

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ _____

SEE ATTACHED STATEMENT

18 Can any resulting loss be recognized? ▶ **SEE ATTACHED STATEMENT**

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ **SEE ATTACHED STATEMENT**

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶  Date ▶ 1/09/2023

Print your name ▶ **RAYMOND S. LOPEZ** Title ▶ **CHIEF FINANCIAL OFFICER**

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

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Part II, Question 14: Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action.

On December 31, 2022, Bluegreen Vacations Holding Corporation ("BVH" or the "Company") completed a tender offer for shares of the Company's Class A Common Stock for \$25.00 per share, net to the sellers in cash (less any applicable withholding taxes and without interest), in accordance with the terms and subject to the conditions described in the Offer to Purchase dated November 9, 2022, as amended and supplemented (the "Tender Offer"). In total, BVH repurchased 3,040,882 shares of its Class A Common Stock for aggregate consideration of approximately \$76.0 million. The shares purchased in the tender offer were canceled by BVH.

Part II, Question 15: Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.

Pursuant to Internal Revenue Code (IRC) Section 317(b), stock shall be treated as redeemed by a corporation if the corporation acquires its stock from a shareholder in exchange for property, whether or not the stock so acquired is cancelled, retired, or held as treasury stock. Accordingly, BVH's repurchase of its Class A Common Stock in exchange for cash shall be treated as a redemption transaction for U.S. federal income tax purposes.

Pursuant to IRC Section 302, a redemption of stock is treated either as a sale or exchange of the redeemed stock or as a Section 301 distribution of property with respect to the redeemed stock, depending upon the facts and circumstances. Accordingly, depending upon a shareholder's specific facts and circumstances, BVH's repurchase of its Class A Common Stock pursuant to the Offer to Purchase will be treated either as a sale/exchange of the tendered shares or as a distribution with respect to stock.

What follows is a general overview of the criteria for determining whether a redemption transaction is treated as a sale/exchange of stock or as a distribution with respect to stock for U.S. federal income tax purposes. It should be emphasized that the analysis required under IRC Section 302 is applied on a shareholder-by-shareholder basis. It should additionally be noted that certain attribution rules must be considered in applying these rules. Accordingly, different shareholders may have different tax consequences as a result of the Offer to Purchase. ***Each shareholder should consult a tax advisor with respect to the specific application of IRC Section 302.***

Redemptions Treated as Sale/Exchange of Shares

Pursuant to IRC Section 302(a), a redemption of stock is generally treated as a sale or exchange of redeemed stock for U.S. federal income tax purposes if:

1. The redemption is not essentially equivalent to a dividend;
2. The redemption is substantially disproportionate with respect to the redeemed shareholder; or
3. The redemption results in complete termination of the redeemed shareholder's ownership interest in the corporation.¹

Each of these standards are addressed in more detail below. ***This is intended as a general overview only, and it should be reiterated that shareholders should consult their tax advisors to determine the proper U.S. federal income tax treatment of the Offer to Purchase.***

¹ See IRC Section 302(b)(1) through (3). Note that there are also other circumstances in which a redemption may be treated as a sale/exchange for U.S. federal income tax purposes, pursuant to IRC Section 302(b)(4) (redemption from

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noncorporate shareholder in partial liquidation) or IRC Section 302(b)(5) (redemptions by certain regulated investment companies). However, those circumstances are not applicable here.

Substantially Disproportionate Distribution

Shareholders who did not transfer 100% of their BVH shares in the Offer to Purchase may qualify for sale/exchange treatment if the redemption constitutes a "substantially disproportionate distribution" under IRC Section 302(b)(2). For this purpose, a distribution is "substantially disproportionate" if:

1. The percentage of the voting stock actually and constructively owned by the shareholder immediately after the redemption is less than 80 percent of the percentage of the voting stock actually and constructively owned by such shareholder immediately before the redemption; and
2. After the redemption, the shareholder owns less than 50 percent of the total combined voting power of all classes of stock entitled to vote (taking into account applicable attribution rules).

In addition, a shareholder's ownership of the common stock of the corporation (whether voting or nonvoting) after and before redemption must also meet the 80 percent requirement outlined above.

Complete Termination of Interest

Shareholders who transferred 100% of their BVH shares in the Offer to Purchase and have no ownership interest in the Company following the Offer to Purchase transaction will generally satisfy the "complete termination" test under IRC Section 302(b)(3) and qualify for sale/exchange treatment.

Not Essentially Equivalent to a Dividend

Shareholders who do not qualify for sale/exchange treatment under the IRC Section 302(b)(3) (complete termination of interest) or IRC Section 302(b)(2) (substantially disproportionate distribution) criteria outlined above may still qualify for sale/exchange treatment under IRC Section 302(b)(1) if the redemption is "not essentially equivalent to a dividend."

An exchange of shares for cash pursuant to the Offer to Purchase will be treated as "not essentially equivalent to a dividend" if, taking into account the applicable constructive ownership rules, it results in a "meaningful reduction" in the shareholder's stock interest in the Company. Whether such a meaningful reduction of a shareholder's stock interest in the Company results will depend on each shareholder's particular facts and circumstances. If, as a result of an exchange of shares for cash pursuant to the Offer to Purchase, a shareholder whose relative stock interest in the Company is minimal (for example, less than 1%) and who exercises no control over the corporate affairs of the Company suffers any reduction in its proportionate stock interest in the Company (including any shares constructively owned), the shareholder should generally be regarded as having experienced a meaningful reduction in its stock interest in the Company under applicable authority. However, in the event that other shareholders exchange a greater percentage of their shares pursuant to the Offer to Purchase than a particular shareholder, the shareholder's proportionate stock interest in the Company may increase immediately following the share repurchase transaction, even if the shareholder exchanges shares for cash pursuant to the Offer to Purchase and does not actually or constructively acquire any additional shares.

Qualification for sale/exchange treatment under IRC Section 302(b)(1) is fact-intensive and should be evaluated by a tax advisor.

If a shareholder qualifies for sale/exchange treatment under IRC Section 302(b) with respect to the Offer to Purchase, the shareholder will recognize gain or loss for U.S. federal income tax purposes equal to the difference between the amount of cash received for the tendered shares and the shareholder's tax basis in the tendered shares. The shareholder's tax basis in retained shares (if any) will be unaffected by BVH's repurchase of shares pursuant to the Offer to Purchase.

Redemptions Treated as Distributions

Pursuant to IRC Section 302(d), a redemption transaction that does not qualify for sale/exchange treatment under IRC Section 302(b) is treated as a distribution of property under IRC Section 301.

Any such distribution would constitute a taxable dividend to the shareholder to the extent of the Company's earnings and profits ("E&P"), and the shareholder's tax basis in retained shares generally would be increased by the shareholder's tax basis in the tendered shares, subject to additional, more complex considerations for corporate shareholders (discussed below in the response to Part II, Question 16).

Any distribution in excess of E&P would constitute a non-taxable return of capital to the shareholder, requiring a reduction of stock basis (to the extent thereof) and/or recognition of capital gain to the extent (if any) that the non-dividend portion of the distribution exceeds the shareholder's tax basis in the tendered shares.

Part II, Question 16: Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates.

Redemptions Treated as Sale/Exchange of Shares

As noted above in the response to Part II, Question 15, if a shareholder qualifies for sale/exchange treatment with respect to the Offer to Purchase, the shareholder will recognize gain or loss for U.S. federal income tax purposes equal to the difference between the amount of cash received for the tendered shares and the shareholder's tax basis in such shares.

Tax basis in retained shares will be unaffected by the redemption.

**Special, more complex considerations may apply to the extent that a shareholder owns multiple blocks of BVH's Common Stock acquired on different dates with different basis amounts. Separate gain/loss determinations are generally required, and special rules may apply relative to the identification of shares redeemed for purposes of determining the applicable tax basis amount to be applied. The manner in which a shareholder calculates gain or loss can be complex, and shareholders should consult with their tax advisor.*

Redemptions Treated as Distributions

It is anticipated that any redemption treated as a distribution will receive dividend treatment based on the Company's anticipated current year E&P. Accordingly, shareholders to which Section 301 distribution treatment applies (if any) will likely treat the entire amount of cash received in the Offer to Purchase as a taxable dividend.

If taxable dividend treatment applies, a shareholder's tax basis in retained shares will generally be increased by the shareholder's tax basis in the tendered shares that were repurchased by BVH pursuant to the Offer to Purchase.

The anticipated dividend treatment is based on the Company's current estimates with respect to its taxable income and related adjustments to calculate E&P for the taxable year ended December 31, 2022. However, there is no assurance that the Company will ultimately have taxable income and E&P for the taxable year ended December 31, 2022, and that all (or a portion) of the distribution will not be deemed to be a non-dividend distribution when the Company calculates its actual E&P for 2022 in connection with the preparation of its 2022 U.S. federal income tax returns in 2022. A corrected Form 8937 will be filed if there is any material change in the anticipated E&P outcome and corresponding impacts on redemptions treated as Section 301 distributions.

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**Special, more complex considerations may apply in the case of a corporate shareholder eligible for the dividends received deduction. In that case, the resulting taxable dividend may be treated as an "extraordinary dividend" under IRC Section 1059 with reduction to tax basis in retained shares required to the extent that the dividend is not taxed due to the application of the dividends received deduction. Corporate shareholders should consult their tax advisors as to the potential availability of the dividends received deduction and the application of IRC Section 1059 to the Offer to Purchase.*

Part II, Question 17: List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.

IRC Section 317

IRC Section 302

IRC Section 301

IRC Section 312

Treasury Regulation Section 1.1502-33 (E&P in consolidated return group context)

IRC Section 1059 (if applicable for corporate shareholders)

Part II, Question 18: Can any resulting loss be recognized?

Shareholders who qualify for sale/exchange treatment could potentially recognize loss if the tax basis in the tendered shares is greater than the amount of cash received. The character and classification of any such loss is dependent upon a shareholder's particular circumstances and may be subject to limitation. As emphasized previously, shareholders are urged to consult their tax advisors for purposes of determining the tax treatment of the Offer to Purchase.

Part II, Question 19: Provide any other information necessary to implement the adjustment, such as the reportable tax year.

The Offer to Purchase transaction should be taken into account in the taxable year of the shareholder during which the redemption occurred (i.e., 2022 for calendar year taxpayers).

For additional discussion of U.S. federal income tax consequences to shareholders as a result of the Offer to Purchase transaction, please refer to Section 13 ("Certain U.S. Federal Income Tax Consequences") of the Offer to Purchase dated November 9, 2022.⁽²⁾

This information provides a description of common tax consequences but does not constitute tax advice and does not purport to describe all tax consequences that may apply to all types of shareholders. Shareholders should consult their tax advisors regarding any U.S. federal, state, local, and/or non-U.S. income tax consequences, as applicable, based on their specific circumstances. In addition, shareholders are encouraged to review the Offer to Purchase referenced above.

² Available at <https://www.sec.gov/Archives/edgar/data/315858/000119312522280790/d374541dex99a1a.htm>