The Henry Fund
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LENNAR CORPORATION (LEN)

October 21, 2024

Industrials – Home Developers

Stock Rating **BUY**

Investment Thesis

Lennar Corporation (LEN) is a US based homebuilder/home developer with a leading market share in the homebuilding industry. We recommend a buy rating on LEN with a price target range of $202 - $230, representing a potential upside of 22%.

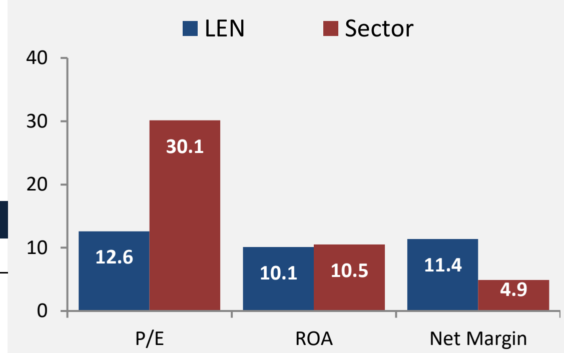
Drivers of Thesis

- LEN's position as one of the largest homebuilders (1.8% market share) in the U.S. allows it to benefit from economies of scale, driving cost efficiencies and improved margins.
- As housing starts are projected to rebound over 1.50mm in 2026, we believe LEN is strategically positioned to capture the potential growth in first time buyers as affordability improves through its homebuilding segment.
- Lennar's shift towards an asset-light model, particularly through reduced landownership and partnerships in multifamily developments, allows the company to maintain flexibility, especially using the just-in-time option to acquire land, while minimizing Capex. We expect this strategy to reduce balance sheet risk, improve ROIC to 28.8%, and position LEN to respond favorably to changing market conditions.
- Lennar's investment in technology enhances its ability to offer in-demand Next-Gen home features at lower costs, boosting homebuyer satisfaction and operating margins.

Risks to Thesis

- LEN's profitability is heavily tied to housing demand. A significant market downturn could negatively impact sales, operating margins, and cash flow, reducing overall performance.
- Rising interest rates may suppress housing affordability, leading to slower sales and increased cancellation rates, putting pressure on LEN's top line and margins.

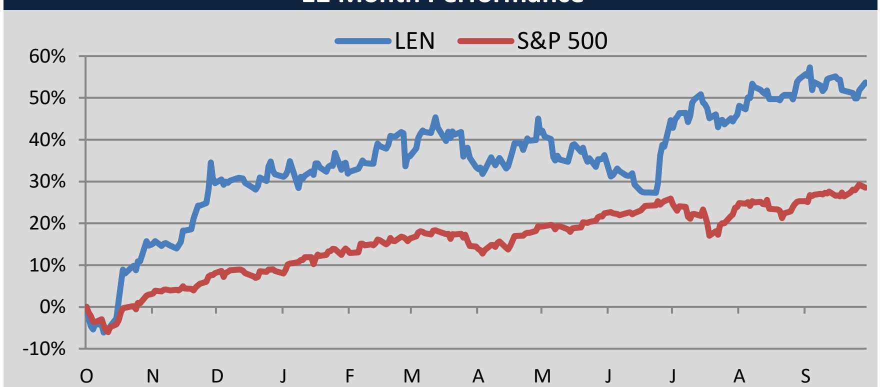
Target Price	$230
Henry Fund DCF	$230
Henry Fund DDM	$81
Relative Multiple	$202
Price Data	
Current Price	$189
52wk Range	$103 – 194
Consensus 1yr Target	$200
Key Statistics	
Market Cap (B)	$51.39
Shares Outstanding (M)	280.95
Institutional Ownership	94.47%
Beta	1.29
Dividend Yield	1.11%
Est. 5yr Growth	6.35%
Price/Earnings (TTM)	12.30
Price/Earnings (FY1)	12.60
Price/Sales (TTM)	1.06
Price/Book (mrq)	1.35
Profitability	
Operating Margin	15.81%
Profit Margin	11.35%
Return on Assets (TTM)	10.08%
Return on Equity (TTM)	15.35%



Earnings Estimates

Year	2021	2022	2023	2024E	2025E	2026E
EPS	$14.15	15.74	13.73	$14.42	$16.01	$17.52
HF est.				$14.66	$16.79	$17.97
growth	*79.59%*	*11.27%*	*-12.76%*	*6.76%*	*14.56%*	*7.03%*

12 Month Performance



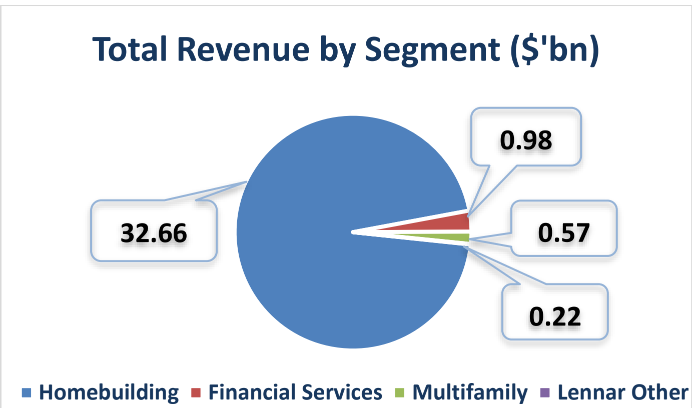
Company Description

Lennar Corporation (LEN) is a leading U.S. homebuilder, operating through several segments including Homebuilding, Financial Services, Multifamily, and Lennar Other. Its core business involves constructing and selling single-family homes, purchasing and developing residential land, and managing multifamily rental properties. Lennar also offers mortgage financing, title, and closing services. Additionally, it engages in investment management and strategic technology investments. LEN was founded in 1954 in Miami, Florida.

COMPANY DESCRIPTION

Lennar Corporation (LEN) is one of the largest homebuilders in the United States, operating through Homebuilding, Financial Services, Multifamily, and Lennar Other segment.

The Homebuilding segment focuses on the construction and sale of single-family attached and detached homes, as well as the acquisition, development, and sale of residential land. Lennar caters to a wide range of buyers, including first-time homebuyers, those moving up, active adults, and luxury homebuyers. Lennar also offers mortgage financing, title, insurance, and closing services through the Financial services segment. On the Multifamily front, Lennar offers development, construction, and management of rental properties across the United States. Lennar Other segment includes investment activities, asset management, and strategic investments in technology companies. Lennar generates 100% of their revenue from the United States.



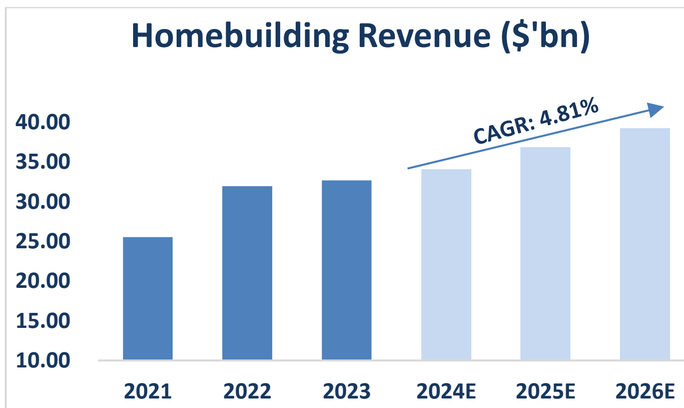
Source: Lennar's 10k

In 2023, Lennar's Homebuilding segment grew by 2.2% to $32.66bn, compared to a 25.1% growth in 2022. This growth was driven by an increase in new home deliveries, which totaled 73,087 units in 2023, up from 66,399 units in 2022 and 59,825 units in 2021. The Financial Services segment saw a 20.7% increase in revenue, reaching $976.86mm in 2023, following a 10% decline in 2022. This growth is largely due to the continued rise in mortgage loans provided to homebuyers, as the financial services segment supply loans to 81.0% of the company's homebuyers who obtained mortgage financing in areas where these services were offered. However, the Multifamily segment experienced a 33.8% drop in revenue in 2023, after a 30.1% increase in 2022. Additionally, the Lennar Other segment, which includes investment activities, asset management, and technology investments, saw a sharp decline of 50.4% in revenue to $22.04mm in 2023, following a 106.9% rise in 2022.

Homebuilding Segment

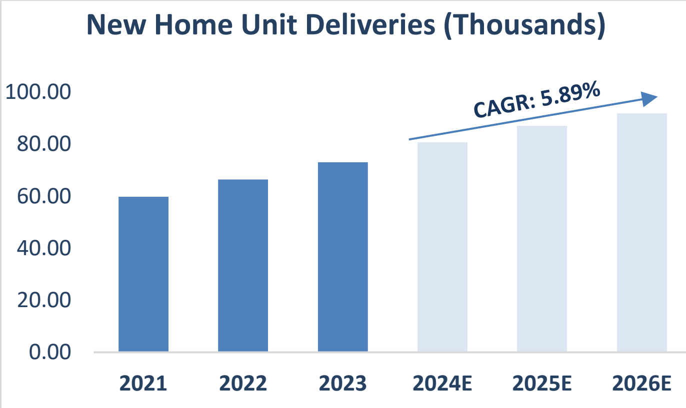
Lennar's Homebuilding segment is focused on the construction and sale of single-family attached and detached homes, targeting first-time, move-up, active adult, and luxury homebuyers. In fiscal 2023, Lennar delivered 73,087 homes, a 10.0% increase from the 66,399 homes delivered in 2022. The average sales price of a Lennar home decreased to $446,000 in 2023 from $480,000 in 2022, reflecting changing market conditions. The company operates under a "land light" strategy, with 76% of homesites controlled through options, joint ventures, and partnerships, limiting upfront capital outlay.

Lennar's homebuilding strategy prioritizes strong operating margins through efficient cost management and leveraging its purchasing power. The company operates in 1,260 communities as of FY 2023, an increase from 1,208 in 2022. Lennar's backlog declined to $6.60bn at the end of 2023, down from $8.70bn in 2022, with a 16.00% cancellation rate for home contracts down 100bps from 17.0% in 2022.



Source: Lennar's 10k, HF Forecast

As previously noted, revenue in the Homebuilding segment is underpinned by growth in number of new home deliveries, and average home prices. Over 2026, we see revenue growing by 4.8% on a CAGR basis given our expectation of lower interest rates environment, improved affordability rate and increase in consumer confidence. The underlying assumptions supporting the growth forecast include a 5.9% CAGR growth in number of new home deliveries and an average sales price of



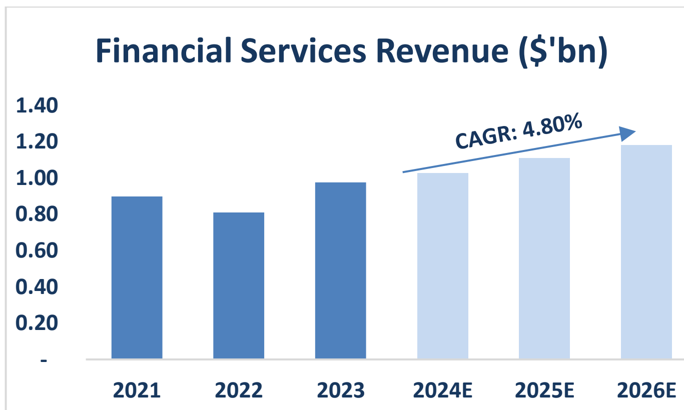
$424,000 over 2026E. We believe high mortgage rates, easing inflation, and the pressure to keep prices at competitive levels will continue to exert pressure on average home prices, especially in the immediate term. We expect the company's focus on innovation, exemplified by its "Everything's Included" approach, which includes luxury features as standard to attract buyers to keep revenues growing.

Financial Services

Lennar's financial services segment, primarily through Lennar Mortgage, offers a range of mortgage products, including conventional, FHA-insured, and VA-guaranteed loans, mostly to buyers of its homes. In 2023, the subsidiary provided financing for 81.0% of Lennar's homebuyers who required mortgage loans, compared to 72.0% in 2022. The company originated approximately 47,000 residential mortgages worth $17.4bn in 2023, up from 37,700 loans totaling $14.4bn in 2022. Nearly all originated loans are sold in the secondary market, mainly on a servicing-released, non-recourse basis. The company funds its mortgage activities through warehouse facilities and internal cash, with a borrowing capacity of $2.5bn as of November 30, 2023. Lennar hedges its interest rate risk on rate-locked loans to manage fluctuations in interest rates. Additionally, the company is adopting new technology to automate and streamline the mortgage process, enhancing customer experience and increasing digital closings.

Lennar is also involved in title, insurance, and closing services, managing around 74,900 real estate transactions in 2023. Through its LMF Commercial subsidiary, Lennar originates and sells commercial mortgage loans backed by income-producing properties. These loans typically range from $5mm to $50mm, with LMF Commercial having warehouse repurchase agreements totaling $500mm for financing its lending activities. Lennar makes money from this segment primarily through origination fees and income from sales of loans that are securitized.

In 2023, revenue from the financial services segment climbed significantly by 20.65% to $976.86mn, following a 9.91% decline in 2022. The financial services revenue is more or less tied to the homebuilding revenue in our opinion, given that Lennar provides financing for almost all homebuyers who require mortgage loans in a bid to ensure that all creditworthy clients get adequate access to financing. The financial services segment generates the largest operating margin, posting 52.15%, 47.34% and 54.63% in 2023, 2022, and 2021 respectively.



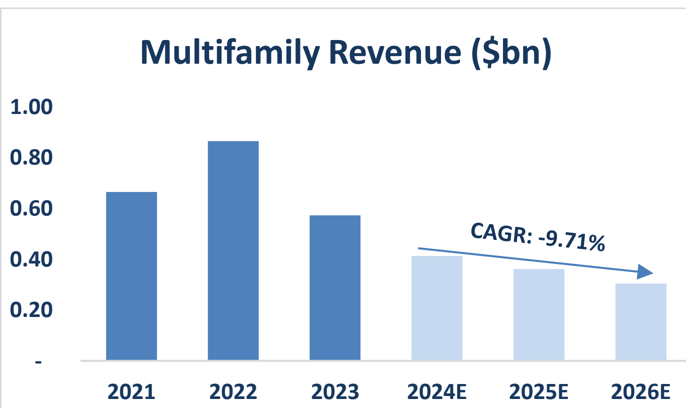
Source: Lennar's 10k, HF Estimate

We believe declining mortgage rates will further boost revenue in this segment. As affordability improves and consumer confidence strengthens, demand for new homes is expected to rise, driving the number of mortgage originations. Lennar's financial services segment is positioned to benefit from this, given its role in supporting home sales through financing. We project a CAGR growth of 4.80% in the financial services segment through 2026, with longer-term growth of 5.85% over the next decade. This growth outlook is supported by increasing home affordability and steady demand for new housing, creating favorable conditions for sustained mortgage origination growth.

Multifamily Segment

Lennar's Multifamily business, active since 2011, initially focused on short-term joint ventures that developed and sold multifamily communities shortly after they were completed and substantially occupied. However, the business has shifted towards a longer-term strategy, now managing and holding interests in rental income-generating assets. As of November 30, 2023, Lennar's Multifamily segment managed three funds and 22 joint ventures, with 119 developed communities totaling 35,900 rental units across 20 states.

This shift toward retaining multifamily properties positions Lennar to capitalize on rental income, while their development pipeline, consisting of 48 future projects with anticipated costs of $6.2bn, signals continued growth in the segment. The Multifamily segment manages and has investments in Multifamily Venture Fund I (the "LMV I")[1] and Multifamily Venture Fund II LP (the "LMV II")[1], which are long-term multifamily development investment vehicles involved in the development, construction and ownership of class-A multifamily rental properties. The developments are diversified across conventional garden, mid-rise, and high-rise properties, located near major employment hubs, which should ensure steady demand and robust rental income.



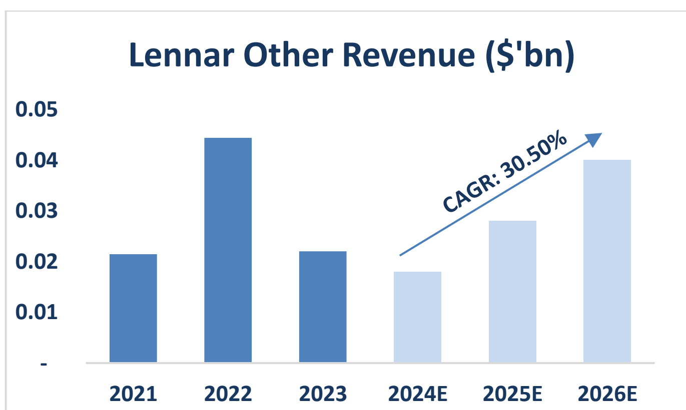
Source: Lennar's 10k, HF Estimate

The Multifamily segment also benefits from co-investments and carried interests in the funds and ventures it manages. This segment has historically been a tight margin segment, with operating margin printing at 1.87%, 1.93% and -0.03% in 2021, 2022, and 2023 respectively. Lennar's Multifamily segment is undergoing structural changes that will impact its top-line performance. In Q3 2024, the segment reported $79mm in operating earnings, primarily driven by gains from selling 70.0% of the assets in LMV Fund I, with the remainder expected to close by year-end. The $140mm in cash proceeds from these sales were offset by a $90mm write-down of non-core assets[3]. Revenue in this segment declined by 33.8% in 2023 while costs outpaced revenue. With the complete sale of LMV Fund I, we project a -9.71% CAGR through 2026 and -5.39% over the next decade. This shift aligns with Lennar's asset-light strategy, focusing on monetizing non-core assets and reducing capital commitments.

Lennar Other Segment

The Lennar Other segment includes fund investments and strategic investments in technology companies that aim to improve the homebuilding and financial services sectors. At the end of November 2023, the segment held assets worth $657.9mm, including $276.2mm in investments in unconsolidated entities. Strategic technology investments include stakes in companies such as Blend Labs, Hippo, Open-door, and Sunnova, all held at fair value, leading to mark-to-market gains or losses that directly affect the segment's financial results. In 2023, the Lennar Other segment recorded $50.16mm in unrealized losses from these investments, a significant improvement from the $655mm loss in 2022.

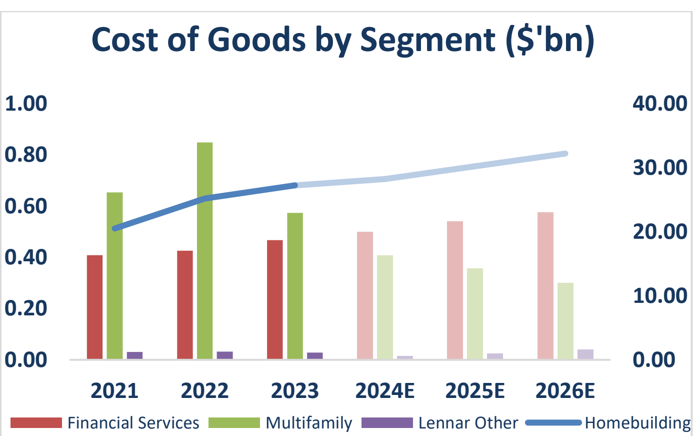
The operating loss for Lennar Other in Q4 2023 was $125mm, up from a $106mm loss in the same quarter of 2022.



This loss was largely driven by negative mark-to-market adjustments of $36mm on the segment's publicly traded technology investments, along with a $65mm write-off of a non-public investment. The impact of these technology-related losses explains the volatility inherent in Lennar's investments in the technology space, as their values fluctuate based on market conditions. Lennar Other segment saw a 50.36% decline in revenue in 2023, primarily due to negative adjustments to the value of housing tech investments. Although it saw a 106.86% increase in topline during 2022 solely due to similar reasons. We project revenue growth of 30.5% through 2026 and 13% over the next decade. This growth forecast is underpinned by expectations of a rebound in the performance of Lennar's tech investments, especially as housing demand picks up amid declining mortgage rates and improved market conditions. Lennar's focus on technology innovations to enhance the homebuying process, alongside its diversified portfolio of investments, positions the segment to capitalize on favorable market dynamics as mortgage rates decline and housing affordability improves.

Cost Structure Analysis

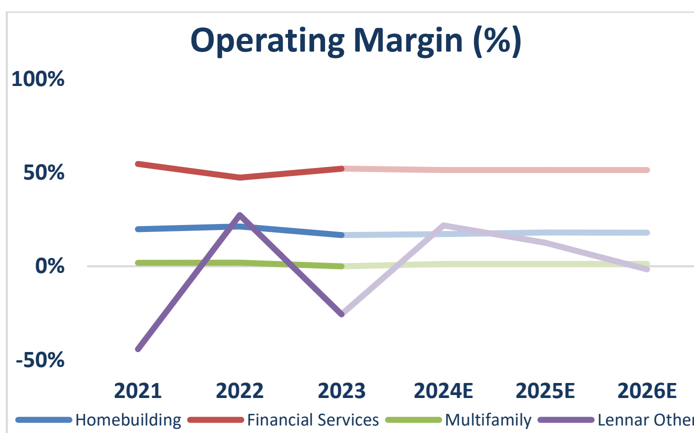
Lennar's cost structure is divided into four primary segments: Homebuilding, Financial Services, Multifamily, and Lennar Other. The Homebuilding segment represents the largest portion, recording $27.22bn in COGS in 2023. Over the past three years, costs in this segment have risen sharply, primarily due to higher material and labor expenses driven by inflationary pressures.



Source: Lennar 10K, HF Estimate

Elevated costs for key inputs such as lumber, concrete, and skilled labor have reflected broader inflation trends in the economy. In our forecast for the Homebuilding segment's COGS, we expect inflation to moderate, staying below 3% over the next few years. This should result in softer labor and material costs, providing some relief to Lennar's cost base. As supply chain disruptions ease and demand for construction materials normalizes, we anticipate a gradual deceleration in cost growth, although labor constraints in certain regions could continue to exert pressure in the near term.

The Financial Services segment has maintained relatively stable costs over the past three years, with an average of $443.07mm despite substantial growth in revenue. We do not foresee any major changes in cost structure for this segment and have therefore modeled future costs in line with historical levels. In contrast, the Multifamily segment has exhibited significant cost volatility. This is largely due to the mark-to-market accounting for investment vehicles, which has resulted in substantial losses in unconsolidated equity holdings. Costs are not only driven by material and labor expenses for buildings owned by Lennar but also by fluctuations in joint ventures and managed funds. With the sale of LMV Fund I nearing completion, we project a gradual decrease in costs, eventually stabilizing as investment activity levels off. Similarly, Lennar Other segment costs primarily reflect losses from technology investments. Management's guidance indicates a gloomy outlook for these investments, with expected underperformance.



Source: Lennar's 10k, HF Estimate

We project a 49.15% decline in costs in this segment, with a return to historical levels by the end of the forecast horizon as market conditions improve and strategic investments yield more stable returns.

Gross margins for the Homebuilding segment have consistently remained strong, averaging 19.2% over the past three years, despite the cost pressures. This is partially due to Lennar's ability to pass on increasing costs to buyers through higher home prices, especially during robust housing demand cycle.

Financial services represent the highest margin segment with margins averaging 51.38% over the past three years. We have forecasted margin to remain in the 52.71% level through the next decade, given the less volatile cost trend observed historically. Similarly for the Multifamily segment, margins have been modest, printing at 1.87% and 1.93% in 2021 and 2022, respectively, before turning negative (-0.03%) in 2023 due to losses in unconsolidated investments. With the sale of LMV Fund I and Lennar's continued shift towards an asset-light model, we project margins stabilizing at 1.25% through 2026, driven by the gradual monetization of non-core assets. Although margin volatility is highest in the Lennar Other segment, propelled by mark-to-market adjustments and losses from technology investments. After hitting a low of -44.27% in 2021, the segment rebounded to 27.33% in 2022 but dropped again to -25.62% in 2023. We anticipate a rebound in 2024 in line with consensus but maintain a relatively volatile stance over the forecast horizon.

Additional Company Analysis

Competitive Factors

The Homebuilding and Housing Development market is fairly competitive with players competing for homebuyers based on factors like location, price, reputation for customer satisfaction, amenities, design, quality, and financing.

Top 10 Largest Homebuilders in the US	Status	Market Cap ($'bn)
DR Horton	Public	64.46
Lennar	Public	51.39
PulteGroup	Public	31.18
Toll Brothers	Public	16.36
NVR	Public	34.63
Taylor Morrison	Public	7.48
KB Home	Public	6.35
Meritage Homes	Public	7.46
Clayton Properties Group	Private	-
Dream Finders Homes	Public	3.43

Source: NAHB, Factset

Lennar holds a competitive edge as an industry leader with the largest market share at 1.80% (Although same with DR Horton). Its scale enables cost efficiencies, allowing for competitive pricing and more significant investments in land and materials. Lennar's differentiated product offerings, including innovative home designs like Next Gen homes and advanced technology integrations (e.g., built-in Wi-Fi and solar power systems), further solidify its market position. Additionally, Lennar's strong financial position, backed by a robust national purchasing program and access to capital, provides a competitive advantage over smaller developers that struggle in tighter lending conditions.

Market share concentration has increased as many developers ceased operations when losses became common, and smaller companies couldn't continue operating as competition from larger companies was too stiff[2]. Many small-scale developers have been forced out of the market due to tightening lending conditions, and more frugal consumers given the high-price housing market. We believe national builders like Lennar are very well positioned to take market share due to their scale and access to capital on a go-forward basis.

Debt Maturity Analysis

Lennar has a total debt outstanding of $5.14bn representing a debt-to-value ratio of 9% as of 2023 year end. Short-term debt and current portion of long-term debt stood at $2.55bn while long-term debt accounted for $2.58bn. Primary sources of repaying debt in the near-term are either cash generated from operations, issuance of additional debt or equity, or borrowings under the company's credit facility.

Five-Year Debt Maturity Schedule

Fiscal Year	Coupon (%)	Payment ($mil)
2023		$483.42

2024	673.86
2025	455.96
2026	1,165.02
2027	3974.00
Thereafter	33,355.00
Total	$40,107.26

Source: Lennar's 10K

Lennar generated $5.18bn in FCF during 2023, $3.61bn during 2022, and $2.83bn in 2021. Additionally, Lennar is rated triple "A" by S&P with a stable outlook, similar to major competitors in the homebuilding industry. As a result, we do not expect any significant deterioration to cash flow generation in the near term and thus see no material risk in terms of servicing future obligations or even obtaining additional facilities.

ESG Analysis

Lennar's Environmental, Social and Governance (ESG) risk score according to Sustainalytics is relatively higher than peers, although rated "medium". This reflects challenges the company has faced in managing ESG-related risks, including environmental impacts of large-scale development projects, social concerns, and governance structures. Although, Lennar is actively working to reduce its risk profile by integrating sustainable practices into its core business operations, signaling commitment to both investors and customers.

Company	ESG Risk Score
DR Horton	21
Lennar	25
PulteGroup	21
Toll Brothers	23
NVR	20

Source: Sustainalytics

Some of the efforts include incorporating sustainable products and technologies into homebuilding process, leveraging its scale to offer energy-efficient features as standard in their homes, and providing solar energy solutions at no upfront cost to homeowners through the company's various initiatives like the "Everything's Included" and "Next Gen" initiatives. Through their LENX strategic investment arm, Lennar is fostering innovation by integrating advanced technology solutions into the homebuilding process, enhancing both operational efficiency and customer experience. We believe continuous effort on the part of management to align their business practices with sustainable development will not only drive financial growth but also create long-term value for shareholders.

RECENT DEVELOPMENTS

Recent Earnings Announcement

On August 31st, 2024, Lennar announced earnings underscored by strong operational performance, driven by a focus on cost reduction, cycle time improvement, and an asset-light strategy. Lennar achieved a 6.0% reduction in construction costs YoY, despite inflationary pressures, with third-quarter cycle time decreasing by 23.0% (or 10days) to 140 calendar days on average for single-family homes. Home deliveries came in 16.00% higher than same period last year, to cross 21,500 homes. New Orders and Starts also improved YoY by 5.0% and 8.0%, respectively. Notably, 82.0% of the $2.0bn in land purchases during the quarter were for finished homesites. Also, Lennar now controls 81.00% of its homesites, up from 73.0% the previous year, while the supply of owned homesites decreased to 1.1 years, down from 1.5 years. Turning to bottom-line, gross margin printed at 15.8% compared to 17.4% during same period last year, while EPS for the quarter came in $3.9. Lennar repurchased 3.4mm shares for $519mm during the quarter, while finishing the quarter with $4.0bn in cash and total liquidity of $6.2bn.

Looking ahead, Lennar anticipates delivering 22,500 to 23,000 homes in Q4, with an average sales price of approximately $425,000, and expects EPS in the range of $4.10 to $4.25.

Management Team

Effective June 20, 2024, Jeff McCall, Executive Vice President of Lennar Corporation, will transition to a non-executive role, continuing in a transitional capacity until March 1, 2025. During his tenure, McCall played a pivotal role in enhancing the company's information technology systems and improving the performance of Quarterra Group, Lennar's Multifamily subsidiary. His strategic leadership helped align Quarterra's operations with Lennar's core mission, contributing to its overall success.

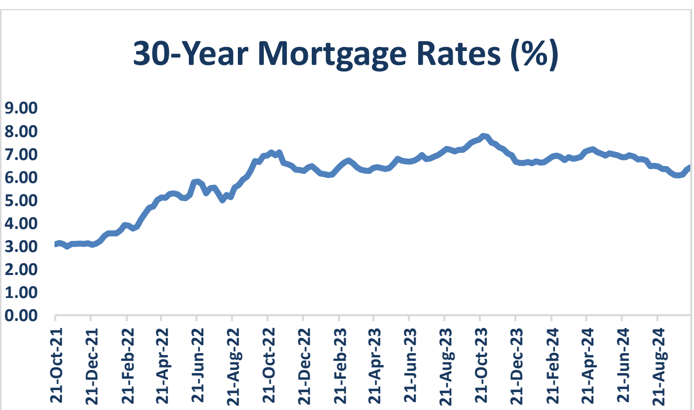
McCall will remain with the company through the transition period, assisting with the handover of his responsibilities while working on special projects. His compensation and benefits will remain in place during this time, and his existing equity awards will continue to vest as scheduled. As of the transition date, McCall will no longer serve as an executive officer.

INDUSTRY TRENDS

The housing development industry has experienced notable volatility over the past five years, largely driven by fluctuating interest rates and economic uncertainty. While low interest rates in 2020 and 2021 spurred new construction, challenges such as high unemployment and rising labor costs deterred growth, particularly in the single-family home segment. The subsequent interest rate hikes in 2022 and 2023 further curbed investment and consumer spending, leading to a contraction in revenue. As a result, the industry's revenue has declined at a compound annual growth rate (CAGR) of 1.60%, totaling an estimated $192.7bn in 2024, with profit margins deflated at 5.20%.

Mortgage Rates and Housing Demand

In response to rising inflation, the Federal Reserve increased interest rates in 2022 and 2023, a significant dampening factor for housing investment. The rise in 30-year conventional mortgage rates has discouraged home purchases, leading to reduced demand for housing development.

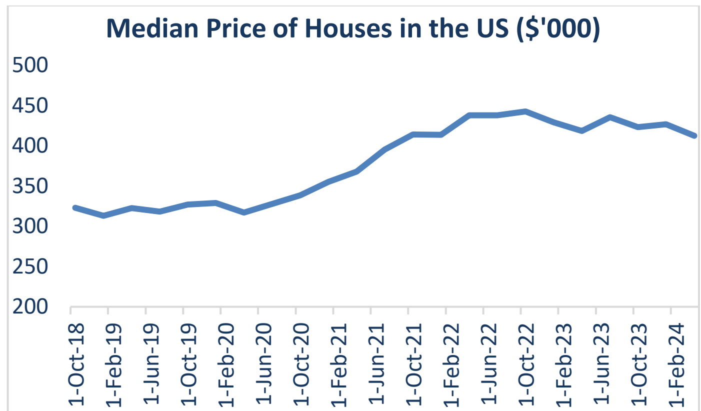


Source: Fred

Higher interest rates have also slowed housing starts and diminished the value of residential construction, limiting revenue growth for developers. However, the rise in rates has boosted multifamily construction as more consumers opt for rentals instead of purchasing homes. Although rates are expected to remain high in 2024, multifamily construction is expected to help offset the declines in single-family development due to persistent demand for rental properties amid low housing stock.

Home Pricing and Competition

Before the pandemic in 2020, improved consumer conditions in areas like disposable income, lower unemployment, and stronger consumer confidence and demand spurred home customization. During this era, number of homes sold, and average selling price rose steadily on the back of robust demand. Properties were more valuable and wealthier consumers' preferences drove up the price of each home, boosting the house price index.

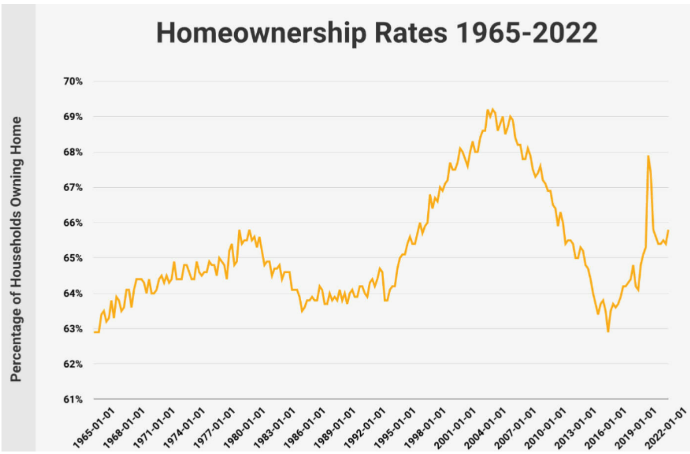


Source: Fred

However, competition from apartment rentals and existing home sales has impacted developers, with homeownership rates only showing slight growth. This trend signals a shift toward a rental market, reducing demand for new home construction. While lower homeownership rates point to increased competition from preexisting homes, rising home prices continue to benefit developers in certain segments of the market. We have also observed a number of key players in the homebuilding industry using price competition to capture market share, despite high input costs, higher labor costs, shortage of skilled labor among many other challenges. Meanwhile, the aforementioned factors have not only stalled profitability but have also led to a decline in previously soaring house prices. Given the Fed proclaimed victory over inflation, we expect profitability to return to the industry, although consumer affordability or lack thereof may continue to exert pressure on home prices on a go-forward basis.

Rental Vs Homeownership Trend

Changes in homeownership trends have led to new competition for housing developers, especially from apartment rentals and the existing home sales market. As more people move to urban areas where housing stock is limited, renting has become a more appealing option, which poses a challenge for developers focused on single-family homes.



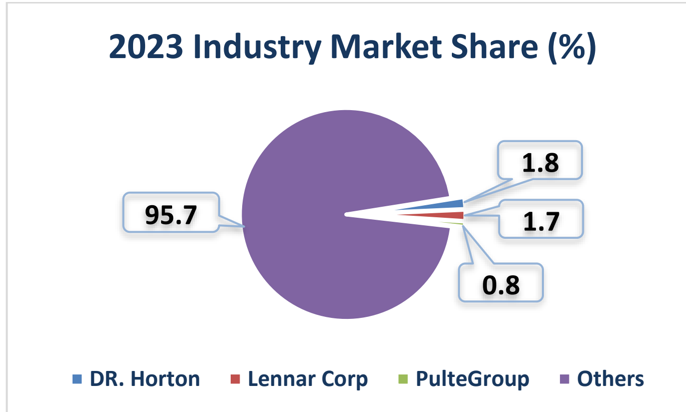
Source: RubyHome

To stand out in this increasingly competitive environment, housing developers are focusing on niche markets and building homes tailored to specific demographics. For instance, companies like KB Home are creating communities designed for active adults aged 55 and older, appealing to a growing segment of the population.

To make up for declining demand in traditional single-family homes, developers are shifting towards multifamily housing projects, such as condominiums and apartments. This trend is supported by local and state governments, which are encouraging more densely packed residential developments to address housing shortages in urban areas. These strategies are expected to help developers adapt to the evolving market and drive industry growth.

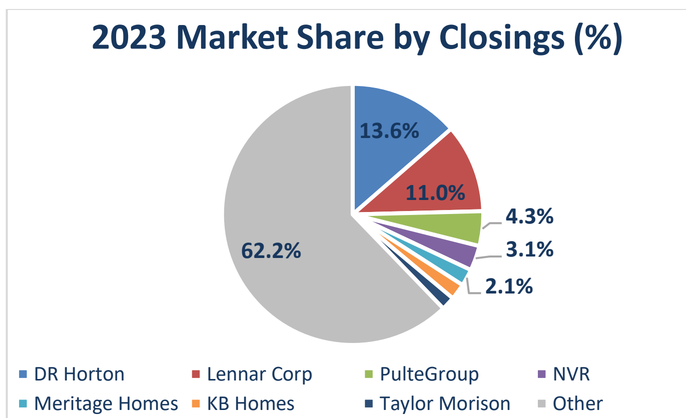
MARKETS AND COMPETITION

The housing development market is characterized by intense competition, with developers striving to differentiate themselves through strategic location choices, pricing, product uniqueness, quality, and reputation. Large-scale developers, such as D.R. Horton, Lennar Corp, and PulteGroup, leverage their scale to secure favorable financing packages and land deals, allowing them to attract more buyers and invest in larger, more profitable projects. In contrast, smaller developers often compete on price, but their reach is limited to narrow, local markets.



Source: IBIS World

The industry saw increased market share concentration, particularly as smaller developers exited the market due to adverse economic conditions, including tightening lending standards and rising costs. Although Larger developers have thrived by capitalizing on economies of scale, securing more significant investments, and growing their market share. As smaller companies struggled to stay afloat, prominent developers like D.R. Horton (1.80%), Lennar Corp (1.70%), and PulteGroup (0.8%) have maintained their dominance in the market.



Source: LBM Journal

According to the LBM Journal, 42.20% of all single-family closings in 2023 were executed by the top 10 builders. This accounts for the second highest share captured by the top ten builders since NAHB began tracking new single-family home closings in 1989[10].

Peer Comparisons

Return Ratios Comparison:

We have selected a group of peer companies to understand industry dynamics of Home developers and to assess their performance.

Companies	Net Margin (%)	ROIC (%)
LEN	11.35	12.82
TOL	12.52	14.45
NVR	17.12	32.17
DHI	13.38	18.13
LSEA	2.42	2.46
PHM	16.14	22.10

The return ratio comparison for LEN and its peer group reveals notable differences in profitability and capital efficiency. LEN net margin of 11.35% and ROIC of 12.82% places it in the middle of the pack. TOL shows slightly better profitability with a 12.52% net margin and higher ROIC at 14.45%. DHI leads in capital efficiency with an 18.13% ROIC and a strong net margin of 13.38%. PHM outperforms in both metrics, with a 16.14% net margin and an impressive 22.10% ROIC. Meanwhile, smaller players like LSEA show weaker results, with only 2.42% in net margin and 2.46% in ROIC. Finally, NVR displays a high net margin of 17.12%, with the highest ROIC of 32.17%. Overall, larger players demonstrate stronger returns, benefiting from their scale and market positioning.

Toll Brothers Inc (TOL)

TOL is a prominent luxury homebuilder, specializing in designing, building, and marketing both detached and attached homes across various regions in the U.S., including the North, Mid-Atlantic, South, Mountain, and Pacific regions. Known for catering to affluent homebuyers, TOL's offerings range from condominiums through its City Living brand to luxury single-family homes. The company also provides buyers with extensive customization options, including high-end interior fit-outs and smart home technologies, distinguishing itself from mass-market builders. Additionally, it operates across various complementary sectors such as mortgage services, land development, and home component manufacturing, reinforcing its integrated approach to homebuilding.

Metric	2020	2021	2022	2023
Revenue ($'bn)	7.08	8.79	10.28	9.99
EBIT ($'bn)	0.61	1.02	1.51	1.78
FCF ($'bn)	0.90	1.24	0.92	1.19
Total Debt/EBITDA	5.80	3.25	2.10	1.54
Days of Inv. on Hand	505.8	415.1	390.1	444.5
Inventory Turnover	0.72	0.88	0.94	0.82

Source: Factset

Toll Brothers has seen consistent revenue growth over the past few years, peaking in 2022 at $10.28bn, a notable improvement from $7.08bn in 2020. The company's EBIT has also improved, increasing from $0.61bn in 2020 to $1.78bn in 2023. TOL has managed its free cash flow effectively, particularly in 2021 when it reached $1.24bn. Inventory turnover has remained relatively steady, with days of inventory on hand ranging from 390 to over 500 days, suggesting the company has a slower inventory cycle compared to peers.

TOL's ability to reduce its total debt-to-EBITDA ratio from 5.80x in 2020 to 1.54x in 2023 reflects disciplined financial management, especially considering the capital-intensive nature of its operations. However, while inventory turnover slightly improved in 2022, it saw a dip in 2023, indicating some slowdown in operational efficiency amid changing market conditions. Despite this, Toll Brothers continues to perform well in the luxury market, driven by its brand reputation, diversified offerings, and ability to cater to high-end consumers.

NVR Inc (NVR)

NVR is a prominent homebuilder in the United States, specializing in the construction and sale of single-family detached homes, townhomes, and condominiums. Operating through its Homebuilding and Mortgage Banking segments, NVR markets its products under the Ryan Homes, NVHomes, and Heartland Homes brands. The company targets a wide range of buyers, including first-time homebuyers and those seeking luxury or move-up homes. In addition to home construction, NVR provides mortgage-related services, including title insurance and mortgage loan sales, primarily catering to its homebuilding customers. Geographically, NVR operates in key regions such as the Mid Atlantic, Northeast, Mideast, and Southeast, with a strong presence in states like Maryland, Virginia, Pennsylvania, and Florida.

Metric	2020	2021	2022	2023
Revenue ($'bn)	7.38	8.74	10.35	9.30
EBIT ($'bn)	0.92	1.42	2.06	1.57
FCF ($'bn)	0.92	1.22	1.85	1.47
Total Debt/EBITDA	1.61	1.06	0.44	0.58
Days of Inv. on Hand	93.94	98.69	88.99	96.76
Inventory Turnover	3.89	3.70	4.10	3.77

Source: Factset

NVR has shown steady financial growth over the years, with revenue increasing from $7.38bn in 2020 to $10.35bn in 2022, before slightly declining to $9.30bn in 2023. EBIT followed a similar trend, peaking at $2.06bn in 2022 but falling to $1.57bn in 2023. Free cash flow has remained strong, reflecting solid operational efficiency, while the company's debt-to-EBITDA ratio has improved significantly, decreasing from 1.61x in 2020 to 0.58x in 2023. Despite fluctuations in inventory turnover, NVR has managed its working capital effectively, maintaining stable days of inventory on hand over the past four years. The company's diversified regional footprint helps it capture demand across both first-time homebuyers and luxury market segments.

D.R. Horton, Inc. (DHI)

DHI is a leading U.S. homebuilder, specializing in the construction and sale of single-family detached and attached homes, including townhomes, duplexes, and triplexes. The company operates in 118 markets across 33 states, under various brands such as D.R. Horton, America's Builder, Express Homes, Emerald Homes, and Freedom Homes. In addition to homebuilding, D.R. Horton provides mortgage financing and title services, and it is involved in residential lot development. The company also owns, leases, and sells multi-family and single-family rental properties, with additional non-residential real estate holdings. DHI geographical footprint spans six major regions in the U.S., including the Northwest, Southwest, South Central, Southeast, East, and North regions, covering diverse states from Colorado and Arizona to Florida and Pennsylvania.

Metric	2020	2021	2022	2023
Revenue ($'bn)	20.31	27.77	33.48	35.46
EBIT ($'bn)	2.96	5.39	7.71	6.24
FCF ($'bn)	1.13	0.27	0.41	4.16
Total Debt/EBITDA	1.41	0.99	0.78	0.80
Days of Inv. on Hand	279.2	263.4	302.9	307.8
Inventory Turnover	1.31	1.39	1.20	1.19

Source: Factset

Financially, D.R. Horton has seen consistent growth, with revenue rising from $20.31bn in 2020 to $35.46bn in 2023. EBIT followed a similar trajectory, peaking at $7.71bn in 2022 before declining slightly to $6.24bn in 2023. Free cash flow fluctuated over the years, reaching $4.16bn in 2023, reflecting stronger operational efficiency and cash generation. The company's debt-to-EBITDA ratio has improved, underscoring stronger financial health, while inventory turnover has remained stable despite minor fluctuations in days of inventory on hand.

Landsea Homes Corporation (LSEA)

LSEA is a homebuilder focused on designing, constructing, marketing, and selling single-family detached and attached homes across various U.S. regions, including California, New York, Arizona, Florida, and Texas. It specializes in both suburban and urban development, offering a mix of properties, such as mid- and high-rise structures, as well as master-planned communities. Founded in 2013 and headquartered in Newport Beach, California, Landsea delivers high-performance homes that emphasize sustainability and environmental design.

Metric	2020	2021	2022	2023
Revenue ($'bn)	0.73	1.02	1.45	1.21
EBIT ($'bn)	0.01	0.06	0.11	0.04
FCF ($'bn)	0.01	0.02	0.02	0.05
Total Debt/EBITDA	30.15	6.57	4.41	11.62
Days of Inv. on Hand	196.2	332.7	305.1	406.3
Inventory Turnover	1.86	1.10	1.20	0.90

Source: Factset

LSEA's growth trajectory has been uneven, with revenue peaking at $1.45bn in 2022 before declining to $1.21bn in 2023. EBIT also followed a similar pattern, with profitability slowing to $0.04bn in 2023 from $0.11bn in 2022. Free cash flow has seen gradual improvement, while its debt levels remain relatively high compared to peers, as evidenced by its fluctuating total debt-to-EBITDA ratio. Inventory turnover has decreased, coupled with a rise in days of inventory on hand, signaling operational challenges in managing stock levels efficiently.

PulteGroup Inc. (PHM)

PHM is a leading U.S. homebuilder with operations spanning across 26 states, including regions such as the Midwest, Southeast, and West. Founded in 1950, the company operates through two main segments: Homebuilding and Financial Services. Its homebuilding activities include the acquisition and development of residential land and the construction of single-family homes, townhomes, condominiums, and duplexes. PulteGroup's portfolio of home brands includes Centex, Pulte Homes, Del Webb, DiVosta Homes, John Wieland Homes and Neighborhoods, and American West, catering to various buyer segments, from first-time buyers to active adults. The Financial Services segment focuses on mortgage banking, title operations, and offering homebuyers mortgage origination and title services. With a broad geographic footprint and diverse offerings, PHM has maintained its position as one of the largest homebuilders in the U.S. Its reputation is built on delivering a range of homes across different price points, from entry-level to luxury.

Metric	2020	2021	2022	2023
Revenue ($'bn)	11.04	13.93	16.00	16.06
EBIT ($'bn)	1.77	2.56	3.44	3.40
FCF ($'bn)	1.75	0.99	0.58	2.11
Total Debt/EBITDA	1.73	1.01	0.75	0.71
Days of Inv. on Hand	353.8	314.7	348.2	391.8
Inventory Turnover	1.03	1.16	1.05	0.93

Source: Factset

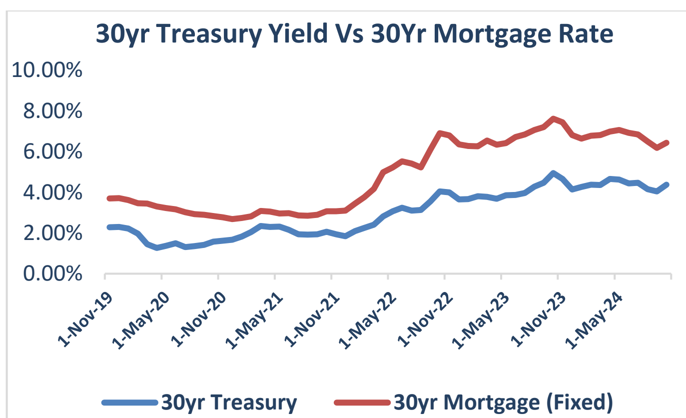
PHM's financial performance has been solid in recent years, with revenues climbing from $11.04bn in 2020 to $16.06bn in 2023. EBIT followed a similar upward trajectory, peaking at $3.44bn in 2022 before slightly decreasing to $3.40bn in 2023. The company has consistently generated strong free cash flow, with a significant jump to $2.11bn in 2023. PulteGroup's debt levels have remained manageable, as shown by its declining total debt-to-EBITDA ratio. However, inventory turnover decreased slightly, and days of inventory on hand have risen, signaling a potential slowdown in inventory movement as market conditions fluctuate.

ECONOMIC OUTLOOK

Interest Rate

Interest rates are a key driver in the homebuilding industry, as they directly impact consumer affordability and, by extension, housing demand. When interest rates rise, mortgage rates increase, making home purchases more expensive for buyers. This often leads to a slowdown in housing starts, as buyers delay decisions to purchase single-family homes. However, elevated rates can push some consumers towards the rental market, benefiting homebuilders who have portfolios in multifamily housing or related ventures.

In recent years, the Federal Reserve has aggressively raised interest rates to combat inflation, which peaked at 9.06% in June 2022. Historically, A key relationship exists between the 30-year Treasury yield and the 30-year fixed mortgage rate, as the former often serves as a benchmark for the latter. When the 30-year Treasury yield rises, mortgage rates typically follow suit, increasing borrowing costs for homebuyers and potentially dampening housing demand. Conversely, declining Treasury yields can lead to lower mortgage rates, making home purchases more affordable and stimulating demand. For instance, in October 2022, the 30-year Treasury yield was 4.04%, and the corresponding mortgage rate was 6.90%. By October 2023, the Treasury yield had risen to 4.95%, with the mortgage rate increasing to 7.62%.



Source: Fred

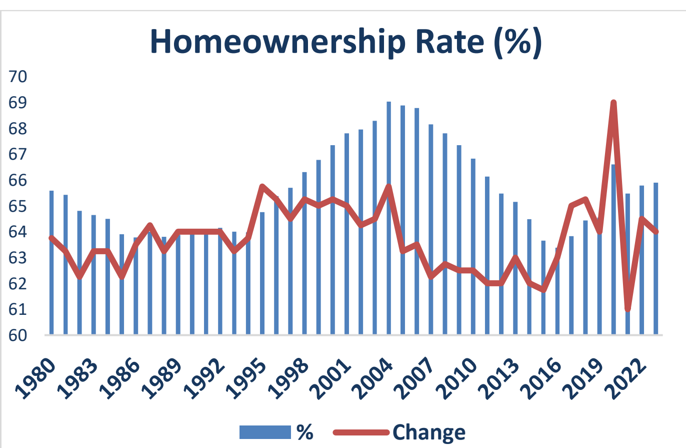
This sharp rise significantly curbed housing activity, especially in single-family home developments. However, with inflation now under control and sitting at 2.4% as of

September 2024, the Fed has started easing cycle, executing a 50bps rate cut, and signaling further cuts to come before the year runs out. This move has begun to provide some relief to homebuilders, as mortgage rates have started to trend down slightly from their peak. Looking ahead, the alignment of 30-year Treasury yields and 30-year fixed mortgage rates suggests that if Treasury yields continue to decline, mortgage rates may follow suit. Lower mortgage rates improve housing affordability, which could stimulate a recovery in housing starts and increase demand for single-family homes.

Homeownership Rate

Homeownership rates have a direct influence on the homebuilding industry, as rising rates indicate strong demand for new homes. From 2016 to 2018, the homeownership rate increased from 63.0% to 64.4%, supporting steady growth in housing demand. By 2024, this rate is projected to reach 65.7%, but aggressive interest rate hikes since 2022 have slowed this momentum, with a slight decline of 0.3% seen in 2023 and 2024. Higher financing costs and economic uncertainty have weighed on new home purchases, particularly in the single-family segment.

However, the recent 50bps cut in the Fed rate, with expectations of further cuts, presents a positive outlook for the homebuilding industry. Lower mortgage rates could improve affordability, encouraging more consumers to re-enter the housing market. This shift could increase housing starts and construction activity, benefiting homebuilders as demand recovers.

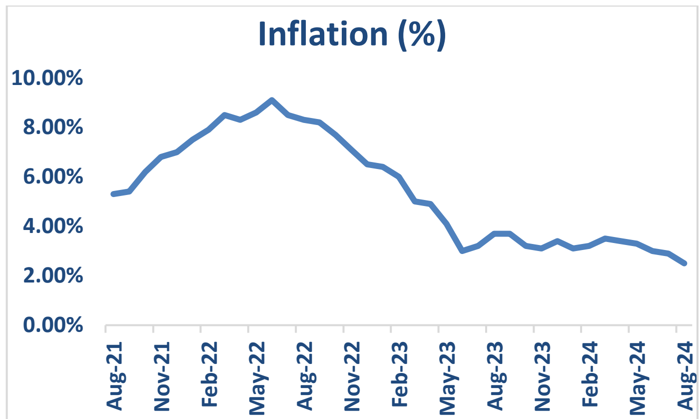


Source: IBIS World

Looking ahead, as economic conditions stabilize and financing costs ease, homeownership rates are likely to pick up once again. This should create a more favorable environment for homebuilders, especially as consumer confidence improves and demand for both single-family and multifamily homes strengthen.

Inflation

Inflation has a significant impact on home prices, and the homebuilding industry closely follows inflationary trends due to their influence on construction costs and housing demand. During the pandemic, inflation in the U.S. surged from 0.33% in April 2020 to a peak of 9.06% in June 2022. This rapid rise, driven by supply chain disruptions, energy price shocks, and geopolitical tensions, pushed the median home price from $317,000 in April 2020 to $437,000 by April 2022.



Source: Trading Economics

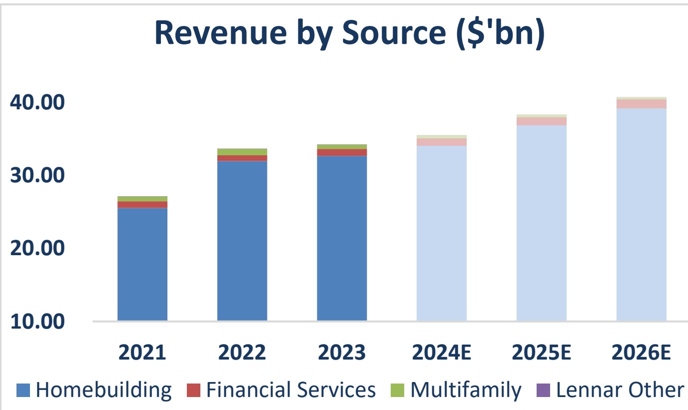
As inflationary pressures eased, thanks to the Federal Reserve's aggressive rate hikes, inflation slowed to 2.5% as of August 2024. This cooling of inflation, particularly in sectors like food and transportation, has also led to a slight reduction in home prices, with the median home price now at $425,000. However, some inflationary pressures remain in the shelter category, which could keep home prices elevated in the near term.

On a go-forward basis, especially with inflation expected to remain below 3% and move toward the Fed's 2% target, the stabilization in inflation will likely help ease construction costs. Lower inflation, coupled with expected interest rate cuts, should improve housing affordability, which could positively influence demand for new homes and support growth in the homebuilding industry.

VALUATION

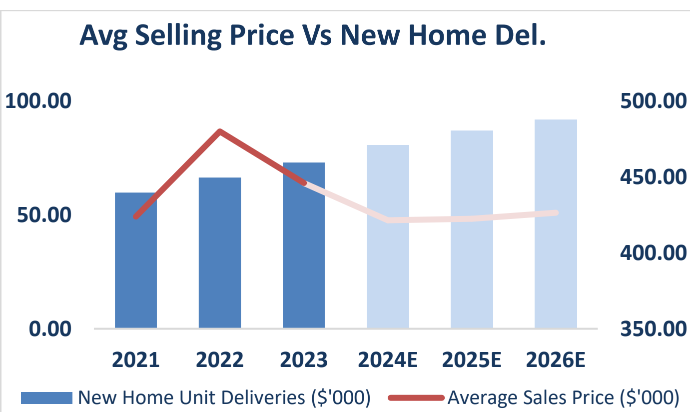
Revenue Assumptions

As previously stated in the company description section, Lennar's revenue stream is heavily reliant on the Homebuilding segment, which has contributed between 93% and 95% of total revenue over the past five years. Our projections follow this same pattern, as we do not anticipate any significant growth in the other revenue segments over the forecast horizon. Through 2026, we expect the Homebuilding segment to grow at a CAGR of 4.70%, while our longer-term CAGR stands at 5.72%. This growth assumption, although slightly above consensus forecasts for the segment, remains highly sensitive to interest rate movements.



Source: Lennar's 10k, HF Estimate

We believe a significant reduction in interest rates could spark a resurgence in housing starts and boost home deliveries over the forecast period beyond what is currently anticipated. Our forecast is primarily driven by the number of new home deliveries and the average selling price of homes.



Source: Lennar's 10k, HF Estimate

Over the past five years, new home deliveries have consistently grown at a high single-digit rate (8.17%), which can be attributed both to Lennar's continuous market share expansion—thanks to its size and scale—and its improvements in inventory management, with days inventory on hand declining from 372 days to the current 285 days. Over the forecast period to 2026E, we project the number of home deliveries to grow at a CAGR of 5.89%, reaching 91,899 homes. This forecast is based on expectations of an improving homebuilding industry and lower interest rates in the coming years. Average home prices, which peaked at $480,000 in 2022, declined to $446,000 in 2023, driven by pricing competition, subdued new housing demand due to high mortgage rates, and Lennar's continued efforts to maintain market share. Management has guided for an average home price of $425,000 in 2024, but our more conservative estimate puts the average price at $421,500, with a gradual increase to $426,430 by fiscal year 2026.

The Financial Services revenue is closely linked to the Homebuilding segment, as nearly 80% of all home sales in 2023 were financed through Lennar's financial services arm. We expect financial services revenue to grow at a CAGR of 4.90% through 2026 and 5.79% over the forecast horizon.

The Multifamily and Lennar Other segments are driven primarily by investments in ventures and technology solutions, and their performance is heavily influenced by gains or losses from these ventures. We project the Multifamily segment to shrink at a negative CAGR of 14.67% through 2026, mainly due to the recent sale of LMV Fund I. On the other hand, we forecast the Lennar Other segment to grow at a CAGR of 16.07% through 2026 and 10.5% over the longer term.

Overall, we anticipate Lennar's topline to grow at a CAGR of 4.46% through 2026 and 5.60% over the forecast horizon (2033). Given Lennar's size, scale, and focus on continuous market share expansion in the homebuilding industry, we believe these growth projections are achievable.

Cost Assumptions

The Homebuilding segment accounts for the biggest cost driver, given its contribution to the company's total revenue. COGS in this segment is highly sensitive to fluctuations in material and labor expenses, both of which have been elevated due to inflationary pressures over the past three years. Historically, COGS in the homebuilding segment as a percentage of revenue has hovered in the 83% level. Our forecast is in line with this range over the forecast horizon, although declining slightly through 2026 but stabilizing at historical levels at the far end of the forecast horizon. As inflation moderates and supply chain disruptions ease, we expect softer material and labor costs, allowing for a more gradual cost growth trajectory. The projected decline in cost inflation will help stabilize COGS growth for the Homebuilding segment, though near-term labor constraints could still pose challenges. Lennar's ability to pass on costs to homebuyers, as seen in its strong historical margins, should help mitigate some of these pressures.

Homebuilding COGS as a % of Revenue

SG&A as % of Revenue 2024	230.39	79.00%	80.00%	81.00%	82.81%	83.00%	84.00%	85.00%
	1.00%	306.90	288.12	269.34	235.31	231.78	213.00	194.22
	1.27%	301.98	283.20	264.42	230.39	226.87	208.09	189.31
	2.27%	283.58	264.80	246.02	211.99	208.46	189.69	170.91
	3.27%	265.22	246.44	227.66	193.63	190.10	171.32	152.55
	4.27%	246.86	228.08	209.30	175.27	171.74	152.96	134.18
	5.27%	228.50	209.72	190.94	156.91	153.38	134.60	115.82
	6.27%	210.14	191.36	172.58	138.55	135.02	116.24	97.46

SG&A costs are another key driver of Lennar's overall cost structure. Although historically stable, SGA costs have remained a critical factor in maintaining the company's robust operating margins, especially within the Homebuilding and Financial Services segments. SG&A as a percentage of revenue has historically printed in the 1.27% to 1.3% range. We have forecasted SG&A based on a 5year historical average of 1.27% throughout the forecast horizon. We expect SGA costs to remain steady over the forecast horizon, with limited room for reduction, given the strategic investments in technology and administrative capabilities. However, management's focus on optimizing operational efficiencies could lead to modest cost savings, particularly as non-core asset monetization and an asset-light model take effect.

WACC

The weighted average cost of capital (WACC) was estimated using a mix of estimates. For the equity part of the WACC, we used the Henry Fund's equity risk premium estimate of 5.00%, which is based on Damodaran's forward looking ERP estimates as well as historical geometric average. We estimated the Beta by taking the weekly average of 1year, 3year, and 5year weekly Beta of Lennar. The 10-year US treasury bond rate represented the risk-free element in our computation resulting in a cost of equity of 10.55%. On the debt portion of the WACC estimate, we adopted the implied YTM on MMC's long term bond, resulting in a cost of debt of 3.80% after tax. Our debt-to-value ratio amounted to 9.00%, while the equity-to-value ratio printed at 91.00%. Overall, we arrived at our WACC estimate of 9.94%.

Payout Policy

Lennar's payout policy over the years has mirrored its performance, although relatively stable in the past three years. Total payout ratio averaged 38% and our forecast is in line with historical levels. Given Lennar's commitment to investing in technology companies and funding ventures in the Multifamily segment that may not be immediately profitable, we are projecting an average payout policy rate of 32.18% over the forecast horizon.

DCF and EP Valuation

The discounted cash flow (DCF) technique and Economic profit (EP) methodology were the primary models for deriving Lennar's valuation. Our DCF and EP model returned an intrinsic value of $230.39. Our key assumptions for arriving at this value were:

- Continuing value free cashflow of $60.05bn
- Continuing value of ROIC 28.82%
- Continuing value growth of NOPLAT of 2.5%
- Weighted average cost of capital of 9.94%

We discounted free cash flow and economic profit with WACC assumptions explained above. We then arrived at value of operating assets of $56.52bn, after which we adjusted for non-operating items. We arrived at a value of equity of $59.88bn, which was then applied to shares outstanding of 280.90mn to derive our intrinsic value of $213.14. Finally, we adjusted for dividend yield and found the implied price as of the date of modeling to be $230.39.

While the DCF and EP methods are generally used for valuation, they are limited by sensitivity to assumptions, discount rate estimation, terminal value assumptions and market conditions/dynamics.

Dividend Discount Model (DDM) Valuation

The dividend discount model is premised on a fundamental assumption that a firm will continue paying dividends into the future. Historically, Lennar has delivered not just value but consistent dividends to shareholders, hence, the reason for conducting a DDM valuation. Our assumption factored CV year ROE of 8.44%, whilst using a cost of equity of 10.55% - similar to our DCF model – to discount projected dividend per share to present day. Based off these assumptions, we arrived at an intrinsic value of $81.05. We have not considered this valuation method in arriving at our target price recommendation.

Relative Valuation

Relative valuation technique for deriving intrinsic value of a share is one that groups peer companies to provide a close-to-accurate range for any typical company within the pack. Our relative valuation considered peer companies like Toll Brothers, NVR Inc, D.R. Horton Inc., KB Home, Landsea Homes Corp., and PulteGroup to arrive at an average P/E valuation to determine a target range for Lennar. The peer comparison is premised on operators in the Homebuilding/Home developer industry within the USA and on a global scale. We believe our peer comparison is robust, given the service offerings of companies in the peer set. Based on this valuation technique, we derived a target price range of $202 - $250 for Lennar. This price was derived using P/E, P/B, and P/TBV valuation. Pricing publicly traded companies using relative valuation is limited by sensitivity of valuation metrics to market conditions, cyclical nature of industries, muting growth prospects among other notable limitations.

KEYS TO MONITOR

Average Selling Price

The average selling price is a critical driver for Lennar's revenue and margin performance. On the positive side, average selling price may increase if housing demand strengthens, particularly in response to lower mortgage rates, allowing Lennar to pass on higher costs to buyers and maintain profitability. However, if mortgage rates remain high or further rise, Lennar may face challenges in sustaining its current selling price levels due to affordability concerns, especially in key markets. Additionally, competitive pricing pressures from other builders or slowing demand could force Lennar to reduce prices, impacting top-line growth.

Interest Rate

Interest rates significantly influence housing demand, affordability, and Lennar's ability to grow. A decline in interest rates could boost housing starts by making mortgages more affordable, leading to higher demand and increased home deliveries. This would directly support Lennar's revenue growth. On the other hand, if interest rates rise or remain elevated, it could result in lower affordability for homebuyers, slower sales, and a reduction in Lennar's backlog. This would also put pressure on profitability as Lennar might be forced to offer incentives to attract buyers, impacting margins.

Backlog Units

Lennar's backlog units, which represent homes under contract but not yet delivered, are a strong indicator of future revenue. A growing backlog signals robust demand and future revenue stability, especially if those units convert to sales without significant cancellations. However, a shrinking backlog or slower conversion due to construction delays, supply chain issues, or tighter financing conditions could reduce revenue visibility. Additionally, an elevated backlog could turn into a risk if buyers cancel contracts due to changing market conditions or economic uncertainty, impacting Lennar's financial outlook.

Cancellation Rate

The cancellation rate is a key metric to monitor, as it directly affects Lennar's ability to convert backlog into actual sales. A low cancellation rate reflects strong buyer commitment and confidence in Lennar's product, which bodes well for future revenue recognition. Conversely, an increasing cancellation rate may signal declining buyer confidence, stricter lending standards, or deteriorating economic conditions. If cancellations rise, Lennar may have to offer more concessions to secure contracts or face unsold inventory, both of which could negatively affect margins and cash flow.

Valuation Summary

To derive a close to accurate intrinsic value for Lennar Corp., we have employed the discounted cash flow method (DCF), economic profit (EP) method, dividend discount method (DDM) and relative valuation techniques. Our relative valuation, DCF and EP models returned a price greater than the current market price of LEN, although we rely more on our DCF and EP model price of $230 to recommend our buy rating on LEN. Our target price implies a potential upside of 22%. Our target price is currently above FactSet consensus estimate of $200 but below Yahoo finance analyst high expectation $236.

We are confident that Lennar Corp. will maintain its strong position as a leader in the homebuilding industry, with continued market share expansion driven by its scale and operational efficiency. Lennar's focus on maintaining robust margins despite cost pressures, along with its strategic approach to managing inventory and optimizing its homebuilding operations, positions the company to capitalize on improving housing demand, particularly as interest rates stabilize. Additionally, management's commitment to technological advancements and investment in non-core ventures provides further growth potential. On that account, we recommend a buy rating on Lennar Corp. with a target price of $230.

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14. RubyHome

DISCLAIMER

Lennar Corporation (LEN)
Revenue Decomposition
In millions

Fiscal Years Ending Nov 30	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Revenue by Segment:													
Homebuilding	25,545.24	31,951.34	32,660.99	34081.84	36853.01	39236.50	41607.40	44331.61	47445.85	50779.10	55111.52	58153.78	60196.20
growth rate	*21.75%*	*25.08%*	*2.22%*	*4.35%*	*8.13%*	*6.47%*	*6.04%*	*6.55%*	*7.02%*	*7.03%*	*8.53%*	*5.52%*	*3.51%*
Financial Services	898.75	809.68	976.86	1027.37	1110.90	1182.75	1254.22	1336.34	1430.22	1530.69	1661.29	1753.00	1814.57
growth rate	*0.95%*	*-9.91%*	*20.65%*	*11.79%*	*7.88%*	*9.42%*	*9.00%*	*8.50%*	*7.50%*	*6.50%*	*4.50%*	*3.50%*	*2.00%*
Multifamily	665.23	865.60	573.49	413.00	361.00	304.00	273.60	259.92	252.12	247.08	242.14	239.72	237.32
growth rate	*15.43%*	*30.12%*	*-33.75%*	*-27.98%*	*-12.59%*	*-15.79%*	*-10.00%*	*-5.00%*	*-3.00%*	*-2.00%*	*-2.00%*	*-1.00%*	*-1.00%*
Lennar Other	21.46	44.39	22.04	18.00	28.00	40.00	46.00	52.90	58.19	61.10	62.93	64.82	66.12
growth rate	*-47.77%*	*106.89%*	*-50.36%*	*-18.31%*	*55.56%*	*42.86%*	*15.00%*	*15.00%*	*10.00%*	*5.00%*	*3.00%*	*3.00%*	*2.00%*
Total Revenue	**27,130.68**	**33,671.01**	**34,233.37**	**35,540.21**	**38,352.91**	**40,763.25**	**43,181.22**	**45,980.77**	**49,186.38**	**52,617.97**	**57,077.89**	**60,211.31**	**62,314.20**
Growth rate	*20.64%*	*24.11%*	*1.67%*	*3.82%*	*7.91%*	*6.28%*	*5.93%*	*6.48%*	*6.97%*	*6.98%*	*8.48%*	*5.49%*	*3.49%*
Homebuilding Segment													
New Home Unit Deliveries	59825.00	66399.00	73087.00	80750.00	87120.00	91899.00	96493.95	101801.12	108418.19	115465.37	124702.60	130937.73	134865.86
growth rate	*13.04%*	*10.99%*	*10.07%*	*10.48%*	*7.89%*	*5.49%*	*5.00%*	*5.50%*	*6.50%*	*6.50%*	*8.00%*	*5.00%*	*3.00%*
Average Sales Price ($'000)	424.00	480.00	446.00	421.47	422.46169	426.43	430.69	435.00	437.17	439.36	441.56	443.77	445.98
growth rate	*7.34%*	*13.21%*	*-7.08%*	*-5.50%*	*0.24%*	*0.94%*	*1.00%*	*1.00%*	*0.50%*	*0.50%*	*0.50%*	*0.50%*	*0.50%*
Implied Homebuilding Revenue	25365.80	31871.52	32596.80	34033.70	36804.86	39188.35	41559.25	44283.45	47397.69	50730.93	55063.35	58105.60	60148.01
growth rate	*21.34%*	*25.65%*	*2.28%*	*4.41%*	*8.14%*	*6.48%*	*6.05%*	*6.56%*	*7.03%*	*7.03%*	*8.54%*	*5.53%*	*3.52%*
Unconsolidated Entities	179.44	79.81	64.19	48.14	48.14	48.15	48.15	48.16	48.16	48.17	48.17	48.18	48.18
growth rate	*136.85%*	*-55.52%*	*-19.58%*	*-25.00%*	*0.01%*	*0.01%*	*0.01%*	*0.01%*	*0.01%*	*0.01%*	*0.01%*	*0.01%*	*0.01%*
Costs													
Homebuilding	20,502.54	25,161.30	27,223.65	28223.94	30213.61	32199.86	34487.03	37479.94	40915.11	44665.34	49445.67	52175.16	54007.60
	14.15%	*22.72%*	*8.20%*	*3.67%*	*7.05%*	*6.57%*	*7.10%*	*8.68%*	*9.17%*	*9.17%*	*10.70%*	*5.52%*	*3.51%*
Financial Services	407.73	426.38	467.40	499.55	540.17	575.11	603.76	636.86	674.78	714.97	768.21	802.51	822.38
	-13.39%	*4.57%*	*9.62%*	*6.88%*	*8.13%*	*6.47%*	*4.98%*	*5.48%*	*5.95%*	*5.96%*	*7.45%*	*4.46%*	*2.48%*
Multifamily	652.81	848.93	573.66	407.82	356.47	300.19	270.17	256.66	248.96	243.98	239.10	236.71	234.34
	13.42%	*30.04%*	*-32.43%*	*-28.91%*	*-12.59%*	*-15.79%*	*-10.00%*	*-5.00%*	*-3.00%*	*-2.00%*	*-2.00%*	*-1.00%*	*-1.00%*
Lennar Other	30.96	32.26	27.68	14.08	24.48	40.65	42.83	51.42	53.25	57.54	60.12	61.13	62.51
	359.00%	*4.21%*	*-14.19%*	*-49.15%*	*73.93%*	*66.06%*	*5.35%*	*20.05%*	*3.57%*	*8.06%*	*4.48%*	*1.68%*	*2.26%*
SG&A	372.25	393.82	464.26	450.58	486.24	516.79	547.45	582.94	623.58	667.09	723.63	763.35	790.01
	41.08%	*5.79%*	*17.89%*	*-2.95%*	*7.91%*	*6.28%*	*5.93%*	*6.48%*	*6.97%*	*6.98%*	*8.48%*	*5.49%*	*3.49%*

Lennar Corporation (LEN)
Income Statement
In millions

Fiscal Years Ending Nov 30	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Revenue	**27,130.68**	**33,671.01**	**34,233.37**	**35,540.21**	**38,352.91**	**40,763.25**	**43,181.22**	**45,980.77**	**49,186.38**	**52,617.97**	**57,077.89**	**60,211.31**	**62,314.20**
Cost of Goods Sold	21,594.18	26,469.44	28,292.24	29145.39	31134.74	33115.81	35403.79	38424.88	41892.11	45681.83	50513.10	53275.51	55126.84
SG&A	372.25	393.82	464.26	450.58	486.24	516.79	547.45	582.94	623.58	667.09	723.63	763.35	790.01
Depreciation	85.95	87.08	110.16	110.43	104.91	99.66	94.68	89.94	85.45	81.18	77.12	73.26	69.60
Operating Income	**5,078.29**	**6,720.67**	**5,366.71**	**5,833.82**	**6,627.03**	**7,030.98**	**7,135.31**	**6,883.01**	**6,585.24**	**6,187.88**	**5,764.04**	**6,099.19**	**6,327.74**
Equity in earnings (loss) from unconsolidated entities	56.78	(56.10)	(144.61)	(21.36)	(23.05)	(24.50)	318.33	305.07	293.71	282.78	276.07	262.10	244.13
Other income (expense), net and other gains (losses)	663.84	(631.58)	(4.65)	(183.63)	(198.16)	(210.61)	215.91	367.85	393.49	420.94	456.62	481.69	498.51
Interest Expense	20.00	19.00	15.00	242.80	241.58	236.94	232.16	228.78	226.60	224.82	225.73	222.44	216.70
Earnings (loss) before income taxes	**5,778.92**	**6,013.99**	**5,202.45**	**5,386.03**	**6,164.24**	**6,558.93**	**7,437.38**	**7,327.15**	**7,045.84**	**6,666.78**	**6,271.01**	**6,620.55**	**6,853.69**
Provision (benefit) for income taxes	1,362.51	1,366.07	1,241.01	1,222.76	1,399.44	1,489.04	1,688.47	1,663.45	1,599.58	1,513.53	1,423.68	1,503.03	1,555.96
Net earnings	**4,416.41**	**4,647.93**	**3,961.44**	**4,163.27**	**4,764.81**	**5,069.89**	**5,748.91**	**5,663.71**	**5,446.26**	**5,153.25**	**4,847.33**	**5,117.52**	**5,297.73**
Less: net earnings attributable to noncontrolling interests	(26.44)	(34.38)	(22.78)	1.33	(6.08)	2.97	4.49	(16.30)	(10.27)	(12.63)	(12.57)	(11.54)	(9.22)
Less: distributed earnings allocated to nonvested shares	2.69	4.47	5.51	5.51	5.51	5.51	5.51	5.51	5.51	5.51	5.51	5.51	5.51
Less: undistributed earnings allocated to nonvested shares	50.23	47.51	43.02	43.02	43.02	43.02	43.02	43.02	43.02	43.02	43.02	43.02	43.02
Net income to Common Shareholders	**4,337.05**	**4,561.57**	**3,890.12**	**4,116.07**	**4,710.19**	**5,024.32**	**5,704.87**	**5,598.87**	**5,387.45**	**5,092.09**	**4,786.23**	**5,057.45**	**5,239.97**
Weighted average shares outstanding - basic	306.61	289.82	283.32	280.80	280.50	279.55	277.93	276.19	274.26	272.16	269.80	267.36	265.15
Year end shares outstanding	299.43	289.81	280.95	280.65	280.35	278.76	277.10	275.27	273.25	271.07	268.52	266.21	264.09
EPS Basic	14.15	15.74	13.73	14.66	16.79	17.97	20.53	20.27	19.64	18.71	17.74	18.92	19.76
Dividend Per Share	1.00	1.50	1.50	1.97	2.17	2.40	2.66	2.94	3.26	3.61	4.01	4.45	4.94

Lennar Corporation (LEN)
Balance Sheet
In millions

Fiscal Years Ending Nov 30	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Assets													
Cash & Short-Term Investments	2,933.76	4,792.72	6,557.46	10,311.94	14,384.00	19,011.34	24,248.98	29,133.97	33,641.56	37,641.18	40,971.34	44,562.46	48,224.05
Short-Term Receivables	1,296.85	1,614.28	1,696.21	1,780.70	2,017.71	2,144.52	2,271.73	2,419.01	2,587.65	2,768.18	3,002.82	3,167.66	3,278.29
Inventories	19,169.40	21,862.45	18,897.67	17,657.17	17,149.13	16,404.20	15,639.53	14,988.13	14,429.74	13,892.82	13,563.34	12,877.14	11,994.19
Other Current Assets	21.93	23.05	13.48	21.62	23.34	24.80	26.27	27.98	29.93	32.02	34.73	36.64	37.92
Total Current Assets	**23,421.93**	**28,292.50**	**27,164.81**	**29,771.44**	**33,574.18**	**37,584.86**	**42,186.50**	**46,569.09**	**50,688.88**	**54,334.20**	**57,572.23**	**60,643.90**	**63,534.45**
Net Property, Plant & Equipment	495.52	505.06	550.60	588.74	626.89	665.03	703.17	741.32	779.46	817.60	855.75	893.89	932.04
Total Long-Term Investments	3,223.03	2,753.21	4,585.56	4,772.42	4,966.89	5,169.30	5,379.94	5,599.18	5,827.34	6,064.81	6,311.95	6,569.16	6,836.85
Intangible Assets	3,632.06	3,632.06	3,632.06	3,632.06	3,632.06	3,632.06	3,632.06	3,632.06	3,632.06	3,632.06	3,632.06	3,632.06	3,632.06
Other Assets	2,435.24	2,801.47	3,301.27	3,439.60	3,583.72	3,733.87	3,890.32	4,053.33	4,223.16	4,400.11	4,584.48	4,776.57	4,976.71
Deferred Tax Assets													
Total Assets	**33,207.78**	**37,984.30**	**39,234.30**	42,204.26	46,383.74	50,785.12	55,792.00	60,594.97	65,150.91	69,248.78	72,956.46	76,515.57	79,912.10
Liabilities & Shareholders' Equity													
ST Debt & Curr. Portion LT Debt	2,332.89	2,275.86	2,553.76	2,411.52	2,378.14	2,301.72	2,222.90	2,160.64	2,112.59	2,068.68	2,057.26	1,992.89	1,897.34
Accounts Payable	1,321.25	1,616.13	1,631.40	1,757.95	1,897.07	2,016.30	2,135.90	2,274.37	2,432.93	2,602.67	2,823.28	2,978.27	3,082.28
Other Current Liabilities	976.60	1,967.55	2,540.89	1,777.70	1,822.47	1,840.16	1,851.84	1,873.31	1,903.71	1,934.70	1,993.75	1,998.05	1,964.44
Total Current Liabilities	**4,630.74**	**5,859.54**	**6,726.06**	5,947.16	6,097.68	6,158.17	6,210.65	6,308.33	6,449.23	6,606.06	6,874.29	6,969.20	6,944.06
Long-Term Debt	4,208.99	4,082.11	2,584.54	2,522.5	2,531.0	2,513.1	2,494.9	2,488.4	2,492.2	2,500.0	2,529.8	2,527.3	2,506.3
Provision for Risks & Charges	546.12	628.12	660.60	689.42	743.98	790.74	837.64	891.95	954.13	1,020.70	1,107.21	1,168.00	1,208.79
Deferred Tax Liabilities													
Other Liabilities	2,825.65	3,174.16	2,561.15	2,863.52	2,781.13	2,808.12	2,885.45	2,980.34	3,156.24	3,342.68	3,589.75	3,748.94	3,841.08
Total Liabilities	**12,211.50**	**13,743.93**	**12,532.34**	12,022.59	12,153.77	12,270.14	12,428.60	12,668.99	13,051.80	13,469.40	14,101.08	14,413.44	14,500.25
Equities													
Common Equity	8,841.89	5,447.06	5,599.52	5,880.17	6,160.52	6,439.28	6,716.38	6,991.65	7,264.90	7,535.97	7,804.49	8,070.69	8,334.78
Retained Earnings	14,685.33	18,861.42	22,369.37	25,932.59	30,034.65	34,390.03	39,359.06	44,148.51	48,645.61	52,758.29	56,467.18	60,339.56	64,275.95
Unrealized Gain	(1.34)	2.41	4.88	-	-	-	-	-	-	-	-	-	-
Treasury Stock	(2,709.45)	(210.39)	(1,393.10)	(1,753.72)	(2,081.76)	(2,433.85)	(2,836.04)	(3,321.90)	(3,908.84)	(4,599.71)	(5,488.54)	(6,368.83)	(7,250.39)
Accumulated Minority Interest	179.86	139.87	121.30	122.64	116.56	119.52	124.01	107.72	97.45	84.82	72.25	60.71	51.50
Total Equity	**20,996.28**	**24,240.37**	**26,701.97**	30,181.67	34,229.96	38,514.98	43,363.41	47,925.98	52,099.11	55,779.38	58,855.38	62,102.14	65,411.84
Total Liabilities & Shareholders' Equity	**33,207.78**	**37,984.30**	**39,234.30**	42,204.26	46,383.74	50,785.12	55,792.00	60,594.97	65,150.91	69,248.78	72,956.46	76,515.57	79,912.10

Lennar Corporation (LEN)
Historical Cash Flow Statement
In millions

Fiscal Years Ending Nov 30	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating Activities										
Net Income	628.69	819.20	913.09	771.75	1,717.51	1,842.12	2,467.55	4,456.55	4,648.50	3,961.29
Depreciation & Amortization	38.54	43.67	50.22	66.32	91.18	92.20	94.55	85.95	87.08	110.16
Deferred Taxes	75.32	(5.64)	97.49	91.05	268.04	235.49	92.08	191.63	(246.65)	(67.97)
Funds from Operations	794.12	1,112.92	1,516.06	1,391.55	2,243.38	2,715.09	3,092.43	4,545.86	5,985.45	4,707.85
Changes in Working Capital	(1,563.68)	(1,334.44)	(694.78)	(201.85)	(185.39)	(827.07)	1,319.10	(1,650.90)	(2,321.36)	571.54
Net Operating Cash Flow	**(769.56)**	**(221.53)**	**821.28**	**1,189.70**	**2,057.99**	**1,888.02**	**4,411.53**	**2,894.96**	**3,664.09**	**5,279.38**
Investing Activities										
Capital Expenditures	(31.30)	(91.36)	(78.35)	(113.07)	(130.44)	(86.50)	(72.75)	(65.17)	(57.21)	(99.80)
Net Assets from Acquisitions	(5.49)	(133.37)	(128.14)	(685.48)	(1,192.85)	(43.73)	(42.35)	(24.61)	(91.33)	(71.27)
Sale of Fixed Assets & Businesses	53.11	230.32	123.51	152.68	428.98	131.61	225.53	114.55	66.50	34.36
Purchase/Sale of Investments	397.99	(80.14)	(438.06)	(581.62)	(151.97)	(405.72)	(478.72)	(446.99)	(495.60)	(190.04)
Other Funds	24.06	(376.96)	(15.06)	81.75	4.19	2.38	1.64	0.02	1.40	-
Net Investing Cash Flow	**438.36**	**(451.50)**	**(536.08)**	**(1,145.73)**	**(1,042.09)**	**(401.96)**	**(366.65)**	**(422.20)**	**(576.24)**	**(326.75)**
Financing Activities										
Cash Dividends Paid	(32.78)	(33.19)	(35.32)	(37.61)	(49.16)	(51.45)	(195.04)	(309.78)	(438.04)	(430.56)
Change in Capital Stock	(6.83)	(13.78)	(0.43)	(26.33)	(296.77)	(522.58)	(321.52)	(1,430.21)	(1,039.31)	(1,182.71)
Sale of Common & Preferred Stock	13.60	9.41	19.47	0.72	3.06	0.49	-	-	-	-
Issuance/Reduction of Debt, Net	837.85	573.61	(95.11)	1,129.30	(1,774.98)	(1,035.46)	(2,294.14)	(1,078.98)	(214.01)	(1,197.54)
Other Funds	(136.81)	0.11	7.04	197.52	(3.54)	(3.85)	229.87	369.17	463.59	(386.66)
Net Financing Cash Flow	**661.44**	**526.75**	**(123.83)**	**1,262.88**	**(2,124.45)**	**(1,613.35)**	**(2,580.84)**	**(2,449.81)**	**(1,227.77)**	**(3,197.47)**
Net Change in Cash	**330.24**	**-146.28**	**161.37**	**1306.85**	**-1108.55**	**-127.29**	**1464.04**	**22.95**	**1860.09**	**1755.17**

Lennar Corporation (LEN)
Forecasted Cash Flow Statement
In millions

Fiscal Years Ending Nov 30	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Net Income	4,116.07	4,710.19	5,024.32	5,704.87	5,598.87	5,387.45	5,092.09	4,786.23	5,057.45	5,239.97
Operating Activities:										
Depreciation	110.43	104.91	99.66	94.68	89.94	85.45	81.18	77.12	73.26	69.60
Changes in working capital										
Changes in Receivables	(84.50)	(237.01)	(126.81)	(127.21)	(147.28)	(168.64)	(180.53)	(234.63)	(164.85)	(110.63)
Changes in Inventories	1,240.50	508.05	744.93	764.67	651.40	558.39	536.92	329.48	686.20	882.95
Changes in Other Current Assets	(8.14)	(1.71)	(1.47)	(1.47)	(1.70)	(1.95)	(2.09)	(2.71)	(1.91)	(1.28)
Changes in Accounts Payable	126.55	139.13	119.22	119.60	138.48	158.56	169.74	220.60	154.99	104.02
Changes in Other Current Liabilities	(763.19)	44.77	17.69	11.69	21.46	30.40	30.99	59.05	4.29	(33.61)
Cash from Operations	**4,737.70**	**5,268.32**	**5,877.55**	**6,566.83**	**6,351.17**	**6,049.66**	**5,728.30**	**5,235.13**	**5,809.44**	**6,151.02**
Investing Activities:										
Capital Expenditure	(148.57)	(143.05)	(137.81)	(132.82)	(128.09)	(123.59)	(119.32)	(115.26)	(111.40)	(107.74)
Changes in Other Assets	(138.32)	(144.12)	(150.16)	(156.45)	(163.00)	(169.83)	(176.95)	(184.36)	(192.09)	(200.14)
Changes in Other Liabilities	302.38	(82.39)	26.99	77.33	94.90	175.90	186.44	247.07	159.20	92.13
Changes in Longterm Investments	(186.86)	(194.48)	(202.40)	(210.65)	(219.23)	(228.17)	(237.46)	(247.14)	(257.21)	(267.69)
Changes in Provisions	28.82	54.56	46.76	46.90	54.31	62.18	66.57	86.51	60.78	40.79
Cash from Financing Activities	**(142.56)**	**(509.48)**	**(416.62)**	**(375.69)**	**(361.12)**	**(283.51)**	**(280.73)**	**(213.18)**	**(340.72)**	**(442.65)**
Financing Activities:										
Changes in Short Term Debt	(142.25)	(33.38)	(76.42)	(78.82)	(62.26)	(48.06)	(43.91)	(11.42)	(64.37)	(95.55)
Changes in Long Term Debt	(62.05)	8.50	(17.87)	(18.25)	(6.49)	3.82	7.77	29.86	(2.53)	(20.97)
Dividend Payment	(552.85)	(608.13)	(668.94)	(735.84)	(809.42)	(890.36)	(979.40)	(1,077.34)	(1,185.07)	(1,303.58)
Repurchase of Treasury Stock	(360.62)	(328.04)	(352.09)	(402.19)	(485.86)	(586.94)	(690.86)	(888.83)	(880.29)	(881.56)
Minority interest	1.33	(6.08)	2.97	4.49	(16.30)	(10.27)	(12.63)	(12.57)	(11.54)	(9.22)
Changes in Common Equity	280.65	280.35	278.76	277.10	275.27	273.25	271.07	268.52	266.21	264.09
Changes in Unrealized gain	(4.88)	-	-	-	-	-	-	-	-	-
Cash from Investing Activities	**(840.66)**	**(686.78)**	**(833.59)**	**(953.50)**	**(1,105.05)**	**(1,258.56)**	**(1,447.95)**	**(1,691.78)**	**(1,877.60)**	**(2,046.78)**
Increase in Cash	3,754.49	4,072.06	4,627.34	5,237.64	4,884.99	4,507.59	3,999.62	3,330.16	3,591.12	3,661.59
Beginning Cash & Cash Equivalent	6,557.46	10,311.94	14,384.00	19,011.34	24,248.98	29,133.97	33,641.56	37,641.18	40,971.34	44,562.46
End of Period Cash & Cash Equivalent	**10,311.94**	**14,384.00**	**19,011.34**	**24,248.98**	**29,133.97**	**33,641.56**	**37,641.18**	**40,971.34**	**44,562.46**	**48,224.05**

Lennar Corporation (LEN)
Common Size Income Statement

Fiscal Years Ending Nov 30	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Revenue	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Goods Sold	79.59%	78.61%	82.65%	82.01%	81.18%	81.24%	81.99%	83.57%	85.17%	86.82%	88.50%	88.48%	88.47%
SG&A	1.37%	1.17%	1.36%	1.27%	1.27%	1.27%	1.27%	1.27%	1.27%	1.27%	1.27%	1.27%	1.27%
Depreciation	0.32%	0.26%	0.32%	0.31%	0.27%	0.24%	0.22%	0.20%	0.17%	0.15%	0.14%	0.12%	0.11%
Operating Income	**18.72%**	**19.96%**	**15.68%**	**16.41%**	**17.28%**	**17.25%**	**16.52%**	**14.97%**	**13.39%**	**11.76%**	**10.10%**	**10.13%**	**10.15%**
Equity in earnings (loss) from unconsolidated entities	0.21%	-0.17%	-0.42%	-0.06%	-0.06%	-0.06%	0.74%	0.66%	0.60%	0.54%	0.48%	0.44%	0.39%
Other income (expense), net and other gains (losses)	2.45%	-1.88%	-0.01%	-0.52%	-0.52%	-0.52%	0.50%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%
Earnings (loss) before income taxes	**21.30%**	**17.86%**	**15.20%**	**15.15%**	**16.07%**	**16.09%**	**17.22%**	**15.94%**	**14.32%**	**12.67%**	**10.99%**	**11.00%**	**11.00%**
Provision (benefit) for income taxes	5.02%	4.06%	3.63%	3.44%	3.65%	3.65%	3.91%	3.62%	3.25%	2.88%	2.49%	2.50%	2.50%
Net earnings	**16.28%**	**13.80%**	**11.57%**	**11.71%**	**12.42%**	**12.44%**	**13.31%**	**12.32%**	**11.07%**	**9.79%**	**8.49%**	**8.50%**	**8.50%**
Less: net earnings attributable to noncontrolling interests	-0.10%	-0.10%	-0.07%	0.00%	-0.02%	0.01%	0.01%	-0.04%	-0.02%	-0.02%	-0.02%	-0.02%	-0.01%
Less: distributed earnings allocated to nonvested shares	0.01%	0.01%	0.02%	0.02%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Less: undistributed earnings allocated to nonvested shares	0.19%	0.14%	0.13%	0.12%	0.11%	0.11%	0.10%	0.09%	0.09%	0.08%	0.08%	0.07%	0.07%
Net income to Common Shareholders	**15.99%**	**13.55%**	**11.36%**	**11.58%**	**12.28%**	**12.33%**	**13.21%**	**12.18%**	**10.95%**	**9.68%**	**8.39%**	**8.40%**	**8.41%**

Lennar Corporation (LEN)
Common Size Balance Sheet

Fiscal Years Ending Nov 30	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Assets													
Cash & Short-Term Investments	10.81%	14.23%	19.16%	29.01%	37.50%	46.64%	56.16%	63.36%	68.40%	71.54%	71.78%	74.01%	77.39%
Short-Term Receivables	4.78%	4.79%	4.95%	5.01%	5.26%	5.26%	5.26%	5.26%	5.26%	5.26%	5.26%	5.26%	5.26%
Inventories	70.66%	64.93%	55.20%	49.68%	44.71%	40.24%	36.22%	32.60%	29.34%	26.40%	23.76%	21.39%	19.25%
Other Current Assets	0.08%	0.07%	0.04%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%
Total Current Assets	**86.33%**	**84.03%**	**79.35%**	**83.77%**	**87.54%**	**92.20%**	**97.70%**	**101.28%**	**103.05%**	**103.26%**	**100.87%**	**100.72%**	**101.96%**
Net Property, Plant & Equipment	1.83%	1.50%	1.61%	1.66%	1.63%	1.63%	1.63%	1.61%	1.58%	1.55%	1.50%	1.48%	1.50%
Total Long-Term Investments	11.88%	8.18%	13.39%	13.43%	12.95%	12.68%	12.46%	12.18%	11.85%	11.53%	11.06%	10.91%	10.97%
Intangible Assets	13.39%	10.79%	10.61%	10.22%	9.47%	8.91%	8.41%	7.90%	7.38%	6.90%	6.36%	6.03%	5.83%
Other Assets	8.98%	8.32%	9.64%	9.68%	9.34%	9.16%	9.01%	8.82%	8.59%	8.36%	8.03%	7.93%	7.99%
Deferred Tax Assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Assets	**122.40%**	**112.81%**	**114.61%**	**118.75%**	**120.94%**	**124.59%**	**129.20%**	**131.78%**	**132.46%**	**131.61%**	**127.82%**	**127.08%**	**128.24%**
Liabilities & Shareholders' Equity													
ST Debt & Curr. Portion LT Debt	8.60%	6.76%	7.46%	6.79%	6.20%	5.65%	5.15%	4.70%	4.30%	3.93%	3.60%	3.31%	3.04%
Accounts Payable	4.87%	4.80%	4.77%	4.95%	4.95%	4.95%	4.95%	4.95%	4.95%	4.95%	4.95%	4.95%	4.95%
Other Current Liabilities	3.60%	5.84%	7.42%	5.00%	4.75%	4.51%	4.29%	4.07%	3.87%	3.68%	3.49%	3.32%	3.15%
Total Current Liabilities	**17.07%**	**17.40%**	**19.65%**	**16.73%**	**15.90%**	**15.11%**	**14.38%**	**13.72%**	**13.11%**	**12.55%**	**12.04%**	**11.57%**	**11.14%**
Long-Term Debt	15.51%	12.12%	7.55%	7.10%	6.60%	6.17%	5.78%	5.41%	5.07%	4.75%	4.43%	4.20%	4.02%
Provision for Risks & Charges	2.01%	1.87%	1.93%	1.94%	1.94%	1.94%	1.94%	1.94%	1.94%	1.94%	1.94%	1.94%	1.94%
Deferred Tax Liabilities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other Liabilities	10.41%	9.43%	7.48%	8.06%	7.25%	6.89%	6.68%	6.48%	6.42%	6.35%	6.29%	6.23%	6.16%
Total Liabilities	**45.01%**	**40.82%**	**36.61%**	**33.83%**	**31.69%**	**30.10%**	**28.78%**	**27.55%**	**26.54%**	**25.60%**	**24.70%**	**23.94%**	**23.27%**
Equities													
Common Equity	32.59%	16.18%	16.36%	16.55%	16.06%	15.80%	15.55%	15.21%	14.77%	14.32%	13.67%	13.40%	13.38%
Retained Earnings	54.13%	56.02%	65.34%	72.97%	78.31%	84.37%	91.15%	96.02%	98.90%	100.27%	98.93%	100.21%	103.15%
Unrealized Gain	0.00%	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Treasury Stock	-9.99%	-0.62%	-4.07%	-4.93%	-5.43%	-5.97%	-6.57%	-7.22%	-7.95%	-8.74%	-9.62%	-10.58%	-11.64%
Accumulated Minority Interest	0.66%	0.42%	0.35%	0.35%	0.30%	0.29%	0.29%	0.23%	0.20%	0.16%	0.13%	0.10%	0.08%
Total Equity	**77.39%**	**71.99%**	**78.00%**	**84.92%**	**89.25%**	**94.48%**	**100.42%**	**104.23%**	**105.92%**	**106.01%**	**103.11%**	**103.14%**	**104.97%**
Total Liabilities & Shareholders' Equity	**122.40%**	**112.81%**	**114.61%**	**118.75%**	**120.94%**	**124.59%**	**129.20%**	**131.78%**	**132.46%**	**131.61%**	**127.82%**	**127.08%**	**128.24%**

Lennar Corporation (LEN)
Weighted Average Cost of Capital (WACC) Estimation

Cost of Equity:		*ASSUMPTIONS:*
Risk-Free Rate	4.08%	*10-year Treasury bond*
Beta	1.29	*Average of 1, 2, and 5-year weekly beta*
Equity Risk Premium	5.00%	*Henry Fund Estimate*
Cost of Equity	**10.55%**	
Cost of Debt:		
Risk-Free Rate	4.08%	*10-year Treasury bond*
Implied Default Premium	0.85%	
Pre-Tax Cost of Debt	4.92%	*YTM on company's 10-year corporate bond*
Marginal Tax Rate	23%	
After-Tax Cost of Debt	**3.80%**	

Market Value of Common Equity:		**MV Weights**
Total Shares Outstanding	280.95	
Current Stock Price	$185.00	
MV of Equity	**51,975.38**	91.00%
Market Value of Debt:		
Short-Term Debt & Current Portion of LTD	2,553.76	
Long-Term Debt	2,584.54	
PV of Operating Leases	0	
MV of Total Debt	**5,138.30**	9.00%
Market Value of the Firm	**57,113.68**	100.00%

Estimated WACC	**9.94%**

Lennar Corporation (LEN)
Value Driver Estimation
In millions

Fiscal Years Ending Nov 30	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
NOPLAT:													
Revenue	27,130.68	33,671.01	34,233.37	35,540.21	38,352.91	40,763.25	43,181.22	45,980.77	49,186.38	52,617.97	57,077.89	60,211.31	62,314.20
Cost of Goods Sold	(21,594.18)	(26,469.44)	(28,292.24)	(29,145.39)	(31,134.74)	(33,115.81)	(35,403.79)	(38,424.88)	(41,892.11)	(45,681.83)	(50,513.10)	(53,275.51)	(55,126.84)
SG&A	(372.25)	(393.82)	(464.26)	(450.58)	(486.24)	(516.79)	(547.45)	(582.94)	(623.58)	(667.09)	(723.63)	(763.35)	(790.01)
Depreciation	(85.95)	(87.08)	(110.16)	(110.43)	(104.91)	(99.66)	(94.68)	(89.94)	(85.45)	(81.18)	(77.12)	(73.26)	(69.60)
EBIT	**5,078.29**	**6,720.67**	**5,366.71**	**5,833.82**	**6,627.03**	**7,030.98**	**7,135.31**	**6,883.01**	**6,585.24**	**6,187.88**	**5,764.04**	**6,099.19**	**6,327.74**
Income Tax Provision	1,362.51	1,366.07	1,241.01	1,222.76	1,399.44	1,489.04	1,688.47	1,663.45	1,599.58	1,513.53	1,423.68	1,503.03	1,555.96
Plus: Tax on Interest Expense	4.54	4.31	3.41	55.12	54.84	53.79	52.71	51.94	51.44	51.04	51.25	50.50	49.20
Less: Taxes on unconsolidated entities	12.89	(12.74)	(32.83)	(4.85)	(5.23)	(5.56)	72.27	69.26	66.68	64.20	62.68	59.50	55.42
Less: Taxes from Gains (Losses)	150.71	(143.38)	(1.05)	(41.69)	(44.99)	(47.81)	49.02	83.51	89.33	95.56	103.66	109.36	113.18
Adjusted Taxes	**1,203.45**	**1,526.50**	**1,278.30**	**1,324.42**	**1,504.50**	**1,596.21**	**1,619.89**	**1,562.62**	**1,495.01**	**1,404.80**	**1,308.58**	**1,384.67**	**1,436.56**
NOPLAT	**3874.84**	**5194.17**	**4088.40**	**4509.40**	**5122.53**	**5434.77**	**5515.41**	**5320.40**	**5090.23**	**4783.07**	**4455.46**	**4714.52**	**4891.19**
Invested Capital (IC):													
Operating Current Assets:													
Normal Cash	1777.08	2205.48	2242.31	2327.91	2512.14	2670.02	2828.40	3011.78	3221.74	3446.52	3738.64	3943.89	4081.63
Plus: Short-Term Receivables	1296.85	1614.28	1696.21	1780.70	2017.71	2144.52	2271.73	2419.01	2587.65	2768.18	3002.82	3167.66	3278.29
Plus: Inventories	19169.40	21862.45	18897.67	17657.17	17149.13	16404.20	15639.53	14988.13	14429.74	13892.82	13563.34	12877.14	11994.19
Plus: Other Current Assets	21.93	23.05	13.48	21.62	23.34	24.80	26.27	27.98	29.93	32.02	34.73	36.64	37.92
Operating Current Liabilities:													
Less: Accounts Payable	1321.25	1616.13	1631.40	1757.95	1897.07	2016.30	2135.90	2274.37	2432.93	2602.67	2823.28	2978.27	3082.28
Less: Other Current Liabilities	976.60	1967.55	2540.89	1777.70	1822.47	1840.16	1851.84	1873.31	1903.71	1934.70	1993.75	1998.05	1964.44
NOWC	**19967.40**	**22121.57**	**18677.37**	**18251.77**	**17982.78**	**17387.09**	**16778.19**	**16299.21**	**15932.42**	**15602.16**	**15522.50**	**15049.01**	**14345.30**
Plus: Net PPE	495.52	505.06	550.60	588.74	626.89	665.03	703.17	741.32	779.46	817.60	855.75	893.89	932.04
Plus: Other Assets	2435.24	2801.47	3301.27	3439.60	3583.72	3733.87	3890.32	4053.33	4223.16	4400.11	4584.48	4776.57	4976.71
Less: Other Liabilities	2825.65	3174.16	2561.15	2863.52	2781.13	2808.12	2885.45	2980.34	3156.24	3342.68	3589.75	3748.94	3841.08
Invested Capital IC	**20072.52**	**22253.94**	**19968.10**	**19416.59**	**19412.25**	**18977.88**	**18486.24**	**18113.51**	**17778.80**	**17477.20**	**17372.98**	**16970.53**	**16412.97**
Free Cash Flow (FCF):													
NOPLAT	3874.84	5194.17	4088.40	4509.40	5122.53	5434.77	5515.41	5320.40	5090.23	4783.07	4455.46	4714.52	4891.19
Change in IC	1462.12	2181.42	-2285.84	-551.52	-4.33	-434.37	-491.64	-372.73	-334.71	-301.60	-104.22	-402.45	-557.56
FCF	**2412.72**	**3012.76**	**6374.24**	**5060.91**	**5126.86**	**5869.15**	**6007.05**	**5693.12**	**5424.94**	**5084.68**	**4559.68**	**5116.98**	**5448.75**
Return on Invested Capital (ROIC):													
NOPLAT	3875	5194.17	4088.40	4509.40	5122.53	5434.77	5515.41	5320.40	5090.23	4783.07	4455.46	4714.52	4891.19
Beginning IC	18610.40	20072.52	22253.94	19968.10	19416.59	19412.25	18977.88	18486.24	18113.51	17778.80	17477.20	17372.98	16970.53
ROIC	**20.82%**	**25.88%**	**18.37%**	**22.58%**	**26.38%**	**28.00%**	**29.06%**	**28.78%**	**28.10%**	**26.90%**	**25.49%**	**27.14%**	**28.82%**
Economic Profit (EP):													
Beginning IC	18610.40	20072.52	22253.94	19968.10	19416.59	19412.25	18977.88	18486.24	18113.51	17778.80	17477.20	17372.98	16970.53
x (ROIC - WACC)	10.88%	15.94%	8.43%	12.64%	16.44%	18.06%	19.12%	18.84%	18.16%	16.96%	15.55%	17.20%	18.88%
EP	**2025.24**	**3199.26**	**1876.69**	**2524.86**	**3192.81**	**3505.48**	**3629.29**	**3483.14**	**3290.01**	**3016.12**	**2718.49**	**2987.91**	**3204.57**

Lennar Corporation (LEN)

Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models

Key Inputs:	
CV Growth of NOPLAT	2.50%
CV Year ROIC	28.82%
WACC	9.94%
Cost of Equity	10.55%

Fiscal Years Ending Nov 30	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
DCF Model:										
Free Cash Flow (FCF)	5060.9	5126.9	5869.1	6007.1	5693.1	5424.9	5084.7	4559.7	5117.0	5448.7
Continuing Value (CV)										60051.2
PV of FCF	4603.4	4241.8	4417.0	4112.1	3544.9	3072.5	2619.5	2136.7	2181.0	25596.1
Value of Operating Assets:	56524.9									
Non-Operating Adjustments										
Add: Excess Cash	4315.1									
Add: Longterm Investments	4585.6									
Less: Total Debt	5138.3									
Less: ESOP	285.4									
Less: NCI	121.3									
Value of Equity	59880.6									
Shares Outstanding	280.9									
Intrinsic Value of Last FYE	$ 213.14									
Implied Price as of Today	$ 230.39									
EP Model:										
Economic Profit (EP)	2524.9	3192.8	3505.5	3629.3	3483.1	3290.0	3016.1	2718.5	2987.9	3204.6
Continuing Value (CV)										43080.7
PV of EP	2296.6	2641.6	2638.1	2484.4	2168.8	1863.4	1553.8	1273.9	1273.6	18362.6
Total PV of EP	36556.8									
Invested Capital (last FYE)	19968.1									
Value of Operating Assets:	56524.9									
Non-Operating Adjustments										
Add: Excess Cash	4315.1									
Add: Longterm Investments	4585.6									
Less: Total Debt	5138.3									
Less: ESOP	285.4									
Less: NCI	121.3									
Value of Equity	59880.6									
Shares Outstanding	280.9									
Intrinsic Value of Last FYE	$ 213.14									
Implied Price as of Today	$ 230.39									

Lennar Corporation (LEN)
Dividend Discount Model (DDM) or Fundamental P/E Valuation Model

Fiscal Years Ending	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
EPS	$ 14.66	$ 16.79	$ 17.97	$ 20.53	$ 20.27	$ 19.64	$ 18.71	$ 17.74	$ 18.92	$ 19.76
Key Assumptions										
CV growth of EPS	5.00%									
CV Year ROE	8.44%									
Cost of Equity	10.55%									
Future Cash Flows										
P/E Multiple (CV Year)										7.347509
EPS (CV Year)										$ 19.76
Future Stock Price										$ 145.21
Dividends Per Share	1.97	2.17	2.40	2.66	2.94	3.26	3.61	4.01	4.45	
Discounted Cash Flows	1.78	1.78	1.78	1.78	1.78	1.79	1.79	1.80	1.81	58.90
Intrinsic Value as of Last FYE	$ 74.98									
Implied Price as of Today	$ 81.05									

Lennar Corporation (LEN)
Relative Valuation Models

Ticker	Company	Price	EPS 2024E	EPS 2025E	P/E 24	P/E 25	BV Equity	Tangible BV Equity	P/B	Tangible P/B
TOL	Toll Brothers	$149.86	$14.69	$14.58	10.20	10.28	65.49	65.49	2.29	2.29
NVR	NVR Inc	$9,924.40	$498.45	$529.27	19.91	18.75	1413.37	1397.52	7.02	7.10
DHI	D.R. Horton Incorporation	$182.20	$14.65	$15.94	12.44	11.43	56.39	55.92	3.23	3.26
KBH	KB Home	$79.72	$8.41	$9.30	9.48	8.57	17.36	17.36	4.59	4.59
LSEA	Landsea Homes Corp	$15.25	$0.94	$1.67	16.22	9.13	17.88	16.00	0.85	0.95
PHM	PulteGroup Inc	$147.92	$13.35	$13.63	11.08	10.85	48.85	48.26	3.03	3.07
				Average	**13.83**	**11.75**			**3.50**	**3.54**
LEN	Lennar Corporation (LEN)	$185.00	14.66	16.79	12.6	11.0	83.16	70.63	2.22	2.62

Implied Relative Value:

P/E (EPS24)	**$ 202.67**
P/E (EPS25)	**$ 197.27**
P/B	**$ 291.26**
P/Tangible BV	**$ 250.25**

Lennar Corporation (LEN)
Key Management Ratios

Fiscal Years Ending Nov 30	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Liquidity Ratios:													
Current Ratio (Current Asset/Current Liabilities)	5.06	4.83	4.04	5.01	5.51	6.10	6.79	7.38	7.86	8.22	8.38	8.70	9.15
Cash Ratio (Cash/Current Liabilities)	0.63	0.82	0.97	1.73	2.36	3.09	3.90	4.62	5.22	5.70	5.96	6.39	6.94
Quick Ratio (Cash & Short term Investments/Current Liabilities)	0.63	0.82	0.97	1.73	2.36	3.09	3.90	4.62	5.22	5.70	5.96	6.39	6.94
Asset-Management Ratios:													
Receivables Turnover (Revenue/Account Receivable)	20.92	20.86	20.18	19.96	19.01	19.01	19.01	19.01	19.01	19.01	19.01	19.01	19.01
Average Collection Period (365/Revenue/Account Receivable)	17.45	17.50	18.09	18.29	19.20	19.20	19.20	19.20	19.20	19.20	19.20	19.20	19.20
Total Asset Turnover (Revenue/Total Asset)	0.82	0.89	0.87	0.84	0.83	0.80	0.77	0.76	0.75	0.76	0.78	0.79	0.78
Financial Leverage Ratios:													
Debt to Asset Ratio (Total Debt/Total Asset)	0.20	0.17	0.13	0.12	0.11	0.09	0.08	0.08	0.07	0.07	0.06	0.06	0.06
Debt to Capital Ratio (Total Debt/Total Liabilities & Equity)	0.20	0.17	0.13	0.12	0.11	0.09	0.08	0.08	0.07	0.07	0.06	0.06	0.06
Debt to EBIT (Total Debt/Operating Income)	1.29	0.95	0.96	0.85	0.74	0.68	0.66	0.68	0.70	0.74	0.80	0.74	0.70
Debt to Equity (Total Debt/Total Equity)	0.31	0.26	0.19	0.16	0.14	0.13	0.11	0.10	0.09	0.08	0.08	0.07	0.07
Profitability Ratios:													
Return on Equity (NI/Beg TSE)	23.96%	21.73%	16.05%	15.41%	15.61%	14.68%	14.81%	12.91%	11.24%	9.77%	8.58%	8.59%	8.44%
Profit Margin (Net Income/Revenue)	15.99%	13.55%	11.36%	11.58%	12.28%	12.33%	13.21%	12.18%	10.95%	9.68%	8.39%	8.40%	8.41%
Return on Assets (Net Income/Total Assets)	13.30%	12.24%	10.10%	9.86%	10.27%	9.98%	10.30%	9.35%	8.36%	7.44%	6.64%	6.69%	6.63%
Payout Policy Ratios:													
Dividend Payout Ratio (Dividend/EPS)	7.07%	9.53%	10.92%	13.44%	12.92%	13.35%	12.94%	14.50%	16.59%	19.31%	22.62%	23.53%	24.98%
Total Payout Ratio ((Divs. + Repurchases)/NI)	40.12%	32.39%	41.47%	59.29%	23.54%	21.17%	21.65%	21.24%	24.58%	29.07%	34.72%	43.33%	43.18%
Dividend Yield	0.54%	0.81%	0.81%	1.06%	1.17%	1.30%	1.44%	1.59%	1.76%	1.95%	2.17%	2.41%	2.67%

Lennar Corporation (LEN)
Present Value of Operating Lease Obligations

Fiscal Years Ending Nov 30	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Year 1	29.7	34.4	34.4	35.4	37.9	50.4	42.0	33.6	40.4	34.2	33.9
Year 2	24.1	28.5	33.0	33.9	35.4	47.8	41.1	27.5	28.9	28.7	29.8
Year 3	16.2	23.7	28.2	24.8	27.7	38.9	31.1	21.6	23.2	24.1	24.1
Year 4	12.9	19.9	20.8	18.8	21.1	27.2	22.5	16.0	18.8	18.8	19.7
Year 5	10.7	14.0	14.8	15.0	10.3	19.7	16.4	1.0	1.0	1.0	1.0
Thereafter	19.9	16.7	24.8	16.1	12.5	42.1	31.9	33.8	71.9	72.0	65.4
Total Minimum Payments	113.6	137.1	155.9	144.0	144.8	226.0	185.0	133.5	184.2	178.7	173.9
Less: Cumulative Interest	15.6	18.1	21.7	18.6	17.8	32.3	25.9	31.0	67.5	67.5	61.3
PV of Minimum Payments	**97.9**	**119.0**	**134.2**	**125.4**	**127.0**	**193.7**	**159.2**	**102.5**	**116.6**	**111.2**	**112.6**
Implied Interest in Year 1 Payment		**4.8**	**5.9**	**6.6**	**6.2**	**6.3**	**9.5**	**7.8**	**5.0**	**5.7**	**5.5**
Pre-Tax Cost of Debt	4.92%	4.92%	4.92%	4.92%	4.92%	4.92%	4.92%	4.92%	4.92%	4.92%	4.92%
Years Implied by Year 6 Payment	1.9	1.2	1.7	1.1	1.2	2.1	1.9	33.8	71.9	72.0	65.4
Expected Obligation in Year 6 & Beyond	10.723	13.99	14.76	14.999	10.32	19.74	16.44	1	1	1	1
Present Value of Lease Payments											
PV of Year 1	28.3	32.7	32.8	33.8	36.1	48.1	40.0	32.0	38.5	32.6	32.3
PV of Year 2	21.9	25.9	30.0	30.8	32.2	43.4	37.3	25.0	26.2	26.0	27.1
PV of Year 3	14.1	20.5	24.4	21.5	24.0	33.7	27.0	18.7	20.1	20.8	20.9
PV of Year 4	10.7	16.4	17.1	15.5	17.4	22.4	18.6	13.2	15.5	15.5	16.2
PV of Year 5	8.4	11.0	11.6	11.8	8.1	15.5	12.9	0.8	0.8	0.8	0.8
PV of 6 & beyond	14.6	12.4	18.3	12.1	9.3	30.7	23.4	12.8	15.5	15.5	15.3
Capitalized PV of Payments	97.9	119.0	134.2	125.4	127.0	193.7	159.2	102.5	116.6	111.2	112.6

Lennar Corporation (LEN)
Valuation of Options Granted under ESOP

Current Stock Price	$185.00
Risk Free Rate	4.08%
Current Dividend Yield	1.11%
Annualized St. Dev. of Stock Returns	30.60%

Range of Outstanding Options	Number of Shares	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
Range 1	3	92.51	1.80	$ 96.06	$ 285
Total	3	$ 92.51	1.80	$ 99.64	**$ 285**

Lennar Corporation (LEN)

Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding

Number of Options Outstanding (shares):	2.97
Average Time to Maturity (years):	1.80
Expected Annual Number of Options Exercised:	1.65
Current Average Strike Price:	$ 92.51
Cost of Equity:	10.55%
Current Stock Price:	$185.00

Fiscal Years Ending Nov 30	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Increase in Shares Outstanding:	1.65	1.32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Average Strike Price:	$ 92.51	$ 92.51	$ 92.51	$ 92.51	$ 92.51	$ 92.51	$ 92.51	$ 92.51	$ 92.51	$ 92.51
Increase in Common Stock Account:	**152.68**	**122.14**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Share Repurchases ($)	360.62	328.04	352.09	402.19	485.86	586.94	690.86	888.83	880.29	881.56
Expected Price of Repurchased Shares:	$ 185.00	$ 202.45	$ 221.56	$ 242.46	$ 265.34	$ 290.37	$ 317.77	$ 347.75	$ 380.56	$ 416.46
Number of Shares Repurchased:	**1.95**	**1.62**	**1.59**	**1.66**	**1.83**	**2.02**	**2.17**	**2.56**	**2.31**	**2.12**
Shares Outstanding (beginning of the year)	280.95	280.65	280.35	278.76	277.10	275.27	273.25	271.07	268.52	266.21
Plus: Shares Issued Through ESOP	1.65	1.32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less: Shares Repurchased in Treasury	1.95	1.62	1.59	1.66	1.83	2.02	2.17	2.56	2.31	2.12
Shares Outstanding (end of the year)	**280.65**	**280.35**	**278.76**	**277.10**	**275.27**	**273.25**	**271.07**	**268.52**	**266.21**	**264.09**

Lennar Corporation (LEN)
Sensitivity Tables

Beta (rows: Risk Free Rate)

230.39	0.60	0.80	1.09	1.29	1.40	1.60	1.80
3.40%	411.49	340.88	276.85	246.44	233.63	213.46	197.22
3.60%	394.72	329.97	270.17	241.40	229.21	209.94	194.34
3.80%	379.45	319.85	263.86	236.61	224.99	206.56	191.56
4.08%	360.56	307.07	255.76	230.39	219.51	202.13	187.91
4.30%	346.65	297.49	249.57	225.60	215.26	198.68	185.05
4.50%	335.30	289.55	244.37	221.55	211.66	195.75	182.61
5.00%	310.42	271.78	232.47	212.18	203.29	188.87	176.85

Homebuilding COGS as a % of Revenue (rows: SG&A as % of Revenue 2024)

230.39	79.00%	80.00%	81.00%	82.81%	83.00%	84.00%	85.00%
1.00%	306.90	288.12	269.34	235.31	231.78	213.00	194.22
1.27%	301.98	283.20	264.42	230.39	226.87	208.09	189.31
2.27%	283.58	264.80	246.02	211.99	208.46	189.69	170.91
3.27%	265.22	246.44	227.66	193.63	190.10	171.32	152.55
4.27%	246.86	228.08	209.30	175.27	171.74	152.96	134.18
5.27%	228.50	209.72	190.94	156.91	153.38	134.60	115.82
6.27%	210.14	191.36	172.58	138.55	135.02	116.24	97.46

Marginal Tax Rate (rows: Pre-Tax Cost of Debt)

230.39	19.70%	20.70%	21.70%	22.70%	23.70%	24.70%	25.70%
4.30%	239.77	237.02	234.28	231.52	228.78	226.02	223.26
4.50%	239.37	236.64	233.90	231.16	228.42	225.67	222.93
4.70%	238.98	236.26	233.53	230.79	228.07	225.33	222.59
4.92%	238.55	235.84	233.12	230.39	227.68	224.95	222.22
5.20%	238.01	235.31	232.60	229.89	227.19	224.47	221.76
5.40%	237.62	234.93	232.23	229.53	226.84	224.13	221.42
5.60%	237.24	234.55	231.87	229.17	226.49	223.79	221.09

Short Term Receivables as % of Revenue (2024) (rows: Cash Return Rate)

230.39	2%	3%	4%	5.01%	6%	7%	8%
3.60%	237.82	235.58	233.34	231.09	228.87	226.64	224.40
3.80%	237.59	235.35	233.11	230.85	228.64	226.40	224.17
4.00%	237.35	235.11	232.88	230.62	228.40	226.17	223.93
4.19%	237.13	234.89	232.65	230.39	228.18	225.94	223.71
4.40%	236.87	234.63	232.40	230.14	227.93	225.69	223.45
4.60%	236.63	234.39	232.15	229.89	227.68	225.44	223.21
4.80%	236.38	234.14	231.91	229.65	227.43	225.20	222.96

Equity Risk Premium (rows: Risk Free Rate)

230.39	4.40%	4.60%	4.80%	5.00%	5.20%	5.40%	5.60%
3.78%	257.23	250.05	243.35	237.07	231.19	225.66	220.46
3.88%	254.40	247.40	240.87	234.75	229.01	223.61	218.52
3.98%	251.63	244.83	238.46	232.49	226.89	221.61	216.63
4.08%	249.08	242.44	236.22	230.39	224.91	219.75	214.87
4.18%	246.33	239.87	233.81	228.13	222.78	217.73	212.97
4.28%	243.78	237.48	231.57	226.02	220.79	215.86	211.20
4.38%	241.29	235.15	229.38	223.96	218.85	214.03	209.47

CV Growth of NOPLAT (rows: WACC)

230.39	1.00%	1.50%	2.00%	2.50%	3.00%	3.50%	4.00%
8.50%	255.20	261.26	268.26	276.42	286.07	297.65	311.80
9.00%	240.99	245.96	251.63	258.18	265.82	274.85	285.69
9.50%	228.43	232.52	237.17	242.48	248.60	255.75	264.20
9.92%	218.99	222.50	226.45	230.94	236.07	242.01	248.95
10.50%	207.18	210.02	213.21	216.79	220.85	225.49	230.84
11.00%	198.11	200.50	203.16	206.13	209.48	213.27	217.60
11.50%	189.88	191.90	194.13	196.62	199.39	202.51	206.05