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LEVITT CORP  
Form 10-K  
March 30, 2004

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities  
Exchange Act of 1934

FOR THE YEAR ENDED DECEMBER 31, 2003

Transition Report Pursuant to Section 13 or 15(d) of the Securities  
Exchange Act of 1934

Commission File Number  
001-31931

LEVITT CORPORATION  
(Exact name of registrant as specified in its Charter)

FLORIDA  
(State or other jurisdiction of  
incorporation or organization)

11-3675068  
(I.R.S. Employer  
Identification No.)

1750 EAST SUNRISE BOULEVARD  
FT. LAUDERDALE, FLORIDA  
(Address of principal executive  
offices)

33304  
(Zip Code)

(954) 760-5200  
(Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

CLASS A COMMON STOCK, PAR VALUE \$0.01 PER SHARE (Title of Each Class)	NEW YORK STOCK EXCHANGE  (Name of Each Exchange on Which Registered)
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Indicate, by check mark, if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10K or any amendment to this Form 10K.

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). YES  NO

The aggregate market value of the voting common equity held by non-affiliates was \$0 on June 30, 2003.

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The number of shares of Registrant's Class A Common Stock outstanding on March 24, 2004 was 13,597,166. The number of shares of Registrant's Class B Common Stock outstanding on March 24, 2004 was 1,219,031.

Portions of the Proxy Statement of Registrant relating to the Annual Meeting of shareholders are incorporated in Part III of this report.

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### PART I

Some of the statements contained or incorporated by reference herein include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Some of the forward-looking statements can be identified by the use of words such as "anticipate," "believe," "estimate," "may," "intend," "expect," "will," "should," "seeks" or other similar expressions. Forward-looking statements are based largely on the expectations of Levitt Corporation ("the Company", "Levitt", or "Registrant", which may be referred to as "we", "us" or "our") and involve inherent risks and uncertainties including certain risks described in this report or other documents incorporated herein by reference. When considering those forward-looking statements, you should keep in mind the risks, uncertainties and other cautionary statements made or incorporated by reference in this report. You should not place undue reliance on any forward-looking statement, which speaks only as of the date made. In addition to the risks identified below, you should refer to our periodic and current reports filed with the United States Securities and Exchange Commission (the "SEC") for specific risks which could cause actual results to be significantly different from those expressed or implied by those forward-looking statements. Some factors which may affect the accuracy of the forward-looking statements apply generally to the real estate industry, while other factors apply directly to us. Any number of important factors which could cause actual results to differ materially from those in the forward-looking statements include: general economic and market conditions, including interest rate levels; our ability to service our substantial indebtedness; inherent risks in investment in real estate; fluctuations in operating results; our anticipated growth strategies; shortages and increased costs of labor and building materials; competition in the real estate development industry; availability and cost of land in desirable areas; natural disasters; our ability to raise debt and equity capital and grow our operations on a profitable basis; and our continuing relationship with affiliates. Many of these factors are beyond our control. In addition to the risks and factors identified above, reference is also made to other risks and factors detailed in reports filed by the Company with the SEC. The Company cautions that the foregoing factors are not exclusive.

#### ITEM 1. BUSINESS

##### GENERAL DESCRIPTION OF BUSINESS

We are a homebuilding and real estate development company with activities throughout Florida. We were organized in December 1982 under the laws of the State of Florida. Until December 31, 2003, we were a wholly owned subsidiary of BankAtlantic Bancorp, Inc, a diversified financial services holding company ("BankAtlantic Bancorp"). We refer you to the discussion below for a description of our spin-off on December 31, 2003 from BankAtlantic Bancorp.

We primarily develop single-family home and master-planned communities, but we also develop, on a limited basis, commercial and industrial properties and multi-family complexes. In our single-family communities, we specialize in serving homebuyers in the active adult and the primary, family-oriented markets

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who desire significant customization to our standard production homes. The standard base price for the homes we sell is between \$135,000 and \$325,000, but our closing price is usually higher due to design modifications, customizations and lot premiums. For 2003, the average selling price of our homes was \$220,000. Through our master-planned communities, we generate substantial long-term revenue from large acreage sales to third-party residential, commercial and industrial developers, as well as create opportunities for our homebuilding activities.

Our principal real estate activities are conducted through Levitt and Sons, LLC, our wholly-owned homebuilding subsidiary ("Levitt and Sons") and Core Communities, LLC, our wholly-owned master-planned community development subsidiary ("Core Communities"). We also engage in commercial real estate activities through Levitt Commercial, LLC, our wholly-owned commercial development subsidiary ("Levitt Commercial"), and we invest with third parties in joint ventures which develop rental and single-family residential properties. In addition, we own approximately 38% of publicly traded Bluegreen Corporation ("Bluegreen", NYSE: BXG), which acquires, develops, markets and sells vacation ownership interests in "drive-to" vacation resorts and residential home sites around golf courses or other amenities.

Levitt and Sons is a real estate developer and residential homebuilder specializing in single-family home communities and condominiums. Levitt and Sons and its predecessors have built more than 200,000 homes since 1929. It has strong brand awareness as America's oldest homebuilder and is recognized nationally for having built the Levittown communities in New York, New Jersey and Pennsylvania. We acquired Levitt and Sons in December 1999.

Core Communities develops master-planned communities and has two existing communities in South Florida. Our original and best-known community, St Lucie West, has been the fastest growing community on Florida's Treasure

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Coast since we acquired it in October 1997 and was ranked by Robert Charles Lesser & Co. as the 6th fastest selling master-planned community in the United States for 2003. St. Lucie West is a 4,600-acre community with approximately 5,000 built and occupied homes, numerous businesses, a university campus and the New York Mets' spring training facility. Our second master-planned community, Tradition, is planned to include over 15,000 residences, a corporate park, a K-12 charter / lab school, commercial properties and mixed-used parcels. We currently own approximately 4,700 acres in Tradition and have options to acquire approximately 4,500 additional acres, which would provide us with a total of approximately five miles of frontage along I-95, a major north/south interstate highway.

### Spin-off from BankAtlantic Bancorp

On December 31, 2003, BankAtlantic Bancorp, Inc. completed the spin-off of Levitt Corporation by means of a pro rata distribution to its shareholders of all of our issued and outstanding capital stock. Prior to the spin-off, we were a wholly owned subsidiary of BankAtlantic Bancorp. As a result of the spin-off, BankAtlantic Bancorp no longer owns any shares of our capital stock. However, at the time of the spin-off, BFC Financial Corporation was the holder of all of the issued and outstanding shares of BankAtlantic Bancorp's Class B common stock and approximately 15.3% of the issued and outstanding shares of BankAtlantic Bancorp's Class A common stock. As a result of the spin-off, BFC Financial Corporation now holds the same relative percentages of our Class A and Class B Common stock. In the aggregate, BFC Financial Corporation's investment represents approximately 55% of the total voting power of all of our common stock.

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In connection with the spin-off, the \$30.0 million demand note owed by us to BankAtlantic Bancorp was converted to a five year term note due December 30, 2008 with interest only payable monthly initially at the prime rate and thereafter at the prime rate plus increments of an additional 0.25% every six months starting June 2004. Prior to the spin-off, BankAtlantic Bancorp also transferred to us its 1.2 million shares of Bluegreen common stock in exchange for a \$5.5 million note and additional shares of our common stock (which were included in the spin-off). This \$5.5 million note is due on December 30, 2004, with principal and interest payable monthly and bearing interest at the prime rate. Additionally, prior to the spin-off, we declared an \$8.0 million dividend to BankAtlantic Bancorp payable in the form of a five-year term note with the same payment terms as the \$30.0 million note described above.

### Proposed Equity Offering

On February 23, 2004, Levitt Corporation filed a Form S-3 registration statement with the SEC registering the sale in a proposed underwritten public offering of 5,000,000 shares of the Company's Class A common stock (5,750,000 shares if the underwriters exercise their over-allotment option). The net proceeds of the offering, if completed, will be used to repay approximately \$13.9 million of indebtedness (including the \$5.5 million note described above), to fund our growth, both internally and through acquisitions, and for general corporate purposes. Please see "Liquidity and Capital Resources."

### BUSINESS STRATEGY

Our business strategy involves the following principal elements:

Build and sell homes profitably in strong growth markets throughout Florida. Currently, we build homes throughout Florida. Our markets are expected to remain strong due to favorable demographic and economic trends, such as retiring "Baby Boomers" and continuing new employment opportunities. As we complete existing developments in these markets, we expect to acquire new land that will not only replenish but also increase our inventory.

Continue to acquire land and to develop master-planned communities in desirable markets. We intend to acquire land parcels in desirable markets that are suited for developing large master-planned communities. Generally, land sale revenues tend to be sporadic and fluctuate more than home sale revenues, but land sale transactions result in higher margins, which typically exceed 40%. Our land development activities in our master-planned communities complement our homebuilding activities by offering a potential source of land for future homebuilding. At the same time, Levitt and Sons' homebuilding activities complement our master-planned community development activities since we believe that its strong merchandising and quality developments support future land sales in our master-planned communities. We expect that Levitt and Sons will continue to purchase land for its residential home developments in our master-planned communities in the future.

Explore joint ventures and/or acquisitions to expand our penetration throughout the United States. We believe that our brand and our core competence as a homebuilder and real estate developer can be extended to new markets both

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inside and outside of Florida. Our strength in developing active adult communities and our brand awareness positions us to pursue joint venture opportunities in new markets.

Maintain a conservative risk profile. We attempt to apply a disciplined

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risk management approach to our business activities. Other than our model homes, substantially all of our homes are pre-sold before construction begins. We require customer deposits of at least 5% to 10% of the base sales price of our homes, and we require a higher percentage deposit for design customizations and upgrades. As a result, we strengthen our backlog and lower our cancellation rates. We seek to maintain our land inventory at Levitt and Sons at levels that can be absorbed within three years. While our land inventory in Tradition, our newest master-planned community, can support eight to ten years of development, we can mitigate the risk associated with this investment by selling parcels to other developers throughout the development period. Alternatively, early sales can provide us with funds that allow us to assemble substantially more acreage with less required additional capital investment. We can also utilize this early sales strategy to improve the attractiveness of the development. For instance, we sold approximately 1,000 acres adjacent to Tradition which we expect to be developed with one or more golf courses, thereby adding an attractive amenity to the area near the development.

Utilize community development districts to fund development costs. We establish community development or improvement districts to access bond financing to fund infrastructure and other projects at our master-planned community developments. The ultimate owners of the property within the district are responsible for amounts owed on these bonds as part of an assessment on their tax bills. Generally, no payments under the bonds are required from property owners during the first two years after issuance. While we are responsible for these amounts until the affected property is sold, this strategy allows us to more effectively manage the cash required to fund development of the project.

Pursue other strategic real estate opportunities. Currently, we own approximately 38% of the outstanding common stock of Bluegreen. Bluegreen is an independently operated company that primarily acquires, develops, markets and sells vacation ownership interests in "drive-to" resorts and develops and sells residential home sites around golf courses or other amenities. We believe that our investment in Bluegreen will be beneficial over time since Bluegreen's current customers are potential future homebuyers in our active adult communities and because the investment diversifies our real estate activities. In the future, we may pursue strategic investments in other real estate related businesses.

### BUSINESS SEGMENTS

Management reports results of operations through four segments: Levitt and Sons, Core Communities, Investment in Bluegreen and Other Operations. The presentation and allocation of the assets, liabilities and results of operations may not reflect the actual economic costs of the segment as a stand-alone business. If a different basis of allocation were utilized, the relative contributions of the segment might differ but, in management's view, the relative trends in segments would not likely be impacted

### LEVITT AND SONS

Levitt and Sons develops planned communities featuring homes with average closing prices ranging from \$167,000 to \$273,000. While in prior years Levitt and Sons focused on active adult communities, Levitt and Sons recently expanded into developing communities for the primary, family-oriented market. At December 31, 2003, Levitt and Sons had eleven communities under development. Additionally, through a joint venture Levitt and Sons is constructing a 164-unit condominium project. The communities currently under development or under contract and relevant data as of December 31, 2003 are as follows:

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COMMUNITY -----	LOCATION -----	TYPE OF COMMUNITY -----	SALES COMMENCED -----	PLANNED UNITS (A) -----	C U
CURRENTLY IN DEVELOPMENT					
Cascades (b)	St. Lucie West	Active Adult	2000	1,158	
Summit Greens	Clermont	Active Adult	2000	770	
Bellaggio	Boynton Beach	Active Adult	2001	537	
Cascades	Estero	Active Adult	2002	521	
Cascades	Sarasota	Active Adult	2003	466	
	TOTAL ACTIVE ADULT			3,452	
Avalon Park	Orlando	Family	2002	806	
Magnolia Lakes (b)	St. Lucie West	Family	2002	479	
Regency Hills	Clermont	Family	2002	265	
Summerport	Windermere	Family	2003	481	
Riomar	Sarasota	Family	2004	154	
Hunter's Creek	Orange County	Family	2004	111	
	TOTAL FAMILY			2,296	
	TOTAL CURRENTLY IN DEVELOPMENT			5,748	
PROPERTIES UNDER CONTRACT					
TO BE ACQUIRED (c)					
Cascades	Estero	Active Adult		83	
Cascades	Groveland	Active Adult		999	
Cascades (b)	Tradition	Active Adult		1,200	
	TOTAL PROPERTIES UNDER CONTRACT			2,282	
	TOTAL PROPERTIES			8,030	

- (a) Represents the number of residential units planned to be built on the property. Actual number of units may vary from original project plan due to engineering and architectural changes.
- (b) Acquired or under contract to be acquired from Core Communities
- (c) There can be no assurance that current property contracts will be consummated.

All of the above communities are located within the State of Florida.

The properties under contract listed above represent properties Levitt and Sons has the right to acquire and currently intends to purchase for which due diligence has been completed as of December 31, 2003 and represent an aggregate purchase price of \$32.7 million. While financing is not yet finalized for these properties, all of these transactions are expected to close by the end of 2004. At December 31, 2003, Levitt and Sons also had contracts to acquire three additional properties for which due diligence had not been completed. These additional properties, which are not included in the above table, would provide

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a total of 1,674 homesites for an aggregate purchase price of approximately \$29.9 million.

Levitt and Sons is also participating in a joint venture that is constructing a 164 unit condominium project known as Boca Grand in which Levitt and Sons has a 47.5% interest. At December 31, 2003, 18 units had been delivered, 104 units were in the venture's backlog, and the remaining 42 units were available for sale.

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At December 31, 2003, Levitt and Sons' backlog (excluding joint ventures) was 2,053 units, or \$458.8 million. Backlog represents the number of units subject to pending sales contracts. Homes included in the backlog include homes that have been completed, but on which title has not been transferred, homes not yet completed and homes on which construction has not begun. Information regarding closed units and backlog units, excluding joint ventures, since our acquisition of Levitt and Sons is as follows:

	CLOSED UNITS -----	BACKLOG UNITS -----
As of and for the year ended December 31, 2000	441	487
As of and for the year ended December 31, 2001	597	584
As of and for the year ended December 31, 2002	740	824
As of and for the year ended December 31, 2003	1,011	2,053

### CORE COMMUNITIES

Core Communities was founded in May 1996 to develop the master-planned community now known as St. Lucie West. It is currently developing the master-planned community known as Tradition. As a master-planned community developer, Core Communities engages in three primary activities: (i) the acquisition of large tracts of raw land; (ii) planning, entitlement and infrastructure development; and (iii) the sale of entitled land and/or developed lots to homebuilders (including Levitt and Sons) and commercial, industrial and institutional end-users.

St. Lucie West is a 4,600 acre master-planned community located in St. Lucie County, Florida. It is bordered by Interstate 95 to the west and Florida's Turnpike to the east. St. Lucie West contains residential, commercial and industrial developments. Within the community, residents are close to recreational and entertainment facilities, houses of worship, retail businesses, medical facilities and schools. PGA of America owns and operates a golf course and a country club. The community's baseball stadium serves as the spring training headquarters for the New York Mets. There are approximately 5,000 homes in St. Lucie West housing nearly 8,000 residents. At December 31, 2003, approximately 123 acres remained available for sale in this project.

Tradition is located approximately two miles south of St. Lucie West, and will encompass more than 9,000 acres if all properties under contract are acquired, including approximately five miles of frontage on Interstate 95. Tradition is being developed as a master-planned community including a corporate park, a K-12 charter/lab school, commercial properties, residential homes and other uses in a series of mixed-use parcels. Community Development District special assessment bonds are being utilized to provide financing for certain infrastructure developments.

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At December 31, 2003, Core Communities owned 4,704 acres in Tradition. Core Communities also has under contract additional parcels contiguous to the existing land totaling approximately 4,456 acres for an aggregate purchase price of \$80.6 million. The contracts for these parcels are expected to begin closing in May 2004. During June 2003, Core Communities acquired a 1,706-acre parcel adjacent to Tradition and subsequently sold 979 of those acres in a single transaction to a developer. This sale was profitable as well as strategic since we anticipate that the construction of one or more golf courses on the land will be considered attractive local amenities to new homeowners in our community.

First phase development is underway at the Tradition project and is expected to continue through 2004. First phase development includes the construction of primary access to I-95 and of connector roadways from the interior of Tradition out to the highway, construction of the storm water infrastructure, commercial pod development, and traditional and neo-traditional residential lot development. Through December 31, 2003, Core Communities has entered into contracts with eight homebuilders for the sale of a total of 1,531 acres in the first phase residential development. While there is no assurance that all of these transactions will be consummated, 139 of the contracted acres had been delivered as of December 31, 2003.

In September 2001, Core Communities acquired a 1,285-acre tract of land known as Live Oak Preserve in Hillsborough County on the west coast of Florida for approximately \$17.0 million. During October 2002, Core Communities sold 1,267 acres of this property, representing all of the residential land, in a single transaction for approximately \$25.0 million. The remaining 18 acres of land represented land zoned for commercial property and were sold in September 2003 for approximately \$5.9 million.

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Core Communities' land in development or under contract and relevant data as of December 31, 2003 were as follows:

PROJECT -----	LOCATION -----	TYPE OF PROJECT -----	ACQUIRED -----	SALEABLE ACRES (A) -----	CLOSED ACRES -----
CURRENTLY IN DEVELOPMENT					
St. Lucie West	St. Lucie County	Mixed Use	1997 (b)	1,970	1,806
TOTAL ST. LUCIE WEST				1,970	1,806
Tradition	St. Lucie County	Mixed Use	1998	2,033	139
Tradition	St. Lucie County	Mixed Use	2002	1,826	--
Tradition	St. Lucie County	Mixed Use	2003	984	--
TOTAL TRADITION				4,843	139
TOTAL CURRENTLY IN DEVELOPMENT				6,813	1,945
PROPERTIES UNDER CONTRACT TO BE ACQUIRED (c)					
Tradition	St. Lucie County	Mixed Use		4,456	--



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TOTAL PROPERTIES	-----	-----
UNDER CONTRACT	4,456	--
	-----	-----
TOTAL PROPERTIES	11,269	1,945
	=====	=====

- (a) Actual saleable acres may vary from original plan due to changes in zoning, project design, or other factors.
- (b) Land inventory as of date of acquisition of Core Communities.
- (c) There can be no assurance that current property contracts will be consummated.

BLUEGREEN CORPORATION

We currently own approximately 9.7 million shares, or 38% of the outstanding common stock of Bluegreen. Bluegreen is a leading provider of vacation and residential lifestyle choices through its vacation ownership and residential land businesses. Bluegreen is organized into two divisions: Bluegreen Resorts and Bluegreen Communities.

Bluegreen Resorts acquires, develops and markets vacation ownership interests in resorts generally located in popular, high-volume, "drive-to" vacation destinations. Bluegreen sells vacation ownership interests in its Bluegreen Vacation Club(R) product through sales offices at all of its owned resorts and at four off-site sales offices. A vacation ownership interest in any of Bluegreen's resorts entitles the buyer to an annual allotment of "points" in perpetuity in the Bluegreen Vacation Club.(R) These points may be exchanged for stays at any of Bluegreen's participating, fully-furnished vacation resorts or for other vacation options, including cruises and stays at approximately 3,700 resorts offered by a worldwide vacation ownership exchange network. Bluegreen currently develops, markets and sells vacation ownership interests in 16 resorts located in the United States and one resort located in the Caribbean.

Bluegreen Communities acquires, develops and subdivides property and markets the subdivided residential homesites to retail customers seeking to build a home in a high quality residential setting. In some cases these properties feature a golf course and/or other amenities. The strategy of this division is to locate its projects (i) near major metropolitan centers (but outside the perimeter of intense subdivision development) or (ii) in popular retirement areas. Bluegreen has focused this division's activities in certain core markets in which Bluegreen has developed substantial marketing expertise and has a strong track record of success.

Bluegreen also generates significant interest income through its financing of individual purchasers of vacation ownership interests and, to a lesser extent, homesites sold by its Bluegreen Communities division.

OTHER OPERATIONS

Other operations consists of Levitt Commercial, investments in joint ventures and other real estate interests and holding company operations.

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Levitt Commercial was formed in 2001 to develop industrial and retail properties. Levitt Commercial currently has four projects under development. The first project, developed by a joint venture of which Levitt Commercial is an 82% owner, is the High Ridge Commerce Center located in Boynton Beach, Florida. This is a 70,000 square foot flex industrial building with 800 feet of frontage on I-95. The project is divided into 14 bays averaging 5,000 square feet. The other three projects, which are wholly-owned by Levitt Commercial, include Phase 2 and 3 of the High Ridge Commerce Center, the Plaza at Boynton Commerce Center, also located in Boynton Beach, and the Andrews Business Center, which is located in Pompano Beach, Florida. The three newer projects will total 89 flex warehouse bays, averaging 2,975 square feet each.

Levitt Commercial is also participating in a joint venture known as the Preserve at Long Leaf, which is developing a 298-unit apartment complex in Melbourne, Florida. Levitt Commercial owns a 50% interest in the land for the apartment complex, which was acquired by the joint venture in October 2002, and a 20% interest in costs related to the further development of the project. An affiliate of our joint venture partner will be the general contractor and we anticipate construction to commence during 2004.

Additionally, at December 31, 2003, Levitt Commercial had a contract to acquire one additional property to develop flex industrial space for a land acquisition cost of approximately \$3.5 million, however that contract was cancelled in January 2004.

Levitt Commercial's projects currently under development or under contract and relevant data as of December 31, 2003 are as follows:

PROJECT -----	LOCATION -----	TYPE OF PROJECT -----	SALES COMMENCED -----	TOTAL UNITS (a) -----
CURRENTLY IN DEVELOPMENT				
High Ridge Commerce Center	Boynton Beach	Flex	2002	14
High Ridge Commerce Center 2 & 3	Boynton Beach	Flex	2003	40
The Plaza at Boynton Commerce Center	Boynton Beach	Flex	2003	21
Andrews Business Center	Pompano Beach	Flex	2004	28
TOTAL PROPERTIES				----- 103 =====

(a) Actual number of units may vary from original project plan due to engineering and architectural changes.

### Other Joint Ventures

From time to time, we seek to defray portions of risk associated with certain real estate projects by entering into joint ventures. For example, we currently own an interest in Brittany Bay at Andros Isles, Ltd., a Florida limited partnership formed to develop a single family attached (duplex) residential development consisting of 222 units located in West Palm Beach, Florida. At December 31, 2003, the venture had closed on 203 units and had entered into contracts to sell the remaining 19 units. We own a 39.9% limited partnership interest in this venture and BankAtlantic Venture Partners 3, Inc., our subsidiary and a co-general partner, owns a 0.1% general partnership interest. The remaining partnership interests are held by unaffiliated third parties.

Additionally, we own an interest in Fairways at Grand Harbor, Ltd., a

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Florida limited partnership organized to develop 257 luxury rental apartments in Vero Beach, Florida. We own a 44.5% limited partnership interest in this venture and BankAtlantic Venture Partners 2, Inc., our subsidiary and a co-general partner, owns a 0.5% general partnership interest. The remaining partnership interests are held by unaffiliated third parties. The rental apartment property was sold to an unaffiliated third party in January 2004. The partnership continues to provide rental management services at neighboring Grand Harbor.

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### Real Estate Industry Risks

The real estate industry is highly cyclical by nature and future market conditions are uncertain. Factors which adversely affect the real estate and homebuilding industries, many of which are beyond our control include:

- the availability and cost of financing;
- unfavorable interest rates and increases in inflation;
- overbuilding or decreases in demand;
- changes in the general availability of land and competition for available land;
- construction defects and warranty claims arising in the ordinary course of business, including mold related property damage and bodily injury claims and homeowner and homeowner association lawsuits;
- changes in national, regional and local economic conditions;
- cost overruns, inclement weather, and labor and material shortages;
- the impact of present or future environmental legislation, zoning laws and other regulations;
- availability, delays and costs associated with obtaining permits, approvals or licenses necessary to develop property; and
- increases in real estate taxes and other governmental fees.

In addition, we currently develop and sell properties solely in Florida. The market in which we operate is subject to the risks of natural disasters such as hurricanes and tropical storms and we will be subject to adverse changes in the economy in Florida.

### Levitt Corporation Risks

We have a significant amount of debt. At December 31, 2003, our consolidated debt was approximately \$174.1 million, including the \$13.5 million of indebtedness incurred in connection with our spin-off from BankAtlantic Bancorp. The amount of our debt could have important consequences. For example, it could:

- limit our ability to obtain future financing for working capital, capital expenditures, acquisitions, debt service requirements or other requirements;
- require us to dedicate a substantial portion of our cash flow from operations to payment of or on our debt and reduce our ability to

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use our cash flow for other purposes;

- impact our flexibility in planning for, or reacting to, the changes in our business;
- place us at a competitive disadvantage if we have more debt than our competitors; and
- make us more vulnerable in the event of a downturn in our business or in general economic conditions.

Our ability to meet our debt service and other obligations, to refinance our indebtedness and to fund planned capital expenditures will depend upon our future performance. We are engaged in businesses that are substantially affected by changes in economic cycles. Our revenues and earnings vary with the level of general economic activity in the markets we serve. Our businesses are also affected by financial, political, business and other factors, many of which are beyond our control. The factors that affect our ability to generate cash can also affect our ability to raise additional funds for these purposes through the sale of equity securities, the refinancing of debt, or the sale of assets. Changes in prevailing interest rates may affect our ability to meet our debt service obligations, because borrowings under a significant portion of our debt instruments bear interest at floating rates.

Our anticipated debt payment obligations for the 12 months beginning December 31, 2003 total \$20.2 million. Our business may not generate sufficient cash flow from operations, and future borrowings may not be available under our existing credit facilities or any other financing sources in an amount sufficient to enable us to service our indebtedness or to fund our other liquidity needs. We may need to refinance all or a portion of our debt on or before maturity, which we may not be able to do on favorable terms or at all.

As of December 31, 2003, BFC Financial Corporation owned 1,219,031 shares of our Class B common stock, which represented all of our issued and outstanding Class B common stock, and 2,074,244 shares, or approximately 15%, of our issued and outstanding Class A common stock. In the aggregate these shares represent approximately 55% of our total voting power. Since the Class A common stock and Class B common stock vote as a single group on most matters, BFC Financial Corporation is in a position to control our company and elect a majority of our Board of Directors. Additionally, Alan B. Levan, our Chairman and Chief Executive Officer, and John E. Abdo, our Vice Chairman and

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President, beneficially own approximately 46% and 23% of the shares of BFC Financial Corporation, respectively. As a consequence, Alan B. Levan and John E. Abdo effectively have the voting power to control the outcome of any shareholder vote of Levitt Corporation, except in those limited circumstances where Florida law mandates that the holders of our Class A common stock vote as a separate class. BFC Financial Corporation's interests may conflict with the interests of our other shareholders, and BFC Financial Corporation's control position may have an adverse effect on the market price of our Class A common stock.

### COMPETITION

The real estate development and homebuilding industries are highly competitive and fragmented. Competitive overbuilding in local markets, among other competitive factors, could materially adversely affect homebuilders in the affected market. Homebuilders compete for financing, raw materials and skilled labor, as well as for the sale of homes. Additionally, competition for prime properties is intense and the acquisition of such properties may become more

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expensive in the future to the extent demand and competition increase. We compete with other local, regional and national real estate companies and homebuilders, often within larger subdivisions designed, planned and developed by such competitors. Some of our competitors have greater financial, marketing, sales and other resources than we do.

In addition, there are relatively low barriers to entry into our business. There are no required technologies that would preclude or inhibit competitors from entering our markets. Our competitors may independently develop land and construct products that are superior or substantially similar to our products. We currently build solely in Florida, which contains some of the top markets in the nation, and therefore we expect to continue to face additional competition from new entrants into our markets.

### EMPLOYEES

As of December 31, 2003, we employed a total of 353 full-time employees and 34 part-time employees. The breakdown of employees by entity is as follows:

	Full Time ----	Part Time ----
Levitt Corporation	8	--
Core Communities	26	3
Levitt and Sons	312	31
Other Subsidiaries	7	--
	----	----
Total	353	34
	====	====

Our employees are not represented by any collective bargaining agreement, and we have never experienced a work stoppage. We believe our employee relations are good.

Our future success is heavily dependent upon our ability to hire and retain qualified marketing, sales and management personnel. The competition for such personnel is intense in the real estate industry. There can be no assurance that we will be able to continue to attract and retain qualified management and other personnel.

### CYCLICALITY; SEASONALITY

The real estate industry is highly cyclical by nature and future market conditions are uncertain. Factors which adversely affect the real estate and homebuilding industries, many of which are beyond our control, include changes in national, regional and local economic conditions; cost overruns; inclement weather, and labor and material shortages;

### GOVERNMENTAL AND ENVIRONMENTAL MATTERS

We are subject to laws, ordinances and regulations of various federal, state and local governmental entities and agencies concerning, among other things:

- environmental matters, including the presence of hazardous or toxic substances;
- wetland preservation;

- health and safety;
- zoning, land use and other entitlements;
- building design; and
- density levels.

In developing a project and building homes or apartments, we may be required to obtain the approval of numerous governmental authorities regulating matters such as:

- installation of utility services such as gas, electric, water and waste disposal;
- the dedication of acreage for open space, parks and schools;
- permitted land uses; and
- the construction design, methods and materials used.

These laws or regulations could, among other things:

- establish building moratoriums;
- limit the number of homes, apartments or commercial properties that may be built;
- change building codes and construction requirements affecting property under construction;
- increase the cost of development and construction;
- delay development and construction; and
- otherwise have a material adverse effect on the real estate industry in general and on our business, financial condition and results of operations, specifically.

We may also at times not be in compliance with all regulatory requirements. If we are not in compliance with regulatory requirements, we may be subject to penalties or we may be forced to incur significant expenses to cure any noncompliance. In addition, some of our land and some of the land that we may acquire has not yet received planning approvals or entitlements necessary for planned development or future development. Failure to obtain entitlements necessary for further development of this land on a timely basis or to the extent desired may adversely affect our future results and prospects.

Several governmental authorities have also imposed impact fees as a means of defraying the cost of providing certain governmental services to developing areas, and many of these fees have increased significantly during recent years.

We consider the costs of compliance with environmental regulations to be part of the ordinary course of our business, and such compliance has not had any material adverse effect on the Company.

ITEM 2. PROPERTIES

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The Company's principal and executive offices are located at 1750 East Sunrise Boulevard, Fort Lauderdale, Florida 33304. Levitt Corporation occupies these offices pursuant to an agreement with BFC Financial Corporation, which leases the property from BankAtlantic. BankAtlantic has purchased another property to be used as its executive offices, and it is expected that Levitt Corporation will also move to that building under a new lease in the fall of 2004. In addition, the Company and its subsidiaries occupy administrative space in various locations in Florida under leases that expire at various dates through 2006.

### ITEM 3. LEGAL PROCEEDINGS

From time to time, we are involved in various litigation matters arising in the ordinary course of our business. We do not expect the outcome of any such matters to materially impact our financial condition or results of operations.

### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

In connection with the Company's spin-off from BankAtlantic Bancorp and the listing of the Company's Class A common stock on the NYSE, the Company's board of directors recommended to its then sole shareholder, BankAtlantic

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Bancorp, the adoption of certain amendments to the Company's organizational instruments, as more fully described below, and the approval of the 2003 Levitt Corporation Stock Incentive Plan.

On December 2, 2003, at a special meeting of the Company's sole shareholder, BankAtlantic Bancorp voted to approve the following:

#### Amended and Restated Articles of Incorporation

BankAtlantic Bancorp voted to approve the Company's Amended and Restated Articles of Incorporation pursuant to which the Company recapitalized its capital stock with 50,000,000 shares of Class A common stock, 10,000,000 shares of Class B common stock and 5,000,000 shares of preferred stock, and to provide for the terms of the capital stock so that the Company's capital structure closely resembled the capital structure of BankAtlantic Bancorp.

#### Amended and Restated Bylaws

BankAtlantic Bancorp voted to approve the Company's Amended and Restated Bylaws pursuant to which, among other things, the Company's board of directors was divided into three classes, with one class elected annually. Pursuant to the Company's Amended and Restated Bylaws, S. Lawrence Kahn, III, William Scherer and Joel Levy were elected as Class I directors whose terms of office expire at the Company's annual meeting in 2004; John E. Abdo and William Nicholson were elected as Class II directors, whose terms of office expire at the Company's annual meeting in 2005; and Alan B. Levan, James Blosser and Darwin Dornbush were elected as Class III directors, whose terms of office expire at the Company's annual meeting in 2006:

On December 18, 2003, at a special shareholder's meeting, BankAtlantic Bancorp approved the terms and conditions of the 2003 Levitt Corporation Stock Incentive Plan and the reservation of 1,500,000 shares of Class A common stock for future issuance thereunder.

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## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

#### Market Information

Our Class A common stock is listed on the New York Stock Exchange under the symbol "LEV." BFC Financial Corporation ("BFC") is the sole holder of the Company's Class B common stock and there is no trading market for the Company's Class B common stock. The Class B common stock may only be owned by BFC or its affiliates and is convertible into Class A common stock at the discretion of the holder on a one-for-one basis.

From January 2, 2004, the date our Class A common stock first began regular way trading on the New York Stock Exchange, through March 24, 2004, the high and low sale prices of our Class A common stock as reported by the New York Stock Exchange were \$26.22 and \$16.00, respectively. The stock prices do not include retail mark-ups, mark-downs or commissions. On March 24, 2004, the closing sale price of our Class A common stock as reported on the New York Stock Exchange was \$25.05 per share.

#### Holders

On March 24, 2004, there were approximately 14,850 holders and 13,597,166 shares of the Class A common stock issued and outstanding. In addition, there were 1,219,031 shares of Class B common stock outstanding at March 24, 2004.

#### Dividends

We have never paid cash dividends on our common stock. From time to time, we intend to evaluate the payment of regular cash dividends on our common stock based upon our results of operations, financial condition, cash requirements and prospects. We cannot assure you that we will declare any cash dividends in the foreseeable future.

Our ability to pay dividends is restricted by certain covenant restrictions contained in the indentures and loan agreements that govern the terms of our debt.

#### Securities Authorized for Issuance Under Equity Compensation Plans

The following table contains information, as of December 31, 2003, concerning our equity compensation plans for which we have previously obtained shareholder approval and those equity compensation plans for which we have not previously obtained shareholder approval:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants or rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number remaining futur
Equity compensation plans approved by security holders	-0-	n/a	
Equity compensation plans not approved by security holders	-0-	n/a	



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Total

-0-

n/a

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ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth selected consolidated financial data as of and for the years ended December 31, 1999 through 2003. Certain selected financial data presented below as of December 31, 2003, 2002, 2001, 2000, and 1999 and for each of the years in the five-year period ended December 31, 2003, are derived from our audited consolidated financial statements. Our financial statements were audited by KPMG LLP, independent certified public accountants, with respect to 2001, 2000 and 1999, and by PricewaterhouseCoopers LLP, independent certified public accountants, with respect to 2003 and 2002. This table is a summary and should be read in conjunction with the consolidated financial statements and related notes thereto which are included elsewhere in this report.

	AS OF OR FOR THE YEAR ENDED DECEMBER 31			
	2003	2002	2001	2000 (a)
	(dollars in thousands, except per share, unit and price data)			
<b>STATEMENT OF OPERATIONS DATA:</b>				
<b>REVENUES</b>				
Sales of real estate	\$283,058	207,808	143,140	100,322
Other revenues	2,466	1,595	1,106	5,664
<b>Total Revenues</b>	<b>285,524</b>	<b>209,403</b>	<b>144,246</b>	<b>105,986</b>
<b>COSTS AND EXPENSES</b>				
Cost of sales of real estate	209,431	159,675	111,685	79,029
Other costs and expenses	43,951	32,059	27,697	21,770
<b>Total Costs and Expenses</b>	<b>253,382</b>	<b>191,734</b>	<b>139,382</b>	<b>100,799</b>
	32,142	17,669	4,864	5,187
Earnings from Bluegreen Corporation (b)	7,433	4,570	--	--
Other income	3,645	3,527	6,776	4,976
Income before income taxes	43,220	25,766	11,640	10,163
Provision for income taxes	16,400	6,254	4,118	3,208
<b>Net income</b>	<b>\$ 26,820</b>	<b>19,512</b>	<b>7,522</b>	<b>6,955</b>
Basic earnings per share	\$ 1.81	1.32	0.51	0.47
Diluted earnings per share (c)	\$ 1.77	1.30	0.51	0.47
Weighted average shares outstanding	14,816	14,816	14,816	14,816
Diluted shares outstanding	14,816	14,816	14,816	14,816

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### OTHER DATA:

Consolidated margin (d)	73,627	48,133	31,455	21,293
Consolidated margin percentage (e)	26.0%	23.2%	22.0%	21.2%

### LEVITT AND SONS (a) (f)

Homes delivered	1,011	740	597	441
Average selling price of homes delivered	\$220,000	219,000	195,000	190,000
Margin percentage on homes delivered	22%	19%	19%	15%
Backlog of homes (units)	2,053	824	584	487
Backlog of homes (value)	\$458,771	167,526	125,041	94,751

### CORE COMMUNITIES:

Acres sold	1,337	1,715	253	145
Average selling price of acres sold	\$ 41,000	31,000	85,000	110,000
Margin percentage on land sales	43.0%	46.7% (g)	51.0%	56.3%
Acres acquired	1,963	1,826	1,285	--
Average purchase price of acres acquired	\$ 7,500	10,000	13,200	--
Unsold acres	4,868	4,242	4,131	3,099

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AS OF OR FOR THE YEAR ENDED DECEMBER 31

-----  
2003                      2002                      2001                      2000 (a)  
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(dollars in thousands, except per share, unit and price data)

### BALANCE SHEET DATA:

Inventory of real estate	\$257,556	198,126	142,433	110,390
Investment in Bluegreen	70,852	57,332	--	--
Total assets	392,714	295,461	196,193	168,863
Notes payable to non-affiliates	111,625	85,359	55,625	41,047
Notes payable to affiliates	61,618	57,505	27,870	27,796
Development bonds payable	850	4,581	8,635	9,891
Total liabilities	267,238	187,774	126,254	105,874
Shareholders' equity	125,452	107,533	70,028	62,506

### FINANCIAL STATISTICS:

Return on average shareholders' equity (h)	23.0%	22.0%	11.4%	11.8%
Ratio of total debt to shareholders' equity	1.39	1.37	1.32	1.26

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- (a) Levitt Corporation acquired Levitt and Sons in December 1999.
- (b) Levitt Corporation acquired its interest in Bluegreen Corporation in April 2002.
- (c) Diluted earnings per share takes into account the dilution in earnings we recognize from Bluegreen as a result of outstanding securities issued by Bluegreen that enable the holders thereof to acquire shares of Bluegreen's common stock.

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- (d) Margin is calculated as sales of real estate minus cost of sales of real estate.
- (e) Margin percentage is calculated by dividing margin by sales of real estate.
- (f) Excludes joint ventures. Backlog includes all homes subject to sales contracts.
- (g) Land sales to Levitt and Sons for the year ended December 31, 2002 equaled \$8.5 million and the net gain recognized was \$6.5 million. These inter-company transactions were eliminated in consolidation.
- (h) Calculated by dividing net income by average shareholders' equity. Average shareholders' equity is calculated by averaging beginning and end of period shareholders' equity balances.

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### ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

We engage in real estate activities through Levitt and Sons, Core Communities, Levitt Commercial, an investment in Bluegreen and investments in real estate projects in Florida through subsidiaries and joint ventures. Levitt and Sons is a developer of single-family home communities and condominium and rental apartment complexes in Florida. Core Communities owns the unsold land and other entitlements of the 4,600 acre master-planned community known as St. Lucie West in St. Lucie County, Florida. Core Communities also owns approximately 4,700 acres in Tradition, our second master-planned community, and has options to acquire an additional 4,500 acres which will provide Tradition with more than 9,000 acres, including approximately five miles of frontage on Interstate 95. Tradition is in the initial development stage in St. Lucie County, Florida.

On December 31, 2003, BankAtlantic Bancorp completed the spin-off of the Company, and BankAtlantic Bancorp no longer owns any shares of our capital stock. As a result of the spin-off, our reported financial information may not be necessarily indicative of our future operating results or of our future financial condition because the consummation of the spin-off has resulted in \$13.5 million of additional indebtedness and our ownership of an additional 1.2 million shares of Bluegreen. These factors will cause an increase in interest expense of almost \$600,000 per year, and allow us to pick up an additional 4.8% of Bluegreen's earnings. Additionally, we may not be able to borrow money at the same rates, we will incur greater costs and expenses for general and administrative services provided by our affiliates and we will incur greater costs and expenses of reporting and compliance associated with being a public company.

In April 2002, we acquired 8.3 million shares of the outstanding common stock of Bluegreen for approximately \$53.8 million. In connection with the spin-off, BankAtlantic Bancorp transferred 1.2 million shares of Bluegreen's common stock to us in exchange for a \$5.5 million promissory note and additional shares of our common stock (which additional shares were subsequently distributed in the spin-off). Bluegreen is a New York Stock Exchange-listed company that acquires, develops, markets and sells vacation ownership interests in "drive-to" resorts and develops and sells residential homesites around golf courses or other amenities. The investment in Bluegreen was recorded at cost and the carrying amount of the investment is adjusted to recognize our interest in the earnings or loss of Bluegreen after the acquisition date. At December 31, 2003 and December 31, 2002, our investment in Bluegreen was approximately \$70.9 million and \$57.3 million, respectively. The 9.5 million shares of Bluegreen

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common stock that we own comprises approximately 38% of the common stock of Bluegreen outstanding as of December 31, 2003.

### EXECUTIVE OVERVIEW

Management evaluates the performance and prospects of the Company and its subsidiaries using a variety of financial and non-financial metrics. The key financial measures utilized to evaluate historical operating performance include revenues from sales of real estate, cost of sales of real estate, margin, margin percentage, income before taxes and net income. Non-financial measures used to evaluate historical performance include the number of homes delivered, number and value of sales contracts executed, and the number of housing starts. To evaluate the Company's future prospects, management uses non-financial information such as the number of homes and acres in backlog (where we have a property subject to a pending sales contract), and the aggregate value of those contracts. Additionally, we monitor the number of properties remaining in inventory and under contract to be purchased relative to our sales and construction trends. Financial information utilized to evaluate the Company's future prospects are the Company's ratio of debt to shareholders' equity and cash requirements. General economic factors and interest rate trends are also monitored as they may have an impact on the Company's prospects. Each of the above metrics is discussed in the following sections as it relates to our operating results, financial position and liquidity. The list of metrics above is not an exhaustive list, and management may from time to time utilize additional financial and non-financial information or may not use the metrics listed above.

### CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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 revenues and expenses on the statements of operations for the periods presented. Actual results could differ significantly from those estimates. Material estimates that are particularly susceptible to significant change in subsequent periods relate to the determination of the valuation of real estate, the

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valuation of carrying values of investments in joint ventures, the valuation of the fair market value of assets and liabilities in the application of the purchase method of accounting and the amount of the deferred tax asset valuation allowance. We have identified the following accounting policies that management views as critical to the portrayal of our financial condition and results of operations.

#### Real Estate Inventories and Investment in Joint Ventures

Our inventory of real estate includes land acquisition costs, land development costs, interest and other construction costs, all of which are accounted for in our financial statements at accumulated cost or, when circumstances indicate that the inventory is impaired, at estimated fair value. Estimated fair value is based on disposition of real estate in the normal course of business under existing and anticipated market conditions. The evaluation takes into consideration the current status of the property, various restrictions, carrying costs, costs of disposition and any other circumstances that may affect fair value, including management's plans for the property. Due

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to the large acreage of land holdings, disposition in the normal course of business is expected to extend over a number of years. Uncertainties associated with the economy, interest rates and the real estate market in general may significantly change the valuation of our real estate investments.

Land and indirect land development costs are accumulated and allocated to various parcels or housing units using specific identification and allocation based upon the relative sales value, unit or area methods. Direct construction costs are assigned to housing units based on specific identification. Other capitalized costs consist of capitalized interest, real estate taxes, tangible selling costs, local government fees and field overhead incurred during the development and construction period. Start-up costs and selling expenses are expensed as incurred. Interest is capitalized as a component of inventory at the effective rates paid on borrowings during the pre-construction and planning stage and the periods that projects are under development. Capitalization of interest is discontinued if development ceases at a project.

We account for joint ventures in which we have a 50% or less ownership interest or a less than controlling interest using the equity method of accounting. Under the equity method, the initial investment in a joint venture is recorded at cost and is subsequently adjusted to recognize the Company's share of the joint venture's earnings or losses. Joint venture investments and our investment in Bluegreen are evaluated annually for other than temporary declines in value. Evidence of other than temporary declines in value includes the inability of the investee to sustain an earnings capacity that would justify the carrying amount of the investment and consistent joint venture operating losses. The evaluation is based on available information including condition of the property and current and anticipated real estate market conditions. At December 31, 2003, December 31, 2002 and December 31, 2001, the combined balances of inventory of real estate, investments in real estate joint ventures and investment in Bluegreen were \$332.5 million and \$259.7 million and \$150.8 million, respectively.

### Revenue Recognition

Revenue and all related costs and expenses from house and land sales are recognized at the time that closing has occurred, when title and possession of the property and the risks and rewards of ownership transfer to the buyer, and when other sale and profit recognition criteria are satisfied as required under accounting principles generally accepted in the United States of America for real estate transactions. In order to properly match revenues with expenses, we estimate construction and land development costs incurred but not paid at the time of closing. Estimated costs to complete are determined for each closed home and land sale based upon historical data with respect to similar product types and geographical areas. We monitor the accuracy of estimates by comparing actual costs incurred subsequent to closing to the estimate made at the time of closing and make modifications to the estimates based on these comparisons. We do not expect the estimation process to change in the future nor do we expect actual results to materially differ from such estimates.

### Capitalized Interest

Interest incurred relating to land under development and construction is capitalized to real estate inventories during the active development period. Interest is capitalized as a component of inventory at the effective rates paid on borrowings during the pre-construction and planning stage and during the periods that projects are under development. Capitalization of interest is discontinued if development ceases at a project. Interest is amortized to cost of sale as related homes, land and units are sold.

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### Income Taxes

The Company utilizes the asset and liability method to account for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the 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 of a change in tax rates on deferred tax assets and liabilities is recognized in the period that includes the statutory enactment date. A deferred tax asset valuation allowance is recorded when it is more likely than not that all or a portion of the deferred tax asset will not be realized.

### CONSOLIDATED RESULTS OF OPERATIONS

	FOR THE YEAR ENDED DECEMBER 31,			2003 AND 2002	2002 AND 2001
	2003	2002	2001	CHANGE	CHANGE
	(dollars in thousands, except per share data)				
<b>REVENUES</b>					
Sales of real estate	\$283,058	207,808	143,140	75,250	64,000
Title and mortgage operations	2,466	1,595	1,106	871	(1,000)
<b>Total revenues</b>	<b>285,524</b>	<b>209,403</b>	<b>144,246</b>	<b>76,121</b>	<b>65,000</b>
<b>COSTS AND EXPENSES</b>					
Cost of sales of real estate	209,431	159,675	111,685	49,756	47,000
Selling, general and administrative expenses	41,794	30,359	26,031	11,435	4,000
Interest expense, net	233	389	180	(156)	(1,000)
Other expenses	1,838	1,311	930	527	(1,000)
Minority interest	86	--	556	86	(1,000)
<b>Total costs and expenses</b>	<b>253,382</b>	<b>191,734</b>	<b>139,382</b>	<b>61,648</b>	<b>52,000</b>
Earnings from Bluegreen Corporation (a)	32,142	17,669	4,864	14,473	12,000
Earnings from joint ventures	7,433	4,570	--	2,863	4,000
Interest and other income	483	849	2,888	(366)	(2,000)
	3,162	2,678	3,888	484	(1,000)
Income before income taxes	43,220	25,766	11,640	17,454	14,000
Provision for income taxes	16,400	6,254	4,118	10,146	2,000
<b>NET INCOME</b>	<b>\$ 26,820</b>	<b>19,512</b>	<b>7,522</b>	<b>7,308</b>	<b>11,000</b>
Basic earnings per share	\$ 1.81	1.32	0.51	0.49	0.00
Diluted earnings per share (b)	\$ 1.77	1.30	0.51	0.47	0.00
Weighted average shares outstanding	14,816	14,816	14,816	--	--
Diluted shares outstanding	14,816	14,816	14,816	--	--

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- (a) Levitt Corporation acquired its interest in Bluegreen Corporation in April 2002.
- (b) Diluted earnings per share takes into account the dilution in earnings we recognize from Bluegreen as a result of outstanding securities issued by Bluegreen that enable the holders thereof to acquire shares of Bluegreen's common stock.

For the Year Ended December 31, 2003 Compared to the Same 2002 Period

Consolidated net income increased \$7.3 million, or 37%, to \$26.8 million for the year ended December 31, 2003 from \$19.5 million for the same 2002 period. The increase in net income resulted primarily from an increase in sales of real estate by Levitt and Sons, Core Communities, and Levitt Commercial, as well as from increased earnings from Bluegreen Corporation. These increases in income were partially offset by a decrease in earnings in joint ventures of \$366,000, an increase in selling, general and administrative expenses of \$11.4 million, and an increase in the provision for income taxes of \$10.1 million.

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Revenues from sales of real estate increased \$75.3 million, or 36%, to \$283.1 million for the year ended December 31, 2003 from \$207.8 million for the same 2002 period. Levitt and Sons' home deliveries in 2003 increased 37% to 1,011 homes from 740 homes delivered in the first nine months of 2002. This increase in deliveries resulted in a \$59.9 million increase in revenues from sales of real estate at Levitt and Sons over the corresponding periods. Core Communities' revenues from land sales in 2003 increased to \$55.0 million from \$53.9 million in 2002. Core Communities 2002 revenues include sales to Levitt and Sons of \$8.5 million. These inter-company transactions were eliminated in consolidation. Consolidated cost of sales in 2003 was reduced by \$1.0 million as previously deferred profits on inter-company transactions were recognized at the time of home sales to third parties. Levitt Commercial commenced deliveries of its flex warehouse units in 2003, and revenues from sales of these units in 2003 totaled \$5.8 million. Earnings from Bluegreen for the year ended December 31, 2003 were \$7.4 million, as compared with \$4.6 million for the period of our ownership in 2002. Bluegreen's net income for 2003 was \$25.8 million, as compared to \$15.4 million for the period of our ownership ended December 31, 2002.

The increase in selling, general and administrative expenses for the year ended December 31, 2003 as compared to 2002 primarily related to higher employee compensation and benefits, increased advertising expenses and costs relating to our public offering of investment notes. The increase in employee compensation and benefits and advertising expenses was directly related to our new development projects in central and southeast Florida and to the increase in home deliveries at Levitt and Sons. As a result of these new projects and higher number of home deliveries, our full time employees increased to 353 at December 31, 2003 from 221 at December 31, 2002, and the number of part time employees increased to 34 at December 31, 2003 from 28 at December 31, 2002.

Interest incurred totaled \$7.9 million and \$8.1 million for 2003 and 2002, respectively. The decrease in interest incurred was primarily due to a decline in average interest rates from 6.0% for 2002 to 4.8% for 2003. These decreases were partially offset by increases in borrowings associated with several new development projects as well as interest accruing on the Company's \$30.0 million note payable to BankAtlantic Bancorp for twelve months in 2003, as compared to only nine months in 2002. Interest capitalized totaled \$7.7 million for both 2003 and 2002. Cost of sales of real estate for the years ended December 31, 2003 and 2002 included previously capitalized interest of approximately \$6.4 million and \$6.2 million, respectively.

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Earnings from joint ventures decreased \$366,000 in 2003 as compared to 2002. The decrease in earnings from joint ventures primarily resulted from completion of a joint venture project during 2002.

The provision for income taxes increased \$10.1 million, or 62% to \$16.4 million for 2003, due to increased earnings before taxes, and an increase in the effective tax rate from 24.2% in 2002 to 37.9% in 2003. The provision for income taxes for the years ended December 31, 2003 and 2002 was net of a reduction in the deferred tax asset valuation allowance of approximately \$418,000 and \$2.6 million, respectively. Reductions in the deferred tax asset valuation allowance reduce the provision for income taxes for the year, thereby reducing the effective tax rate.

For the Year Ended December 31, 2002 Compared to the Same 2001 Period

Consolidated net income increased \$12.0 million, or 159%, to \$19.5 million for the year ended December 31, 2002 from \$7.5 million for the same 2001 period. This increase primarily resulted from an increase in the margin on the sales of real estate of \$16.7 million, an increase in title and mortgage operations of \$500,000 and earnings in Bluegreen of \$4.6 million. These increases in income were partially offset by decreases in earnings in joint ventures of \$2.0 million, interest and other revenues of \$1.2 million, an increase in selling, general and administrative expenses of \$4.3 million and an increase in the provision for income taxes of \$2.1 million.

Margin from sales of real estate primarily reflect the activities of Levitt and Sons and Core Communities. During the year ended December 31, 2002, Core Communities' margin on land sales was \$18.7 million as compared to \$11.0 million in 2001. Core Communities' 2002 margin on land sales excludes sales to Levitt and Sons of \$6.5 million. This inter-company transaction was eliminated in consolidation. Core Communities' increases in sales revenue and gross profit are primarily attributable to an increase in commercial land sales and residential lot sales in 2002. During the 2002 period, net gains from home sales at Levitt and Sons were \$31.1 million as compared to \$22.1 million during the same 2001 period. This was primarily due to increases in the volume of home deliveries and the average closing price of homes delivered. In 2001, we recognized a gain of \$680,000 from the sale of a marine rental property.

The increase in selling, general and administrative expenses primarily resulted from the addition of several new development projects and an increase in home deliveries at Levitt and Sons, as well as an increase in compensation and

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benefits associated with increases in incentive accruals and personnel resulting from the addition of several new development projects. The number of full time employees increased to 221 at December 31, 2002 from 202 at December 31, 2001.

Interest incurred totaled \$8.1 million and \$6.2 million for the 2002 period and 2001 period, respectively. The increase in interest incurred was primarily due to increases in borrowings associated with several new development projects. This increase in interest incurred was partially offset by a decline in average interest rates from 7.5% for the 2001 period to 6.0% for the 2002 period. Capitalized interest totaled \$7.7 million and \$6.0 million for the 2002 period and 2001 period, respectively. At the time of home sale closings and land sales the capitalized interest allocated to such property is charged to cost of sales. Cost of sales of real estate for the year ended December 31, 2002 and 2001 included previously capitalized interest of approximately \$6.2 million and \$4.8 million, respectively.



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Minority interest declined due to the sale of the marine rental property and the sell-out of a development in which we had a majority joint venture interest.

Our income from Bluegreen for the year ended December 31, 2002 was \$4.6 million. The earnings from Bluegreen included approximately \$353,000 of amortization associated with purchase accounting adjustments. Bluegreen's income before the cumulative effect of a change in accounting principle for the year ended December 31, 2002 was \$15.4 million and net income was \$9.8 million.

Earnings in joint ventures decreased \$2.0 million in 2002 as compared to 2001. The decrease in earnings in joint ventures primarily resulted from declines in home deliveries from 282 in 2001 to 140 in 2002 because a joint venture project was nearing sell-out of its inventory in 2002.

Interest and other income consisted of interest income from interest on deposits from BankAtlantic and other financial institutions, loans receivable interest income, and other income. The decline in interest and other income was primarily associated with a decrease in interest income resulting from lower average deposit balances and yields and lower rental income as a result of our disposition of a marine rental property in May 2001.

The provision for income taxes for the years ended December 31, 2002 and 2001 included a reduction in the deferred tax asset valuation allowance of approximately \$2.6 million and \$1.3 million, respectively. On January 1, 2002, Levitt Corporation converted from a subchapter C corporation to a limited liability company. In connection with the conversion, Levitt Corporation established a valuation allowance of approximately \$840,000 at December 31, 2001. Effective July 1, 2002, Levitt Corporation elected to be treated as an association taxable as a corporation.

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### LEVITT AND SONS RESULTS OF OPERATIONS

	FOR THE YEAR ENDED DECEMBER 31,			2003 AND 2002	2002 AND 2001
	2003	2002	2001	CHANGE	CHANGE
	-----				
	(in thousands)				
<b>REVENUES</b>					
Sales of real estate	\$222,257	162,359	117,663	59,898	44,696
Title and mortgage operations	2,466	1,595	1,106	871	489
	-----				
Total revenues	224,723	163,954	118,769	60,769	45,185
	-----				
<b>COSTS AND EXPENSES</b>					
Cost of sales of real estate	173,072	131,281	95,553	41,791	35,728
Selling, general and administrative expenses	29,478	21,100	18,454	8,378	2,646
Other expenses	1,606	1,121	830	485	291
Minority interest	(113)	--	150	(113)	(150)
	-----				
Total costs and expenses	204,043	153,502	114,987	50,541	38,515
	-----				

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Earnings from joint ventures	20,680	10,452	3,782	10,228	6,670
Interest and other income	480	1,171	2,766	(691)	(1,595)
	560	1,053	1,460	(493)	(407)
	-----	-----	-----	-----	-----
Income before income taxes	21,720	12,676	8,008	9,044	4,668
Provision for income taxes	7,964	3,364	2,916	4,600	448
	-----	-----	-----	-----	-----
NET INCOME	\$ 13,756	9,312	5,092	4,444	4,220
	=====	=====	=====	=====	=====

AS OF OR FOR THE  
YEAR ENDED DECEMBER 31,

-----	-----	-----
2003	2002	2001
-----	-----	-----
(dollars in thousands, except average price data)		

LEVITT AND SONS:

Homes delivered	1,011	740	597
Construction starts	1,593	796	584
Average selling price of homes delivered	\$220,000	219,000	195,000
Margin percentage on sales of homes	22.1%	19.1%	18.8%
New sales contracts (units)	2,240	980	694
New sales contracts (value)	\$513,436	204,730	146,869
Backlog of homes (units)	2,053	824	584
Backlog of homes (value)	\$458,771	167,526	125,041

LEVITT AND SONS JOINT VENTURES:

Homes delivered	18	140	282
Construction starts	1,593	796	279
New sales contracts (units)	61	61	206
New sales contracts (value)	\$ 15,957	16,027	44,934
Backlog of homes (units)	104	61	140
Backlog of homes (value)	\$ 27,478	16,027	29,052

At December 31, 2003, Levitt and Sons had a delivery backlog of 2,053 homes representing \$458.8 million of future sales. The number of homes in backlog is at a five-year high and is higher than the number of units delivered in 2001 and 2002 combined. The number of homes in backlog is 149% higher than at year-end 2002, and the average sales price of the homes under contract is approximately 10% higher than the year-end 2002 backlog. While the strong backlog is encouraging for our 2004 results, potential economic trends and developments could impact our home sales operations. In recent months, the costs of lumber, steel, concrete and other building materials have risen significantly. While we may be able to increase our selling prices to absorb these increased costs in future sales, the sales prices of homes in our backlog are set. Accordingly, we expect that the margins on the delivery of homes in backlog may be adversely affected by this trend.

For the Year Ended December 31, 2003 Compared to the Same 2002 Period

Levitt and Sons' revenues from home sales increased 37% to \$222.3 million in 2003 from \$162.4 million in 2002, due primarily to increased home deliveries. The increase in homes delivered was the result of communities nearing completion and the introduction of new projects and product lines. During 2003, 1,011 homes

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were delivered at an average selling price of approximately \$220,000, as compared to 740 homes delivered in 2002 at an average selling price of approximately \$219,000.

Cost of sales increased by approximately 32% to \$173.1 million in 2003 from \$131.3 million in 2002. The increase in cost of sales was associated primarily with the increased number of home deliveries. Cost of sales as a percentage of related revenue was approximately 78% for the year ended December 31, 2003, as compared to approximately 81% for the year ended December 31, 2002. The improvement in margin as a percentage of sales was primarily due to changes in product mix and the higher average selling price.

Selling, general and administrative expenses increased 40% to \$29.5 million in 2003 from \$21.1 million for 2002. The increase in selling, general and administrative expenses was primarily associated with the increase in sales and the addition of several new development projects in central and southwest Florida, as well as an increase in employee compensation and benefits resulting from the addition of several new projects. As a percentage of revenues, selling general and administrative expense was approximately 13% of total revenues in both 2003 and 2002.

Interest incurred totaled \$5.0 million and \$4.1 million for 2003 and 2002, respectively. The increase in interest incurred was primarily due to the increases in borrowings associated with new development projects. This increase was partially offset by a decline in average interest rates from 5.5% for 2002 to 4.9% for 2003 as a result of a decrease in the interest rates applicable to our variable interest rate debt. Interest capitalized for 2003 and 2002 totaled \$5.0 million and \$4.1 million, respectively. Throughout 2003 and 2002, real estate inventory under active development was greater than the interest-bearing debt. Therefore, all interest incurred during both 2003 and 2002 was capitalized. At the time of a home sale, the related capitalized interest is charged to cost of sales. Cost of sales of real estate for 2003 and 2002 included previously capitalized interest of approximately \$4.3 million and \$3.6 million, respectively.

The decrease in earnings in joint ventures resulted primarily from the completion of home deliveries by one joint venture. The joint venture's initial inventory was 600 units and the last 140 homes were delivered during 2002.

For the Year Ended December 31, 2002 Compared to the Same 2001 Period

Levitt and Sons revenues from home sales increased 38% to \$162.4 million in 2002 from \$117.7 million in 2001. This was primarily due to increased home deliveries, as well as an increase in the average selling price of homes. The increases in homes delivered and average selling price were the result of communities nearing completion and the introduction of new projects and product lines. During 2002, 740 homes were delivered as compared to 597 homes in 2001. The average selling price of homes sold during the 2002 period was approximately \$219,000, increasing 12% from \$195,000 in 2001.

Cost of sales increased by approximately 37% to \$131.3 million in 2002 from \$95.6 million in 2001. The increase in cost of sales was primarily associated with the increased number of home sales. Cost of sales as a percentage of home sales revenue was 81% for both the year ended December 31, 2002 and the year ended December 31, 2001.

Selling, general and administrative expenses increased 14%, to \$21.1 million in 2002 from \$18.5 million in 2001. The increase in selling, general and administrative expenses was primarily associated with the increase in sales and the addition of several new development projects in central and southwest Florida, as well as an increase in employee compensation and benefits resulting from the addition of several new projects. As a percentage of revenues, selling

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general and administrative expense declined from approximately 16% of total revenues in 2001 to approximately 13% of total revenues in 2002. The decrease in selling, general and administrative expenses as a percentage of total revenue primarily reflects economies of scale realized as a result of increased revenue levels.

Interest incurred totaled \$4.1 million and \$3.8 million for 2002 and 2001, respectively. The increase in interest incurred was primarily due to the increases in borrowings associated with several new development projects. This increase was partially offset by a decline in average interest rates from 7.4% for the 2001 period to 5.5% for the 2002 period as interest rates declined generally. Capitalized interest for the 2002 and 2001 periods totaled \$4.1 million and \$3.8 million,

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respectively. Throughout 2002 and 2001, real estate inventory was greater than the interest-bearing debt. Therefore, all interest incurred during the 2002 and 2001 periods was capitalized. At the time of a home sale, the related capitalized interest is charged to cost of sales. Cost of sales of real estate for 2002 and 2001 included previously capitalized interest of approximately \$3.6 million and \$2.5 million, respectively.

The decrease in earnings in joint ventures primarily resulted from declines in home deliveries by one joint venture as that joint venture's development neared completion. The joint venture's initial inventory was 600 units, and home deliveries during 2002 and 2001 were 140 and 282, respectively. The joint venture entered into contracts for most of its inventory during the 1999 and 2000 periods, and contracts for all remaining inventory were entered into by the fourth quarter of 2001.

The provision for income taxes for the years ended December 31, 2002 and 2001 included a reduction in the deferred tax asset valuation allowance and a change in state tax valuation which aggregated approximately \$1.5 million and \$240,000, respectively.

### CORE COMMUNITIES RESULTS OF OPERATIONS

	FOR THE YEAR ENDED DECEMBER 31,			2003 AND 2002 CHANGE	2002 AND 2001 CHANGE
	2003	2002	2001		
	(in thousands)				
<b>REVENUES</b>					
Sales of real estate	\$ 55,037	53,919 (a)	21,555	1,118	32,000
Total revenues	55,037	53,919	21,555	1,118	32,000
<b>COSTS AND EXPENSES</b>					
Cost of sales of real estate	31,362	28,722 (a)	10,570	2,640	18,000
Selling, general and administrative expenses	7,549	5,867	5,774	1,682	
Interest expense, net	224	451	1,644	(227)	(1,000)
Minority interest	--	--	6	--	
Total costs and expenses	39,135	35,040	17,994	4,095	17,000

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	-----	-----	-----	-----	-----
Interest and other income	15,902	18,879	3,561	(2,977)	15,
	2,261	1,413	2,039	848	(
	-----	-----	-----	-----	-----
Income before income taxes	18,163	20,292	5,600	(2,129)	14,
Provision for income taxes	7,149	5,414	2,078	1,735	3,
	-----	-----	-----	-----	-----
NET INCOME	\$ 11,014	14,878	3,522	(3,864)	11,
	=====	=====	=====	=====	=====

- (a) Includes land sales to Levitt and Sons which were eliminated in consolidation.

AS OF OR FOR THE  
YEAR ENDED DECEMBER 31,

	2003	2002	2001
	-----	-----	-----
	(dollars in thousands)		

CORE COMMUNITIES:

Acres sold	1,337	1,715	253
Margin percentage on land sales	43.0%	46.7%(a)	51.0%
Unsold acres	4,868	4,242	4,131
Acres subject to sales contracts	1,433	1,845	469
Acres subject to sales contracts (value)	\$103,174	\$ 72,767	\$ 27,234

- (a) Includes land sales to Levitt and Sons which were eliminated in consolidation.

Operations at Core Communities remained strong in 2003. Development activity in St. Lucie West entered its final stages in 2003, with only 164 acres of acreage inventory available at December 31, 2003. Home sales remain strong in St. Lucie West, as homebuilders within that community sold almost 1,600 homes during 2003. Building on the success

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of St. Lucie West, land development has commenced in Tradition, Core Communities' newest master planned community project in St. Lucie County, Florida. Currently, Tradition includes more than 4,800 acres, 1,531 of which had already been contracted to homebuilders as of December 31, 2003. Additionally, Core Communities has contracts to acquire approximately 4,500 additional acres adjacent to Tradition. Notwithstanding the sustained interest and activity at both St. Lucie West and Tradition, any reduction of demand in the residential real estate market could negatively impact Core Communities' operations.

For the Year Ended December 31, 2003 Compared to the Same 2002 Period

Core Communities' revenues from land sales increased 2% to \$55.0 million in 2003 from \$53.9 million in 2002. Margin on land sales in 2003 was approximately \$23.7 million as compared to \$25.2 million in 2002. The decrease in margin was primarily attributable to an increase in sales of residential land and residential lots in 2003 as compared to 2002. This was primarily a result of growth in the residential home sales market during 2003. The proportional increase in residential property sales in 2003 has resulted in a decrease in margin as a percentage of revenue, as commercial and industrial properties

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generally provide a higher margin than residential properties. In the year ended December 31, 2002, land sales to Levitt and Sons equaled \$8.5 million and the gain recognized was \$6.5 million. These inter-company transactions were eliminated in consolidation. There were no sales to Levitt and Sons in 2003.

Selling, general and administrative expenses increased 29% to \$7.5 million during the year ended December 31, 2003 as compared to 2002. This increase was primarily associated with an increase in advertising expenses as a result of the launch of the Tradition community during the first quarter of 2003.

Interest incurred for 2003 and 2002 was approximately \$1.2 million and \$2.4 million, respectively. The decrease in interest incurred was primarily due to the satisfaction of indebtedness formerly associated with Live Oak Preserve, which was repaid in 2002 as discussed below. During 2003, interest capitalized was approximately \$927,000, as compared with \$1.9 million for 2002. At the time of land sales, the related capitalized interest is charged to cost of sales. Cost of sales of real estate for 2003 and 2002 included previously capitalized interest of approximately \$318,000 and \$980,000, respectively.

For the Year Ended December 31, 2002 Compared to the Same 2001 Period

Core Communities' revenues from land sales increased 150% to \$53.9 million in 2002 from \$21.6 million in 2001. Margin on the 2002 land sales was approximately \$25.2 million as compared to \$11.0 million in 2001. The increases in sales revenue and margin were primarily attributable to an increase in commercial land sales and residential lot sales in St. Lucie West in 2002 as compared to 2001. This was primarily a result of growth in the residential home sales market during 2002. In 2002, land sales to Levitt and Sons equaled \$8.5 million and the net gain recognized was \$6.5 million. This inter-company transaction was eliminated in consolidation.

Interest incurred for 2002 and 2001 was approximately \$2.4 million and \$1.6 million, respectively. The increase in interest incurred was primarily due to an increase in borrowings associated with the purchase in September 2001 of a tract of land known as Live Oak Preserve located in Hillsborough County, Florida. The borrowings associated with the acquisition were fully repaid in October 2002 as a result of the sale of all of the residential land in Live Oak Preserve to a single homebuilder. During the 2002 period, capitalized interest was approximately \$1.9 million for interest costs incurred on real estate inventory components. At the time of land sales, the related capitalized interest is charged to cost of sales. Cost of sales of real estate for 2002 included previously capitalized interest of approximately \$980,000. During 2001, no capitalization of interest was recorded, as Core Communities had no project under active development at that time.

The provision for income taxes for the years ended December 31, 2002 and 2001 included a reduction in the deferred tax asset valuation allowance and the change in state tax valuation of approximately \$1.9 million and \$212,000, respectively.

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### INVESTMENT IN BLUEGREEN RESULTS OF OPERATIONS

FOR THE YEAR		2003
ENDED DECEMBER 31,		AND 2002
2003	2002	CHANGE
-----	-----	-----

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(in thousands)

Earnings from Bluegreen Corporation	\$ 7,433	4,570 (a)	2,863
	-----	-----	-----
Income before income taxes	7,433	4,570	2,863
Provision for income taxes	2,867	1,763	1,104
	-----	-----	-----
NET INCOME	\$ 4,566	2,807	1,759
	=====	=====	=====

(a) Levitt Corporation acquired its interest in Bluegreen Corporation in April 2002

We currently own approximately 38% of the outstanding common stock of Bluegreen Corporation. Under equity method accounting, we recognize our pro-rata share of Bluegreen's net income or loss (net of purchase accounting adjustments) as pre-tax earnings. Bluegreen has not paid dividends to its shareholders, and our earnings therefore represent only our claim on the future distributions of Bluegreen's earnings. Should Bluegreen's financial performance deteriorate, our earnings in Bluegreen would deteriorate concurrently and our results of operations would be adversely affected. Furthermore, a significant reduction in Bluegreen's financial position might require that we test our investment in Bluegreen for impairment, which could result in charges against our results of operations. For a complete discussion of Bluegreen's results of operations and financial position, we refer you to Bluegreen's Annual Report on Form 10-K for the year ended December 31, 2003, as filed with the SEC and incorporated herein by reference.

During April 2002, we acquired approximately 8.3 million shares of the outstanding common stock of Bluegreen for an aggregate purchase price of approximately \$53.8 million. The investment in Bluegreen was recorded at cost and the carrying amount of the investment is adjusted to recognize our interest in the earnings or loss of Bluegreen after the acquisition date. The funds for the investment in Bluegreen were obtained through \$30 million of borrowings from BankAtlantic Bancorp, an \$18.6 million capital contribution from BankAtlantic Bancorp and \$5.2 million of working capital. Our carrying amount in the Bluegreen investment was in the aggregate \$4.2 million greater than our ownership percentage in the underlying equity in the net assets of Bluegreen. Of such amount, \$4.1 million was allocated to goodwill, \$1.6 million to deferred taxes, and the balance of \$1.7 million was assigned to various assets and liabilities of Bluegreen, which will be amortized into the statement of operations as an adjustment to income from equity method investment. On December 22, 2003, in connection with our spin-off from BankAtlantic Bancorp, we acquired an additional 1.2 million shares of Bluegreen's common stock from BankAtlantic Bancorp in exchange for a \$5.5 million promissory note and additional shares of our common stock (which were subsequently distributed in the spin-off).

For the Year Ended December 31, 2003 Compared to the Same 2002 Period

Bluegreen's reported net income for the year ended December 31, 2003 was \$25.8 million and, for the period of our ownership during 2002, income before the cumulative effect of a change in accounting principle was \$15.4 million. Our ownership interest in Bluegreen's earnings during 2003 was approximately \$7.4 million, as compared to \$4.6 million for the period of our ownership in 2002. Our interest in Bluegreen's earnings was reduced by \$1.1 million in 2003 due to the effects of purchase accounting adjustments, as compared with a reduction of \$353,000 during the period of our ownership from April to December 2002. The purchase accounting adjustments for 2002 primarily related to Bluegreen's sale of notes receivable which existed at the acquisition date. At the acquisition date, the notes receivable were adjusted to reflect unrealized gain in our carrying amount of the asset, and accordingly, when such gain was recorded by

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Bluegreen, we recognized no gain. The purchase accounting adjustments for 2003 primarily related to Bluegreen's sale of retained interests in notes receivable which existed at the acquisition date. As with the underlying notes receivable, at the acquisition date the retained interests were adjusted to reflect unrealized gain in our carrying amount of the asset, and, when such gain was recorded by Bluegreen, we recognized no gain.

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### OTHER OPERATIONS RESULTS OF OPERATIONS

	FOR THE YEAR ENDED DECEMBER 31,			2003 AND 2002 CHANGE	2002 AND 2001 CHANGE
	2003	2002	2001		
	-----			-----	-----
	(in thousands)				
<b>REVENUES</b>					
Sales of real estate	\$ 5,764	--	3,922	5,764	(3,922)
<b>COSTS AND EXPENSES</b>					
Cost of sales of real estate	6,021	1,601	5,562	4,420	(3,922)
Selling, general and administrative expenses	4,767	3,392	1,803	1,375	1,500
Interest expense, net	9	(6)	(1,022)	15	1,007
Other expenses	232	190	100	42	
Minority interest	199	--	400	199	(400)
	-----	-----	-----	-----	-----
Total costs and expenses	11,228	5,177	6,843	6,051	(1,600)
	-----	-----	-----	-----	-----
Earnings (loss) from joint ventures	(5,464)	(5,177)	(2,921)	(287)	(2,246)
Interest and other income	3	(322)	122	325	(400)
	-----	-----	-----	-----	-----
Loss before income taxes	(5,120)	(5,231)	(1,768)	111	(3,400)
Income tax benefit	(1,975)	(1,940)	(799)	(35)	(1,140)
	-----	-----	-----	-----	-----
<b>NET INCOME</b>	<b>\$ (3,145)</b>	<b>(3,291)</b>	<b>(969)</b>	<b>146</b>	<b>(2,345)</b>
	=====	=====	=====	=====	=====

Other operations consists of Levitt Commercial, investments in joint ventures and other real estate interests and holding company operations.

For the Year Ended December 31, 2003 Compared to the Same 2002 Period

During the first quarter of 2003, Levitt Commercial commenced the delivery of its flex warehouse units and the revenue and margin on the sales of its inventory for the year ended December 31, 2003 was approximately \$5.8 million and \$1.2 million, respectively. No sales of real estate were recognized by this business segment in 2002. Cost of sales of real estate includes the amortization of interest previously capitalized in this business segment. The amount of previously capitalized interest amortized in cost of sales for 2003 and 2002 was \$1.5 million and \$1.6 million, respectively.

Selling, general and administrative and other expenses in this segment primarily relate to holding company operations and expenses incurred by Levitt



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Commercial. Selling, general and administrative and other expenses increased to \$6.0 million during the year ended December 31, 2003 as compared to \$1.6 million for 2002. This increase was primarily associated with increases in employee compensation and benefits relating to our expansion and costs related to our public offering of investment notes.

Interest incurred was approximately \$1.7 million and \$1.6 million for the year ended December 31, 2003 and 2002, respectively. The increase in interest incurred is primarily associated with a \$30.0 million loan from BankAtlantic Bancorp in connection with the acquisition of Levitt Corporation's investment in Bluegreen Corporation, which was outstanding for the entire twelve months of 2003 as compared with only nine months during 2002. Partially offsetting this increase was a reduction in average interest rates for 2003 to approximately 4.1%, as compared to 5.3% for 2002. Interest capitalized for this business segment totaled \$1.7 million and \$1.6 million for the year ended December 31, 2003 and 2002, respectively. Interest capitalized in this business segment includes adjustments to reconcile the amount of interest eligible for capitalization on a consolidated basis with the amounts capitalized in the other business segments.

Minority interest for the 2003 period is associated with a joint venture's margin from the sale of its flex warehouse units in which we have a majority joint venture interest.

For the Year Ended December 31, 2002 Compared to the Same 2001 Period

During May 2001, our investment in a marine rental property in Miami, Florida was sold for approximately \$3.9 million, and we recognized a net gain on this sale of approximately \$680,000. We owned a 50% interest in the property and

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were the sole general partner. Accordingly, the financial position and results of operations of the partnership were consolidated for financial statement purposes and the partner's equity position was disclosed as a minority interest.

Interest and other revenues primarily consisted of interest income from interest on deposits at BankAtlantic and other financial institutions, interest income on a loan to Core Communities (eliminated in consolidation) and rental income. The decline in interest and other revenues was primarily associated with decreases in:

- interest on a loan to Core Communities as a consequence of the repayment of the loan in 2002;
- interest income resulting from lower average deposits balances and yields; and
- rental income received through May 2001, which was not received in 2002 due to the sale of the marine manufacturing service and sales facility.

Selling, general and administrative expenses increased during the year ended December 31, 2002 as compared to the same 2001 period primarily due to an increase in compensation and benefits associated with our expansion.

Interest incurred was approximately \$1.6 million and \$1.2 million for the 2002 and 2001 periods, respectively. The increase in interest incurred was primarily due to an increase in borrowings associated with a \$30.0 million loan from BankAtlantic Bancorp for the acquisition of our investment in Bluegreen. This increase in interest incurred was partially offset by a decrease in average

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interest rates resulting from a reduction in the prime rate. During 2001, the capitalized interest amount exceeded interest incurred for this segment because this segment was able to utilize consolidated interest incurred but not capitalized at other segments. At the time of property sales, the related capitalized interest is charged to cost of sales. Cost of sales of real estate for the years ended December 31, 2002 and 2001 included previously capitalized interest of approximately \$1.6 million and \$2.3 million, respectively.

### FINANCIAL CONDITION

Prior to August 2001, the Company was a subsidiary of BankAtlantic. While the Company was a subsidiary of BankAtlantic, BankAtlantic was permitted to lend money to the Company and its subsidiaries on terms consistent with those available from unaffiliated third party lenders. In August 2001, BankAtlantic transferred ownership of the Company to BankAtlantic Bancorp, and as a consequence, the Company and its subsidiaries became "affiliates," rather than subsidiaries, of BankAtlantic. As a consequence, BankAtlantic became subject to different regulatory requirements with respect to us, including regulatory restrictions on BankAtlantic's ability to provide us with additional financing in the future. Notwithstanding the spin-off, we remain an affiliate of BankAtlantic by virtue of BFC Financial Corporation's control, and accordingly, BankAtlantic remains subject to restrictions on its ability to provide us with additional financing. However, we believe that our current financial condition and credit relationships, together with anticipated cash flows from operations will provide for our current liquidity needs for the foreseeable future.

December 31, 2003 versus December 31, 2002

Our total assets at December 31, 2003 and December 31, 2002 were \$392.7 million and \$295.5 million, respectively. The increase in total assets primarily resulted from:

- a net increase in cash and cash equivalents of \$20.0 million, which resulted from funds provided by operations and proceeds from borrowings;
- an net increase in inventory of real estate of approximately \$59.4 million resulting from land acquisitions in central Florida by Levitt and Sons and Core Communities' acquisition of an additional 1,706-acre parcel in the Tradition project, as well as increases in land development and construction costs. These increases in inventory of real estate were partially offset by the sale of homes and land sales;
- an increase of approximately \$13.5 million in our investment in Bluegreen Corporation. \$8.4 million of this increase was associated primarily with our equity in earnings and unrealized gains associated with Bluegreen's other comprehensive income, and \$5.1 million was associated with the receipt of 1.2 million shares of Bluegreen stock from BankAtlantic Bancorp; and
- an increase in other assets associated with prepayment of commissions and insurance.

The above increases in total assets were partially offset by a reduction in the deferred tax asset of approximately \$5.3 million which primarily resulted from an increase in our deferred tax liability relating to our earnings from Bluegreen.

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Total liabilities at December 31, 2003 and December 31, 2002 were \$267.2 million and \$187.8 million, respectively.

The increase in total liabilities primarily resulted from:

- Additional borrowings of \$21.7 million to fund land purchase, land development and construction costs;
- The issuance of \$13.5 million of notes to BankAtlantic Bancorp in connection with the spin-off;
- A net increase in accounts payable and accrued liabilities of \$21.2 million related primarily to increased construction and development activity; and
- A net increase in customer deposits of \$33.1 million for units under contract at Levitt and Sons.

The above increases in total liabilities were partially offset by reductions in development bonds payable and current income tax payable of \$3.7 million and \$2.4 million, respectively.

### LIQUIDITY AND CAPITAL RESOURCES

Management assesses the Company's liquidity in terms of its ability to generate cash to fund its operating and investing activities. Our primary sources of funds for each of the years in the three year period ended December 31, 2003 were proceeds from the sale of real estate inventory, distributions from real estate joint ventures, borrowings, proceeds from development bonds payable and, in 2002, capital contributions from BankAtlantic Bancorp. These funds were primarily utilized for development, construction and acquisition of our real estate, to repay borrowings, to pay general and administrative expenses, to invest in real estate joint ventures, and, in 2002, to invest in Bluegreen.

We expect to meet our short-term liquidity requirements generally through net cash provided by operations and existing cash balances. We expect to meet our long-term liquidity requirements, such as acquisitions and debt service obligations, primarily with net cash provided by operations, long-term secured and unsecured indebtedness and future issuances of equity and debt securities, including the proposed equity offering described below.

As a result of the spin-off, which is described in more detail below, we will not receive any future cash capital contributions from BankAtlantic Bancorp. Management believes that the other available sources identified above will be adequate for our current needs, however additional sources of funding will be required to fund desired growth. These may take the form of equity offerings or the issuance of secured indebtedness or subordinated debt. As of December 31, 2003, December 31, 2002 and December 31, 2001, we had cash and cash equivalents of \$36.0 million, \$16.0 million and \$23.6 million, respectively.

On February 23, 2004, we filed a registration statement on Form S-3 for a proposed underwritten public offering of up to 5,750,000 shares of Class A common stock. Copies of the prospectus relating to this offering may be obtained by contacting: Corporate Communications, Levitt Corporation, P.O. Box 5403, Fort Lauderdale, Florida 33310. The net proceeds of the offering, if completed, will be used to repay approximately \$13.9 million of indebtedness, to fund our growth, both internally and through acquisitions, and for general corporate purposes. We believe that this offering will improve our capital structure by increasing our common equity capitalization relative to our current indebtedness.

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At December 31, 2003, our consolidated debt was approximately \$174.1 million, including the \$13.5 million of indebtedness incurred in connection with our spin-off from BankAtlantic Bancorp.

Our anticipated debt payment obligations for the 12 months beginning December 31, 2003 total \$20.2 million. Our ability to meet our debt service and other obligations, to refinance our indebtedness and to fund planned capital expenditures will depend upon our future performance. Our business may not generate sufficient cash flow from operations, and future borrowings may not be available under our existing credit facilities or any other financing sources in an amount sufficient to enable us to service our indebtedness or to fund our other liquidity needs. We may need to refinance all or a portion of our debt on or before maturity, which we may not be able to do on favorable terms or at all.

We have entered into various loan agreements which provide financing for acquisition and site improvements and construction of residential units. As of December 31, 2003, these loan agreements provided in the aggregate for advances, subject to available collateral, on a revolving basis up to a maximum of \$204.5 million, of which \$120.0 million was outstanding. The loans are secured by mortgages on properties, including improvements. Principal payments are required as

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sales of the collateral are consummated. Certain notes and mortgage notes provide that events of default include a change in ownership, management or executive management.

The Company borrowed \$15 million from an unaffiliated financial institution to finance the purchase of Levitt and Sons. The obligation is secured by the Company's membership interest in Levitt and Sons. At December 31, 2003, \$8.4 million was outstanding under this loan, and we intend to repay this loan with the proceeds, if any, of the proposed equity offering described above. At December 31, 2003, Levitt and Sons had a credit agreement with the same non-affiliated financial institution to provide a working capital line of credit of \$10.0 million. The Company has guaranteed amounts outstanding under the line of credit, but the guarantee is limited to a security interest evidenced by a second priority lien on the Company's membership interest in Levitt and Sons. At December 31, 2003, \$1.0 million was outstanding under this line of credit. The credit facility matures in September 2005, but is renewable at the lender's discretion.

In April 2002, we received an \$18.6 million capital contribution and borrowed \$30.0 million from BankAtlantic Bancorp. We utilized these funds, together with \$5.2 million of working capital, to purchase a 34.2% interest in Bluegreen's common stock. The \$30.0 million loan was due on demand and bore interest, payable monthly at the prime rate minus 25 basis points, but this note was modified in connection with the spin-off as described below.

On September 30, 2003, the SEC declared effective our Registration Statement on Form S-1 for the public offering of up to \$100 million of unsecured subordinated investment notes. The investment notes are unsecured obligations of Levitt Corporation and are subordinated to substantially all of our other liabilities. The investment notes are not guaranteed by any of our subsidiaries or any other entity. At December 31, 2003, Levitt Corporation had \$52.8 million of debt and other liabilities ranking senior in right of payment to the investment notes. On a consolidated basis, we had \$266.0 million of senior indebtedness at December 31, 2003. Approximately \$1.3 million of investment notes were outstanding as of December 31, 2003. In late 2003, we ceased advertising the offering of the investment notes, and in March 2004, the unsold notes under the registration statement were deregistered. However, we currently

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anticipate that during the next twelve months we may issue up to \$100 million of debt securities which may consist of investment notes, subordinated debt, senior debt or other similar securities.

On December 31, 2003, BankAtlantic Bancorp completed the spin-off of the Company. In connection with the spin-off, BankAtlantic Bancorp converted the \$30.0 million demand note to a five year term note with interest only payable monthly initially at the prime rate and thereafter at the prime rate plus increments of an additional 0.25% every six months beginning June 2004. In connection with the spin-off, BankAtlantic Bancorp also transferred its 1.2 million shares in Bluegreen to the Company in exchange for a \$5.5 million note and additional shares of our common stock (which additional shares were distributed in the spin-off). This note is due in one year, with interest and principal payable monthly and bearing interest at the prime rate. We intend to repay this loan with the proceeds, if any, of the proposed equity offering described above. Additionally, prior to the spin-off, we declared an \$8.0 million dividend to BankAtlantic Bancorp payable in the form of a note with the same payment terms as the \$30.0 million note described above. The restructuring of the \$30.0 million demand note and the incurrence of the additional indebtedness in connection with the spin-off will result in an additional annual interest expense of almost \$600,000 based on interest rates at December 31, 2003. Additionally, it is anticipated that general and administrative expenses will increase due to expenses associated with being a public company.

At December 31, 2003, 2002 and 2001, our total borrowings from BankAtlantic, excluding joint ventures, were approximately \$18.1 million, \$27.5 million and \$27.9 million, respectively. Our joint ventures' total borrowings from BankAtlantic were \$22.7 million, \$24.9 million and \$28.8 million at December 31, 2003, 2002 and 2001, respectively. As an "affiliate" of BankAtlantic, the amounts that BankAtlantic is permitted to lend to us are now restricted by applicable Office of Thrift Supervision regulations, and accordingly, financing may only be available from unaffiliated third party lenders.

Some of our borrowings contain covenants that, among other things, require us to maintain certain financial ratios and a minimum net worth. These covenants may have the effect of limiting the amount of debt that we can incur in the future and restricting the payment of dividends by us and our subsidiaries. At December 31, 2003, we were in compliance with all loan agreement financial covenants. Our financial covenants currently include:

- a requirement of a minimum tangible net worth of \$55.6 million of Levitt Corporation on a consolidated basis \$32.0 million at Levitt and Sons and \$5.0 million at Levitt Commercial;
- unrestricted liquidity of Levitt Corporation of not less than \$3.0 million; and

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- a maximum debt to unaffiliated entities to tangible net worth ratio, as defined, of 1.5 to 1.0 for Levitt Corporation and 3.0 to 1.0 for Levitt and Sons.

We have provided guarantees on indebtedness of joint ventures accounted for under the equity method of accounting. The guarantees were required of both us and our joint venture partners to obtain financing for the joint ventures. We and our joint venture partners would be required to perform on our guarantees if the joint ventures default on the various loan agreements. At December 31, 2003 and December 31, 2002, we had guarantees on \$22.4 million and \$22.7 million, respectively, of joint venture debt. Our management believes that, based on the

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loans' collateral, no payments will be required under the guarantees.

In connection with the development of certain of our communities, community development or improvement districts have been established. These districts may utilize bond financing to fund construction or acquisition of certain on-site and off-site infrastructure improvements that may be performed by us near or at these communities. The obligation to pay principal and interest on the bonds issued by the districts is assigned to each parcel within the district and a priority assessment lien may be placed on benefited parcels to provide security for the debt service. The bonds, including interest and redemption premiums, if any, and the associated priority lien on the property typically are payable, secured and satisfied by revenues, fees, or assessments levied on the benefited property. We pay a portion of the revenues, fees, and assessments levied by the districts on the properties we still own that are benefited by the improvements. We may also agree to pay down a specified portion of the bonds at the time of each unit or parcel closing.

In accordance with Emerging Issues Task Force Issue 91-10 ("EITF 91-10"), Accounting for Special Assessments and Tax Increment Financing, we record a liability, net of cash held by the districts available to offset the particular bond obligation, for the estimated developer obligations that are fixed and determinable and user fees that are required to be paid or transferred at the time the parcel or unit is sold to an end user. We reduce this liability by the corresponding assessment assumed by property purchasers and the amounts paid by us at the time of closing and transfer of the property. Interest is calculated and paid based upon the gross bond obligation.

During the fourth quarter of 2003, a development district for the Tradition master-planned community issued \$62.8 million of long-term assessment bonds to refinance \$28.9 million of bond anticipation notes that were previously issued and outstanding and to provide financing for infrastructure development. The development district assesses property owners to fund debt service and the ultimate repayment of the bonds. We are assessed based on our pro-rata ownership of the property in the district. At December 31, 2003, we owned approximately 95% of the property in the district. Our pro-rata share of the assessment transfers to third party purchasers upon property sales. The assessments are projected to be levied beginning in 2005. In accordance with EITF 91-10, we will recognize an expense for our pro rata portion of assessments, based upon our ownership of benefited property.

We are parties to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, the disposition of these matters will not have a material adverse effect on our financial condition or results of operations. We are also subject to the usual obligations associated with entering into contracts for the purchase, development and sale of real estate in the ordinary course of its business.

At December 31, 2003, we had commitments to purchase properties for development of \$146.7 million, of which approximately \$114.0 million is subject to due diligence and satisfaction of certain requirements and conditions as well as the obtaining of financing. The following table summarizes certain information relating to outstanding purchase contracts.

	Purchase Price	Units/ Acres	Expected Closing
	-----	-----	-----
Levitt and Sons	\$62.6 million	3,956 units	2004
Core Communities	\$80.6 million	4,456 acres	2004
Levitt Commercial	\$3.5 million	30 acres	2004

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At December 31, 2003, cash deposits of approximately \$3.5 million secured our commitments under these contracts.

At December 31, 2003, our backlog of 2,053 homes and 1,433 acres under contract had estimated sales values of approximately \$458.8 million and \$103.2 million, respectively. Our backlog is measured as homes subject to pending sales contracts, some of which are subject to the buyer obtaining financing.

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OFF BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

In connection with the development of certain of our communities, we establish community development districts to access bond financing for the funding of infrastructure development and other projects within the community. No liability is recorded for the repayment of principal and interest on the bonds until the related assessments levied on the properties we own within the district become fixed and determinable. As of December 31, 2003, a development district in Tradition had \$62.8 million of community development district bonds outstanding for which no assessments had been levied. As of December 31, 2003, we owned approximately 95% of the property in the district. See "Liquidity and Capital Resources"

We have provided guarantees on \$22.4 million of indebtedness for certain of our joint ventures. Based on the loans' collateral we believe that it is not reasonably likely that any payments will be required under these guarantees. See "Liquidity and Capital Resources"

The following table summarizes our contractual obligations as of December 31, 2003 (in thousands):

CATEGORY	TOTAL	PAYMENTS DUE BY PERIOD				MORE THAN 5 YEARS
		LESS THAN 1 YEAR	2 - 3 YEARS	4 - 5 YEARS		
Long-term debt obligations	\$174,093	13,172	69,573	89,567	1	
Operating lease obligations	901	716	185	--	--	
Purchase obligations	146,652	146,652	--	--	--	
Total Obligations	\$321,646	160,540	69,758	89,567	1	

Long-term debt obligations consist of notes, mortgage notes and bonds payable (see Notes 8 and 9 of our audited financial statements). Operating lease obligations consist of rent commitments. Purchase obligations consist of contracts to acquire real estate properties for development and sale; however, our liability for not completing the purchase of any such property is generally limited to the deposit we made under the relevant contract, none of which exceeds \$500,000 individually (see Note 12 of our audited financial statements). See "Liquidity and Capital Resources"

RELATED PARTY TRANSACTIONS

Since 2002, we have utilized the services of Conrad & Scherer, a law firm

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in which William R. Scherer, a member of our Board of Directors, is a member. We paid fees aggregating \$79,000 to this firm during the year ended December 31, 2003 and \$364,000 during the year ended December 31, 2002.

Each of our executive officers separately receives compensation from our affiliates for services rendered to those affiliates. Members of our Board of Directors and certain of our executive officers also have banking relationships with BankAtlantic. Such banking relationships are in the ordinary course of BankAtlantic's business.

At December 31, 2003, 2002 and 2001, \$14.7 million, \$5.4 million, and \$5.1 million, respectively, of cash and cash equivalents were held on deposit by BankAtlantic. Interest on deposits held at BankAtlantic for each of the years ended December 31, 2003, 2002 and 2001 was approximately \$119,000, \$84,000, and \$396,000, respectively. Additionally, at December 31, 2003, 2002 and 2001, \$3.2 million, \$2.9 million, and \$3,700, respectively, of restricted cash was held on deposit by BankAtlantic.

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BFC and BankAtlantic each received management fees in connection with providing general and administrative services to us. The amounts paid may not be representative of the amounts that would be paid in an arms-length transaction. The table below sets forth our management fees to related parties (in thousands).

	Year Ended December 31,		
	2003	2002	2001
BFC	\$ 213	170	80
BankAtlantic	20	20	20
Total management fees	\$ 233	190	100

Until December 31, 2003, our employees participated in BankAtlantic's defined contribution plan pursuant to Section 401(k) of the Internal Revenue Code of 1986, as amended (the "Code") for all employees who have completed three months of service and have reached the age of 18. Our contributions to the plan were at the discretion of BankAtlantic's Board of Directors. Included in our Consolidated Statements of Operations for each of the years ended December 31, 2003, 2002 and 2001 was approximately \$495,000, \$344,000 and \$198,000, of expenses relating to the employer 401(k) contribution under the plan. At the time of the spin-off, the Company formed its own defined contribution plan pursuant to Section 401(k) of the Code.

In connection with the spin-off, we entered into a transitional services agreement with BankAtlantic Bancorp under which BankAtlantic Bancorp will provide us with certain human resources, risk management and investor and public relations services and receive compensation for such services on a percentage of cost basis. Additionally, we entered into an employee matters agreement providing for the allocation of responsibility and liability between the Company and BankAtlantic Bancorp with respect to the welfare and benefit plans for the Company's employees after the spin-off.

The Company will be included in the consolidated federal income tax return



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of BankAtlantic Bancorp in 2003. There is a tax sharing agreement among the Company, BankAtlantic Bancorp and its subsidiaries to assure that (i) the subsidiaries (including the Company) would not be required to contribute a share of the consolidated tax liability for a year in an amount in excess of that which they would have incurred for that particular year on the basis of a separate income tax return, (ii) any permanent benefit accruing to the affiliated group by reason of the filing of a consolidated return would be enjoyed by the member to which the benefit is attributed or shall be otherwise shared in proportion to the respective amounts of tax liability incurred on the basis of separate returns for the year, and (iii) any tax benefit attributable to the subsidiaries (including the Company) realized by reason of the consolidated return for the year would be enjoyed by the subsidiaries (including the Company) regardless of the possibility that the benefit of any tax credit or deduction may not have been enjoyed under a separate income tax return.

### QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Market risk is defined as the risk of loss arising from adverse changes in market valuations that arise from interest rate risk, foreign currency exchange rate risk, commodity price risk and equity price risk. We are subject to interest rate risk on our long-term debt. At December 31, 2003, we had \$170.6 million in borrowings with adjustable rates tied to the prime rate and/or the London Interbank Offered Rate and \$3.5 million in borrowings with fixed rates. Consequently, for debt tied to an indexed rate, changes in interest rates may affect our earnings and cash flows, but generally would not impact the fair value of such debt. For fixed rate debt, changes in interest rates generally affect the fair market value of the debt but not our earnings or cash flow.

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The table below sets forth our debt obligations, principal cash flows by scheduled maturity, weighted-average interest rates and estimated fair market value as of December 31, 2003 (dollars in thousands):

	TWELVE MONTHS ENDED DECEMBER 31,					
	2004	2005	2006	2007	2008	THEREA
<b>FIXED RATE DEBTS:</b>						
Development bonds payable (a)	\$ --	--	--	--	--	
Average interest rate	--	--	--	--	--	5
Notes and mortgage payable (a)	88	290	351	950	28	
Average interest rate	6.64%	6.63%	6.63%	6.49%	5.46%	5
<b>VARIABLE RATE DEBTS:</b>						
Notes and mortgage payable (b)	\$ 13,084	56,551	12,381	48,604	39,985	
Average interest rate	4.28%	4.48%	4.90%	5.39%	6.10%	
<b>TOTAL DEBT OBLIGATIONS</b>	<b>\$ 13,172</b>	<b>56,841</b>	<b>12,732</b>	<b>49,554</b>	<b>40,013</b>	<b>1,</b>

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- (a) Fair value calculated based upon recent borrowings in same category of debt.
- (b) At December 31, 2003 our total borrowings from BankAtlantic and BankAtlantic Bancorp were approximately \$18.1 million and \$43.5 million, respectively.

Based upon the amount of variable rate debt outstanding at December 31, 2003 and holding the variable rate debt balance constant, each one percentage point increase in interest rates would increase the interest incurred by us by approximately \$1.7 million per year.

### IMPACT OF INFLATION

The financial statements and related financial data and notes presented herein have been prepared in accordance with generally accepted accounting principles, which require 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.

Inflation could have a long-term impact on us by contributing to increased costs of land, materials and labor, the net effect of which could require us to increase the sales prices of homes. In addition, inflation is often accompanied by higher interest rates which could have a negative impact on housing demand and the costs of financing land development activities and housing construction. Rising interest rates as well as increased materials and labor costs may reduce margins. In recent years, the increases in these costs have followed the general rate of inflation and hence have not had a significant adverse impact on us. In addition, deflation can impact the value of real estate and make it difficult for us to recover our land costs. Therefore, both inflation and deflation could adversely impact our future results of operations.

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### NEW ACCOUNTING PRONOUNCEMENTS

In January 2003, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"). In December 2003, the FASB issued Interpretation No. 46 (revised December 2003), "Consolidation of Variable Interest Entities" ("FIN 46R"), which replaces FIN 46. FIN 46R addresses how a business enterprise should evaluate whether it has a controlling interest in an entity through means other than voting rights. This interpretation requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or is entitled to receive a majority of the entity's residual returns or both. The interpretation also requires disclosures about variable interest entities that we are not required to consolidate but in which we have a significant variable interest. We are required to adopt FIN 46R by the end of the first reporting period ending after March 15, 2004. We have completed our initial evaluation of FIN 46R, and concluded that adoption of FIN 46R is not expected to have a material impact on our results of operations or financial condition.

In May 2003, the FASB issued SFAS No. 150 ("Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity"). This Statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. The Statement requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). Many of those instruments were previously classified as equity. The Statement also requires that mandatorily redeemable minority interests in finite-lived

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entities be classified as liabilities and reported at settlement value. The FASB has deferred those requirements related to mandatorily redeemable minority interests until the issues are addressed in either Phase II of the FASB's Liabilities and Equity project or Phase II of the FASB's Business Combinations Project. We are currently classifying financial instruments within the scope of this Statement in accordance with this Statement and management believes that our minority interests in finite-lived entities are not significant. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. Management does not believe that this Statement will have a material impact on our financial statements.

### ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See "Management's Discussion and Analysis of Results of Operations and Financial Condition - Quantitative and Qualitative Disclosure About Market Risk"

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### ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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#### BLUEGREEN CORPORATION

The financial statements of Bluegreen Corporation, which is considered a significant subsidiary, are required to be included in this report. The financial statements of Bluegreen Corporation are incorporated herein by reference from Bluegreen's Annual Report on Form 10-K for the year ended December 31, 2003, as filed with the SEC on March 29, 2004.

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#### REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of Levitt Corporation:

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In our opinion, based on our audits and the report of other auditors, the accompanying consolidated statements of financial condition and the related consolidated statements of operations, of shareholder's equity and comprehensive income and of cash flows present fairly, in all material respects, the financial position of Levitt Corporation and its subsidiaries at December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Bluegreen Corporation, an investment of the Company accounted for under the equity method (Note 6 to the consolidated financial statements), for each of the two years in the period ended December 31, 2003. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for Bluegreen Corporation, is based solely on the report of the other auditors. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion. The financial statements of the Company for the year ended December 31, 2001 were audited by other independent accountants whose report dated January 29, 2002 (except for Note 15 as to which the date is March 7, 2002) expressed an unqualified opinion on those statements.

/s/ PricewaterhouseCoopers LLP

Fort Lauderdale, Florida  
March 29, 2004

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### INDEPENDENT AUDITORS' REPORT

The Board of Directors of Levitt Corporation

We have audited the accompanying consolidated statements of operations, shareholder's equity and comprehensive income, and cash flows of Levitt Corporation and subsidiaries for the year ended December 31, 2001. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the results of operations and the cash flows

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of Levitt Corporation and subsidiaries for the year ended December 31, 2001, in conformity with accounting principles generally accepted in the United States of America.

(signed) KPMG LLP

Fort Lauderdale, Florida

January 29, 2002, except for Note 16 as to which the date is March 7, 2002

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LEVITT CORPORATION  
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION  
DECEMBER 31, 2003 AND 2002  
(IN THOUSANDS EXCEPT SHARE DATA)

	2003	2002
	-----	-----
<b>ASSETS</b>		
Cash and cash equivalents	\$ 35,965	16,014
Restricted cash	3,384	2,988
Notes receivable	5,163	6,082
Inventory of real estate	257,556	198,126
Investments in real estate joint ventures	4,106	4,251
Investment in Bluegreen Corporation	70,852	57,332
Other assets	15,034	4,710
Deferred tax asset, net	654	5,958
	-----	-----
Total assets	\$ 392,714	295,461
	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Accounts payable and accrued liabilities	\$ 92,121	36,897
Current income tax payable	1,024	3,432
Notes and mortgage notes payable	111,625	85,359
Notes and mortgage notes payable to affiliates	61,618	57,505
Development bonds payable	850	4,581
	-----	-----
Total liabilities	267,238	187,774
	-----	-----
Minority interest in consolidated joint venture	24	154
Shareholders' equity:		
Preferred stock, \$0.01 par value		
Authorized: 5,000,000 shares and no shares		
Issued and outstanding: no shares	--	--
Common stock, \$0.01 par value		
Authorized: no shares and 10,000 shares		
Issued and outstanding: no shares and 100 shares	--	--
Common stock, Class A, \$0.01 par value		
Authorized: 50,000,000 shares and no shares		
Issued and outstanding: 13,597,166 shares and no shares	136	--
Common stock, Class B, \$0.01 par value		
Authorized: 10,000,000 shares and no shares		
Issued and outstanding: 1,219,031 shares and no shares	12	--
Additional paid-in capital	67,855	68,402

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Retained earnings	57,020	39,537
Accumulated other comprehensive income (loss)	429	(406)
	-----	-----
Total shareholders' equity	125,452	107,533
	-----	-----
Total liabilities and shareholders' equity	\$ 392,714	295,461
	=====	=====

See accompanying notes to consolidated financial statements.

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LEVITT CORPORATION  
CONSOLIDATED STATEMENTS OF OPERATIONS  
FOR EACH OF THE YEARS IN THE THREE YEAR PERIOD ENDED DECEMBER 31, 2003  
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	2003	2002	2001
	-----	-----	-----
REVENUES:			
Sales of real estate	\$283,058	207,808	143,140
Title and mortgage operations	2,466	1,595	1,106
	-----	-----	-----
Total revenues	285,524	209,403	144,246
	-----	-----	-----
COSTS AND EXPENSES:			
Cost of sales of real estate	209,431	159,675	111,685
Selling, general and administrative expenses	41,794	30,359	26,031
Interest expense, net	233	389	180
Other expenses	1,838	1,311	930
Minority interest	86	--	556
	-----	-----	-----
Total costs and expenses	253,382	191,734	139,382
	-----	-----	-----
	32,142	17,669	4,864
Earnings from Bluegreen Corporation	7,433	4,570	--
Earnings from joint ventures	483	849	2,888
Interest and other income	3,162	2,678	3,888
	-----	-----	-----
Income before income taxes	43,220	25,766	11,640
Provision for income taxes	16,400	6,254	4,118
	-----	-----	-----
Net income	\$ 26,820	19,512	7,522
	=====	=====	=====
EARNINGS PER SHARE:			
Basic earnings per share	\$ 1.81	1.32	0.51
	=====	=====	=====
Diluted earnings per share	\$ 1.77	1.30	0.51
	=====	=====	=====
Basic average number of shares outstanding	14,816	14,816	14,816
	=====	=====	=====
Diluted average number of shares outstanding	14,816	14,816	14,816
	=====	=====	=====

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See accompanying notes to consolidated financial statements.

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LEVITT CORPORATION  
CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY AND COMPREHENSIVE INCOME  
FOR EACH OF THE YEARS IN THE THREE YEAR PERIOD ENDED DECEMBER 31, 2003  
(IN THOUSANDS)

	COMPRE- HENSIVE INCOME (LOSS)	COMMON STOCK (a)	CLASS A COMMON STOCK (a)	CLASS B COMMON STOCK (a)	ADDITIONAL PAID-IN CAPITAL
	-----	-----	-----	-----	-----
BALANCE AT DECEMBER 31, 2000		--	--	--	50,003
Net income and comprehensive income	\$ 7,522	--	--	--	--
	=====	-----	-----	-----	-----
BALANCE AT DECEMBER 31, 2001		--	--	--	50,003
Net income	\$ 19,512	--	--	--	--
Other comprehensive income					
Pro-rata share of unrealized loss recognized by Bluegreen on sale of retained interests, net of tax	(406)	--	--	--	--
	-----				
Comprehensive income	\$ 19,106				
	=====				
Capital contribution		--	--	--	18,618
Issuance of Bluegreen Corporation common stock, net of tax		--	--	--	(219)
		-----	-----	-----	-----
BALANCE AT DECEMBER 31, 2002	\$	--	--	--	68,402
Issuance of Class A and Class B Common Stock and retirement of previous class of common stock (a)		--	136	12	(148)
Net income	\$ 26,820	--	--	--	--
Other comprehensive income					
Pro-rata share of unrealized gain recognized by Bluegreen on sale of retained interests, net of tax	835	--	--	--	--
	-----				
Comprehensive income	\$ 27,655				
	=====				
Issuance of Bluegreen common stock, net of tax		--	--	--	(210)
Stock issuance costs		--	--	--	(150)
Purchase and retirement of fractional shares distributed in spin-off		--	--	--	(39)

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Dividend declared in connection with spin-off	--	--	--	--
Deemed distribution related to transfer of 1.2 million shares of Bluegreen from BankAtlantic Bancorp	--	--	--	--
BALANCE AT DECEMBER 31, 2003	\$ --	136	12	67,855

(a) See Note 20 - Equity Transactions

See accompanying notes to consolidated financial statements.

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LEVITT CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR EACH OF THE YEARS IN THE THREE YEAR PERIOD ENDED DECEMBER 31, 2003  
(IN THOUSANDS)

	YEARS ENDED DECEMBER 31,		
	2003	2002	2001
<b>OPERATING ACTIVITIES:</b>			
Net income	\$ 26,820	19,512	7,813
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Depreciation and amortization	1,146	131	1,146
Minority interest expense	86	--	--
Increase in deferred income taxes	4,005	2,666	2,666
(Earnings) from Bluegreen Corporation	(7,433)	(4,570)	(4,570)
(Earnings) loss from joint ventures	(483)	(849)	(849)
Gain on sale of real estate investment, net	--	--	--
Write-off of debt offering costs	791	--	--
Changes in operating assets and liabilities:			
(Increase) decrease in restricted cash	(396)	(2,330)	6,205
(Increase) in inventory of real estate	(59,430)	(55,693)	(32,186)
Decrease (increase) in notes receivable	919	150	1,146
(Increase) decrease in other assets	(10,989)	2,186	(3,330)
Increase in accounts payable, accrued expenses and other liabilities	52,777	6,205	6,205
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>7,813</b>	<b>(32,592)</b>	<b>(16,430)</b>
<b>INVESTING ACTIVITIES:</b>			
Decrease in investment in real estate	--	--	3,330
Investment in real estate joint ventures	(933)	(1,244)	(3,330)
Distributions from real estate joint ventures	1,561	6,214	6,214
Investment in Bluegreen Corporation	--	(53,779)	--
Other	(451)	(336)	(336)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>177</b>	<b>(49,145)</b>	<b>6,214</b>



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FINANCING ACTIVITIES:			
Proceeds from notes and mortgage notes payable	134,016	104,417	56,
Proceeds from notes and mortgage notes payable to affiliates	38,438	64,642	24,
Repayment of notes and mortgage notes payable	(107,750)	(74,683)	(41,
Repayment of notes and mortgage notes payable to affiliates	(47,825)	(35,007)	(24,
Payments for debt offering costs	(791)	--	
Payments for stock issue costs	(150)	--	
Proceeds from development bonds payable	--	915	6,
Repayment of development bonds payable	(3,761)	(4,985)	(6,
Contributed capital from BankAtlantic Bancorp, Inc.	--	18,618	
Change in minority interest in consolidated joint ventures	(216)	243	(1,
	-----	-----	-----
NET CASH PROVIDED BY FINANCING ACTIVITIES	11,961	74,160	13,
	-----	-----	-----
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	19,951	(7,577)	2,
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	16,014	23,591	20,
	-----	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 35,965	16,014	23,
	=====	=====	=====

(Continued on next page)

See accompanying notes to consolidated financial statements.

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LEVITT CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR EACH OF THE YEARS IN THE THREE YEAR PERIOD ENDED DECEMBER 31, 2003  
(IN THOUSANDS)

	YEAR E 2003 -----
SUPPLEMENTAL CASH FLOW INFORMATION	
Interest paid on borrowings, net of capitalized interest	\$ 261
Income taxes paid	\$ 14,861
SUPPLEMENTAL DISCLOSURE OF NON-CASH OPERATING, INVESTING AND FINANCING ACTIVITIES:	
Change in stockholder's equity resulting from the change in other comprehensive gain (loss), net of taxes	\$ 835
Change in stockholder's equity from the net effect of Bluegreen's capital transactions, net of taxes	\$ (210)
Decrease in retained earnings due to dividend declared and issuance of note payable	\$ (8,000)
Issuance of a note payable for \$5.5 million and 200,916 shares of Class A Common Stock and 18,015 shares of Class B common stock related to receipt of 1.2 million shares of Bluegreen Corporation common stock from BankAtlantic Bancorp	\$ (5,500)
Purchase & retirement of treasury shares	\$ (39)

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Assumption of development bonds payable	\$ (1,190)
Decrease in notes receivable from assumption of development bonds payable	\$ 1,190

See accompanying notes to consolidated financial statements.

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### LEVITT CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Organization and Business

Levitt Corporation (the "Company") is the parent company to other entities operating in the real estate development business. Prior to 2001, the Company was a wholly owned subsidiary of BankAtlantic. In October 2001, BankAtlantic transferred its direct ownership of the Company to BankAtlantic Bancorp, Inc. ("BankAtlantic Bancorp"). Effective January 1, 2002, Levitt Corporation converted from a corporation to a limited liability company. On February 12, 2003, Levitt Corporation converted from a limited liability company to a corporation through a merger with a wholly owned subsidiary.

The Company engages in real estate activities through Levitt and Sons, LLC ("Levitt and Sons"), Core Communities, LLC ("Core Communities"), Levitt Commercial, LLC ("Levitt Commercial") and several investments in real estate projects in Florida. The Company also acquired in April 2002 an equity investment of 34.2% in Bluegreen Corporation ("Bluegreen"), a New York Stock Exchange-listed company engaged in acquisition, development, marketing and sale of primarily drive-to vacation ownership resorts, golf communities and residential land. Levitt and Sons was acquired in December 1999 for approximately \$27.0 million. Levitt and Sons is a developer of single-family home communities and condominiums in Florida. Core Communities owns the unsold land and other entitlements of the master planned communities known as St. Lucie West and Tradition in St. Lucie County, Florida. Levitt Commercial was formed in 2001 as a real estate development company specializing in the development and management of industrial, commercial, and retail properties. The majority of the Company's assets and activities are located in Florida. Changes in the economic conditions in Florida would have an impact on the operations of the Company.

##### Spin-off

On April 3, 2003, BankAtlantic Bancorp's Board of Directors authorized BankAtlantic Bancorp's management to pursue a spin-off of the Company. The proposed spin-off was subject to receipt of a private letter ruling from the Internal Revenue Service that the transaction would be tax free to holders of BankAtlantic Bancorp stock and any required regulatory approvals.

In November 2003, BankAtlantic Bancorp received the private letter ruling from the Internal Revenue Service, and on December 31, 2003, BankAtlantic Bancorp completed the spin-off of Levitt Corporation by means of a pro rata distribution to its shareholders of all of our issued and outstanding capital stock. As a result of the spin-off, BankAtlantic Bancorp no longer owns any shares of the Company's capital stock. However, BFC Financial Corporation, holder of all of the issued and outstanding shares of BankAtlantic Bancorp's Class B common stock and approximately 15.3% of the issued and outstanding shares of BankAtlantic Bancorp's Class A common stock, now holds as a result of the spin-off the same relative percentages of the Company's Class A and Class B common stock, representing in the aggregate approximately 55% of the total

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voting power of all of the Company's common stock.

In connection with the spin-off, a \$30.0 million demand note owed to BankAtlantic Bancorp was converted to a five year term note with interest only payable monthly initially at the prime rate and thereafter at the prime rate plus increments of an additional 0.25% every six months. Prior to the spin-off, BankAtlantic Bancorp also transferred its 4.9% ownership interest in Bluegreen to the Company in exchange for a \$5.5 million note and additional shares of common stock (which were included in the spin-off). This \$5.5 million note is due in one year, with principal and interest payable monthly and bearing interest at the prime rate. Additionally, prior to the spin-off, the Company declared an \$8.0 million dividend to BankAtlantic Bancorp payable in the form of a five year term note with the same payment terms as the \$30.0 million note described above.

### Consolidation Policy

The accompanying consolidated financial statements include the accounts of the Company, its majority owned subsidiaries, and its majority owned joint ventures. All significant inter-company accounts, transactions and profits have been eliminated in consolidation.

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The Company uses the equity method for investments in unconsolidated subsidiaries and unconsolidated joint ventures when the Company owns at least 20% of the voting stock or exercises significant influence over the operating and financial policies but does not own a controlling interest. Under the equity method, the Company's initial investment is recorded at cost and is subsequently adjusted to recognize its share of earnings or losses. Distributions received reduce the carrying amount of the investment. In the event of issuance of equity interests by an unconsolidated entity to others, the Company recognizes the impact in paid in capital.

### Cash Equivalents

Cash equivalents include liquid investments with original maturities of three months or less.

### Restricted Cash

Cash and interest bearing deposits are segregated into restricted accounts for specific uses in accordance with the terms of certain land sale contracts, home sales and other arrangements. Restricted funds may only be utilized in accordance with the terms of the applicable governing documents. The majority of restricted funds are controlled by third-party escrow fiduciaries.

### Inventory of Real Estate

Inventory of real estate includes land, land development costs, interest and other construction costs and is stated at accumulated cost or, when circumstances indicate that the inventory is impaired, at estimated fair value. Estimated fair value is based on disposition of real estate in the normal course of business under existing and anticipated market conditions. The evaluation takes into consideration the current status of the property, various restrictions, carrying costs, costs of disposition and any other circumstances, which may affect fair value including management's plans for the property. Due to the large acreage of certain land holdings, disposition in the normal course of business is expected to extend over a number of years.

Land and indirect land development costs are accumulated by specific area

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and allocated to various parcels or housing units using specific identification and allocation based upon the relative sales value, unit or area methods. Direct construction costs are assigned to housing units based on specific identification. Construction costs primarily include direct construction costs and capitalized field overhead. Other costs are comprised of tangible selling costs, prepaid local government fees and capitalized real estate taxes. Tangible selling costs are capitalized by communities and represent costs incurred that are used directly throughout the selling period to aid in the sale of housing units, such as model furnishings and decorations, sales office furnishings and facilities, exhibits, displays and signage. These tangible selling costs are capitalized and expensed to cost of sales of the benefited home sales. Start-up costs and other selling expenses are expensed as incurred.

### Capitalized Interest

Interest incurred relating to land under development and construction is capitalized to real estate inventories during the active development period. Interest is capitalized as a component of inventory at the effective rates paid on borrowings during the pre-construction and planning stage and the periods that projects are under development. Capitalization of interest is discontinued if development ceases at a project. Interest is relieved to cost of sales as related homes, land and units are sold.

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The following table is a summary of interest incurred on notes and mortgage notes payable and the amounts capitalized (in thousands):

	For the year ended December 31,		
	2003	2002	2001
Interest expense to non-affiliates	\$ 5,661	5,751	4,123
Interest expense to BankAtlantic	1,083	1,335	2,103
Interest expense to BankAtlantic Bancorp	1,180	971	--
Interest capitalized	(7,691)	(7,668)	(6,046)
Interest expense, net	\$ 233	389	180
Interest included in cost of sales	\$ 6,425	6,174	4,820

### Revenue Recognition

Revenue and all related costs and expenses from house and land sales are recognized at the time that closing has occurred, when title and possession of the property and risks and rewards of ownership transfer to the buyer and other sale and profit recognition criteria are satisfied as required under accounting principles generally accepted in the United States of America for real estate transactions.

Title and mortgage operations include agency and other fees received for processing of title insurance policies and mortgage loans. Revenues from title and mortgage operations are recognized when the transfer of the corresponding property or mortgages to third parties has been consummated.

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Other revenues consist primarily of developers fees earned from real estate joint ventures as homes are delivered, interest income, forfeited deposits and other miscellaneous income.

### Goodwill

In 2002, in connection with the acquisition of Bluegreen common stock, approximately \$4.1 million in goodwill was recognized. Goodwill for equity method investments is tested when a decline in the fair value of the related investment is determined to be other than a temporary decline.

### Income Taxes

Through December 31, 2003, the Company was included in BankAtlantic Bancorp's consolidated federal income tax return. The Company and BankAtlantic Bancorp are parties to a tax sharing agreement with respect to the Federal income tax liability of the consolidated group. The tax sharing agreement provides that the consolidated tax liability for a given year is allocated among the members of the consolidated group in proportion to the taxable income or loss of each member. Income tax expense is calculated on a separate return method that allocates current and deferred taxes to members of BankAtlantic Bancorp's consolidated group to each member as if it were a separate taxpayer. Current taxes are payable to or receivable from BankAtlantic Bancorp. The Company receives current tax benefits from BankAtlantic Bancorp when the tax benefits are utilized in the consolidated return. The Company utilizes the asset and liability method to account for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the 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 reversed. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period that includes the statutory enactment date. A deferred tax asset valuation allowance is recorded when it is more likely than not that all or a portion of the deferred tax asset will not be realized. Commencing in 2004, the Company will file its federal tax return separately from BankAtlantic Bancorp.

### Minority Interest in Equity of Consolidated Joint Ventures

Minority interest reflects third parties' ownership interest in ventures that the Company controls. The carrying value of minority interest approximates fair value.

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### Earnings Per Share

On December 22, 2003 the Company filed Amended Articles of Incorporation with the State of Florida which provided for, among other things, the recapitalization of the Company's common stock into Class A and Class B common stock. The Company's sole shareholder, BankAtlantic Bancorp, received all 13,597,166 issued and outstanding shares of Class A common stock and all 1,219,031 issued and outstanding shares of Class B common stock as part of the recapitalization. On December 31, 2003, BankAtlantic Bancorp distributed all 14,816,197 issued and outstanding shares of Class A and Class B common stock to its shareholders to effect the spin-off of the Company from BankAtlantic Bancorp. Earnings per share for all periods presented herein reflect the recapitalization of the Company's common stock. (See Note 20. Equity Transactions.)

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While the Company has two classes of common stock outstanding, the two-class method is not presented because the Company's capital structure does not provide for different dividend rates or other preferences, other than voting rights, between the two classes. Basic earnings per share excludes dilution and is computed by dividing net income by the weighted average number of common shares outstanding for the period. Diluted earnings per share takes into account the potential dilution from securities issued by an equity method investee that enable their holders to obtain the investee's common stock. The resulting net income amount is divided by the weighted average number of dilutive common shares outstanding, when dilutive.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ significantly from those estimates. Material estimates are utilized in the valuation of real estate, estimates of future improvement costs, capitalization of costs, provision for litigation, the valuation of investments, the valuation of the fair market value of assets and liabilities acquired when applying the purchase method of accounting and the amount of the deferred tax asset valuation allowance.

### New Accounting Pronouncements

In January 2003, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"). In December 2003, the FASB issued Interpretation No. 46 (revised December 2003), "Consolidation of Variable Interest Entities" ("FIN 46R"), which replaces FIN 46. FIN 46R addresses how a business enterprise should evaluate whether it has a controlling interest in an entity through means other than voting rights. This interpretation requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or is entitled to receive a majority of the entity's residual returns or both. The interpretation also requires disclosures about variable interest entities that the Company is not required to consolidate but in which it has a significant variable interest. The Company is required to adopt FIN 46R by the end of the first reporting period ending after March 15, 2004. Management has completed its initial evaluation of FIN 46R, and concluded that adoption of FIN 46R is not expected to have a material impact on the Company's results of operations or financial condition.

In May 2003, the FASB issued SFAS No. 150 ("Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity"). This Statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. The Statement requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. Management does not believe that this Statement will have a material impact on the Company's financial statements.

## 2. NOTES RECEIVABLE

Notes receivable represent purchase money notes due from third parties resulting from various land sales at Core Communities. The weighted average interest rate of the notes outstanding was 4.59% as of December 31, 2003 and the notes are due in March 2012.

## 3. INVENTORY OF REAL ESTATE

At December 31, 2003 and 2002, inventory of real estate is summarized as follows (in thousands):

	DECEMBER 31,	
	2003	2002
Land and land development costs	\$174,142	161,826
Construction cost	67,895	23,412
Other costs	15,519	12,888
	-----	-----
	\$257,556	198,126
	=====	=====

## 4. INVESTMENTS IN JOINT VENTURES

Following is a description of joint ventures which the Company accounts for under the equity method:

Brittany Bay at Andros Isle - A single-family residential development consisting of 222 units located in West Palm Beach, Florida. The Company owns a 39.9% limited partnership interest and a 0.1% general partner interest in this venture.

Fairways at Grand Harbor - A multi-family residential development of 257 luxury rental apartments located in Vero Beach, Florida. The Company owns a 44.5% limited partnership interest and a 0.5% general partner interest in this venture. The remaining partnership interests are held by unaffiliated third parties. The rental apartment property was sold to an unaffiliated third party in January 2004, however the partnership continues to provide rental management services at neighboring Grand Harbor.

Fountains at St. Lucie West - A multi-family residential development consisting of 300 luxury rental apartments in St. Lucie West, Florida. The Company owned a 49.5% limited partnership interest and a 0.5% general partner interest in this venture. This project was sold during 2001.

Cascade Lakes - A single-family residential development consisting of 600 homes located in Boynton Beach, Florida. The Company owned a 49.999% limited partnership interest and a 0.001% general partner interest in this venture. At December 31, 2002, this development was completed and all homes delivered.

Third Street Partners - A multi-family residential development on 2.4 acres consisting of 164 condominium units, 20,000 square feet of retail space and a separate parking garage structure. The property was acquired in December 2000, and the Company owns a 47.4% limited partnership interest and a 0.1% general partnership interest. At December 31, 2003, 18 units had been delivered.

Preserve at Melbourne - A multi-family residential development of 93 acres acquired for the future development of approximately 298 apartment units in 23 buildings located in Melbourne, Florida. The property was acquired in October 2002 and the Company owns a 50% membership interest in the acquired land and a 20% membership interest in costs related to the further development of the

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project.

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The Condensed Combined Balance Sheets and Statements of Operations for the joint ventures accounted for using the equity method are as follows (unaudited):

### Condensed Combined Balance Sheets December 31, 2003 and 2002 (In thousands)

	December 31,	
	2003	2002
Real estate assets	\$ 57,402	46,456
Other assets	5,931	4,237
	-----	-----
Total assets	\$ 63,333	50,693
	=====	=====
Mortgage notes payable to BankAtlantic	\$ 22,726	24,873
Mortgage notes payable non-affiliates	25,628	11,263
Other liabilities	6,879	6,699
	-----	-----
Total liabilities	55,233	42,835
	-----	-----
Partners' capital	8,100	7,858
	-----	-----
Total liabilities and partners' capital	\$ 63,333	50,693
	=====	=====

### Condensed Combined Statements of Operations (In thousands)

	Year Ended December 31,		
	2003	2002	2001
Revenues	\$ 18,893	43,924	79,655
Cost and expenses	18,332	41,962	74,617
	-----	-----	-----
Net income	\$ 561	1,962	5,038
	=====	=====	=====
Company's share of net income	\$ 483	849	2,888
	=====	=====	=====

Levitt Corporation has provided guarantees on indebtedness to joint ventures accounted for under the equity method of accounting. The guarantees arose in order to obtain joint venture financing. Levitt Corporation and its joint venture partners would have to perform on their guarantees if the joint



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ventures were to default on the main loan agreements. At December 31, 2003, Levitt Corporation had guarantees on \$22.4 million of joint venture debt. Included in these guarantees were \$21.1 million of loans from BankAtlantic. All guarantees were entered into prior to December 31, 2002. Levitt Corporation's management believes that based on the value of the collateral pledged to support the loans, no payments will be required under the guarantees. The other joint venture partners are also guarantors to the joint venture debt and any payments associated with the guarantees in excess of the Company's ratable obligation may be recovered from these third parties.

For the years ended December 31, 2003, 2002 and 2001, interest paid to BankAtlantic by the Company's unconsolidated joint ventures was approximately \$1.6 million, \$2.2 million and \$2.7 million, respectively.

The Company made contributions to the Brittany Bay joint venture in excess of its proportionate ownership interest. The partnership agreement provides for the Company to receive preferential income and cash distributions until the Company's invested capital is proportionate to its ownership interest.

### 5. INVESTMENT IN REAL ESTATE

During May 2001, a marine rental property was sold for approximately \$3.9 million and a net gain on the sale of approximately \$680,000 was recognized. The Company owned a 50% interest in the property which was consolidated.

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### 6. INVESTMENT IN BLUEGREEN CORPORATION

During April 2002, Levitt Corporation acquired approximately 34.2% of the outstanding shares of Bluegreen. This interest in Bluegreen was acquired for an aggregate purchase price of approximately \$53.8 million. The funds for the investment in Bluegreen were obtained from \$30 million of borrowings from BankAtlantic Bancorp, \$18.6 million from BankAtlantic Bancorp's capital contribution and \$5.2 million from the Company's working capital. The purchase price was in the aggregate \$4.2 million greater than the equity in the underlying net assets of Bluegreen. The amount attributed to goodwill is evaluated for impairment in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets." The amount attributed to various other assets and liabilities will be amortized into the statement of operations as an adjustment to income from equity method investment and any related deferred taxes will be adjusted accordingly. The cost of the investment in Bluegreen is adjusted to recognize the Company's interest in the earnings or losses of Bluegreen after the acquisition date.

The difference between the Company's percentage ownership in Bluegreen Corporation multiplied by its earnings and the amount of the Company's equity in earnings of Bluegreen Corporation as reflected on the Company's financial statements relates to amortization or accretion of purchase accounting adjustments made at the time of the acquisition of the Company's interest in Bluegreen Corporation. One of these purchase accounting adjustments related to deferred telemarketing costs. Such costs at the time of the Company's acquisition were being capitalized by Bluegreen Corporation rather than expensed as incurred. Levitt Corporation did not ascribe any value to the deferred telemarketing costs in its purchase price allocation. Subsequently, Bluegreen Corporation changed its method of accounting for these costs and now expenses these costs as incurred.

Based on a comparison of Bluegreen's historical cost bases of assets and liabilities to their corresponding estimated fair values, the excess purchase price was attributed to the following (in thousands):

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Goodwill	\$ 4,100
Deferred taxes	(1,600)
Various assets and liabilities (net)	1,700
	-----
	\$ 4,200
	=====

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A condensed balance sheet and condensed statement of income are as follows (unaudited):

Condensed Consolidated Balance Sheet  
(In thousands)

	December 31,	
	2003	2002
	-----	-----
Total assets	\$570,406	433,992
	=====	=====
Total liabilities	378,878	272,459
Minority interest	4,648	3,250
Total shareholders' equity	186,880	158,283
	-----	-----
Total liabilities and shareholders' equity	\$570,406	433,992
	=====	=====

Condensed Consolidated Statements of Income  
(In thousands)

	Year Ended December 31, 2003	Nine Months Ended December 31, 2002	Year Ended March 31, 2002
	-----	-----	-----
Revenues	\$ 438,454	271,973	287,
Cost and expenses	393,129	247,302	268,
Provision for income taxes	16,168	8,479	7,
Minority interest	3,330	816	
	-----	-----	-----
Income before cumulative effect of a change in accounting principle	25,827	15,376	11,
Cumulative effect of a change in accounting principle, net of income taxes and minority interest	--	(5,579)	
	-----	-----	-----
Net income	\$ 25,827	9,797	11,
	=====	=====	=====

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7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at December 31, 2003 and 2002 are summarized as follows (in thousands):

	December 31,	
	2003	2002
Trade and retention payables	\$ 26,111	7,721
Accrued construction obligations	3,502	2,663
Customer deposits	52,134	18,187
Accrued litigation reserve (Note 16)	2,519	2,330
Other accrued liabilities	7,855	5,996
	-----	-----
	\$ 92,121	36,897
	=====	=====

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8. NOTES AND MORTGAGE NOTES PAYABLE

Notes payable at December 31, 2003 and 2002 consist of the following (dollars in thousands):

	Issue	December 31,		Interest
	Date	2003	2002	Rate
LEVITT AND SONS				
Mortgage notes payable (a)	Various	83,346	54,887	From Prime less 0.25% to Prime plu 0.75% with interes rate floors to 5.5
Mortgage notes payable due to BankAtlantic (a)	Various	18,118	27,505	From Prime to LIBO + 2.70%
Line of credit (b)	March 2002	1,000	3,500	Prime + 1.00%
		-----	-----	
		102,464	85,892	
		-----	-----	
CORE COMMUNITIES				
Land acquisition mortgage note (c)	May 2002	12,995	12,995	Libor + 2.1%
Construction Mortgage Note	April 2003	988	--	From 5.1% Fixed to U.S. Treas + 3.25%

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Notes payable (c)	Various	--	--	From 7.00% fixed t 8.50% fixed
Unsecured obligation	March 1987	312	378	7.00% Fixed
Equipment loan payables	Various	29	68	From 5.99% fixed t 8.50% fixed
Line of credit	Sep 2001	--	112	LIBOR + 2.75%
		-----	-----	
		14,324	13,553	
		-----	-----	
LEVITT COMMERCIAL				
Land acquisition and construction mortgage notes payable	Various	3,246	2,919	LIBOR + 3.00%
		-----	-----	
		3,246	2,919	
		-----	-----	
LEVITT CORPORATION				
Demand promissory note due to BankAtlantic Bancorp	April 2002	--	30,000	Prime less 0.25%
Promissory note due to BankAtlantic Bancorp	Dec 2003	30,000	--	Prime + 1/4% escalation every 6 months
Promissory note due to BankAtlantic Bancorp	Dec 2003	8,000	--	Prime + 1/4% escalation every 6 months
Promissory note due to BankAtlantic Bancorp	Dec 2003	5,500	--	Prime
Acquisition note payable	Sep 2000	8,400	10,500	Prime + 0.50%
Subordinated Investment Notes	Various	1,309	--	Fixed Interest Rat from 6.5% to 8.75%
		-----	-----	
		53,209	40,500	
		-----	-----	
TOTAL NOTES AND MORTGAGE NOTES PAYABLE (D)		\$ 173,243	\$ 142,864	
		=====	=====	

- (a) Levitt and Sons has entered into various loan agreements to provide financing for the acquisition, site improvements and construction of residential units. As of December 31, 2003 and 2002, these loan agreements provided for advances on a revolving loan basis up to a maximum

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outstanding balance of \$167.7 million and \$145.2 million, respectively. The loans are secured by mortgages on respective properties including improvements. Notes and mortgage notes payable were collateralized by inventory of real estate with net carrying values aggregating \$183.3 million and \$119.1 million, at December 31, 2003 and 2002, respectively. Certain mortgage notes contain provisions for accelerating the payment of principal as individual homes are sold by Levitt and Sons. Certain notes and mortgage notes provide that events of default may include a change in ownership, management or executive management.

- (b) Levitt and Sons has a credit agreement with a non-affiliated financial institution to provide a \$10.0 million line of credit. At December 31, 2003, Levitt and Sons had available credit of approximately \$9.0 million and had \$1.0 million outstanding. The credit facility currently matures September 2005. On or before June 30th of each calendar year, the financial institution may at its sole discretion offer the option to extend the term of the loan for a one-year period. The Company has guaranteed amounts outstanding under the line of credit, but the guarantee is limited to a security interest evidenced by a second priority lien upon the Company's equity interest in Levitt and Sons.
- (c) Core Communities notes and mortgage notes payable are collateralized by inventory of real estate with net carrying values aggregating \$17.4 million and \$23.9 million at December 31, 2003 and December 31, 2002, respectively.
- (d) At December 31, 2003, 2002 and 2001 the Prime Rate as reported by the Wall Street Journal was 4.00%, 4.25% and 4.75%, respectively, and the three-month LIBOR Rate was 1.15%, 1.38% and 1.88%, respectively.

Some of the Company's borrowings contain covenants that, among other things, require it to maintain financial ratios and a minimum net worth. These covenants may have the effect of limiting the amount of debt that the Company can incur in the future and restricting the payment of dividends from subsidiaries to the Company. At December 31, 2003, the Company was in compliance with all loan agreement financial covenants.

At December 31, 2003, the minimum aggregate required principal payment of the above indebtedness in each of the next five years is approximately as follows (in thousands):

	December 31, 2003
	-----
Year ended December 31, 2004	\$ 13,172
Year ended December 31, 2005	56,842
Year ended December 31, 2006	12,731
Year ended December 31, 2007	49,554
Year ended December 31, 2008	40,012
Thereafter	932
	-----
	\$ 173,243
	=====

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In connection with the development of certain of our communities, community development or improvement districts have been established and may utilize bond financing to fund construction or acquisition of certain on-site and off-site infrastructure improvements performed by the Company near or at these communities. The obligation to pay principal and interest on the bonds issued by the districts is assigned to each parcel within the district and a priority assessment lien may be placed on benefited parcels to provide security for the debt service. The bonds, including interest and redemption premiums, if any, and the associated priority lien on the property are typically payable, secured and satisfied by revenues, fees, or assessments levied on the property benefited. The Company pays a portion of the revenues, fees, and assessments levied by the districts on the properties the Company still owns that are benefited by the improvements. The Company may also agree to pay down a specified portion of the bonds at the time of each unit or parcel closing.

In accordance with Emerging Issues Task Force Issue 91-10 ("EITF 91-10"), Accounting for Special Assessments and Tax Increment Financing, the Company records a liability, net of cash held by the districts available to offset the particular bond obligation, for the estimated developer obligations that are fixed and determinable and user fees that are required to be paid or transferred at the time the parcel or unit is sold to an end user. The Company reduces this liability by the corresponding assessment assumed by property purchasers and the amounts paid by the Company at the time of closing and transfer of the property. Interest is calculated and paid based upon the gross bond obligation.

Development bonds payable at December 31, 2003 and 2002 are summarized as follows (dollars in thousands):

	Issue Date	December 31,		Interest Rate	
		2003	2002		
Capital improvement revenue bonds	Range from May 1999 to November 2000	\$ 850	4,581	From 5.875% fixed to 6.50% fixed	
		----- \$ 850 =====	----- 4,581 =====		

At December 31, 2003, the aggregate required principal payment of the above indebtedness is due subsequent to December 31, 2007

During the fourth quarter of 2003, a development district for the Tradition master-planned community issued \$62.8 million of long-term assessment bonds to refinance \$28.9 million of previously issued and outstanding bond anticipation notes and to provide financing for Phase I infrastructure development. The development district assesses property owners to fund debt service and the ultimate repayment of the bonds. The Company is assessed based on its pro-rata ownership of the property in the district. The Company's pro-rata share of the assessment transfers to third party purchasers upon property sales. The assessments are projected to be levied beginning in 2005. In accordance with EITF 91-10, the Company will recognize an expense for its pro rata portion of assessments, based upon its ownership of benefited property.

Utility Revenue Refunding Bonds and Water Management Benefit Tax Bonds

The Utility Revenue Refunding Bonds and Water Management Benefit Tax Bonds

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are other bonds of the development district that are not recorded on the books of the Company. As an owner of property within the development district, the Company is responsible for the payment of its pro rata share of tax assessments regarding the water management benefit tax bonds, only until land parcels are sold. The Company recognized a tax assessment expense, based upon its pro rata share of taxes and assessments of approximately \$444,000, \$544,000 and \$1.1 million for the years ended December 31, 2003, 2002 and 2001, respectively. This expense is included in selling, general and administrative expenses on the accompanying consolidated statement of operations.

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### 10. EMPLOYEE BENEFIT PLANS

#### 401(k) Plan

Through December 31, 2003, the Company's employees participated in BankAtlantic's defined contribution plan, pursuant to Section 401(k) of the Internal Revenue Code for all employees who have completed three months of service and have reached the age of 18. The Company's contributions to the plan were at the discretion of BankAtlantic's Board of Directors. Included in the Company's Consolidated Statements of Operations for each of the years ended December 31, 2003, 2002 and 2001 was approximately \$495,000, \$344,000, and \$198,000 of expenses relating to the employer 401(k) contribution under the plan.

#### Stock Incentive Plan

On December 15, 2003, the Company's board of directors approved the 2003 Levitt Corporation Stock Incentive Plan ("Plan"); in connection therewith, the board of directors reserved 1,500,000 shares of the Company's Class A common stock for issuance under the Plan and directed the officers of the Company to file on Form S-8 a registration statement of, among other interests, the shares of the Company's Class A common stock issuable under the Plan. On December 18, 2003, BankAtlantic Bancorp, Inc., the Company's sole shareholder at such time, approved the terms and conditions of the Plan. Under the terms of the Plan, the compensation committee of the board of directors is authorized to grant incentive stock options or restricted stock to officers, directors, and persons employed by or otherwise providing services to the Company or any parent or subsidiary of the Company. On January 2, 2004, the compensation committee granted options for the issuance of 674,250 shares of Class A common stock.

### 11. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Alan B. Levan, Chairman of the Board of the Company, also serves as Chairman of the Board and Chief Executive Officer of BankAtlantic Bancorp and BankAtlantic. Alan B. Levan is also Chairman of the Board of Bluegreen Corporation and of BFC Financial Corporation, the parent company of both BankAtlantic Bancorp and the Company ("BFC").

John E. Abdo, Vice Chairman of the Board and President of the Company, also serves as Vice Chairman of the Board of BankAtlantic Bancorp and BankAtlantic. John E. Abdo is also Vice Chairman of the Board of Bluegreen Corporation and of BFC.

Glen R. Gilbert, Executive Vice President, Chief Financial Officer and Secretary of the Company, also serves as Executive Vice President, Chief Financial Officer and Secretary of BFC.

Since 2002, the Company has utilized certain services of Conrad & Scherer, a law firm in which William R. Scherer, a member of the Company's Board of

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Directors, is a member. The Company paid fees aggregating \$79,000 and \$364,000 to this firm during the years ended December 31, 2003 and 2002, respectively.

Each of the Company's executive officers separately receives compensation from affiliates of the Company for services rendered to those affiliates. Members of the Company's Board of Directors and executive officers also have banking relationships with BankAtlantic. Such banking relationships are in the ordinary course of BankAtlantic's business.

In October 2001, BankAtlantic transferred its direct ownership of Levitt Corporation to BankAtlantic Bancorp. As a consequence of the transfer, Levitt Corporation became a wholly owned subsidiary of BankAtlantic Bancorp.

At December 31, 2003 and 2002, \$14.7 million and \$5.4 million, respectively, of cash and cash equivalents were held on deposit by BankAtlantic. Interest on deposits held at BankAtlantic for each of the years ended December 31, 2003, 2002 and 2001 was approximately \$119,000, \$84,000, and \$396,000, respectively. Additionally, at December 31, 2003 and 2002, \$3.2 million and \$2.9 million, respectively, of restricted cash was held on deposit by BankAtlantic.

BankAtlantic and BFC each received management fees in connection with providing general and administrative services to the Company. The amounts paid may not be representative of the amounts that would be paid in an arms-length transaction. The table below sets forth the management fees paid to related parties (in thousands).

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	Year Ended December 31,		
	2003	2002	2001
(In thousands)			
BFC	\$ 213	170	80
BankAtlantic	20	20	20
	-----	-----	-----
Total management fees	\$ 233	190	100
	=====	=====	=====

### 12. COMMITMENTS AND CONTINGENCIES

The Company is a party to various claims, legal actions and complaints arising in the ordinary course of business. Management believes it has meritorious defenses in these matters. However, in the opinion of management, the disposition of these matters, even if adverse to the Company, would not have a material adverse effect on the Company's financial condition or results of operations. The Company is subject to the usual obligations associated with entering into contracts for the purchase, development and sale of real estate in the routine conduct of its business.

The Company is obligated to fund homeowner association operating deficits incurred by its communities under development. This obligation ends upon turnover of the association to the residents of the community.

The Company's rent expense for the years ended December 31, 2003, 2002 and 2001 was \$875,000, \$435,000 and \$367,000, respectively. At December 31, 2003, Levitt and Sons is committed under long-term leases expiring at various dates



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through January 2006. Core Communities is committed under a lease for office space expiring on August 31, 2004. Approximate minimum future rentals due are as follows (in thousands):

Year ended December 31, 2004	\$715,617
Year ended December 31, 2005	149,314
Year ended December 31, 2006	36,000
	-----
	\$900,931
	=====

The Company is subject to obligations associated with entering into contracts for the purchase, development and sale of real estate in the routine conduct of its business. At December 31, 2003, the Company had commitments to purchase properties for development of \$146.7 million, of which approximately \$114.0 million is subject to due diligence and satisfaction of certain requirements and conditions, as well as the obtaining of financing. The following table summarizes certain information relating to outstanding purchase contracts (unaudited):

	Purchase Price	Units/ Acres	Expected Closing
	-----	-----	-----
Levitt and Sons	\$62.6 million	3,956 units	2004
Core Communities	\$80.6 million	4,456 acres	2004
Levitt Commercial	\$ 3.5 million	30 acres	2004

At December 31, 2003, cash deposits of approximately \$3.5 million secured the Company's commitments under these contracts.

### 13. INCOME TAXES

The Company is included in the consolidated federal income tax return of BankAtlantic Bancorp. Through December 31, 2003, there was a tax sharing agreement among BankAtlantic Bancorp and its subsidiaries, including the Company, to assure that (i) the subsidiaries will not be required to contribute a share of the consolidated tax liability for a year in an amount in excess of that which they would have incurred for that particular year on the basis of a separate income tax return, (ii) any permanent benefit accruing to the affiliated group by reason of the filing of a consolidated return shall be enjoyed by the member to which the benefit is attributed or shall be otherwise shared in proportion to the respective amounts of tax liability incurred on the basis of separate returns for the year, and (iii) any tax benefit attributable to the subsidiaries realized by reason of the consolidated return for the year be enjoyed by the subsidiaries

regardless of the possibility that the benefit of any tax credit or deduction may not have been enjoyed under a separate income tax return.

The provision for income tax expense consists of the following (in thousands):

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	Year Ended December 31,		
	2003	2002	2001
Current tax provision			
Federal	\$ 10,619	3,380	1,515
State	1,772	208	360
	-----	-----	-----
	12,391	3,588	1,875
	-----	-----	-----
Deferred income tax provision (benefit)			
Federal	3,455	3,025	750
State	554	(359)	1,493
	-----	-----	-----
	4,009	2,666	2,243
	-----	-----	-----
Total income tax provision	\$ 16,400	6,254	4,118
	=====	=====	=====

The Company's provision for income taxes differs from the federal statutory tax rate of 35% due to the following (in thousands):

	Year Ended December 31,		
	2003	2002	2001
Income tax provision at expected federal income tax rate of 35%	\$ 15,127	9,018	4,074
Provision for state taxes, net of federal Benefit	1,549	705	487
Change in valuation allowance for deferred tax asset	(418)	(2,639)	(1,292)
Change in state tax valuation allowance	--	(840)	840
Other, net	142	10	9
	-----	-----	-----
Provision for income taxes	\$ 16,400	6,254	4,118
	=====	=====	=====

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The tax effects of temporary differences that give rise to significant portions of the deferred tax assets consist of the following (in thousands):

	As of December 31,	
	2003	2002
Deferred tax assets:		
	-----	-----
Net operating loss carry forward acquired	\$ --	353

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Real estate held for sale capitalized for tax purposes in excess of amounts capitalized for financial statement purposes	2,204	1,729
Accrued litigation reserve	972	898
Purchase accounting adjustments from real estate acquisitions:		
Levitt and Sons	2,597	4,233
Core Communities	414	534
	-----	-----
Total gross deferred tax assets	6,187	7,747
Less valuation allowance	--	(418)
	-----	-----
Total deferred tax assets	6,187	7,329
Deferred tax liabilities:		
Investment in Bluegreen	5,533	1,371
	-----	-----
Total deferred tax liabilities	5,533	1,371
	-----	-----
Net deferred tax assets	654	5,958
Less deferred income tax assets at beginning of period	(5,958)	(8,233)
Deferred income taxes on Bluegreen's unrealized gains, losses and issuance of common stock	361	(391)
Deferred income taxes on transfer of 1.2 million shares of Bluegreen common stock from BankAtlantic Bancorp	934	--
	-----	-----
Provision for deferred income taxes	\$ (4,009)	(2,666)
	=====	=====

At December 31, 2003 and 2002, the Company had a valuation allowance of \$0 and \$418,000, respectively. The Company's valuation allowance was reduced based on the Company's assessment of future profitability from sales of real estate.

On January 1, 2002, the Company converted from a subchapter C corporation to a limited liability company. As a result of this change in corporate structure, the Company ceased to be recognized as a taxable entity for federal, state and local tax purposes. Effective July 1, 2002, the Company elected to be treated as an association taxable as a corporation. On February 12, 2003, the Company converted from a limited liability company to a corporation through a merger with a wholly owned subsidiary.

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#### 14. INTEREST AND OTHER INCOME

The table below sets forth the sources of interest and other income (in thousands):

	Year Ended December 31,		
	-----	-----	-----
	2003	2002	2001
	-----	-----	-----
Interest income:			
Interest on deposits held at BankAtlantic	\$ 119	84	396
Interest on deposits held at other financial institutions	113	151	451
Interest from notes receivable	238	525	550

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Interest from impact fee receivables	393	499	592
	-----	-----	-----
Total interest income	\$ 863	1,259	1,989
	-----	-----	-----
Other income:			
Management and development fees	\$ 1,002	709	1,165
Billboard Rental	1,016	--	--
Forfeited deposits	207	257	79
Gain on sale of assets	--	291	235
Other	74	162	420
	-----	-----	-----
Total other income	2,299	1,419	1,899
	-----	-----	-----
Total interest and other income	\$ 3,162	2,678	3,888
	=====	=====	=====

### 15. ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS

Estimated fair values of financial instruments are determined using available market information and appropriate valuation methodologies. However, considerable judgments are involved in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of amounts the Company could realize in a current market exchange.

The following methods and assumptions were used to estimate fair value:

- Carrying amounts of cash and cash equivalents, accounts payable and accrued liabilities approximate fair value due to their short-term nature.
- Carrying amounts of notes receivable approximate fair values.
- Carrying amounts of notes and mortgage notes payable that provide for variable interest rates approximate fair value, as the terms of the credit facilities require periodic market adjustment of interest rates. The fair value of the Company's fixed rate indebtedness, including development bonds payable, was estimated using discounted cash flow analyses, based on the Company's current borrowing rates for similar types of borrowing arrangements.

(In thousands)	December 31, 2003		December 31, 2002	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	-----	-----	-----	-----
Financial assets:				
Cash and cash equivalents	\$ 35,965	35,965	16,014	16,014
Notes receivable	5,163	5,163	6,082	6,082
Financial liabilities:				
Notes and mortgage notes payable	\$ 173,243	173,306	142,864	142,864
Development bonds payable	850	823	4,581	4,570

### 16. LITIGATION

On December 29, 2000, Smith & Company, Inc. ("Smith") filed an action against Levitt-Ansca Towne Partnership (the "Partnership"), Bellaggio By Levitt

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Homes, Inc. ("BLHI"), Bellaggio By Anasca, Inc. a/k/a Bellaggio By

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Anasca Homes, Inc., and Liberty Mutual Insurance Company (collectively, "Defendants") based on an August 21, 2000 contract entered into with the Partnership. BLHI is a 50% partner of the Partnership and a wholly owned subsidiary of Levitt and Sons. The Complaint alleged, among other things, wrongful termination, breach and failure to pay for extra work performed outside the scope of the contract. The Partnership denied the claims, asserted defenses and asserted a number of counterclaims. This case was tried before a jury, and on March 7, 2002, the jury returned a verdict against the Partnership. The final judgment entered against the Defendants is \$3.68 million. Under the final judgment, Smith and its surety company may be entitled to recover legal fees and other costs. Since BLHI is a 50% partner of the Partnership, its share of the potential liability is estimated at \$2.6 million, including legal fees, interest and other costs. The Partnership appealed the verdict. At December 31, 2003 and 2002 the Company's financial statements included an accrual in other liabilities associated with this matter of \$2.5 million and \$2.4 million, respectively. Levitt and Sons has \$3.2 million in restricted cash to secure an appeal bond posted in connection with the appeal.

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### 17. SEGMENT REPORTING

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 in deciding how to allocate resources and in assessing performance. The information provided for segment reporting is based on internal reports utilized by management. The Company has four reportable business segments. The accounting policies of the segments are generally the same as those described in the summary of significant accounting policies. The elimination entries consist of the inter-company sale of real estate and cost of sales of real estate between Core and Levitt and Sons. The Company primarily evaluates segment performance based on net income after tax. The presentation and allocation of the assets, liabilities and results of operations may not reflect the actual economic costs of the segment as a stand-alone business. If a different basis of allocation was utilized, the relative contributions of the segment might differ but the relative trends in segments would, in management's view, likely not be impacted. The tables below present segment information as of and for the years ended December 31, 2003, 2002 and 2001 (in thousands):

2003	LEVITT AND SONS -----	CORE COMMUNITIES -----	BLUEGREEN -----	OTHER OPERATIONS -----
Revenues				
Sales of real estate	\$ 222,257	55,037	--	5,764
Title and mortgage operations	2,466	--	--	--
Total revenues	224,723	55,037	--	5,764
Costs and expenses				
Cost of sales of real estate	173,072	31,362	--	6,021
Selling, general and administrative	29,478	7,549	--	4,767
Interest expense, net	--	224	--	9
Other expenses	1,606	--	--	232

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Minority interest	(113)	--	--	199
Total costs and expenses	204,043	39,135	--	11,228
Earnings from Bluegreen Corporation	20,680	15,902	--	(5,464)
Earnings from joint ventures	--	--	7,433	--
Interest income	480	--	--	3
Other income	107	711	--	45
	453	1,550	--	296
Income (loss) before income taxes	21,720	18,163	7,433	(5,120)
Provision (benefit) for income taxes	7,964	7,149	2,867	(1,975)
Net income (loss)	\$ 13,756	11,014	4,566	(3,145)
Inventory of real estate	\$ 209,209	46,470	--	7,394
Total assets	\$ 238,317	82,243	70,852	6,055
Notes, mortgage notes and bonds payable	\$ 102,464	15,174	--	56,455

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2002	LEVITT AND SONS	CORE COMMUNITIES	BLUEGREEN	OTHER OPERATIONS
Revenues:				
Sales of real estate	\$ 162,359	45,449	--	--
Inter-segment sale of real estate	--	8,470	--	--
Title and mortgage operations	1,595	--	--	--
Total revenues	163,954	53,919	--	--
Costs and expenses:				
Cost of sales of real estate	131,281	28,722	--	1,601
Selling, general and administrative	21,100	5,867	--	3,392
Interest expense, net	--	451	--	(6)
Other expenses	1,121	--	--	190
Total costs and expenses	153,502	35,040	--	5,177
Earnings from Bluegreen Corporation	10,452	18,879	--	(5,177)
Earnings (loss) from joint ventures	--	--	4,570	--
Interest income	1,171	--	--	(322)
Other income	97	1,037	--	125
	956	376	--	143
Income (loss) before income taxes	12,676	20,292	4,570	(5,231)
Provision (benefit) for income taxes	3,364	5,414	1,763	(1,940)
Net income (loss)	\$ 9,312	14,878	2,807	(3,291)
Inventory of real estate	\$ 140,219	59,520	--	4,928
Total assets	\$ 159,346	78,318	57,332	7,600

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	-----	-----
ASSETS		
Cash and cash equivalents	\$ 1,891	684
Inventory of real estate	1,287	1,049
Investments in real estate joint ventures	(322)	877
Investment in subsidiaries	175,996	143,385
Other assets	2,956	3,159
	-----	-----
Total assets	\$ 181,808	149,154
	=====	=====
LIABILITIES AND SHAREHOLDER'S EQUITY		
Accounts payable and accrued liabilities	\$ 1,186	1,066
Notes and mortgage notes payable	12,209	10,500
Notes and mortgage notes payable due to affiliates	43,500	30,000
Deferred tax liabilities	(539)	55
	-----	-----
Total liabilities	56,356	41,621
Shareholder's equity:		
Preferred stock, \$0.01 par value		
Authorized: 5,000,000 shares and no shares		
Issued and outstanding: no shares	--	--
Common stock, \$0.01 par value		
Authorized: no shares and 10,000 shares		
Issued and outstanding: no shares and 100 shares	--	--
Common Stock, Class A, \$0.01 par value		
Authorized: 50,000,000 shares and no shares		
Issued and outstanding: 13,597,166 shares and no shares	136	--
Common stock, Class B, \$0.01 par value		
Authorized: 10,000,000 shares and no shares		
Issued and outstanding: 1,219,031 shares and no shares	12	--
Additional paid-in capital	67,855	68,402
Retained earnings	57,020	39,537
	-----	-----
Total shareholder's equity before accumulated other comprehensive income	125,023	107,939
Accumulated other comprehensive income	429	(406)
	-----	-----
Total shareholder's equity	125,452	107,533
	-----	-----
Total liabilities and shareholder's equity	\$ 181,808	149,154
	=====	=====

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LEVITT CORPORATION (PARENT COMPANY ONLY)  
CONDENSED STATEMENTS OF OPERATIONS  
(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,		
	-----	-----	-----
	2003	2002	2001
	-----	-----	-----
Revenues	\$ 127	(90)	981



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Costs and expenses	5,671	4,473	2,702
	-----	-----	-----
Loss before income taxes	(5,544)	(4,563)	(1,721)
Benefit for income taxes	(2,143)	(1,554)	(664)
	-----	-----	-----
Loss before undistributed earnings from subsidiaries	(3,401)	(3,009)	(1,057)
Earnings from subsidiaries	30,221	22,521	8,579
	-----	-----	-----
Net income	\$ 26,820	19,512	7,522
	=====	=====	=====

LEVITT CORPORATION (PARENT COMPANY ONLY)  
CONDENSED STATEMENTS OF CASH FLOWS  
(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,		
	2003	2002	2001
	-----	-----	-----
OPERATING ACTIVITIES:			
Net income	\$ 26,820	19,512	7,522
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Decrease in deferred income taxes	(594)	(214)	(41)
Equity from earnings in subsidiaries	(30,221)	(22,521)	(8,579)
Equity from (earnings) loss in joint ventures	(4)	322	(122)
Classification of debt issue costs to financing	791	--	--
Changes in operating assets and liabilities:			
(Increase) decrease in inventory of real estate	(238)	36	119
Decrease (increase) in other assets	203	(1,760)	3,453
Increase (decrease) in accounts payable, accrued expenses and other liabilities	(81)	1,066	(1,471)
	-----	-----	-----
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(3,324)	(3,559)	881
	-----	-----	-----
INVESTING ACTIVITIES:			
Distributions and advances from real estate joint ventures	1,463	1,321	2,195
Investment in real estate joint ventures	(260)	--	--
Dividends received from subsidiaries	5,793	2,277	7,645
Investment in subsidiaries	(733)	(56,624)	(6,985)
	-----	-----	-----
NET CASH PROVIDED BY (USED IN) BY INVESTING ACTIVITIES	6,263	(53,026)	2,855
	-----	-----	-----
FINANCING ACTIVITIES:			
Proceeds from notes and mortgage payable to affiliates	--	30,000	--
Repayment of notes and mortgage notes payable	(2,100)	(1,900)	(1,600)
Proceeds from notes payable	1,309	--	--
Debt issuance costs	(791)	--	--
Stock issuance costs	(150)	--	--
Contributed capital from BankAtlantic Bancorp, Inc.	--	18,618	--
	-----	-----	-----
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(1,732)	46,718	(1,600)
	-----	-----	-----
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,207	(9,867)	2,136
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	684	10,551	8,415

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CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 1,891	684	10,551
	=====	=====	=====

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Cash dividends received from subsidiaries were \$5.8 million, \$2.3 million and \$7.6 million for the years ended December 31, 2003, 2002 and 2001, respectively. Some subsidiaries' borrowings contain covenants that, among other things, have the effect of limiting dividends that can be paid.

19. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

The following tables summarize the quarterly results of operations for the years ended December 31, 2003 and 2002. Due to rounding, the sum of the quarterly earnings per share amounts may not equal the earnings per share reported for the year:

	YEAR ENDED DECEMBER 31, 2003			
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
	-----	-----	-----	-----
<b>REVENUES</b>				
Sales of real estate	\$ 52,964	67,039	64,930	98,125
Other revenues	404	577	607	878
	-----	-----	-----	-----
Total Revenues	53,368	67,616	65,537	99,003
	-----	-----	-----	-----
<b>COSTS AND EXPENSES</b>				
Cost of sales of real estate	39,524	49,151	46,487	74,269
Other costs and expenses	8,674	10,894	10,567	13,816
	-----	-----	-----	-----
Total Costs and Expenses	48,198	60,045	57,054	88,085
	-----	-----	-----	-----
Earnings from Bluegreen Corporation	5,170	7,571	8,483	10,918
Other income	(134)	1,940	3,350	2,277
	-----	-----	-----	-----
Income before income taxes	333	852	647	1,813
	-----	-----	-----	-----
Provision (benefit) for income taxes	5,369	10,363	12,480	15,008
	-----	-----	-----	-----
Net income	\$ 3,294	6,366	7,661	9,499
	=====	=====	=====	=====
Basic earnings per share	\$ 0.22	0.43	0.52	0.64
Diluted earnings per share	\$ 0.13	0.52	0.50	0.63
Weighted average shares outstanding	14,816	14,816	14,816	14,816
Diluted shares outstanding	14,816	14,816	14,816	14,816

YEAR ENDED DECEMBER 31, 2002

FIRST	SECOND	THIRD	FOURTH
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	QUARTER	QUARTER	QUARTER	QUARTER
	-----	-----	-----	-----
REVENUES				
Sales of real estate	\$ 37,853	46,864	40,980	82,111
Other revenues	271	369	393	562
	-----	-----	-----	-----
Total Revenues	38,124	47,233	41,373	82,673
	-----	-----	-----	-----
COSTS AND EXPENSES				
Cost of sales of real estate	27,062	35,743	32,588	64,282
Other costs and expenses	6,417	8,306	7,416	9,920
	-----	-----	-----	-----
Total Costs and Expenses	33,479	44,049	40,004	74,202
	-----	-----	-----	-----
Earnings from Bluegreen Corporation	4,645	3,184	1,369	8,471
Other income	--	1,522	941	2,107
	-----	-----	-----	-----
Other income	1,643	1,099	526	259
	-----	-----	-----	-----
Income before income taxes	6,288	5,805	2,836	10,837
Provision (benefit) for income taxes	2,212	1,127	336	2,579
	-----	-----	-----	-----
Net income	\$ 4,076	4,678	2,500	8,258
	=====	=====	=====	=====
Basic earnings per share	\$ 0.28	0.32	0.17	0.56
Diluted earnings per share	\$ 0.28	0.31	0.16	0.55
Weighted average shares outstanding	14,816	14,816	14,816	14,816
Diluted shares outstanding	14,816	14,816	14,816	14,816

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20. EQUITY TRANSACTIONS

As the Company's sole shareholder, BankAtlantic Bancorp in December 2003 approved the adoption of the Company's Amended and Restated Articles of Incorporation and Amended and Restated By-Laws. Upon the effectiveness of the Amended and Restated Articles of Incorporation each share of the Company's common stock outstanding on December 22, 2003 was exchanged for approximately 133,981.076 shares of Class A common stock and approximately 12,010.158 shares of Class B common stock. The resulting 13,599,079 shares of Class A common stock and 1,219,031 shares of Class B common stock were distributed by BankAtlantic Bancorp to its shareholders on December 31, 2003 to effectuate the spin-off of the Company from BankAtlantic Bancorp. No fractional shares were distributed in the spin-off and, accordingly, an aggregate of approximately 1,913 shares of Class A common stock were retired as part of the spin-off transaction for an aggregate price of approximately \$39,000.

21. SUBSEQUENT EVENT

On February 23, 2004, the Company filed a registration statement on Form S-3 for a proposed underwritten public offering of up to 5,750,000 shares of Class A common stock.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

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On January 7, 2003, BankAtlantic Bancorp dismissed KPMG LLP as its independent public accountants effective upon completion of the audit of the BankAtlantic Bancorp fiscal year ended December 31, 2002. In connection therewith, KPMG LLP declined to perform the separate audit of Levitt Corporation for the year ended December 31, 2002. The reports of KPMG LLP on the financial statements of Levitt Corporation for the two years ended December 31, 2001 and 2000 contained no adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles. The decision for BankAtlantic Bancorp, Inc. to change accountants was approved by the Audit Committee of the Board of Directors of BankAtlantic Bancorp. In connection with its audits for the fiscal years ended December 31, 2001 and 2000, and through January 7, 2003, there had been no disagreements with KPMG LLP on any matter of accounting principles or practices, financial statement disclosure, auditing scope or procedure, which disagreements if not resolved to the satisfaction of KPMG LLP would have caused them to make reference thereto in their report on the financial statements for such years.

PricewaterhouseCoopers ("PWC") was engaged as Levitt Corporation's principal independent public accountants for the audit of the December 31, 2002 financial statements. PWC was engaged as BankAtlantic Bancorp's principal independent public accountant for the audit of the December 31, 2003 financial statements. During the three most recent fiscal years and through January 7, 2003, Levitt Corporation had not consulted with PWC regarding either (i) the application of accounting principles to a specific transaction, either completed or proposed, or the type of audit opinion that might be rendered on Levitt Corporation's financial statements; or (ii) any matter that was either the subject of a disagreement, as that term is defined in Item 304 (a)(1)(iv) of Regulation S-K and the related instructions to Item 304 of Regulation S-K, or a reportable event, as that term is defined in Item (a)(1)(v) of Regulation S-K.

### ITEM 9A. CONTROLS AND PROCEDURES

#### Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information required to be included in our periodic SEC reports.

#### Changes in Internal Controls

In addition, we reviewed our internal control over financial reporting, and there have been no significant changes in our internal control over financial reporting or in other factors that could significantly affect those controls subsequent to the date of their last evaluation.

#### Limitations on the Effectiveness of Controls

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures and internal controls will prevent all errors and all improper conduct. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all

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control issues and instances of improper conduct, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control.

Further, the design of any system of controls also is based in part upon assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

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### CEO and CFO Certifications

Appearing as Exhibits 31.1 and 31.2 to this report are Certifications of the principal executive officer and the principal financial officer. The Certifications are required in accordance with Section 302 of the Sarbanes-Oxley Act of 2002. This Item of this report, which you are currently reading, is the information concerning the evaluation referred to in the Section 302 Certifications and this information should be read in conjunction with the Section 302 Certifications for a more complete understanding of the topics presented.

### PART III

Items 10 through 14 are incorporated by reference to the Company's definitive proxy statement to be filed with the Securities and Exchange Commission no later than 120 days after the end of the year covered by this Form 10-K, or, alternatively, by amendment to this Form 10-K under cover of Form 10K/A not later than the end of such 120 day period.

### PART IV

#### ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

##### (a) Documents Filed as Part of this Report:

###### (1) Financial Statements

The following consolidated financial statements of Levitt Corporation and its subsidiaries are included herein under Part II, Item 8 of this Report.

Independent Certified Public Accountants' Report of PricewaterhouseCoopers LLP dated March 29, 2004

Independent Auditors' Report of KPMG LLP dated January 29, 2002, except for Note 16 as to which the date is March 7, 2002

Consolidated Statements of Financial Condition as of December 31, 2003 and 2002.

Consolidated Statements of Operations for each of the years in the three year period ended December 31, 2003.

Consolidated Statements of Shareholders' Equity and

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Comprehensive Income for each of the years in the three year period ended December 31, 2003.

Consolidated Statements of Cash Flows for each of the years in the three year period ended December 31, 2003.

Notes to Consolidated Financial Statements for each of the years in the three year period ended December 31, 2003.

(2) Financial Statement Schedules

All schedules are omitted as the required information is either not applicable or presented in the financial statements or related notes.

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(3) Exhibits

The following exhibits are either filed as a part of this Report or are incorporated herein by reference to documents previously filed as indicated below:

EXHIBIT NUMBER -----	DESCRIPTION -----	REFERENCE -----
3.1	Amended and Restated Articles of Incorporation	Exhibit 2.1 to the R Statement on Form 8-
3.2	Amended and Restated By-laws	Exhibit 2.2 to the R Statement on Form 8-
10.1	Loan Agreement dated as of September 15, 2000 by and between the Company and Ohio Savings Bank.	Exhibit 10.1 to the Statement on Form S-
10.2	Amended and Restated Loan Agreement dated as of March 22, 2002 by and between Levitt and Sons, LLC and Ohio Savings Bank.	Exhibit 10.2 to the Statement on Form S-
10.3	Amendment to Loan Documents dated as of August 13, 2002 by and between Levitt and Sons, LLC and Ohio Savings Bank.	Exhibit 10.3 to the Statement on Form S-
10.4	Second Amendment to Loan Agreement dated as of May 15, 2003 by and between Levitt and Sons, LLC and Ohio Savings Bank.	Filed with this Repo
10.5	Third Amendment to Loan Documents dated as of July 31, 2003 by and between Levitt and Sons, LLC and Ohio Savings Bank.	Filed with this Repo
10.6	Mortgage and Security Agreement dated as of September 20, 2001 by and among St. Lucie West Development Corp., Lake Charles Development Corp. and First Union National Bank.	Exhibit 10.4 to the Statement on Form S-
10.7	Note, Mortgage and Loan Documents Modification and Spreader Agreement dated as of January 6, 2003 by and among St. Lucie West Development Company, LLC, Lake Charles Development Company, LLC and Wachovia Bank, National Association.	Exhibit 10.5 to the Statement on Form S-
10.8	Brittany Bay at Andros Isle, Ltd. Limited Partnership Agreement.	Exhibit 10.7 to the Statement on Form S-

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10.9	Limited Partnership Agreement of Third Street Partners, Ltd.	Exhibit 10.9 to the Statement on Form S-
10.10	First Amendment to Limited Partnership Agreement of Third Street Partners, Ltd.	Exhibit 10.10 to the Statement on Form S-
10.11	Second Amendment to Limited Partnership Agreement of Third Street Partners, Ltd.	Exhibit 10.11 to the Statement on Form S-
10.12	Third Amendment to Limited Partnership Agreement of Third Street Partners, Ltd.	Exhibit 10.12 to the Statement on Form S-
10.13	Levitt Corporation 2003 Stock Incentive Plan	Filed with this Repo
12.1	Statement re: computation of ratios - Ratio of earnings to fixed charges	Filed with this Repo
21.1	Subsidiaries of the Registrant	Filed with this Repo
23.1	Consent of PricewaterhouseCoopers LLP	Filed with this Repo
23.2	Consent of KPMG LLP	Filed with this Repo
23.3	Consent of Ernst & Young LLP	Filed with this Repo
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed with this Repo
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed with this Repo
32.1	Certification pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed with this Repo
32.2	Certification pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed with this Repo

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(b) Reports on Form 8-K

Form 8-K filed on December 5, 2003, to disclose that the board of directors of BankAtlantic Bancorp, Inc. had authorized the spin-off of the Company.

(c) Exhibits - See Item 15(a) (3) above.

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### SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LEVITT CORPORATION

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March 29, 2004

By: /s/Alan B. Levan

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Alan B. Levan  
Chairman of the Board of Directors,  
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE
/s/ Alan B. Levan ----- Alan B. Levan	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)
/s/ John E. Abdo ----- John E. Abdo	Vice-Chairman of the Board and President
/s/ Glen R. Gilbert ----- Glen R. Gilbert	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ James Blosser ----- James Blosser	Director
/s/ William F. Scherer ----- William F. Scherer	Director
/s/ Darwin C. Dornbush ----- Darwin C. Dornbush	Director
/s/ S. Lawrence Kahn, III ----- S. Lawrence Kahn, III	Director
/s/ William R. Nicholson ----- William R. Nicholson	Director
/s/ Joel Levy ----- Joel Levy	Director



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- 10.4 Second Amendment to Loan Agreement dated as of May 15, 2003 by and between Levitt Sons, LLC and Ohio Savings Bank
- 10.5 Third Amendment to Loan Documents dated as of July 31, 2003 by and between Levitt Sons, LLC and Ohio Savings Bank
- 10.13 Levitt Corporation 2003 Stock Incentive Plan
- 12.1 Statement re: computation of ratios - Ratio of earnings to fixed charges
- 21.1 Subsidiaries of the Registrant
- 23.1 Consent of PricewaterhouseCoopers LLP
- 23.2 Consent of KPMG LLP
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- 32.1 Certification pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section Sarbanes-Oxley Act of 2002
- 32.2 Certification pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section Sarbanes-Oxley Act of 2002