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Jarett Levan

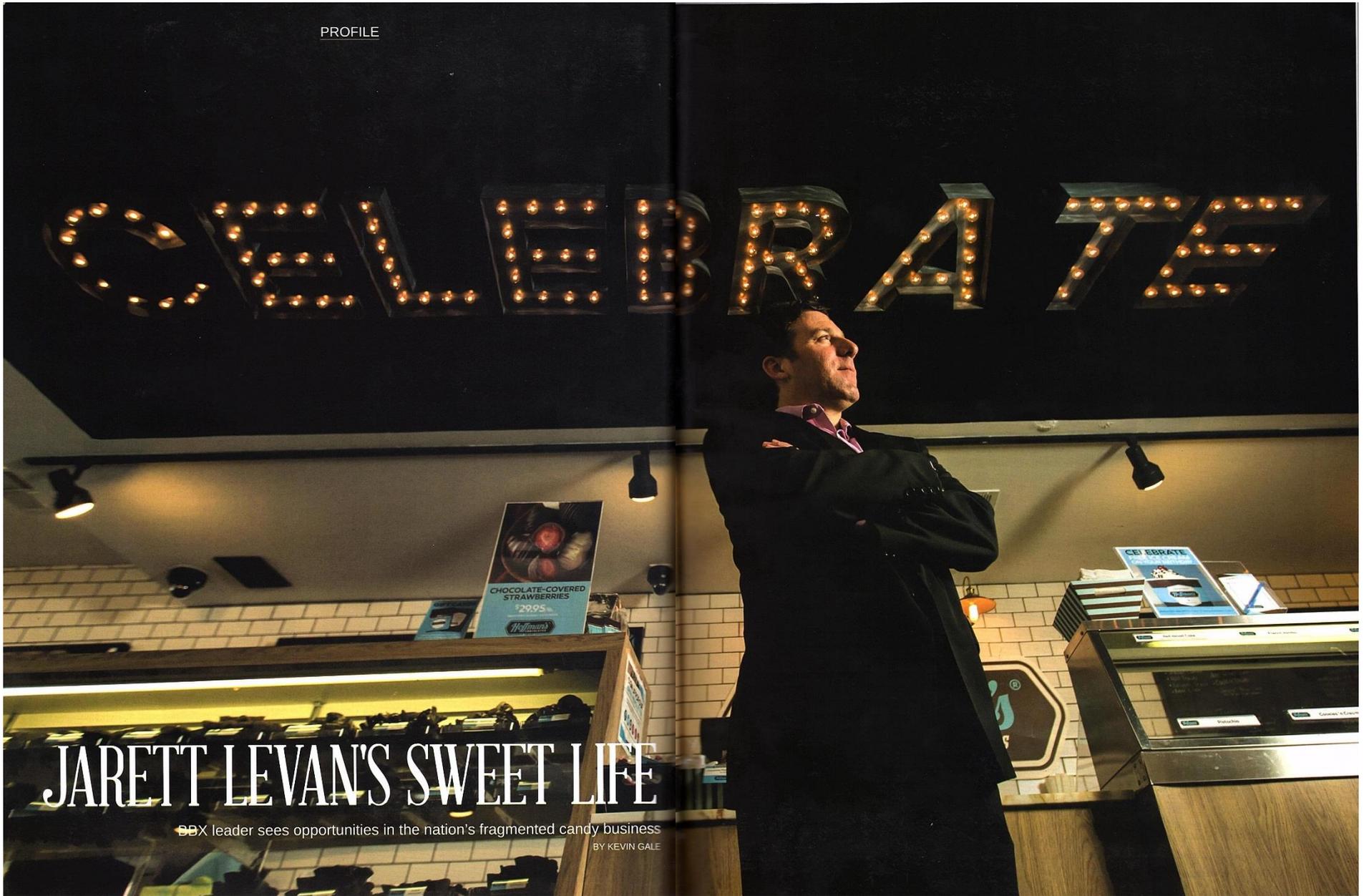
Sweet times at BBX Capital

PROFILE

JARETT LEVAN'S SWEET LIFE

BBX leader sees opportunities in the nation's fragmented candy business

BY KEVIN GALE



PROFILE

Jarett Levan's love of chocolate has turned into a sizable business. The president and acting CEO and chairman of BBX Capital has been busy creating BBX Sweet Holdings, which has eight candy companies nationally. Locally, there's been a rapid expansion of Hoffman's Chocolates, a 12-year customer at BankAtlantic, where Levan was previously president.

Levan is a self-admitted chocoholic whose first job was buying candy for 5 cents at the store and selling it at school and a park for 25 cents. In 2012, he started thinking about life after banking since he knew BankAtlantic would be sold. He and his father, Alan, who was chairman and CEO, knew they wanted to operate some businesses in South Florida.

BBX (NYSE: BBX) had a history of acquiring well-known brands, including restaurant company Benihana and home builder Levitt & Sons. Aside from Sweet Holdings, BBX also includes Bluegreen, a leading resort company, and Renin, a manufacturer that invented the mirrored closet door.

A few months after the sale of the bank July 2012, Levan had lunch with Hoffman's President Fred Meltzer and asked him to sell. It took a few months of trying to convince him and more months of negotiating, but the deal closed nine months later.

With just four stores and \$4.5 million in revenue, Hoffman's was the smallest brand BBX had acquired. Levan expects to have 12 stores by the end of this year and 30 in five years.

"I viewed Hoffman's very similar to BankAtlantic," Levan says. "We were a 60-year-old financial institution in South Florida, a very well-recognized brand. Hoffman's was a 40-year-old firm in

Palm Beach and very well-recognized." Sweet Holdings has gone on to acquire eight candy companies in total, two more in Florida, four in California and one in Utah.

The U.S. candy industry has \$34 billion in revenue, but it is very fragmented below a few behemoths and some large regional players. BBX has consolidated five manufacturing facilities into four,



BBX Capital's Jarett Levan expects to have 12 Hoffman's Chocolate locations by the end of 2016 and 30 in five years

closing a 50,000-square-foot facility in California and merging it with a 70,000-square-foot facility in Utah. More consolidation is likely in the future, Levan says.

BBX has also invested in the sales force and can cross-sell the eight different brands. Retailers that sell the products now include Costco, Sam's Club, Dollar Tree, Family Dollar, Tuesday Morning, HomeGoods, Bloomingdale's, Williams-Sonoma and Bed, Bath and Beyond.

"We meet with a buyer that is looking

for solutions for their candy aisle; we can provide solutions to them that these companies couldn't independently do before," Levan says. "We will meet with a Sam's Club buyer and say, 'What do you need? Candy canes for Christmas, a non-chocolate item for summer?'"

Sweet Holdings is also looking at airport locations. A Hoffman's is coming to Fort Lauderdale-Hollywood International Airport and Jer's Chocolates, which, like Hoffman's, sells premium chocolates, is at San Diego International Airport.

There's also some cross-pollination of products. For example, Hoffman's will be adding a candy apple with a recipe developed by Helen Grace, a high-end chocolate purveyor with a store in Orange County, California.

The candy market is growing at a 3 to 5 percent rate a year with some categories, such as natural and organic, growing faster than others, Levan says. Droga's Money On Honey, for example, is doing well since it is a honey-based caramel with sea salt. The natural trend is good for Hoffman's Coconut Cashew Crunch and Anastasia's Coconut Patties, produced by an Orlando-based company.

Sweet Holdings lost \$2.9 million in the third quarter, after making \$1.4 million in the year-ago

period. According to the quarterly reports, the reasons include expenses for consolidation, store expansions and bringing in more talent to fuel future growth. Levan says losses will likely continue in the short term as the company positions itself for long-term growth. He also says he is looking to add more candy and confection companies nationally to Sweet Holdings, "as long as they are good companies with growth opportunities." ♦



Hoffman's Chocolates is one of eight candy brands under BBX Sweet Holdings

BBX CAPITAL SWEET HOLDINGS TIMELINE

A look at its eight candy companies and when they were acquired

Hoffman's Chocolates, retail store operator based in Greenacres that is rapidly expanding locations in South Florida, December 2013

Williams & Bennett, a Boynton Beach company known for premium chocolates sold by retailers and under private label, January 2014

Jer's Chocolates, a Solana Beach, California, retailer of fine chocolates, July 2014

Helen Grace Chocolates, a Lynwood, California, retailer that has developed a national following, July 2014

Anastasia Confections, an Orlando company whose Coconut Patties, Choc-O-Gators and Key Lime Cookies are iconic Florida products, October 2014

The Toffee Box, a Carlsbad, California, company whose products are sold at WilliamsSonoma.com and retailers in California, including some Whole Foods locations, October 2014

Kencraft Candy, American Fork, Utah, online retailer and wholesaler whose products include candy sticks, lollipops and holiday confections, April 2015

Droga Chocolates, a Los Angeles-based online retailer and wholesaler whose products include Money On Honey and Nutty Puddles, June 2015





BBX CAPITAL BREAKDOWN

Here are the other major operations of BBX Capital besides Sweet Holdings:

BBX Capital Real Estate

Led by President Seth Wise, the operation manages about \$284 million in assets in a broad array of commercial and residential sectors. The portfolio consists primarily of BankAtlantic legacy loan and foreclosed real estate obtained when the bank was sold to BB&T. See a 2015 profile of BBX's real estate operations at SFBWmag.com.

Portfolio Companies

- Bluegreen Corporation, a leading timeshare, sales and resort management company based in Boca Raton that has about 6,000 employees. Bluegreen has alliances to broaden the reach of where customers can stay. About half the revenue is now fee for service for other resort companies.
- Renin, a leading manufacturer of closet doors, wall decor, systems and hardware, and fabricated glass products via brand names – Erias, DSH, Acme, KingStar, TRUporte, Ramtrack and JJ Home Products – and private labels. It is based in Brampton, Ontario.
- RoboVault, a hardened, high-tech, ultra-secure storage center near Fort Lauderdale-Hollywood International Airport. Common items stored there include fine art, antiques, collectibles, exotic cars, fine furnishings, wine, business and forensic property, jewelry, precious metals and important documents.