

# Lennar Announces First Closing of Lennar Multifamily Venture - Newly formed \$1.1 billion equity fund targets class-A multifamily development communities. Venture to seek high yields from core portfolio in high growth and gateway markets in the United States

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MIAMI, July 15, 2015 /PRNewswire/ -- Lennar Corporation (NYSE: LEN and LEN.B), one of the nation's largest homebuilders, today announced the formation of Lennar Multifamily Venture ("LMV" or the "Venture"), an equity fund between Lennar Multifamily Communities ("LMC") and global sovereign and institutional investors targeting investments in class-A multifamily development assets in 25 top metropolitan markets in the United States.

The new Venture will aim to provide superior risk-adjusted returns through a "develop-to-core" strategy - developing multifamily communities and then holding those communities in a portfolio long term for cash flow. LMV will focus on the top growth and gateway markets in the United States, which are characterized by strong long-term demand fundamentals and constrained supply, and will capitalize on Lennar's deep construction expertise to build multifamily communities at an attractive cost basis. The Venture is expected to build a combination of garden, mid-rise and high-rise properties. The Venture will benefit from LMC's fully integrated development management, construction management, property management, and asset management platforms.

With this first close, LMV will have approximately \$1.1 billion in equity commitments, including a \$504 million co-investment commitment by Lennar. The Venture is targeting 50% leverage and will have a three-year investment period and an eight-year term. It will be seeded with 19 undeveloped multifamily assets that were previously purchased or under contract by LMC, totaling 6,120 apartments with a total projected development cost of approximately \$2.1 billion. The Venture represents the next stage of LMC's strategy, having previously structured 28 single asset joint ventures with 18 different institutional partners utilizing a merchant-build approach. The assets from these existing ventures are not part of the new fund and will be sold over the next three years as the communities are leased and stabilized.

Stuart Miller, Chief Executive Officer of Lennar Corporation, said, "In 2011, we drafted a blueprint to become one of the leading developers of class-A multifamily communities in the United States. We identified a multiyear shortfall in apartment development and targeted this housing category to complement Lennar's focus on the entry-level buyer. Over the past four years, fueled by the strength of our senior management team, we quietly built this business into the nation's fifth largest apartment developer."

Mr. Miller continued, "Today's announcement marks a significant milestone in the evolution of our multifamily business. To date, we have been building our apartment communities in individual ventures, which were structured to sell the assets once they were leased and stabilized. In addition to receiving a consistent fee stream, our new 'development-to-core' Venture allows us to earn the development promote when the community is stabilized and maintain an ownership interest in the income producing community going forward. Having the ability to recognize current development earnings and to continue to own a portfolio of income producing properties is a game changer for LMC."

Rick Beckwitt, President of Lennar Corporation, added, "In prior earnings calls, we daylighted our strategic focus to shift away from a merchant build model in order to capture the long-term benefits of income producing assets. This new fund will transition LMC into a cash flow producer, benefiting from the combination of recurring rental income and management fees throughout the life of the portfolio. The portfolio will be truly unique, given that it will include only recently completed class-A developments. Having a portfolio of new vintage communities should create excellent upside for our shareholders over the long-term. We appreciate the support of our new equity partners and are working with other partners for additional commitments to the Venture to build out our development pipeline." Mr. Miller concluded, "While our core homebuilding machine continues to be the primary driver of our earnings, our complementary ancillary businesses are really starting to define themselves. Last week we announced that we signed a contribution agreement to position Five Point for a potential IPO. This week LMC takes a major step forward with the first close of the 'develop-to-core' Venture fund. Our Rialto operation continues to emerge as a best in class asset manager while Lennar Commercial continues to establish itself as an innovative and solutions oriented commercial developer. We look forward to bringing greater clarity to all of our operating platforms as they continue to mature and create increased shareholder value."

Lennar Multifamily Communities, LLC ("LMC"), an indirect wholly-owned subsidiary of Lennar Corporation, is a multifamily real estate investment company focused on assembling a diverse portfolio of institutional quality multifamily rental communities using both development and value-add acquisition strategies in selected US markets. In 2014, LMC was ranked the fifth largest developer in the United States. As of May 31, 2015, LMC had two completed and operating communities and 24 communities under construction, totaling approximately 7,100 apartments with a total development cost of \$1.7 billion.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy securities.

Note Regarding Forward-Looking Statements: Some of the statements in this press release are "forward-looking statements," as that term is defined in the Private Securities Litigation Reform Act of 1995, including statements regarding the possible profitability of the Venture and its ability to receive a consistent fee stream, Lennar Corporation's or Lennar Multifamily's expected contribution of cash and assets to the Venture, and the expected benefit of the Venture to stockholders of Lennar Corporation. These statements may include opinions formed based upon general observations and industry experience, but that are not supported by specific investigation or analysis. These forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results and events to differ materially from those contemplated by the forward-looking statements, including the possibility of decreased demand for multifamily rental properties; the possible inability of the Venture to successfully sell its rental properties once rents and occupancies have stabilized; increases in operating costs, including costs related to construction materials, labor, insurance and real estate taxes, and their effects on the Venture's ability to manage its cost structure; possible difficulty obtaining debt financing to supplement the Venture participants' equity investments; the willingness of the participants in the Venture to honor their commitments; and other risks detailed in Lennar Corporation's filings with the SEC, including the "Risk Factors" section of Lennar Corporation's Annual Report on Form 10-K for the fiscal year ended November 30, 2014. It is not possible for management to predict all possible risks or to assess the impact of such risks on us or on the Venture. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

#### About Lennar

Lennar Corporation, founded in 1954, is one of the nation's largest builders of quality homes for all generations. The Company builds affordable, move-up and retirement homes primarily under the Lennar brand name. Lennar's Financial Services segment provides mortgage financing, title insurance and closing services for both buyers of the Company's homes and others. Lennar's Rialto segment is a vertically integrated asset management platform focused on investing throughout the commercial real estate capital structure. Lennar's Multifamily segment is a nationwide developer of high-quality multifamily rental properties. Previous press releases and further information about the Company may be obtained at the "Investor Relations" section of the Company's website, [www.lennar.com](http://www.lennar.com).

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SOURCE Lennar Corporation

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