

Investor Ridgedale Partners Issues Follow-Up Letter to Alan B. Levan, Chairman and Chief Executive Officer of BBX Capital Corporation, Seeking Response to Value Accretive Proposal Submitted in November

Neither BBX nor Levan have deigned to reply to Ridgedale's November 13 letter proposing a win-win solution to address the Levan Discount

In follow-up letter, Ridgedale asserts that instead of addressing shareholder concerns, Levan and BBX have taken actions designed to punish value-oriented shareholders and expand the Levan Discount

LOS ANGELES, December 13, 2018 – Ridgedale Partners, LLC, a significant shareholder in the common stock of BBX Capital Corporation (NYSE:BBX), has issued a follow-up letter to Alan B. Levan, Chairman of the Board and Chief Executive Officer of BBX, seeking a response to the specific, accretive proposal outlined in Ridgedale's November letter that would allow the Company to repurchase the Class B Common Stock at an over 50% premium to the market price of the Class A Common Stock.

In the letter, Ridgedale addresses the company's "responses" to date that appear to be blatantly vindictive and hostile towards shareholders, as well as the documented history of management's abrogation of fiduciary duties owed to its investors which drove the structure of Ridgedale's original proposal.

Ridgedale argues in the letter that its actions are a necessary response to Mr. Levan's documented elevation of his own self-interest over BBX constituencies to whom he owes a fiduciary duty.

The full text of the letter follows:

December 13, 2018

Mr. Alan B. Levan
Chairman of the Board and Chief Executive Officer
BBX Capital Corporation
401 East Las Olas Boulevard
Suite 800
Fort Lauderdale, FL 33301

Mr. Levan:

Despite your articulated hope that we would sell our stock and go away, Ridgedale Partners, LLC ("Ridgedale") remains a significant, long-term and frustrated owner of the Class A Common Stock of BBX Capital Corporation ("BBX" or the "Company"). On November 13, 2018, we issued an open letter to you and your board which included a concrete proposal that would have been value accretive for both your long suffering public Class A shareholders as well as you and your circle of accomplices that control the Company through the Class B Shares. Our proposal was for the Company to repurchase all the Class B shares at \$9.25 per share, representing an almost 50% premium to the market price for Class A shares, and Ridgedale was willing to help finance such a transaction; furthermore, Ridgedale also expressed an interest in acquiring a majority stake in the Class B shares at the same price. However, after one month, we have received no reply of any kind from you or the Company, and the public announcements made by the Company to date seem designed to punish us and other shareholders who share our views. If we were dealing with a normal executive, we would say that we are flabbergasted that a publicly listed company would simply ignore a value accretive proposal for all stakeholders that included an offer to provide capital, but given your history of misleading your Board of Directors and seeking out deals that maximize your personal benefit to the detriment of all your stakeholders, we are hardly surprised that we continue to fruitlessly wait for a

response. While we realize that the concept of fiduciary duty is completely foreign to you, as the Chairman and Chief Executive Officer of a company publicly listed on the New York Stock Exchange, you have a responsibility to at least feign concern for your shareholders and consider proposals that do more than simply benefit the Levan family (although we designed this proposal to specifically benefit the Levans, given your documented nature). **Consequently, we believe that you owe it to your shareholders to let them know (i) if the Board of Directors considered the proposal in our November 13th letter and its conclusions or (ii) the rationale used for rejecting consideration of the proposal.** We eagerly anticipate your response, but we will not be holding our breath.

Given the Company's refusal to date to engage its shareholders and consider a concrete proposal to benefit all stakeholders, we feel it is incumbent upon us to enlighten you, the Board of Directors and other shareholders further on our views on the Company's actions, as well as your personal history in similar situations. Since you seem to believe that communication with your public shareholders is beneath you (no response to our letter, no earnings calls, etc.), we will continue to hold and use the microphone while advocating for the majority of your shareholders who are the true economic owners of the Company that are sadly being held hostage by Class B holders seemingly looking out only for themselves.

The Company's "Response" to Our Proposal was Designed to Mislead and Punish its own Class A Shareholders

Amazingly, since the release of our letter, the Levan Discount has actually increased from the 36% cited in our previous letter to almost 43% as of the market close on December 12, 2018, and this expansion of the Levan Discount has been driven by actions taken by you and the Company which appear designed specifically to attack value-oriented shareholders. After the release of our letter, the Levan Discount narrowed substantially and dropped below 30% at the close of trading on November 20, 2018, for the first time since the two trading days after the Bluegreen Vacations Corporation ("Bluegreen" or "BXG") Initial Public Offering. Based on the unsolicited feedback we received, many holders appreciated the thoughts in our letter and were cautiously optimistic that perhaps value might finally be unlocked; everyone went away for the Thanksgiving holiday hopeful that, at the very least, the Levan Discount would continue to narrow. We can only surmise that the feedback you received from other holders supporting our thoughts, combined with the knowledge that shareholders were actually benefiting from the price action, was too much for you to take. Much like the Grinch hearing the joyous sounds of Christmas from the residents of Whoville, the idea that shareholders were pleased and potentially ready to make their voices heard was simply loathsome to you and a threat to your fiefdom, and therefore action needed to be taken. On November 26, 2018, the Company and Bluegreen each issued press releases that simply defy logic and description, and caused your shareholders to regurgitate their Thanksgiving meals.

The Company announced the sale of the Addison on Millenia for net proceeds of \$14.4 million, which sounds like a positive release until one realizes that this news was already disclosed in the Company's 10-Q filed almost three weeks earlier; we referred to the sale in our last letter, which was released almost two weeks before the press release. Similar to the inclusion of a new paragraph in your third quarter earnings release highlighting stock repurchases done in 2017 (which we also highlighted in our last letter), this appears to be yet another sad and transparent attempt to mislead your shareholders. We would say that these continued attempts to mislead investors are hurting your credibility with the market, but that would require you having any credibility left.

The much more destructive and insidious move came from Bluegreen's announcement, on the same day, that the Bluegreen Board of Directors (of which you are the Chairman) had authorized a share buyback program of up to 3 million shares of stock for no more than \$35 million. This news is simply mind boggling for two reasons. First, the entire float of Bluegreen's public equity is only 7.4 million shares, so the buyback is targeting up to roughly 40% of the float. Given your demonstrated hatred of returning cash to shareholders, as evidenced by the lack of buyback activity at BBX, we seriously doubt that Bluegreen will purchase a meaningful amount of stock, making your attempt to cause a short squeeze rather transparent. However, the true insanity comes from the fact resources

might be devoted towards purchasing Bluegreen equity when BBX Class A Common Stock creates Bluegreen at an over 40% discount. Based on the closing prices of BBX and BXG on November 26, 2018, and assuming the non-Bluegreen assets are worth approximately \$1.49 per BBX share (lower than the Company assumes), BBX equity at \$6.29 per share created BXG at \$6.93 compared to BXG's closing price of \$12.03, a discount of over 42%.

We can reach only one logical conclusion from the Company's "responses" to our letter over the last month – BBX wants to punish shareholders like us that look at the net asset value. Purchasing BXG equity at an over 70% premium to the price implied by BBX equity is indefensible as a corporate allocation decision. However, causing a short squeeze in BXG equity would expand the Levan Discount and therefore hurt shareholders who were long BBX and short BXG in an attempt to create a stub value trade. When combining the size of the buyback in relation to the BXG float with the nonsensical nature of paying a massive premium, it appears obvious to us that the goal was simply to increase the Levan Discount and punish shareholders for having the temerity to dare question Alan Levan. Unfortunately for you Alan, we are not short BXG against our BBX position, so your attempt at retribution failed. So maybe you can take some solace that while you missed us, you did at least hurt some of your other shareholders. When we said in our previous letter that it was a "bold strategy to highlight your own catastrophic impact on value" in your shareholder presentation, we were focused on the deleterious impact on value from the Company's association with you in general. Amazingly, you decided to up the ante and destroy value further through your actions as opposed to simply your reputation.

You have a History of Concealing Information from the Board

Given your documented history of misrepresenting material facts and offers when presenting to your Board of Directors (the "Board"), we made great efforts to ensure that our letter was received directly by each member of the Board and distributed as widely as possible. Therefore, we took numerous steps to guarantee that your Board members were made aware of our letter and thoughts, including: (i) publicly releasing the letter via newswires, (ii) sending each Board member a copy of the letter, (iii) sending a copy of the letter to each member of the Nova Southeastern University Board of Trustees (of which you are the Chairman), (iv) purchasing a full page ad in the Palm Beach Post on November 20, 2018, and publishing the letter, and (v) purchasing an ad on The Real Deal Miami website. Given the efforts we have undertaken and plan to continue to undertake, we would find it very difficult to believe that your Board members were not aware of the content of our letter.

For those who are unaware of your checkered history with corporate governance and fiduciary duty, we feel it is necessary and our duty to elucidate events that represent some of the most blatant corporate malfeasance actions we have ever encountered. Our concerns regarding your forthrightness with your Board are rooted in the evidence and conclusions from the 2012 trial in the Delaware Chancery Court regarding your attempted sale of BankAtlantic to BB&T. As Vice Chancellor J. Travis Laster of the Delaware Chancery Court noted in his Opinion dated February 27, 2012, accompanying his order on the same date which granted a permanent injunction stopping your attempts to sell Bank Atlantic to BB&T without the Trust Preferred Securities being assumed, you purposefully mislead your Board about the details of an acquisition offer. According to Vice Chancellor Laster's opinion, "Levan described the letter in similar terms and concluded that Bidder 1 'no longer had any intention to buy.' He did not provide the directors with an actual copy of the letter." Furthermore, he highlighted minutes from the Board meeting stating that you "summarized the provisions in the letter including the reduction of the price to 80¢ per share and noted that it remained subject to substantial additional due diligence, the elimination of pre-closing capital from the [Bid Letter] and the absence of severance provisions." As shown below, Vice Chancellor Laster ripped these assertions to shreds:

Nothing on the face of the Bid Letter or otherwise in the record indicates that Bidder 1 was not serious. To the contrary, Bidder 1 is a well-known national financial institution with over \$100 billion in assets. The Bid Letter was in customary form. It represented that Bidder 1 had never failed to execute on an announced

transaction, and no one has suggested that its claim was incorrect. The due diligence requests that Levan found so troubling asked for additional information about the Florida Securities Action, the SEC investigation, and other ongoing litigation, including easily obtainable materials such as the trial transcripts. Given the risks facing BankAtlantic, the recent adverse jury verdict, and the sharp contrast between the verdict and management's long-standing bullishness on the litigation, these were reasonable requests.

Moreover, contrary to Levan's representation to the board, the Bid Letter contemplated that Bidder 1 would contribute interim capital to Bancorp, and Bidder 1 made it clear that "it anticipate[d] that any such capital infusion by [Bidder 1] would be infused between signing and closing of the merger transaction...." JX 369 at 2-3. Also contrary to what Levan told the board, the Bid Letter addressed severance and contemplated "a severance package consistent with the terms and conditions of [Bidder 1's] own severance plans (which recognize credit for years of service)...." JX 369 at 2. Quite reasonably, Bidder 1 only contemplated paying severance to those executives who did not continue their employment, i.e., those actually severed. Id. Levan, by contrast, demanded that the full executive team receive severance and bonuses "regardless of employment" JX 94 at 3 (minutes of November 13, 2010 board meeting). During a November 15, 2010 meeting, Levan took the position "management should be compensated [with severance] whether they are retained or not," even after Bidder 1 made clear that it would "reduce the [transaction] price by that difference if [the additional severance] is paid.

Furthermore, when pushed during your testimony about the blatant misrepresentations made to the Board, your response, after trying to blame the note taker at the Board meeting (ignoring that you approved those minutes), was that you did not realize at the time that you were apparently lying to your Board that this would end up in a trial where your decisions would be questioned.

Q. You're just surmising that, sir; right? Because you can't reconcile your official records, your board minutes, to the black and white letter that you got from Bidder 1 the day before you held that meeting; correct? It's irreconcilable.

*A. I just don't remember and I don't -- there's got to be an explanation for it. I assure you, **I didn't know at that time we were going to be in this trial and I was going to be in testimony with you.** So I assure you that whatever these minutes say happened -- and this letter is this letter so, obviously, there was some conversation in between. (emphasis added)*

When your best defense for lying is to say that you never expected to be caught, well, that really is not a great defense...unless you are six years old.

You View BBX as a "Levan Family Enterprise" and Focus Solely on Personal Benefit

When crafting the proposal in our last letter to offer you and the other Class B holders a \$54 million "honorarium" (or perhaps better referred to as a "tribute" like in the movie Goodfellas), we took instructions from your prior behavior as documented again in the evidence and opinions of the 2012 Delaware Chancery Court trial. In a moment of what we can only conclude was mistaken honesty and forthrightness, you testified during the trial that you viewed BankAtlantic Bancorp, Inc. (which became BBX) as a "Levan Family Enterprise" which you had no desire to sell, either then or in the future.

Q. Incidentally, how much of your life have you dedicated to making this company successful?

A. I'm spent my entire life working at this company to make it successful.

Q. Now, how do you feel, having spent your life building something -- are you proud of what you've built?

A. I am very proud of the franchise that we have built, yes.

Q. How do you feel about having to sell it?

A. This -- this -- this was a -- this was a Levan family enterprise forever and was going to be forever. So selling this under any circumstance is not -- is not something I bargained for.

Vice Chancellor Laster cut to the heart of the matter in his Opinion, when he concluded that the \$50 million offer from Bidder I was not rejected because the price was inadequate, but because it simply did not deliver enough value to you personally. As the Opinion notes, you testified that the \$50 million price was reasonable, despite your assertion otherwise to your Board.

He had just completed a process that generated a single offer of \$50 million, which he told his board BFC would block as inadequate. Despite having advised his fellow directors that the offer was "not serious," Levan's intuition told him it was pretty close to market. As Levan explained at trial, "[i]n the best of times you get the two times book value but, clearly, we were not in the best of times, nor were we the best candidate." Tr. 791. A book value metric suggested a sale price of \$7-14 million. As an alternative measure, Levan understood that historically buyers would pay up to a 30% premium to market. In the second quarter of 2011, Bancorp's trading price implied a range of \$45-79 million. At the time, Levan thought Bancorp realistically could expect \$14-48 million for the whole company.

So why did you recommend the Board terminate discussions on a transaction that you knew offered a fair and reasonable price? As outlined in the Opinion, because it did not provide you personally with the adequate level of tribute.

*Levan did not testify credibly at trial when he asserted that a whole-company sale is "impossible." Tr. 798. In support, Levan cited Bancorp's experience with Bidder 1, but the record demonstrates that Levan did not want to proceed further with Bidder 1 because the transaction **did not meet his personal bottom line**. The board broke off discussions with Bidder 1 after Levan (i) told the board that BFC would not support a transaction that delivered less than \$115- 125 million, (ii) incorrectly described the terms of the Bid Letter, and (iii) refused to recognize the commercial reasonableness of Bidder I's requests for supplemental legal due diligence. (emphasis added)*

Finally, and most damningly, Vice Chancellor Laster spelled out why you and your accomplices tried to move forward with the BB&T transaction – **because it elevated you above all your stakeholders to whom you owed a fiduciary duty.**

*If Bancorp cannot pay the accelerated debt, then in addition to the obvious harm from non-payment, aspects of the Sale Transaction will violate the absolute priority rule. **Through the Sale Transaction, Levan extracted personal consideration for himself and other insiders, moving them to the head of the line.** At closing, Bancorp's three most senior executives – Levan, his son Jarett, and Jack Abdo – will receive more than \$10 million in severance and non-compete payments, an amount greater than the total book value of Bancorp's equity as of September 30, 2011. Neither Levan nor Jarett have an employment contract entitling them to severance payments. Levan will retain his position as a Bancorp executive and conceded at trial that he is not being "severed" from anything. BB&T'S CFO testified that BB&T gave Bancorp the*

*option of either making the payments to the executives or increasing the purchase price. Bancorp chose the former. The Sale Transaction payments hearken back to Levan's insistence on severance during the negotiations with Bidder 1, even after Bidder 1 made clear that the increased severance would reduce the purchase price. **The payments divert a portion of the deal consideration to Bancorp's controlling stockholders, vaulting them over the Debt Securities and other corporate constituencies.** (emphasis added)*

When putting forth our proposal in our initial letter, we took our instructions from your own words and the conclusions of the Delaware Chancery Court; we crafted a proposal designed to enrich you and your accomplices by "vaulting them over...other corporate constituencies," namely your Class A Shareholders. Thanks to your deleterious impact on value, paying you a "tribute" to simply go away will be value accretive for all of your public shareholders. We are fully aware of your nature and what we are dealing with, and we are more than ready to engage in a discussion. There are other potential ways to structure a "tribute," such as giving you the non-Bluegreen assets, which we are willing to discuss. But a conversation requires two parties, and so far, we remain one hand clapping. We are trying to pay the pied piper to get rid of all the rats (even though in this case they are one in the same), but we need the piper to engage and give us a price.

We eagerly anticipate your reply. As we mentioned above, we plan to continue advocating for the true economic owners of BBX through any and all means at our disposal. Despite your suggestion that we simply sell our stock and leave you alone, trust us, we plan on continuing the conversation, even if it remains one-sided.

Regards,

Ridgedale Partners, LLC

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