,530
Cumulative effect from the adoption of ASU 2016-02, net of \$874 of income taxes and redeemable noncontrolling interest	(2,202)	—	—	(2,202)
Net income excluding \$240 of loss attributable to redeemable noncontrolling interest	1,805	—	172	1,977
Other comprehensive income	—	263	—	263
Net transfers from Parent	(27,276)	—	—	(27,276)
Balance, June 30, 2019	\$ 207,742	1,479	1,071	210,292
Balance, December 31, 2019	\$ 179,681	1,554	1,001	182,236
Net loss excluding \$3,589 of loss attributable to redeemable noncontrolling interest	(30,580)	—	(723)	(31,303)
Other comprehensive loss	—	(351)	—	(351)
Accretion of redeemable noncontrolling interest	(1,248)	—	—	(1,248)
Net transfers from Parent	95,079	—	—	95,079
Balance, June 30, 2020	\$ 242,932	1,203	278	244,413

See Notes to Combined Carve-Out Financial Statements - Unaudited

BBX Capital Florida and Subsidiaries
Combined Carve-Out Statements of Cash Flows - Unaudited

	For the Six Months Ended June 30,	
	2020	2019
Operating activities:		
Net (loss) income	\$ (34,892)	1,737
Adjustment to reconcile net (loss) income to net cash used in operating activities:		
Recoveries from loan losses, net	(5,037)	(2,385)
Depreciation, amortization and accretion, net	3,780	4,236
Net losses (gains) on sales of real estate and property and equipment	34	(11,015)
Equity earnings of unconsolidated real estate joint ventures	(696)	(8,742)
Return on investment in unconsolidated real estate joint ventures	3,991	8,277
(Increase) decrease in deferred income tax asset, net	(6,650)	502
Impairment losses	31,588	2,756
Decrease (increase) in trade inventory	2,342	(3,213)
(Increase) decrease in trade receivables	(2,053)	6,805
Increase in real estate inventory	(316)	(2,657)
Net change in operating lease asset and operating lease liability	(507)	685
(Increase) decrease in other assets	(234)	1,603
Increase (decrease) in accrued liabilities	230	(3,698)
Increase in due from parent	(2,046)	(646)
Increase (decrease) in accounts payable	1,712	(815)
(Decrease) increase in other liabilities	(102)	3,769
Net cash used in operating activities	(8,856)	(2,801)
Investing activities:		
Return of investment in unconsolidated real estate joint ventures	748	14,059
Investments in unconsolidated real estate joint ventures	(12,664)	(13,944)
Proceeds from repayment of loans receivable	5,259	2,662
Proceeds from sales of real estate	—	30,690
Additions to real estate held-for-sale and held-for-investment	(59)	(474)
Purchases of property and equipment	(3,574)	(3,711)
Decrease in cash from other investing activities	(34)	(64)
Net cash (used in) provided by investing activities	(10,324)	29,218

(Continued)

BBX Capital Florida and Subsidiaries
Combined Carve-Out Statements of Cash Flows - Unaudited

	For the Six Months Ended June 30,	
	2020	2019
Financing activities:		
Repayments of notes payable and other borrowings	(13,179)	(3,706)
Proceeds from notes payable and other borrowings	13,062	891
Payments for debt issuance costs	—	(136)
Net transfers from/(to) Parent	95,079	(27,276)
Net cash provided by (used in) financing activities	94,962	(30,227)
Increase (decrease) in cash, cash equivalents and restricted cash	75,782	(3,810)
Cash, cash equivalents and restricted cash at beginning of period	21,287	30,082
Cash, cash equivalents and restricted cash at end of period	\$ 97,069	26,272
Supplemental cash flow information:		
Interest paid on borrowings, net of amounts capitalized	\$ —	246
Income taxes paid	—	1,016
Supplementary disclosure of non-cash investing and financing activities:		
Construction funds receivable transferred to real estate	7,386	9,183
Operating lease assets recognized upon adoption of ASC 842	—	86,431
Operating lease liabilities recognized upon adoption of ASC 842	—	95,296
Operating lease assets obtained in exchange for new operating lease liabilities	4,063	20,011
Increase in other assets upon issuance of Community Development District Bonds	8,213	8,110
Assumption of Community Development District Bonds by homebuilders	1,987	1,035
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	96,537	19,944
Restricted cash	529	528
Cash discontinued operations	3	5,800
Total cash, cash equivalents, and restricted cash	\$ 97,069	26,272

See Notes to Combined Carve-Out Financial Statements - Unaudited

BBX Capital Florida and Subsidiaries

Notes to the Combined Carve-Out Financial Statements - Unaudited

1. Organization

BBX Capital Florida LLC and its subsidiaries (the “Company” or, unless otherwise indicated or the context otherwise requires, “we,” “us,” or “our”) is a Florida-based diversified holding company. BBX Capital Florida LLC as a standalone entity without its subsidiaries is referred to as “New BBX Capital.”

New BBX Capital is currently wholly owned by BBX Capital Corporation (“BBX Capital” or “Parent”) and includes subsidiaries which hold or will hold substantially all of the BBX Capital’s investments other than its investment in Woodbridge Holdings Corporation (“Woodbridge”), which owns approximately 93% of the common stock of Bluegreen Vacations Corporation (“Bluegreen”). BBX Capital previously formed New BBX Capital and merged the former BBX Capital Corporation (“BCC”) into it in December 2016.

On June 17, 2020, the Parent announced its intention to spin off the Company to its stockholders through a pro rata distribution of the Company’s stock to the Parent’s existing stockholders. The spin-off transaction is expected to be taxable to the Parent’s stockholders. In addition, BBX Capital will in connection with the spin-off issue a \$75.0 million note payable to New BBX Capital that will accrue interest at a rate of 6% per annum and require payments of interest on a quarterly basis. Under the expected terms of the note, BBX Capital will have the option in its discretion to defer interest payments under the note, with interest on the entire outstanding balance thereafter to accrue at a cumulative, compounded rate of 8% per annum until such time as Parent is current on all accrued payments under the note, including deferred interest. It is expected that all outstanding amounts will become due and payable in five years or earlier upon certain other events.

The distribution is subject to the satisfaction or waiver of certain conditions, including, among other things, approval of the distribution by the Parent’s stockholders, final approval of the distribution by the Parent’s Board of Directors, and New BBX Capital’s common stock being approved for listing on a national securities exchange. Notwithstanding any approval of the distribution by Parent’s stockholders or the satisfaction of any of the other closing conditions, Parent may, in the sole discretion of its Board of Directors, abandon the spin-off at any time prior to its consummation.

Principal Investments

New BBX Capital’s principal investments include BBX Capital Real Estate LLC (“BBX Capital Real Estate” or “BBXRE”), BBX Sweet Holdings, LLC (“BBX Sweet Holdings”), and Renin Holdings, LLC (“Renin”).

BBX Capital Real Estate

BBX Capital Real Estate is engaged in the acquisition, development, construction, ownership, financing, and management of real estate and investments in real estate joint ventures, including investments in multifamily rental apartment communities, single-family master-planned for sale communities, and commercial properties located primarily in Florida. In addition, BBX Capital Real Estate owns a 50% equity interest in The Altman Companies, LLC (the “Altman Companies”), a developer and manager of multifamily rental apartment communities, and manages the legacy assets acquired in connection with the Company’s sale of BankAtlantic in 2012, including portfolios of loans receivable, real estate properties, and judgments.

BBX Sweet Holdings

BBX Sweet Holdings is engaged in the ownership and management of operating businesses in the confectionery industry, including IT’SUGAR, Hoffman’s Chocolates, and Las Olas Confections and Snacks. IT’SUGAR is a

BBX Capital Florida and Subsidiaries

Notes to the Combined Carve-Out Financial Statements - Unaudited

specialty candy retailer whose products include bulk candy, candy in giant packaging, and novelty items. Hoffman's Chocolates is a retailer of gourmet chocolates with retail locations in South Florida, and Las Olas Confections and Snacks is a manufacturer and wholesaler of chocolate and other confectionery products.

Renin

Renin is engaged in the design, manufacture, and distribution of sliding doors, door systems and hardware, and home décor products and operates through its headquarters in Canada and two manufacturing and distribution facilities in the United States and Canada. In addition to its own manufacturing, Renin also sources various products and raw materials from China and Vietnam.

Other

In addition to its principal investments, the Company has investments in other operating businesses, including a restaurant located in South Florida that was acquired through a loan foreclosure and an insurance agency.

In 2016, Food for Thought Restaurant Group ("FFTRG"), a wholly-owned subsidiary of the Company, entered into area development and franchise agreements with MOD Pizza related to the development of up to approximately 60 MOD Pizza franchised restaurant locations throughout Florida. Through 2019, FFTRG had opened nine restaurant locations. As a result of FFTRG's overall operating performance and the Company's goal of streamlining its investment verticals, the Company entered into an agreement with MOD Pizza to terminate the area development and franchise agreements and transferred seven of its restaurant locations, including the related assets, operations, and lease obligations, to MOD Pizza in September 2019. In addition, the Company closed the remaining two locations and terminated the related lease agreements. FFTRG's operations as a franchisee of MOD Pizza are presented as discontinued operations in the Company's combined carve-out financial statements.

Basis of Presentation

The accompanying combined carve-out financial statements of the Company include the combined financial statements of New BBX Capital and its subsidiaries, including BBX Capital Real Estate, BBX Sweet Holdings, Renin, and FFTRG, as well as certain subsidiaries in which ownership is expected to be transferred from the Parent in connection with the spin-off transaction described above.

These combined carve-out financial statements have been derived from the accounting records of these companies and should be read with the accompanying notes thereto. Further, the combined carve-out financial statements do not necessarily reflect what the results of operations, financial position, or cash flows would have been had the Company been a separate entity nor are they indicative of the future results of the Company.

Financial statements prepared in conformity with GAAP require the Company to make estimates based on assumptions about current and, for some estimates, future economic and market conditions which affect reported amounts and related disclosures in the Company's financial statements. Due to, among other things, the impact and potential future impact of the ongoing COVID-19 pandemic, which is discussed in more detail below, actual conditions could differ from the Company's expectations and estimates, which could materially affect the Company's results of operations and financial condition. The severity, magnitude, and duration, as well as the economic consequences, of the COVID-19 pandemic, are uncertain, rapidly changing, and difficult to predict. As a result, the Company's accounting estimates and assumptions may change over time in response to the COVID-19 pandemic. Such changes could result in, among other adjustments, future impairments of goodwill, intangibles, long-lived assets, and inventory.

BBX Capital Florida and Subsidiaries

Notes to the Combined Carve-Out Financial Statements - Unaudited

The majority of the assets, liabilities, revenues, expenses, and cash flows of the Company have been identified based on the existing legal entities. However, the historical costs and expenses reflected in the financial statements also include an allocation for certain corporate and shared service functions historically provided by the Parent. These expenses have been allocated to the Company on the basis of direct usage when identifiable, while the remainder of the expenses, including costs related to executive compensation, were allocated primarily on a pro-rata basis of combined revenues and equity in earnings of unconsolidated joint ventures of the Parent and its subsidiaries. The Company believes that the assumptions underlying the combined carve-out financial statements, including the assumptions regarding the allocation of general corporate expenses from the Parent, are reasonable. However, the combined carve-out financial statements may not include all of the actual expenses that would have been incurred had the Company been operating as a standalone company during the periods presented. Actual costs that would have been incurred if the Company operated as a standalone company would depend on multiple factors, including organizational structure, technology infrastructure, and strategic direction. The Company also may incur additional costs associated with being a public company that are not reflected in the accompanying financial statements.

Impact of the COVID-19 Pandemic

The COVID-19 pandemic has caused, and continues to cause, an unprecedented disruption in the U.S. and global economies and the industries in which the Company operates due to, among other things, government ordered “shelter in place” and “stay at home” orders and advisories, travel restrictions, and restrictions on business operations, including government guidance with respect to travel, public accommodations, social gatherings, and related matters. The disruptions arising from the pandemic and the reaction of the general public had a significant adverse impact on the Company’s financial condition and operations during the six months ended June 30, 2020. The duration and severity of the pandemic and related disruptions, as well as the adverse impact on economic and market conditions, are uncertain; however, given the nature of these circumstances, the adverse impact of the pandemic on the Company’s consolidated results of operations, cash flows, and financial condition in 2020 has been, and is expected to continue to be, material. Furthermore, although the duration and severity of the effects of the pandemic are uncertain, demand for many of the Company’s products and services may remain weak for a significant length of time, and the Company cannot predict if or when the industries in which the Company operates will return to pre-pandemic levels.

Although the impact of the COVID-19 pandemic on the Company’s principal investments and management’s efforts to mitigate the effects of the pandemic has varied, as described in further detail below, New BBX Capital and its subsidiaries have sought to take steps to manage expenses through cost saving initiatives and reductions in employee head count and actions to increase liquidity and strengthen the Company’s financial position, including maintaining availability under lines of credit and reducing planned capital expenditures. As of June 30, 2020, the Company’s consolidated cash balances were \$96.5 million

The following is a summary of the current and estimated impacts of the COVID-19 pandemic on the Company’s principal investments:

BBX Capital Real Estate

Although BBXRE has not to date been as significantly impacted by the COVID-19 pandemic as BBX Sweet Holdings, the effects of the pandemic have impacted BBXRE’s operations and are expected to impact its operating results and financial position for the year ended December 31, 2020. Recent construction activities have continued at BBXRE’s existing projects, and following some disruptions in March and April 2020, sales at

BBX Capital Florida and Subsidiaries

Notes to the Combined Carve-Out Financial Statements - Unaudited

BBXRE's single-family home developments generally returned to pre-pandemic levels. However, the effects of the pandemic, including increased unemployment and economic uncertainty, as well as recent increases in the number of COVID-19 cases in Florida and throughout the United States, have impacted rental activities at BBXRE's multifamily apartment developments. In addition, the effects of the pandemic, including the impact on general economic conditions and real estate and credit markets, have increased uncertainty relating to the expected timing and pricing of future sales of multifamily apartment developments, single-family homes, and developed lots at BBXRE's Beacon Lake Community, as well as the timing and financing of new multifamily apartment developments.

While the Company expects that the impact of the COVID-19 pandemic will adversely affect BBXRE's operating results and financial condition for the year ended December 31, 2020, particularly with respect to the expected timing of sales, the Company evaluated various factors, including asset-specific factors, overall economic and market conditions, and the excess of the expected profits associated with such assets in relation to their carrying amounts, and concluded that, except as discussed below, there had not been a significant decline in the fair value of most of BBXRE's real estate assets as of June 30, 2020 that should be recognized as an impairment loss. As part of this evaluation, the Company considered the sales at its single-family home developments (which remain at or near pre-pandemic levels), continued collection of rent at its multifamily apartment developments, and indications that there has not to date been a significant decline in sales prices for single family homes or an increase in capitalization rates for multifamily apartment communities. However, the Company recognized \$2.7 million of impairment losses during the six months ended June 30, 2020 primarily related to a decline in the estimated fair values of certain of BBXRE's investments in joint ventures, including i) a joint venture that is developing an office tower, as the market for office space has been more significantly impacted by the pandemic compared to the single family and multifamily markets in which BBXRE primarily invests, and ii) a joint venture invested in a multifamily apartment community in which BBXRE purchased its interest following the stabilization of the underlying asset at a purchase price calculated based on assumptions related to the timing and pricing of the sale of the asset, both of which have been impacted by the pandemic.

There is no assurance that the real estate market will not be materially adversely impacted by the pandemic or otherwise, that the sales prices of single-family homes will not materially decline, that rents will be paid when due or at all, or that market rents will not materially decline. While government efforts to delay or forestall evictions and the availability of judicial remedies have not to date materially impacted BBXRE's operations, they may in the future have an adverse impact on both market values and BBXRE's operating results. Further, the effects of the pandemic may impact the costs of operating BBXRE's real estate assets, including, but not limited to, an increase in property insurance costs indicated by recent quotes of insurance costs that are higher than pre-pandemic levels, which could also have an adverse impact on market values and BBXRE's operating results. BBXRE will continue to monitor economic and market conditions and may recognize further impairment losses in future periods as a result of various factors, including, but not limited to, material declines in overall real estate values, sales prices for single family homes, and/or rental rates for multifamily apartments.

The Altman Companies and Related Investments

To date, the COVID-19 pandemic has not significantly impacted construction activities which remain ongoing at the existing projects sponsored by the Altman Companies, and as a result, the Altman Companies continues to generate development and general contractor fees from such projects. In addition, the Altman Companies had collected in excess of 95% of the rents at the multifamily apartment communities under its management through July 2020, although initial collections of August 2020 rent were slower than in prior months. With respect to its leasing activities, while leasing was conducted virtually during March through May 2020, the Altman Companies

BBX Capital Florida and Subsidiaries

Notes to the Combined Carve-Out Financial Statements - Unaudited

has reopened its leasing offices for visits by appointment. However, as a result of the effects of the pandemic, the Altman Companies has experienced a decline in tenant demand and in the volume of new leases at certain of its communities, which has resulted in an increase in concessions offered to prospective and renewing tenants in an effort to maintain occupancy at its stabilized communities or increase occupancy at its communities under development. Further, some jurisdictions have imposed moratoriums on evictions.

The impact of the COVID-19 pandemic on the economy remains uncertain, and the effects of the pandemic, including a prolonged economic downturn, high unemployment, the expiration of or a decrease in government benefits to individuals, and government-mandated moratoriums on tenant evictions, could ultimately have a longer term and more significant impact on rental rates, occupancy levels, and rent collections, including an increase in tenant delinquencies and/or requests for rent abatements. These effects would impact the amount of rental revenues generated from the multifamily apartment communities sponsored and managed by the Altman Companies, the extent of management fees earned by the Altman Companies, and the ability of the related joint ventures to stabilize and successfully sell such communities. Furthermore, a decline in rental revenues at developments sponsored by the Altman Companies could require it, as the sponsor and managing member, to fund operating shortfalls in certain circumstances.

Further, while there are indications that that capitalization rates for multifamily apartment communities similar to those sponsored and managed by the Altman Companies have largely remained steady, the impact of the COVID-19 pandemic on economic conditions in general, including the uncertainty regarding the severity and duration of such impact, has adversely impacted the level of real estate sales activity and overall credit markets and may ultimately have a significant adverse impact on capitalization rates and real estate values in future periods, particularly if there is a prolonged economic downturn.

If there is a significant adverse impact on real estate values as a result of lower rental revenues, higher capitalization rates, or otherwise, the joint ventures sponsored by the Altman Companies may be unable to sell their respective multifamily apartment developments within the time frames previously anticipated and/or for the previously forecasted sales prices, if at all, which may impact the profits expected to be earned by BBXRE from its investment in the managing member of such projects and could result in the recognition of impairment losses related to BBXRE's investment in such projects. Furthermore, the Altman Companies may be unable to close on the equity and/or debt financing necessary to commence the construction of new projects, including the development of Altis at Lake Willis, which could result in increased operating losses at the Altman Companies due to a decline in development, general contractor, and management fees, the recognition of impairment losses by BBXRE and/or the Altman Companies related to their current investments in predevelopment expenditures and land acquired for development, and the recognition of impairment losses related to BBXRE's overall investment in the Altman Companies, as the profitability and value of the Altman Companies is directly correlated with its ability to source new development opportunities.

Beacon Lake Master Planned Development

Following the initial outbreak of COVID-19 in March 2020, homebuilders at the Beacon Lake Community experienced a decline in the volume of sales traffic and home sales and requested extensions of their existing agreements for the purchase of additional developed lots from BBXRE, and BBXRE agreed to such extensions. Subsequently, sales activity significantly increased in May 2020 and generally returned to pre-pandemic levels in June and July 2020. Accordingly, BBXRE currently expects the remaining sale of developed lots to occur pursuant to the modified takedown schedules under its purchase agreements with homebuilders. However, there is no assurance that this will be the case, and the effects of the COVID-19 pandemic on the economy and demand

BBX Capital Florida and Subsidiaries

Notes to the Combined Carve-Out Financial Statements - Unaudited

for single-family housing remain uncertain and could result in further requests by homebuilders to extend the timing of their purchase of developed lots and/or failure of the homebuilders to meet their obligations under these contracts. In addition, a decline in home prices as a result of the economic impacts associated with the COVID-19 pandemic could result in a decrease in contingent revenues expected to be earned by BBXRE in connection with sales of homes by homebuilders on developed lots previously sold to them, as well as a decrease in the expected sales prices for the unsold lots comprising the remainder of the Beacon Lakes Community. Although BBXRE is not currently expecting a significant decrease in the sales prices or fair value of its unsold lots, a significant decline in the demand and pricing for single-family homes could result in the recognition of impairment losses in future periods.

BBX Sweet Holdings

In March 2020, as a result of various factors, including government-mandated closures and CDC and WHO advisories in connection with the COVID-19 pandemic, IT'SUGAR closed all of its retail locations and furloughed all store employees and the majority of its corporate employees. During the three months ended June 30, 2020, IT'SUGAR reopened 85 of its retail locations (out of approximately 100 locations that were open prior to the pandemic) as part of a phased reopening plan, and as part of this plan, it implemented revised store floor plans, increased sanitation protocols, and began recalling furloughed store and corporate employees to full or part-time employment. Subsequent to June 30, 2020, IT'SUGAR reopened an additional 11 of its retail locations but was required to close 4 previously reopened retail locations as a result of various governments reimplementing mandated closures. In addition, on a daily basis, IT'SUGAR has had to temporarily close 4-6 locations due to staffing shortages. Sales at IT'SUGAR's retail locations that were open as of June 30, 2020 declined during the second quarter of 2020 by approximately 48% as compared to the comparable period in 2019, and sales at its locations that were open as of July 31, 2020 declined by approximately 43% during July 2020 as compared to the comparable period in 2019. There is no assurance that sales volumes will improve or will not further decline, as the duration and severity of the COVID-19 pandemic and its effects on demand and future sales levels, including a recessionary economic environment and the potential impact of the pandemic on consumer behavior, remain uncertain. In addition, IT'SUGAR may close additional previously reopened locations as a result of various factors, including governments reimplementing mandated closures, continued staffing shortages, or insufficient sales volumes. Further, there is uncertainty as to when IT'SUGAR will be able to reopen locations that have remained closed since March 2020 or that were subsequently closed following their initial reopening.

As a result of the closure of its retail locations, IT'SUGAR ceased paying rent to the landlords of such locations in April 2020 and has been engaged in negotiations with its landlords for rent abatements, deferrals, and other modifications for the period of time that the locations were or have been closed and the period of time that the locations are opened and operating under conditions which are affected by the pandemic. Accordingly, as of June 30, 2020, IT'SUGAR had accrued and unpaid current rental obligations of \$4.5 million, which are included in other liabilities in the Company's condensed consolidated statement of financial condition, and had received default notices from landlords in relation to 28 of its locations. While IT'SUGAR had executed lease amendments in relation to 16 of its retail locations as of June 30, 2020 and an additional 5 of its retail locations subsequent to June 30, 2020, it remains involved in ongoing and active negotiations with most of its landlords and has only paid a portion of July 2020 rent for most of its locations (including many locations for which IT'SUGAR had previously executed lease amendments related to rent concessions for April through June 2020). In connection with these negotiations, IT'SUGAR's landlords have in some cases indicated that they might provide additional relief if IT'SUGAR opened additional locations at certain of the landlords' other retail locations. The terms of the executed lease amendments vary and include a combination of rent abatements and

BBX Capital Florida and Subsidiaries

Notes to the Combined Carve-Out Financial Statements - Unaudited

deferrals. For amendments that provide for the deferral of rent, the repayment terms generally contemplate a repayment period during the remainder of 2020 and through the end of 2021. Certain amendments also provide for the payment of rent based on a percentage of sales volumes for a period of one year to two years in lieu of previously scheduled fixed and variable lease costs under the terms of the existing leases. However, there is no assurance that IT'SUGAR will be able to execute agreements with the landlords of its remaining locations relating to rents for the months of April through June 2020 or, if necessary, with all of its landlords relating to rents for the remaining months of 2020. Furthermore, due to the uncertainty related to IT'SUGAR's business as a result of the pandemic, including the potential impact on sales volumes and the possibility of additional closures of its retail locations, there is no assurance that it will be in a position to meet its obligations under the terms of lease agreements and amendments that have been executed or are otherwise being negotiated. Further, there is no assurance that the terms of lease amendments that have been executed or are being negotiated will provide sufficient relief for IT'SUGAR to stabilize and maintain its full operations. If IT'SUGAR's negotiations with its landlords are not successful and its failure to pay rent constitutes an event of default under the applicable lease agreements, IT'SUGAR's landlords may also pursue remedies available to them pursuant to such agreements, which may include the acceleration of liabilities under the lease agreements and the initiation of eviction proceedings.

The effects of the COVID-19 pandemic on demand, sales levels, and consumer behavior, as well as the current recessionary economic environment, have had and could continue to have a material adverse effect on IT'SUGAR's business, results of operations, and financial condition. As a result of the impact of the pandemic on IT'SUGAR's business, including the above mentioned decline in sales volumes as a result of the prolonged closure of its retail locations, decrease in customer traffic in its stores, and the impact of the pandemic on demand and consumer behavior, IT'SUGAR does not believe that it will have sufficient liquidity to continue its operations if it is unable to obtain significant rent abatements or deferrals from its landlords and amended payment terms from its vendors and its sales volumes do not recover and stabilize in a reasonable period of time. Further, based on its current estimates, IT'SUGAR expects that it will require additional funding or capital in 2020 in order to maintain its operations and is engaged in efforts to obtain additional funding from New BBX Capital or other outside investors. If IT'SUGAR is unable to successfully negotiate with its landlords and vendors, its sales volumes do not recover, and it is unable to obtain additional funding or capital, IT'SUGAR would need to consider pursuing a formal or informal restructuring.

As a result of the above factors, the Company recognized \$25.3 million of impairment losses related to IT'SUGAR's goodwill and long-lived assets during the six months ended June 30, 2020, including the recognition of a goodwill impairment loss of \$20.3 million during the three months ended March 31, 2020 based on a decline in the estimated fair value of IT'SUGAR to \$27.3 million as of March 31, 2020. With respect to the decline in the estimated fair value of IT'SUGAR as of March 31, 2020 as compared to December 31, 2019, the Company's estimated future cash flows reflected the impact of the temporary closure of IT'SUGAR's retail locations commencing in March 2020 and the liabilities incurred by IT'SUGAR during the shutdown and considered scenarios in which IT'SUGAR's business would stabilize following a phased reopening of its retail locations. The Company's estimated discount rate applicable to IT'SUGAR's cash flows was also increased to reflect, among other things, changes in market conditions, the uncertainty of the duration and severity of the economic downturn, uncertainty related to the retail environment and consumer behavior, uncertainty related to IT'SUGAR's ability to stabilize its operations and implement its long-term strategies for its business, and the deterioration in IT'SUGAR's financial condition as a result of the effects of the COVID-19 pandemic, including its lack of sufficient liquidity for its operations during 2020. As of June 30, 2020, the carrying amount of the IT'SUGAR reporting unit had declined to \$18.9 million, which included goodwill of \$14.9 million and debt payable to a subsidiary of BBXRE, as described in Note 8, primarily as a result of operating losses incurred

BBX Capital Florida and Subsidiaries

Notes to the Combined Carve-Out Financial Statements - Unaudited

during the three months ended June 30, 2020. As a result of various factors, including IT'SUGAR's sales volumes in June and July 2020 being lower than those estimated in the Company's valuation of IT'SUGAR as of March 31, 2020 and an expectation that the stabilization of IT'SUGAR's operations will take longer than previously anticipated, the Company updated its estimate of the fair value of IT'SUGAR as of June 30, 2020 to reflect its updated expectations regarding the stabilization of IT'SUGAR's operations and concluded that no additional impairment loss related to IT'SUGAR's goodwill was required to be recognized as of June 30, 2020.

The Company's assessment of IT'SUGAR's assets for impairment required the Company to make estimates based on facts and circumstances as of each reporting date and assumptions about current and future economic and market conditions. These assumptions included the stabilization of IT'SUGAR following a phased reopening of its retail locations in 2020 and its ability to access and operate in its retail locations in spite of ongoing negotiations with the landlords of these locations related to unpaid rents. In addition, the Company's estimates assumed that there would not be a material permanent decline in the demand for IT'SUGAR's products and that IT'SUGAR will ultimately in the future return to its full operations and implement its long-term strategy to reinvest in and grow its business. However, as the severity, magnitude, and duration, as well as the economic consequences, of the COVID-19 pandemic, are uncertain, rapidly changing, and difficult to predict, these estimates and assumptions may change over time, which may result in the recognition of additional impairment losses related to IT'SUGAR's assets that would be material to the Company's financial statements, as well as the recognition of restructuring charges. Changes in assumptions that could materially impact the Company's estimates related to IT'SUGAR that could result in the recognition of impairment losses in future periods include, but are not limited to, a material permanent decline in demand for IT'SUGAR's products, IT'SUGAR abandoning its long-term strategy to reinvest and grow its business as a result of changes in consumer demand, IT'SUGAR pursuing a formal or informal restructuring, retail locations not reopening pursuant to IT'SUGAR's phased reopening plan, significant additional closures following the initial reopening of locations, and landlords of IT'SUGAR's retail locations limiting operations in leased locations through eviction proceedings as a result of unpaid or disputed rent payments.

See Note 6 for additional information with respect to the recognition of impairment losses related to IT'SUGAR.

In addition to the material adverse impact of the COVID-19 pandemic on IT'SUGAR's operations, BBX Sweet Holdings' other operations have also been adversely impacted by the pandemic. In March 2020, Hoffman's Chocolates closed all of its retail locations to customer traffic and limited sales to curbside pickup (where allowable by government mandates) and online customers. During the three months ended June 30, 2020, it reopened all of its locations and achieved sales volumes at approximately 70% of pre-pandemic levels (as compared to the comparable period in 2019). In addition, while Las Olas Confections and Snacks' manufacturing and distribution processes were not materially impacted by the pandemic, its sales during the three months ended June 30, 2020 were approximately 51% of pre-pandemic levels (as compared to the comparable period in 2019). Hoffman's Chocolates and Las Olas Confections and Snacks have also been engaged in negotiations with the landlords of their respective retail and manufacturing locations for rent abatements, deferrals, and other modifications. As of June 30, 2020, Hoffman's Chocolates and Las Olas Confections and Snacks had accrued and unpaid current rental obligations of \$0.3 million, which are included in other liabilities in the Company's condensed consolidated statement of financial condition, and they had executed lease amendments with respect to 4 of such locations, including Las Olas Confections and Snacks' manufacturing facility in Orlando, Florida. Subsequent to June 30, 2020, Hoffman's Chocolates executed lease amendments with respect to an additional two of its retail locations. Similar to IT'SUGAR, there is no assurance that the sales volumes of these businesses will improve, and they may be required to close previously reopened locations as a result of governments reimplementing mandated closures or otherwise. Furthermore, there is no assurance that Hoffman's Chocolates

BBX Capital Florida and Subsidiaries

Notes to the Combined Carve-Out Financial Statements - Unaudited

will be able to execute lease amendments with the landlords of its remaining locations, and due to the uncertainty related to these businesses as a result of the pandemic, there is no assurance they will be in position to meet their obligations under the terms of lease agreements and amendments that have been executed or are otherwise being negotiated.

Renin

Renin has not to date been significantly impacted by the COVID-19 pandemic, and it has continued to operate both of its manufacturing and distribution facilities, source various products and raw materials from China and Vietnam, and sell its products through various channels. Although Renin has experienced a decline in sales to certain customers as a result of concerns related to the pandemic, these declines have been offset by an increase in sales through its retail and commercial channels.

Although Renin's operations have not to date been significantly impacted by the pandemic, the effects of the pandemic, including a recessionary economic environment, could have a significant adverse impact on Renin's results of operations and financial condition in future periods, particularly if an economic downturn is prolonged in nature and impacts consumer demand or the effects of the pandemic result in material disruptions in the supply chains for its products and raw materials. Further, while Renin has begun to diversify its supply chain and transfer the assembly of certain products from foreign suppliers to its own manufacturing facilities, Renin continues to source products and raw materials from China. As a result, disruptions in its supply chain from China as a result of various factors, including increased tariffs or closures in the supply chain, could impact Renin's cost of product and ability to meet customer demand.

Recently Adopted Accounting Pronouncements

The Financial Accounting Standards Board ("FASB") has issued the following Accounting Standards Updates ("ASU") and guidance relevant to the Company's operations which were adopted as of January 1, 2020:

ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments (as subsequently amended and clarified by various ASUs). This standard introduces an approach of estimating credit losses on certain types of financial instruments based on expected losses and expands the disclosure requirements regarding an entity's assumptions, models, and methods for estimating its allowance for credit losses. The standard also requires entities to record an allowance for credit losses for available for sale debt securities rather than reduce the carrying amount under the other-than temporary impairment model. In addition, the standard requires entities to disclose the amortized cost balance for each class of financial asset by credit quality indicator, disaggregated by the year of origination (i.e., by vintage year). The Company adopted this standard on January 1, 2020 using a modified retrospective method and did not recognize a cumulative effect adjustment upon adoption of the standard as the Company's trade receivables are generally due 30 to 60 days from the date of the invoice with minimal historical loss experience. The Company's loans receivable are legacy loans from its sale of BankAtlantic that have been written down to the collateral value less cost to sell with interest recognized on a cash basis. As such, the adoption of the standard did not have a material impact on the Company's combined carve-out financial statements.

ASU No. 2018-13, Fair Value Measurement (Topic 820), Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement This standard modifies the disclosure requirements in Topic 820 related to the valuation techniques and inputs used in fair value measurements, uncertainty in measurement, and changes in measurements applied. This standard was effective for the Company on January 1, 2020, and the

BBX Capital Florida and Subsidiaries

Notes to the Combined Carve-Out Financial Statements - Unaudited

adoption of the standard did not have a material impact on the Company's combined carve-out financial statements and disclosures.

FASB Staff Q&A Accounting for Lease Concessions Related to the Effects of the COVID-19 Pandemic (Topic 842): The FASB issued guidance on lease concessions related to the effects of the COVID-19 pandemic allowing entities to make an election to account for lease concessions related to the effects of the COVID-19 pandemic as if the enforceable rights and obligations for those concessions existed in the lease contract (regardless of whether those enforceable rights and obligations for the concessions explicitly exist in the lease contract). Consequently, for concessions related to the effects of the COVID-19 pandemic, an entity will not have to analyze each contract to determine whether enforceable rights and obligations for concessions exist in the contract and can elect to apply or not apply the lease modification guidance of Topic 842. The election only applies to concessions that do not result in a substantial increase in the rights of the lessor or the obligations of the lessee.

Pursuant to this FASB guidance, the Company has elected to account for lease concessions related to the effects of the COVID-19 pandemic as if the rights and obligations related to such concessions existed in the related lease agreements. Accordingly, if a concession does not result in a substantial increase in the rights of the lessor or the Company's obligations as the lessee, the Company will elect to not account for the concession as a modification and will not remeasure the lease liability and right-of-use asset for such leases. If rent is deferred pursuant to a concession, such rents will be accrued pursuant to the existing terms of the lease, and the related liability will be relieved when the rental payment is made to the landlord pursuant to the terms of the concession. If rent is abated pursuant to a concession, the Company's rent expense will be decreased by the amount of the abated rental payment in the period in which the payment was otherwise due pursuant to the existing terms of the lease.

As of June 30, 2020, the Company had executed 19 agreements related to lease concessions associated with the COVID-19 pandemic, which included a combination of rent deferrals and abatements. Under the terms of such agreements, rent payments subject to deferral are generally required to be paid between 1-42 months following the execution of the agreements based on the payment schedules specified in such agreements. The Company accounted for 5 of these agreements as modifications and remeasured the related lease liabilities as the concessions extended the lease terms and increased the Company's overall obligations under the related lease agreements. The Company did not account for the remaining 14 agreements as modifications as the concessions did not result in a substantial increase in the rights of the lessor or the obligations of the Company as the lessee. Under these agreements, deferrals and abatements of rental payments were \$394,000 and \$583,000, respectively, for the three months ended June 30, 2020, which included deferrals and abatements of \$350,000 and \$507,000, respectively, of payments under agreements that were not accounted for as modifications. As noted above, certain of the Company's subsidiaries, including IT'SUGAR and Hoffman's Chocolates, are not in compliance with the terms of their lease agreements with respect to rents, including rents for July 2020, and remain in negotiations with the landlords of their retail locations for lease concessions for which agreements have not yet been reached, and there is no assurance that agreements for concessions will be reached on acceptable terms or at all. Although rent in many cases remains accrued and unpaid, the Company has continued to recognize lease costs related to such leases pursuant to the existing terms of such leases.

Future Adoption of Recently Issued Accounting Pronouncements

The FASB has issued the following accounting pronouncements and guidance relevant to the Company's operations which had not been adopted by the Company as of June 30, 2020:

ASU No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. This standard removes specific exceptions to the general principles in Topic 740 including exceptions related to (i) the

BBX Capital Florida and Subsidiaries

Notes to the Combined Carve-Out Financial Statements - Unaudited

incremental approach for intraperiod tax allocations, (ii) accounting for basis differences when there are ownership changes in foreign investments, and (iii) interim period income tax accounting for year-to-date losses that exceed anticipated losses. The statement is effective for the Company on January 1, 2021 and interim periods within that fiscal year. Early adoption is permitted. The Company is currently evaluating the impact that this standard may have on its combined carve-out financial statements.

ASU No. 2020-04 Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. This standard provides relief for companies preparing for discontinuation of LIBOR in response to the Financial Conduct Authority (the regulatory authority over LIBOR) plan for a phase out of regulatory oversight of LIBOR interest rate indices after 2021 to allow for an orderly transition to an alternate reference rate. The Alternative Reference Rates Committee (“ARRC”) has proposed that the Secured Overnight Financing Rate (“SOFR”) is the rate that represents best practice as the alternative to LIBOR for promissory notes or other contracts that are currently indexed to LIBOR. The ARRC has proposed a market transition plan to SOFR from LIBOR, and organizations are currently working on transition plans as it relates to derivatives and cash markets exposed to LIBOR. The Company currently has a LIBOR indexed line of credit which has a balance of \$8.0 million and matures after 2021. Although companies can apply this standard immediately, the guidance will only be available for a limited time, generally through December 31, 2022. The Company is currently evaluating the potential impact that the eventual replacement of the LIBOR benchmark interest rate could have on its results of operations, liquidity and consolidated financial statements and the related impact that this standard may have on its consolidated financial statements.

2. Trade Accounts Receivable

The Company’s trade receivables consisted of the following (in thousands):

	June 30, 2020	December 31, 2019
Trade receivables	\$15,413	13,274
Allowance for bad debts	(256)	(170)
Total trade receivables	\$15,157	13,104

3. Trade Inventory

The Company’s trade inventory consisted of the following (in thousands):

	June 30, 2020	December 31, 2019
Raw materials	\$ 3,463	3,048
Paper goods and packaging materials	1,408	1,327
Finished goods	15,630	18,468
Total trade inventory	\$20,501	22,843

BBX Capital Florida and Subsidiaries

Notes to the Combined Carve-Out Financial Statements - Unaudited

4. Real Estate

The Company's real estate consisted of the following (in thousands):

	June 30, 2020	December 31, 2019
Real estate held-for-sale	\$11,354	11,297
Real estate held-for-investment	6,022	6,015
Real estate inventory	46,521	48,506
Total real estate	\$63,897	65,818

5. Investments in and Advances to Unconsolidated Real Estate Joint Ventures

As of June 30, 2020, the Company had equity interests in and advances to unconsolidated real estate joint ventures involved in the development of multifamily rental apartment communities, as well as single-family master-planned for sale housing communities. In addition, the Company owns a 50% equity interest in the Altman Companies, a developer and manager of multifamily rental apartment communities.

Investments in unconsolidated real estate joint ventures are accounted for as unconsolidated VIEs.

The Company's investments in and advances to unconsolidated real estate joint ventures consisted of the following (in thousands):

	June 30, 2020	December 31, 2019
Altis at Grand Central Capital, LLC	\$ 2,547	\$ 2,653
Altis Promenade Capital, LLC	2,012	2,126
Altis at Bonterra - Hialeah, LLC	598	618
Altis Ludlam - Miami Investor, LLC	9,051	1,081
Altis Suncoast Manager, LLC	765	753
Altis Pembroke Gardens, LLC	312	1,277
Altis Fairways, LLC	1,664	1,880
Altis Wiregrass, LLC	266	1,792
Altis LH-Miami Manager, LLC	829	811
Altis Vineland Pointe Manager, LLC	5,122	4,712
Altis Miramar East/West	2,690	2,631
The Altman Companies, LLC	16,001	14,745
ABBX Guaranty, LLC	3,750	3,750
Sunrise and Bayview Partners, LLC	1,479	1,562
PGA Design Center Holdings, LLC	996	996
CCB Miramar, LLC	7,279	5,999
BBX/Label Chapel Trail Development, LLC	153	1,126
L03/212 Partners, LLC	1,934	2,087
PGA Lender, LLC	2,111	2,111
Sky Cove, LLC	4,053	4,178
All other investments in real estate joint ventures	163	442
Total	\$63,775	\$ 57,330

BBX Capital Florida and Subsidiaries

Notes to the Combined Carve-Out Financial Statements - Unaudited

See Note 7 to the Company's combined carve-out financial statements for the years ended December 31, 2019, 2018, and 2017 included in this information statement for the Company's accounting policies relating to its investments in unconsolidated real estate joint ventures, including the Company's analysis and determination that such entities are VIEs in which the Company is not the primary beneficiary.

As of December 31, 2019, BBXRE had invested \$1.1 million in the Altis at Ludlam joint venture to acquire land, obtain entitlements, and fund predevelopment costs for a potential multifamily apartment development in Miami, Florida. In June 2020, the joint venture obtained entitlements, closed on development financing, and commenced development of a 312 unit multifamily apartment community with 7,500 square feet of retail space. In connection with the closing, BBXRE received a \$0.5 million distribution from the joint venture as a reimbursement of predevelopment costs and invested an additional \$8.5 million in the joint venture as a preferred member. Pursuant to the applicable operating agreement for the Altis Ludlam joint venture, distributions from the joint venture are required to be paid to BBXRE as the preferred member until it receives its \$8.5 million investment and a preferred return of 11.9% per annum (subject to a minimum payment of \$11.9 million). Following such payment, all remaining distributions will be paid to the other members. Further, BBXRE's preferred interest is required to be redeemed by the joint venture for a cash amount equal to its preferred return and initial investment in December 2023, although the joint venture has the option to extend the redemption for three one year periods, subject to certain conditions.

In March 2020, the Altis at Wiregrass joint venture sold its 392 unit multifamily apartment community in Tampa, Florida. As a result of the sale, BBXRE recognized \$0.8 million of equity earnings during the six months ended June 30, 2020 and received approximately \$2.3 million of distributions from the venture in April 2020.

BBX Capital Florida and Subsidiaries**Notes to the Combined Carve-Out Financial Statements - Unaudited****Summarized Financial Information of Certain Unconsolidated Real Estate Joint Ventures**

The tables below set forth financial information, including condensed statements of financial condition and operations, related to BBX/Label Chapel Trail Development, LLC (in thousands):

	<u>June 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Assets		
Cash	\$ 500	1,725
Real estate	—	2,134
Other assets	—	6
Total assets	<u>\$ 500</u>	<u>3,865</u>
Liabilities and Equity		
Notes payable	\$ —	—
Other liabilities	73	541
Total liabilities	<u>73</u>	<u>541</u>
Total equity	427	3,324
Total liabilities and equity	<u>\$ 500</u>	<u>3,865</u>
For the Six Months		
Ended June 30,		
	<u>2020</u>	<u>2019</u>
Total revenues	\$ 4,062	27,469
Cost to sell	<u>(3,139)</u>	<u>(22,177)</u>
Gross profit	923	5,292
Other income	1	5
Other expenses	<u>(168)</u>	<u>(592)</u>
Net income	<u>\$ 756</u>	<u>4,705</u>
Equity in net earnings of unconsolidated real estate joint venture - BBX/Label Chapel Trail Development, LLC	<u>\$ 267</u>	<u>2,200</u>

BBX Capital Florida and Subsidiaries

Notes to the Combined Carve-Out Financial Statements - Unaudited

The tables below set forth financial information, including condensed statements of financial condition and operations, related to Altis at Lakeline – Austin Investors LLC (in thousands):

	<u>June 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Assets		
Cash	\$ —	628
Restricted cash	—	5
Real estate	—	—
Other assets	—	144
Total assets	<u>\$ —</u>	<u>777</u>
Liabilities and Equity		
Notes payable	\$ —	—
Other liabilities	—	—
Total liabilities	—	—
Total equity	—	777
Total liabilities and equity	<u>\$ —</u>	<u>777</u>
For the Six Months Ended		
	<u>2020</u>	<u>2019</u>
Total revenues	\$ —	1,459
Gain on sale of real estate	—	17,150
Other expenses	—	(1,773)
Net earnings	<u>\$ —</u>	<u>16,836</u>
Equity in net earnings of unconsolidated real estate joint venture - Altis at Lakeline - Austin Investors LLC	<u>\$ —</u>	<u>5,029</u>

BBX Capital Florida and Subsidiaries

Notes to the Combined Carve-Out Financial Statements - Unaudited

The tables below set forth financial information, including condensed statements of financial condition and operations, related to PGA Design Center Holdings, LLC (in thousands):

	June 30, 2020	December 31, 2019
Assets		
Cash	\$ 1	1
Investment in joint ventures	3,090	3,090
Total assets	<u>\$ 3,091</u>	<u>3,091</u>
Liabilities and Equity		
Notes payable	\$ —	—
Other liabilities	—	—
Total liabilities	—	—
Total equity	3,091	3,091
Total liabilities and equity	<u>\$ 3,091</u>	<u>3,091</u>
For the Six Months Ended June 30,		
	2020	2019
Total revenues	\$ 62	—
Gain on sale of real estate	—	7,212
Other expenses	(1)	(183)
Net earnings	<u>\$ 61</u>	<u>7,029</u>
Equity in net earnings of unconsolidated real estate joint venture - PGA Design Center Holdings, LLC	<u>\$ 24</u>	<u>2,812</u>

6. Impairments

Goodwill

The activity in the balance of the Company's goodwill was as follows (in thousands):

	For the Six Months Ended June 30,	
	2020	2019
Balance, beginning of period	\$ 37,248	37,248
Impairment losses	(22,384)	—
Balance, end of period	<u>\$ 14,864</u>	<u>37,248</u>

The Company tests goodwill associated with its reporting units for potential impairment on an annual basis as of December 31 or during interim periods if impairment indicators exist. The Company concluded that the effects of the COVID-19 pandemic, including the recessionary economic environment and the impact on certain of the Company's operations, indicated that it was more likely than not that the fair values of certain of its reporting units with goodwill had declined below the respective carrying amounts of such reporting units as of March 31,

BBX Capital Florida and Subsidiaries

Notes to the Combined Carve-Out Financial Statements - Unaudited

2020. As a result, the Company tested the goodwill associated with such reporting units for impairment by estimating the fair values of the respective reporting units as of March 31, 2020 and recognized goodwill impairment losses of \$22.4 million associated with IT'SUGAR and certain of its other reporting units. As of June 30, 2020, the Company's remaining goodwill balance was comprised of goodwill associated with its IT'SUGAR reporting unit. As described in Note 1, no additional impairment loss related to IT'SUGAR's goodwill was recognized as of June 30, 2020.

The Company generally applies an income approach utilizing a discounted cash flow methodology and a market approach utilizing a guideline public company and transaction methodology to estimate the fair value of its reporting units. The estimated fair values obtained from the income and market approaches are compared and reviewed for reasonableness to determine a best estimate of fair value. The Company's discounted cash flow methodology establishes an estimate of fair value by estimating the present value of the projected future cash flows to be generated from a reporting unit. The discount rate applied to the projected future cash flows to arrive at the present value is intended to reflect all risks of ownership and the associated risks of realizing the stream of projected future cash flows. The Company generally uses a five to ten-year period in computing discounted cash flow values. The most significant assumptions used in the discounted cash flow methodology are generally the terminal value, the discount rate, and the forecast of future cash flows. The guideline public company methodology establishes an estimate of fair value based upon the trading prices of public traded companies that are similar to the applicable reporting unit, while the guideline transaction methodology establishes an estimate of fair value based on acquisitions of companies that are similar to the applicable reporting unit. Under these methods, the Company develops multiples of revenue and earnings before interest, taxes, depreciation and amortization ("EBITDA") based upon the indicated enterprise value, revenues, and EBITDA of the guideline companies and makes adjustments to such multiples based on various considerations, including the financial condition, operating performance, and relative risk of the guideline companies. The adjusted multiples are then applied to the revenues and EBITDA of the reporting unit to develop an estimated fair value of the reporting unit. Depending on the facts and circumstances applicable to the reporting unit and the guideline companies, the Company may place greater emphasis on the income or market approach to determine its best estimate of fair value.

In connection with its impairment testing as of March 31, 2020, the Company estimated that the fair value of the IT'SUGAR reporting unit had declined to \$27.3 million as of March 31, 2020 and recognized a goodwill impairment loss of \$20.3 million during the six months ended June 30, 2020 based on the excess of the carrying amount of the IT'SUGAR reporting unit over its estimated fair value. The Company primarily utilized a discounted cash flow methodology to estimate the fair value of the IT'SUGAR reporting unit and used the relevant market approaches to support the reasonableness of its estimated fair value under the income approach. See Note 1 for additional discussion related to the factors which resulted in the decline in the estimated fair value of the IT'SUGAR reporting unit as of March 31, 2020 as compared to December 31, 2019, which included the effects of the COVID-19 pandemic on IT'SUGAR.

In addition to the IT'SUGAR reporting unit, the Company tested the goodwill of its other reporting units and, based on its estimates of their fair values, recognized goodwill impairment losses of \$2.1 million during the six months ended June 30, 2020 related to these reporting units. The decline in the fair value of these reporting units from December 31, 2019 primarily resulted from the effects of the COVID-19 pandemic on these businesses.

Long-Lived Assets

The Company's long-lived assets include property and equipment, amortizable intangible assets, and right-of-use assets associated with its lease agreements. The Company tests its long-lived assets, or asset groups which

BBX Capital Florida and Subsidiaries

Notes to the Combined Carve-Out Financial Statements - Unaudited

include long-lived assets, for recoverability whenever events or changes in circumstances indicate that the carrying amount of such assets or asset groups may not be recoverable. The carrying amount of an asset or asset group is not considered recoverable when the carrying amount exceeds the sum of the undiscounted cash flows expected to result from the use of the asset or asset group. To the extent that the carrying amount of an asset or asset group exceeds the sum of such undiscounted cash flows, an impairment loss is measured and recorded based on the amount by which the carrying amount of the asset or asset group exceeds its fair value. Impairment losses associated with an asset group are allocated to long-lived assets within the asset group based on their relative carrying amounts; however, the carrying amount of individual long-lived assets within an asset group are not reduced below their individual fair values.

The Company concluded that the effects of the COVID-19 pandemic indicated that the carrying amount of certain of its long-lived assets may not be recoverable, including asset groups associated with certain of its retail locations which were temporarily closed as a result of the pandemic. In such circumstances, the Company compared its estimated undiscounted cash flows expected to result from the use of such assets or asset groups with their respective carrying amounts, and to the extent that such carrying amounts were in excess of the related undiscounted cash flows, the Company estimated the fair values of the applicable assets or asset groups and recognized impairment losses based on the excess of the carrying amounts of such assets or asset groups over their estimated fair values. In certain circumstances, the Company estimated the fair value of individual assets within its asset groups, including right-of-use assets associated with its retail locations, to determine the extent to which an impairment loss should be allocated to such assets.

The Company generally estimated the fair value of the relevant assets or asset groups utilizing a discounted cash flow methodology which estimated the present value of the projected future cash flows expected to be generated from such assets or asset groups. When estimating the fair value of asset groups related to a retail location, the Company's estimated fair value considered the relevant market participants and the highest and best use for the location, including whether the value of the location would be maximized by operating the location in its current use or by permanently closing the location and subleasing it. In addition, to the extent applicable, the Company estimated the fair value of right-of-use assets associated with its retail locations using a discounted cash flow methodology which estimated the present value of market rental rates applicable to such right-of-use assets.

As a result of the Company's testing of its long-lived assets for impairment, the Company recognized impairment losses of \$5.4 million during the six months ended June 30, 2020 related primarily to leasehold improvements and right-of-use assets associated with certain of IT'SUGAR's retail locations. The recognition of these impairment losses primarily resulted from the effects of the COVID-19 pandemic on the estimated cash flows expected to be generated by the related assets.

Equity Method Investments

The Company evaluates its equity method investments for impairment when events or changes in circumstances indicate that the fair values of the investments may be below the carrying values. When a decline in the fair value of an investment is determined to be other than temporary, an impairment loss is recorded to reduce the carrying amount of the investment to its fair value. The Company's determination of whether an other-than-temporary impairment has occurred requires significant judgment in which the Company evaluates, among other factors, the fair value of an investment, general market conditions, the duration and extent to which the fair value of an investment is less than cost, and the Company's intent and ability to hold an investment until it recovers. The Company also considers specific adverse conditions related to the financial health and business outlook of the investee, including industry and market performance and expected future operating and financing cash flows.

BBX Capital Florida and Subsidiaries

Notes to the Combined Carve-Out Financial Statements - Unaudited

During the three and six months ended June 30, 2020, the Company recognized impairment losses of \$2.2 million associated with certain of its investments in unconsolidated real estate joint ventures. The Company estimated the fair value of these investments utilizing a discounted cash flow methodology which estimated the present value of the projected future cash flows expected to be generated from such investments. See Note 1 for additional discussion related to the factors which resulted in the decline in the estimated fair values of these investments. The Company did not record any impairment charges related to its equity method investments during the three and six months ended June 30, 2019.

7. Income Taxes

New BBX Capital and its subsidiaries were included in the consolidated federal and certain state income tax returns of the Parent. The accompanying combined carve-out financial statements allocates taxable income to the Company as if the Company was a separate taxpayer under the separate return basis.

Effective income tax rates for interim periods are based upon the Company's current estimated annual rate, which varies based upon the Company's estimate of taxable earnings or loss and the mix of taxable earnings or loss in the various states in which the Company operates. The Company's effective tax rate was applied to income or loss before income taxes reduced by net income or loss attributable to noncontrolling interests in joint ventures taxed as partnerships. In addition, the Company recognizes taxes related to unusual or infrequent items or resulting from a change in judgment regarding a position taken in a prior period as discrete items in the interim period in which the event occurs.

The Company's effective income tax rate was approximately 21% and 29% during the six months ended June 30, 2020 and 2019, respectively. The Company's effective income tax rate for the six months ended June 30, 2020 and 2019 was impacted by nondeductible executive compensation allocated from Parent and state income taxes. The effective income tax rate for the 2020 period reflects a current estimated ordinary taxable loss for the year ended December 31, 2020 resulting primarily from the effects of the COVID-19 pandemic.

BBX Capital Florida and Subsidiaries

Notes to the Combined Carve-Out Financial Statements - Unaudited

8. Debt

The table below sets forth information regarding the Company's notes payable and other borrowings (dollars in thousands):

	June 30, 2020			December 31, 2019		
	Debt Balance	Interest Rate	Carrying Amount of Pledged Assets	Debt Balance	Interest Rate	Carrying Amount of Pledged Assets
Community Development District Obligations	\$33,107	4.25-6.00%	\$ 46,571	\$29,287	4.25-6.00%	\$ 49,352
TD Bank Term Loan and Line of Credit	7,974	3.17%	(1)	6,826	5.00%	(1)
Banc of America Leasing & Capital Equipment Note	—	—	(2)	355	4.75%	(2)
Bank of America Revolving Line of Credit	—	—	—	2,000	3.24%	—
Unsecured Note (3)	—	—	—	3,400	6.00%	—
Centennial Bank Note (3)	1,449	5.25%	1,867	1,469	5.25%	1,892
Other	129	15.00%	—	223	15.00%	—
Unamortized debt issuance costs	(1,045)			(824)		
Total notes payable and other borrowings	\$41,614			\$42,736		

- (1) The collateral is a blanket lien on Renin's assets.
- (2) The collateral is a security interest in the equipment financed by the underlying note. Additionally, IT'SUGAR is guarantor of the note.
- (3) BBX Capital is guarantor of the note.

See Note 12 to the Company's combined carve-out financial statements for the years ended December 31, 2019, 2018, and 2017 for additional information regarding the above listed notes payable and other borrowings.

Except as described below, there were no new debt issuances or significant changes related to the above listed notes payable and other borrowings during the six months ended June 30, 2020.

Community Development District Obligation. In May 2020, the Meadow View at Twin Creeks Community Development District issued \$8.6 million of community development bonds related to the Company's Beacon Lake Community development. The bonds issued in May 2020 have fixed interest rates ranging from 4.25% to 5.38% and mature at various times during the years 2026 through 2051. The Company at its option has the ability to repay a specified portion of the bonds at the time that it sells developed lots in the Beacon Lakes Community.

Toronto-Dominion Commercial Bank ("TD Bank") Line of Credit. Renin maintains a credit facility with TD Bank which provides for a revolving line of credit for up to approximately \$16.3 million based on available collateral, as defined in the facility, and subject to Renin's compliance with the terms and conditions of the credit facility, including certain specific financial covenants. Through February 2020, the credit facility also provided for term loans for up to \$1.7 million. However, in February 2020, the credit facility was amended to replace the existing debt service coverage ratio with an interest coverage ratio, and in connection with the amendment to the credit facility, Renin repaid the outstanding balance of the term loans with borrowings from the revolving line of credit. In July 2020, the credit facility was also amended to extend the maturity date of the facility from September 2020 to September 2022.

BBX Capital Florida and Subsidiaries**Notes to the Combined Carve-Out Financial Statements - Unaudited**

Banc of America Leasing & Capital Equipment Note and Bank of America Revolving Line of Credit. During the three months ended June 30, 2020, a wholly-owned subsidiary of BBXRE purchased IT'SUGAR's revolving line of credit and equipment note from the respective lenders for the outstanding principal balance of the loans plus accrued interest and subsequently advanced an additional \$2.0 million to IT'SUGAR pursuant to the terms of the loans. As the Company paid the respective third party lenders and was relieved of its obligations to such lenders under the respective debt arrangements, the Company derecognized the liabilities in its consolidated financial statements in connection with the purchase of the loans by its wholly-owned subsidiary.

Debt Compliance and Amounts Available under Credit Facilities

As of June 30, 2020, New BBX Capital and its subsidiaries were in compliance with all financial debt covenants under their debt instruments, as amended.

Amounts available under credit facilities for New BBX Capital and its subsidiaries as of June 30, 2020 were \$5.2 million, subject to eligible collateral requirements and the terms of the facilities, as applicable.

The effects of the COVID-19 pandemic on the Company's operations could impact its ability to remain in compliance with the financial covenants under its debt instruments and the extent of availability under its credit facilities in future periods. If the Company is unable to maintain compliance with its debt covenants or obtain waivers from its lenders if it is not in compliance with its covenants, the Company will no longer be able to access its revolving credit facilities or may have to repay all or a portion of its borrowings prior to their scheduled maturity dates or provide additional collateral for such borrowings, any of which would have a material adverse effect on the Company's liquidity, financial position, and results of operations.

9. Revenue Recognition

The table below sets forth the Company's revenue disaggregated by category (in thousands):

	For the Six Months Ended June 30,	
	2020	2019
Trade sales - wholesale	\$ 39,273	36,373
Trade sales - retail	24,663	50,701
Sales of real estate inventory	9,278	4,660
Revenue from customers	73,214	91,734
Interest income	199	496
Net (losses) gains on sales of real estate assets	(34)	10,996
Other revenue	1,406	1,910
Total revenues	<u>\$ 74,785</u>	<u>105,136</u>

10. Related Parties

The Company paid the Parent \$1.4 million and \$0.2 million during the six months ended June 30, 2020 and 2019, respectively, for management advisory and employer provided medical insurance. The Company reimbursed the Parent the actual cost of providing the services.

Included in other revenues in the Company's combined carve-out statements of operations and comprehensive loss or income for the six months ended June 30, 2020 and 2019 was \$0.4 million received by the Company for risk management consulting services provided to the Parent and Bluegreen Vacations Corporation.

BBX Capital Florida and Subsidiaries**Notes to the Combined Carve-Out Financial Statements - Unaudited**

Expenses related to certain support functions paid for by the Parent, including executive services, treasury, tax, accounting, legal, internal audit, human resources, public and investor relations, general management, shared information technology systems, corporate governance activities, and centralized managed employee benefit arrangements, were allocated to the Company. These expenses have been allocated to the Company on the basis of direct usage when identifiable, while the remainder of the expenses, including costs related to executive compensation, were allocated primarily on a pro-rata basis of combined revenues and equity in earnings of unconsolidated joint ventures of the Parent and its subsidiaries. The expenses related to these support functions allocated to the Company and included in selling, general and administrative expenses in the Company's combined carve-out statements of operations and comprehensive loss for the six months ended June 30, 2020 and 2019 were \$7.9 million and \$11.3 million, respectively. The allocated support function costs were recognized as contributed capital in the Company's combined carve-out statements of financial condition for the six months ended June 30, 2020 and 2019.

The Company is a party to an Agreement to Allocate Consolidated Income Tax Liability and Benefits with the Parent. Under the agreement, the parties calculate their respective income tax liabilities and attributes as if each of them was a separate filer. If any tax attributes are used by another party to the agreement to offset its tax liability, the party providing the benefit will receive an amount for the tax benefits realized. As of June 30, 2020 and December 31, 2019, \$0 and \$2.8 million, respectively, was due to the Parent in accordance with the tax sharing agreement.

The components of net transfers from/to Parent in the combined carve-out statements of changes in equity consisted of the following (in thousands):

	For the Six Months Ended June 30,	
	2020	2019
Cash pooling	\$ 87,007	(38,543)
Corporate overhead allocations	7,927	11,267
Asset transfers	145	—
Net transfers from (to) parent	<u>\$ 95,079</u>	<u>(27,276)</u>

BBX Capital Florida and Subsidiaries

Notes to the Combined Carve-Out Financial Statements - Unaudited

In March 2018, the Parent, the Company, Woodbridge, and certain wholly-owned subsidiaries of the Company (BBX Sweet Holdings and FFTRG) entered into a \$50.0 million revolving credit facility with Iberiabank as co-borrowers. Amounts borrowed under the facility accrue interest at a floating rate of 30-day LIBOR plus a margin of 3.0% to 3.75% or the Prime Rate plus a margin of 1.50% to 2.25%. The applicable margin is based on the Parent's debt to EBITDA ratio. Payments of interest only are payable monthly. The facility matures, and all outstanding principal and interest will be payable, on June 30, 2021, with a twelve month renewal option at Parent's request, subject to the satisfaction of certain conditions. The facility is secured by a pledge of a percentage of the Parent's membership interests in Woodbridge having a value of not less than \$100 million. Borrowings under the facility may be used for business acquisitions, real estate investments, stock repurchases, letters of credit, and general corporate purposes. Any one of the borrowers can make a funding request subject to availability and specific satisfaction of the terms and conditions of the advance for the specified purpose. There were no borrowings on the credit facility as of June 30, 2020 or December 31, 2019.

11. Commitments and Contingencies

Litigation

In the ordinary course of business, New BBX Capital and its subsidiaries are parties to lawsuits as plaintiff or defendant involving its operations and activities. Additionally, from time to time in the ordinary course of business, the Company is involved in disputes with existing and former employees, vendors, taxing jurisdictions, and various other parties and also receive individual consumer complaints as well as complaints received through regulatory and consumer agencies. The Company takes these matters seriously and attempts to resolve any such issues as they arise. The Company may also become subject to litigation related to the COVID-19 pandemic, including with respect to any actions we take or may be required to take as a result thereof.

Reserves are accrued for matters in which management believes it is probable that a loss will be incurred and the amount of such loss can be reasonably estimated. Management does not believe that the aggregate liability relating to known contingencies in excess of the aggregate amounts accrued will have a material impact on the Company's results of operations or financial condition. However, litigation is inherently uncertain, and the actual costs of resolving legal claims, including awards of damages, may be substantially higher than the amounts accrued for these claims and may have a material adverse impact on the Company's results of operations or financial condition.

Adverse judgments and the costs of defending or resolving legal claims may be substantial and may have a material adverse impact on the Company's financial statements. Management is not at this time able to estimate a range of reasonably possible losses with respect to matters in which it is reasonably possible that a loss will occur. In certain matters, management is unable to estimate the loss or reasonable range of loss until additional developments provide information sufficient to support an assessment of the loss or reasonable range of loss. Frequently in these matters, the claims are broad, and the plaintiffs have not quantified or factually supported their claim.

Other Commitments and Guarantees

The Parent guarantees certain obligations of the Company's unconsolidated real estate joint ventures and debt obligations, including the following:

- The Parent is a guarantor of 50% of the outstanding balance of a third party loan to the Sunrise and Bayview Partners, LLC real estate joint venture, which had an outstanding balance of \$5.0 million as of December 31, 2019.

BBX Capital Florida and Subsidiaries

Notes to the Combined Carve-Out Financial Statements - Unaudited

- The Parent is a guarantor on certain notes payable by the Company's wholly-owned subsidiaries. See Note 8 for additional information regarding these obligations.

12. Fair Value Measurement

Fair value is defined as the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

There are three main valuation techniques to measure the fair value of assets and liabilities: the market approach, the income approach and the cost approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The income approach uses financial models to convert future amounts to a single present amount and includes present value and option-pricing models. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset and is often referred to as current replacement cost.

The accounting guidance for fair value measurements defines an input fair value hierarchy that has three broad levels and gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The input fair value hierarchy is summarized below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability

Level 3: Unobservable inputs for the asset or liability

Other than the measurement of certain reporting units and long-lived assets as further described in Note 6, there were no material assets or liabilities measured at fair value on a recurring or nonrecurring basis in the Company's combined carve-out financial statements as of June 30, 2020 and December 31, 2019.

BBX Capital Florida and Subsidiaries

Notes to the Combined Carve-Out Financial Statements - Unaudited

Financial Disclosures about Fair Value of Financial Instruments

The tables below set forth information related to the Company's combinedcarve-out financial instruments (in thousands):

	Carrying Amount As of June 30, 2020	Fair Value As of June 30, 2020	Fair Value Measurements Using		
			Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:					
Cash and cash equivalents	\$96,537	96,537	96,537	—	—
Restricted cash	529	529	529	—	—
Financial liabilities:					
Notes payable and other borrowings	41,614	47,083	—	—	47,083

	Carrying Amount As of December 31, 2019	Fair Value As of December 31, 2019	Fair Value Measurements Using		
			Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:					
Cash and cash equivalents	\$ 20,723	20,723	20,723	—	—
Restricted cash	529	529	529	—	—
Financial liabilities:					
Notes payable and other borrowings	42,736	45,669	—	—	45,669

The amounts reported in the combinedcarve-out statements of financial condition for cash and cash equivalents and restricted cash approximate fair value.

The fair values of the Company's Community Development Bonds, which are included in notes payable and other borrowings above, were measured using the market approach with Level 3 inputs obtained based on estimated market prices of similar financial instruments.

The fair values of the Company's notes payable and other borrowings (other than the Community Development Bonds above) were measured using the income approach with Level 3 inputs by discounting the forecasted cash flows based on estimated market rates.

The Company's financial instruments also include trade accounts receivable, accounts payable, and accrued liabilities. The carrying amount of these financial instruments approximate their fair values due to their short-term maturities.

The Company is exposed to credit related losses in the event ofnon-performance by counterparties to the financial instruments with a maximum exposure equal to the carrying amount of the assets. The Company's exposure to credit risk consists of accounts receivable balances.

BBX Capital Florida and Subsidiaries

Notes to the Combined Carve-Out Financial Statements - Unaudited

13. Segments

Operating segments are defined as components of an enterprise about which separate financial information is available that is regularly reviewed by the chief operating decision maker (“CODM”) in assessing performance and deciding how to allocate resources. Reportable segments consist of one or more operating segments with similar economic characteristics, products and services, production processes, type of customer, distribution system or regulatory environment.

The information provided for segment reporting is obtained from internal reports utilized by the Company’s CODM, and the presentation and allocation of assets and results of operations may not reflect the actual economic costs of the segments as standalone businesses. If a different basis of allocation were utilized, the relative contributions of the segments might differ, but the relative trends in the segments’ operating results would, in management’s view, likely not be impacted.

The Company’s three reportable segments are as follows: BBX Capital Real Estate, BBX Sweet Holdings and Renin. See Note 1 for a description of the Company’s reportable segments.

In the segment information for the six months ended June 30, 2020 and 2019, amounts set forth in the column entitled “Other” include the Company’s investments in various operating businesses, including a controlling financial interest in a restaurant acquired in connection with a loan receivable default. The amounts set forth in the column entitled “Reconciling Items and Eliminations” include unallocated corporate general and administrative expenses.

The Company evaluates segment performance based on segment income from continuing operations before income taxes.

BBX Capital Florida and Subsidiaries

Notes to the Combined Carve-Out Financial Statements - Unaudited

The table below sets forth the Company's segment information as of and for the six months ended June 30, 2020 (in thousands):

	BBX Capital Real Estate	BBX Sweet Holdings	Renin	Other	Reconciling Items and Eliminations	Segment Total
Revenues:						
Trade sales	\$ —	26,577	34,621	2,738	—	63,936
Sales of real estate inventory	9,278	—	—	—	—	9,278
Interest income	185	27	—	—	(13)	199
Net losses on sales of real estate assets	(34)	—	—	—	—	(34)
Other revenue	787	204	—	473	(58)	1,406
Total revenues	<u>10,216</u>	<u>26,808</u>	<u>34,621</u>	<u>3,211</u>	<u>(71)</u>	<u>74,785</u>
Costs and expenses:						
Cost of trade sales	—	23,815	28,127	231	—	52,173
Cost of real estate inventory sold	6,106	—	—	—	—	6,106
Interest expense	—	116	185	5	(306)	—
Recoveries from loan losses, net	(5,037)	—	—	—	—	(5,037)
Impairment losses	2,710	25,303	—	2,727	—	30,740
Selling, general and administrative expenses	3,461	16,640	4,653	3,292	7,868	35,914
Total costs and expenses	<u>7,240</u>	<u>65,874</u>	<u>32,965</u>	<u>6,255</u>	<u>7,562</u>	<u>119,896</u>
Equity in net earnings of unconsolidated real estate joint ventures	696	—	—	—	—	696
Other income (expense)	—	114	(3)	—	—	111
Foreign exchange gain	—	—	272	—	—	272
(Loss) income before income taxes	<u>\$ 3,672</u>	<u>(38,952)</u>	<u>1,925</u>	<u>(3,044)</u>	<u>(7,633)</u>	<u>(44,032)</u>
Total assets	<u>\$161,933</u>	<u>133,182</u>	<u>35,917</u>	<u>6,225</u>	<u>79,479</u>	<u>416,736</u>
Expenditures for property and equipment	\$ —	2,924	605	45	—	3,574
Depreciation and amortization	\$ —	2,785	620	51	—	3,456
Debt accretion and amortization	\$ 153	162	9	—	—	324
Cash and cash equivalents	\$ 17,933	3,744	1,871	771	72,218	96,537
Equity method investments	\$ 63,775	—	—	—	—	63,775
Goodwill	\$ —	14,864	—	—	—	14,864
Notes payable and other borrowings	\$ 32,074	7,688	7,974	129	(6,251)	41,614

BBX Capital Florida and Subsidiaries

Notes to the Combined Carve-Out Financial Statements - Unaudited

The table below sets forth the Company's segment information as of and for six months ended June 30, 2019 (in thousands):

	BBX Capital Real Estate	BBX Sweet Holdings	Renin	Other	Reconciling Items and Eliminations	Segment Total
Revenues:						
Trade sales	\$ —	47,988	34,682	4,404	—	87,074
Sales of real estate inventory	4,660	—	—	—	—	4,660
Interest income	465	29	—	—	2	496
Net gains on sales of real estate assets	10,996	—	—	—	—	10,996
Other revenue	1,125	96	—	863	(174)	1,910
Total revenues	17,246	48,113	34,682	5,267	(172)	105,136
Costs and expenses:						
Cost of trade sales	—	31,634	28,006	2,197	—	61,837
Cost of real estate inventory sold	2,643	—	—	—	—	2,643
Interest expense	—	98	256	2	(65)	291
Recoveries from loan losses, net	(2,385)	—	—	—	—	(2,385)
Selling, general and administrative expenses	4,373	20,774	5,477	2,828	11,162	44,614
Total costs and expenses	4,631	52,506	33,739	5,027	11,097	107,000
Equity in net losses of unconsolidated real estate joint ventures	8,742	—	—	—	—	8,742
Other income	170	227	152	5	—	554
Foreign exchange gain	—	—	(24)	—	—	(24)
Income (loss) before income taxes	\$ 21,527	(4,166)	1,071	245	(11,269)	7,408
Total assets						
Total assets	\$153,503	168,091	31,626	8,440	7,467	369,127
Expenditures for property and equipment	\$ 3	2,586	205	374	—	3,168
Depreciation and amortization	\$ 93	2,733	594	67	—	3,487
Debt accretion and amortization	\$ 111	112	17	1	—	241
Cash and cash equivalents	\$ 14,551	4,406	—	988	—	19,945
Equity method investments	\$ 65,254	—	—	—	—	65,254
Goodwill	\$ —	35,521	—	1,727	—	37,248
Notes payable and other borrowings	\$ 31,983	2,928	6,757	200	—	41,868

14. Discontinued Operations

As described in Note 1, FFTRG previously entered into area development and franchise agreements with MOD Pizza related to the development of MOD Pizza franchised restaurant locations throughout Florida and, through 2019, had opened nine restaurant locations. In September 2019, the Company entered into an agreement with MOD Pizza to terminate the area development and franchise agreements and transferred seven of its restaurant

BBX Capital Florida and Subsidiaries

Notes to the Combined Carve-Out Financial Statements - Unaudited

locations, including the related assets, operations, and lease obligations, to MOD Pizza. In addition, the Company closed the remaining two locations and terminated the related lease agreements.

FFTRG's operations as a franchisee of MOD Pizza are presented as discontinued operations in the Company's combined carve-out financial statements.

The carrying amount of major classes of assets and liabilities included as part of discontinued operations is as follows (in thousands):

	<u>June 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 3	35
Operating lease assets	—	772
Other assets	58	185
Discontinued operations total assets	<u>\$ 61</u>	<u>992</u>
LIABILITIES AND EQUITY		
Liabilities:		
Accounts payable	\$ 2	2
Accrued expenses	39	134
Operating lease liability	—	905
Discontinued operations total liabilities	<u>\$ 41</u>	<u>1,041</u>

The major components of loss from discontinued operations are as follows (in thousands):

	For the Six Months Ended June 30,	
	<u>2020</u>	<u>2019</u>
Revenues:		
Trade sales	\$ —	3,987
Other revenue	—	58
Total revenues	<u>—</u>	<u>4,045</u>
Costs and expenses:		
Cost of trade sales	—	1,296
Depreciation, amortization and accretion, net	—	507
Impairment losses	71	2,756
Selling, general and administrative expenses	20	4,130
Total costs and expenses	91	8,689
Pre-tax loss from discontinued operations	<u>\$ (91)</u>	<u>(4,644)</u>

BBX Capital Florida and Subsidiaries**Notes to the Combined Carve-Out Financial Statements - Unaudited**

The following are the major components of the statement of cash flows from discontinued operations (in thousands):

	For the Six Months Ended June 30,	
	2020	2019
Operating activities:		
Net loss	\$ (91)	(4,644)
Adjustment to reconcile net loss to net cash used by operating activities:		
Depreciation, amortization and accretion, net	—	507
Impairment losses	71	2,756
Increase in trade inventory	—	(17)
Decrease in other assets	35	409
Change in operating lease assets and liabilities	(113)	208
Increase in accounts payable	—	9
Decrease in accrued expenses	(96)	(728)
Net cash used in operating activities	<u>\$ (194)</u>	<u>(1,500)</u>
Investing activities:		
Cash paid for intangible assets	\$ —	(40)
Purchases of property and equipment	—	(542)
Net cash used in investing activities	<u>\$ —</u>	<u>(582)</u>

15. Subsequent Events

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through August 17, 2020, the date the financial statements were available to be issued. As of such date, there were no subsequent events identified that required recognition or disclosure other than disclosed below or in the footnotes herein.