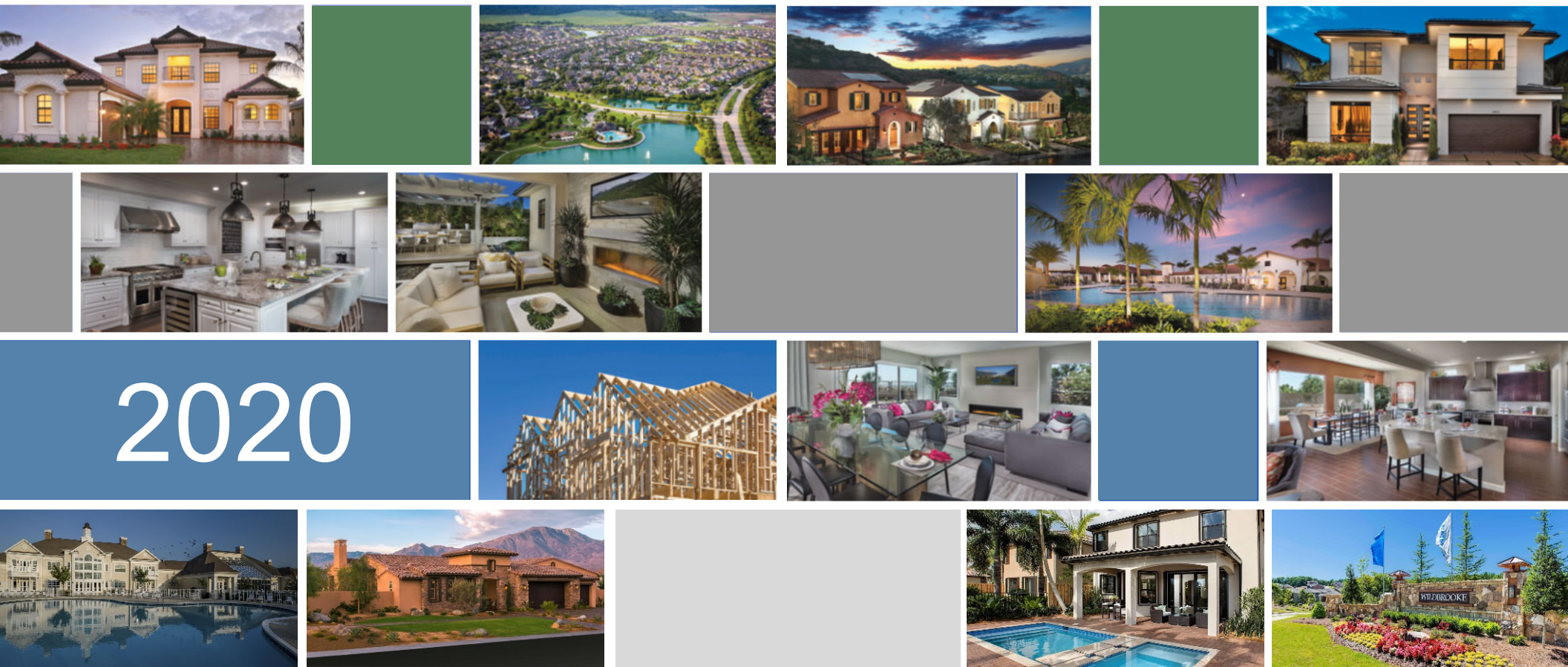


# Lennar Overview

Second Quarter 2020



**LENNAR**<sup>®</sup>

# Forward-Looking Statements

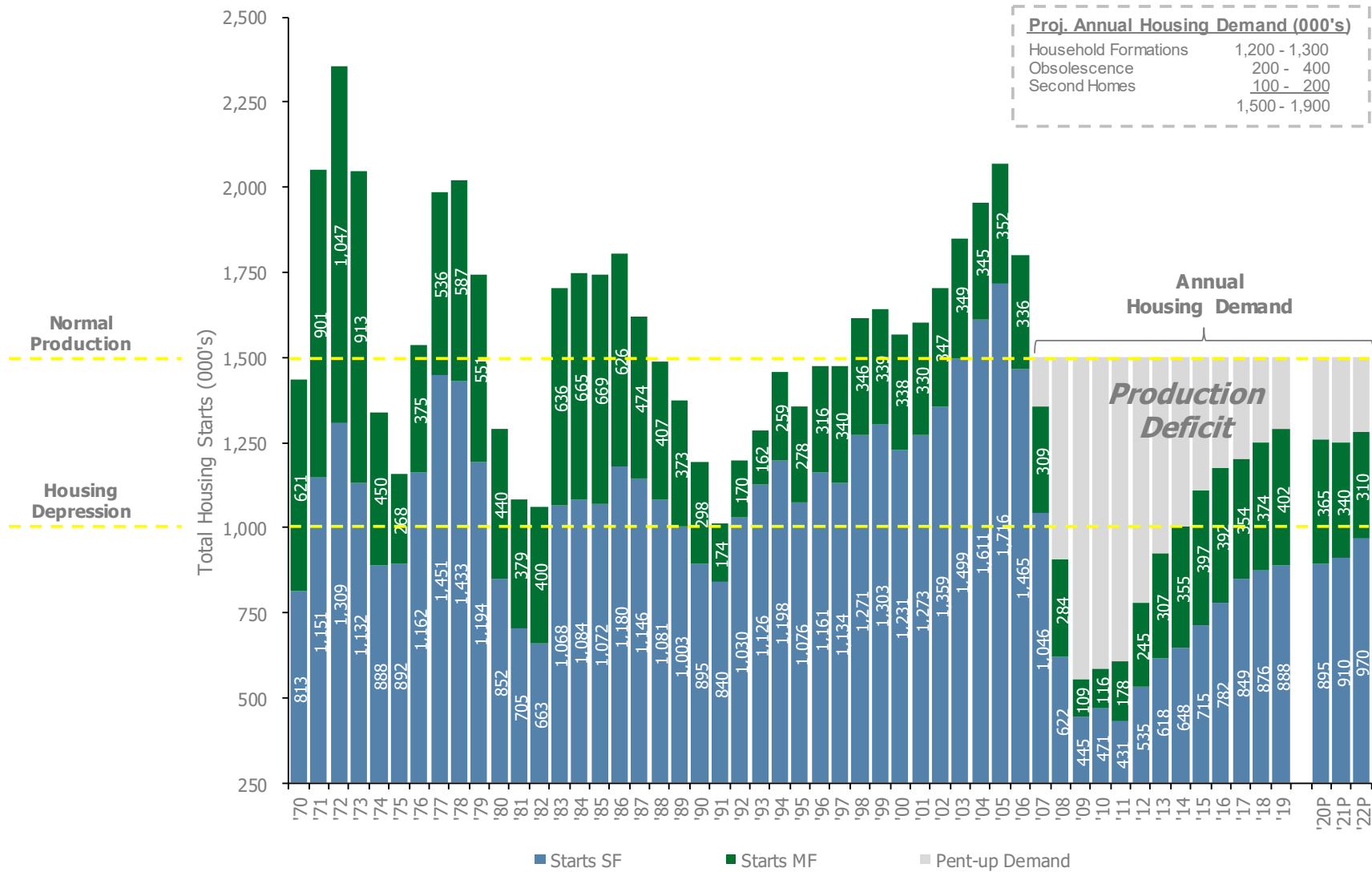
This presentation includes “forward-looking statements,” as that term is defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements regarding our business, financial condition, results of operations, cash flows, strategies and prospects. You can identify forward-looking statements by the fact that these statements do not relate strictly to historical or current matters. Rather, forward-looking statements relate to anticipated or expected events, activities, trends or results. Because forward-looking statements relate to matters that have not yet occurred, these statements are inherently subject to risks and uncertainties. Many factors could cause our actual activities or results to differ materially from the activities and results anticipated in forward-looking statements. These factors include those described in our Securities and Exchange Commission filings, including those under the caption “Risk Factors” in our most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission. We do not undertake any obligation to update forward-looking statements, except as required by federal securities laws.

This presentation includes macro-economic and market share information that was obtained from independent sources. While we believe those sources are reliable and we have no reason to think that the information we have included in not accurate, we were not involved in developing the information that was obtained from independent sources, and do not have the ability to confirm its accuracy. Therefore, we cannot be responsible for the accuracy of information we obtained from independent sources.

# Macro Overview



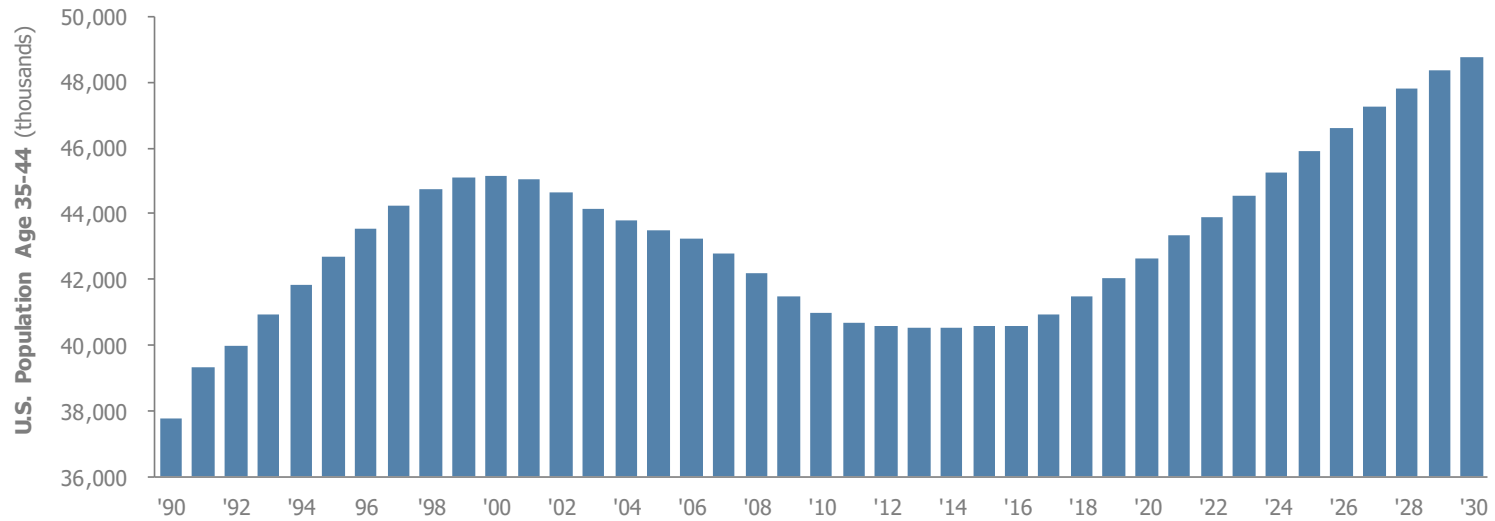
# Macro Overview: Production deficit of homes, both for-sale and for-rent



Source: Housing starts from US Census Bureau (March 2020) and analyst estimates (June 2020); Proj. household formations: Joint Center for Housing Studies of 1.2M 2018-28 (June 2019), Moody's Mark Zandi 1.6M needed vs. 1.3M supplied (March 2018)  
 Note: Excludes manufactured housing

# Macro Overview: Demographic trends and inventory levels

## Millennial generation driving significant increase in peak household formation years (Ages 35-44)



Source: U.S. Bureau of the Census

## Months supply of new residential sales remains below long-term averages



Source: U.S. Bureau of the Census and U.S. Department of Housing and Urban Development, latest reading as of May 2020

# Macro Overview: COVID placing a spotlight on the home

## Fears from COVID a driver for new home purchases in the suburbs near-term

- Home = safety, office, children's school, gym
- Urban density vs suburban living
- Predicting moving trends due to COVID:
  - *Buyers will emerge from isolation looking for a housing upgrade. While COVID-related job losses may render roughly 10% of households financially unable to trade-up, we think that nearly everyone else will have a renewed desire to improve their nest. – Evercore ISI*
  - *We believe it is possible that people will rethink where they choose to live and frankly the proximity of their living space to others. This should expedite the transition of the Millennial generation and other potential first-time homebuyers into suburban, entry-level, single-family homes and Baby Boomers into move-down homes away from metros. – Bank of America*
  - *“When Workers Can Live Anywhere, Many Ask: Why Do I Live Here? - Coronavirus prompts Americans to reassess the need to reside near hot job markets” – WSJ*



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## Longer-term trends will continue to support the industry well after a vaccine is available

- Prior to COVID the Millennial generation was already making the move from dense cities to the suburbs as they were getting married and having children. This has accelerated that existing trend.
- Companies and associates who previously were focused on creating collaborative in-person spaces have found that working from home does not impede the ability for work effectively
  - *Cost efficiencies will be found through working from home that companies will keep*
  - *New homes can be reconfigured to provide home offices unlike existing homes*
  - *How to think about future land underwriting without needing to factor in commute times?*



# Strategic Overview



# Strategic Overview: Investible through the cycle



## Grow topline mid-single digit percent

- Moderate growth rate reduces stress on the platform and allows for higher hurdles when it comes to:
  - New land purchases – underwriting can be more stringent
  - Hiring new associates – focus on keeping A-players and hiring high quality associates
  - Continued Builder of Choice to the trades – providing consistent work with reasonable timeframes

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## Combined scale and focus on technology leading to efficiencies and growth in net margins

- Continue to maintain or increase market share leading to cost and production efficiencies
- Utilize existing and invest / work with emerging technologies to improve customer relations and experience, while decreasing cost structure
  - HB SG&A reduction of ~200 bps over the next 5 years



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## Generate cash flow through strong profitability and land lighter strategy

- Increased controlled position and decreased years of land owned leading to reduced capital tied up in inventory at any given moment
- Reduced inventory and greater flexibility with land options reduces risk in the business

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## Use cash flow to delever balance sheet and return to shareholders

- Smart capital allocation will enhance returns, creating greater balance sheet efficiency
- Debt reduction leads back to supporting margins through reduced interest expense



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Strategies ultimately will reduce impact from industry cyclicality and expand valuation multiples



# Strategic Overview: Technology enabling a more efficient platform



**Land Process**

Owned/controlled pipeline, reflecting capital investment and community lifecycle

**Construction Costs**

Monitoring direct material and labor costs with detail down to the SKU

**Even Flow Production**

Recently enhanced by new trade scheduling technology

**Dynamic Pricing**

Focus on FIFO method, creating scarcity and leading to pricing power

**Digital Marketing**

Tracking, evaluating and altering marketing to yield strong funnel of buyers

**Starts, Sales, Closings**

Real-time data used to proactively management the business

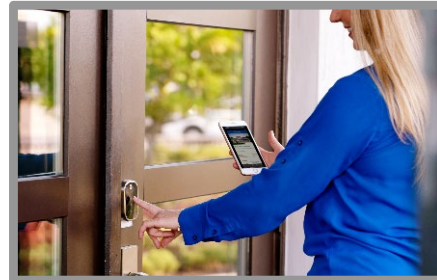
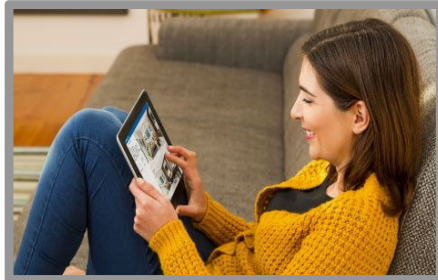
**Focus Reports**

Data with drill down ability to the homesite level

**Customer Care**

Enhanced virtual platform for addressing customer needs efficiently

# Strategic Overview: Technology taking the homebuyer journey digital



Lennar.com



Internet  
Sales  
Consultant

Online  
scheduling  
tool

Private  
self tours  
or virtual  
tours

Virtual  
orientation

Digital  
mortgage  
/ close  
process



Virtual  
customer  
care  
service



Book an appointment Step 1 of 2

Enter your information to book an appointment with a Lennar New Home Consultant.

First name*	Last name*
<input type="text"/>	<input type="text"/>
Email address*	Phone number*
<input type="text"/>	<input type="text"/>
Zip code*	<input type="text"/>

[? Why we need this](#)

\* Required field

Next



# Strategic Overview: Financial Services tech-enabled process

SEAMLESS DIGITAL CUSTOMER EXPERIENCE



## Start of One Tap

- Salesforce invite to Blend digital app
- Customer info pre-filled in Blend



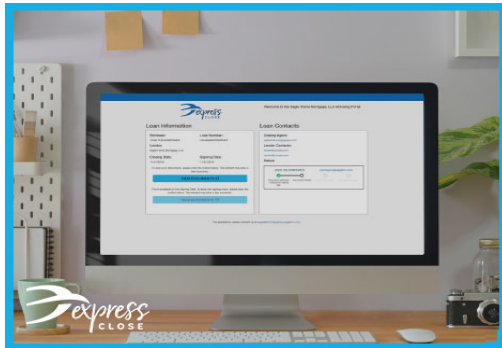
## Frictionless App

- Paperless asset, income, employment verification
- Homeowner's insurance selection through Hippo



## Immediate Pre-Qualification

- BOT's automate the pre-qualification process and notifies NHC



## ExpressClose From Home

- Electronically sign documents digitally



## Drive-Thru Signing

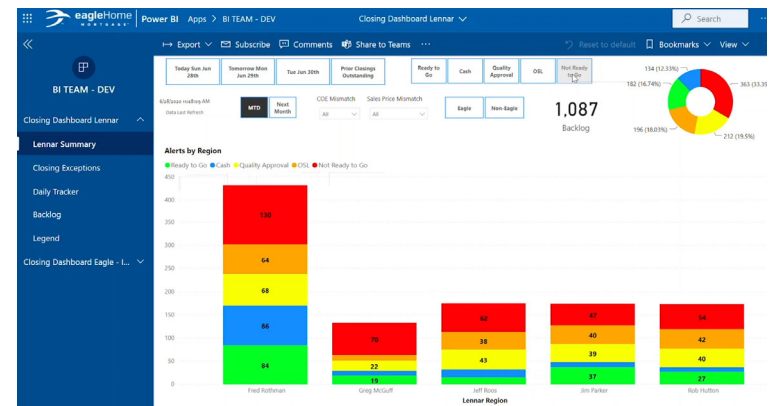
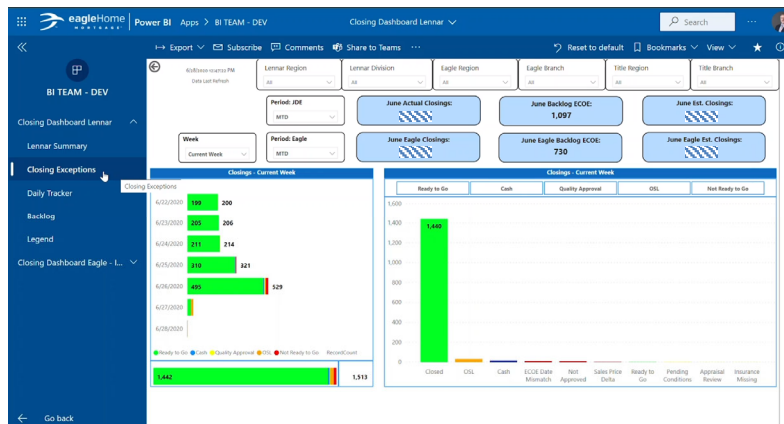
- Reduce time signing notarized documents



## Leave with Keys, Not Paper

- Secure paperless portal

HOMEBUILDING, MORTGAGE & TITLE DASHBOARDS



# Strategic Overview: Sustainable business practices

## ENVIRONMENT

- Inclusion of healthy, green features in the homes we build
  - Solar power
    - 8,508 solar power home deliveries in fiscal 2019, 91% of which were on Lennar homes
    - 35,000+ solar power home deliveries since inception in 2013
  - Low-VOC paint
  - WaterSense faucets
  - Low-E windows
  - EnergyStar appliances
- Construction efficiencies focused on waste reduction
- Investment and partnership in new technologies for further energy and water use reductions

## SOCIAL

- **Community:**
  - The Lennar Foundation, created 30 years ago, receives 1% of LEN's after-tax income each year. The Foundation focuses on supporting education, jobs training, medical research and supporting vulnerable groups
- **Associates:**
  - We believe in having an inclusive work environment where everyone has a sense of belonging.
  - Safety and well-being are also pillars of our culture, supporting associates lives outside of work and providing regulations that keep them safe while working

## GOVERNANCE

- Our Board is built on the foundation of strong governance practices that promote integrity and accountability, and this guides our conduct and commitment to doing the right thing for the right reason
- Our governance practices include:
  - Majority independent directors
  - Strong independent Lead Director
  - Annual election of directors
  - Stock ownership guidelines
  - Active shareholder engagement
  - Board oversight of risk management and cybersecurity protection
  - Executive compensation that is aligned with stockholder interests
  - Strong corporate controls

# Financial Update

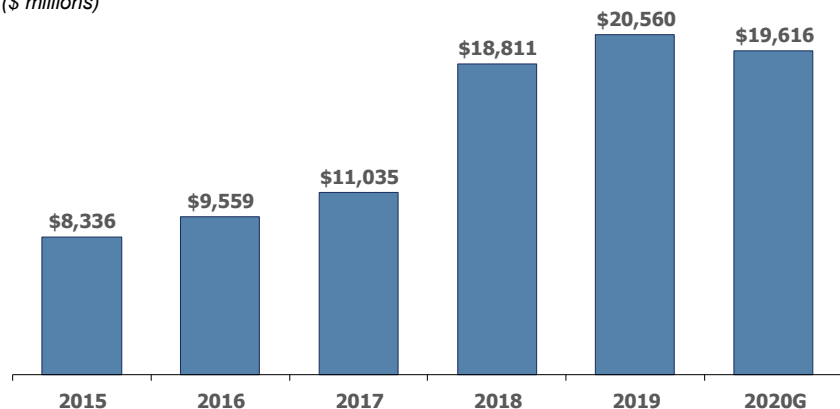


# Financial Update: Operating and credit metrics

Continued focus on strong profitability, cash flow generation and leverage reduction

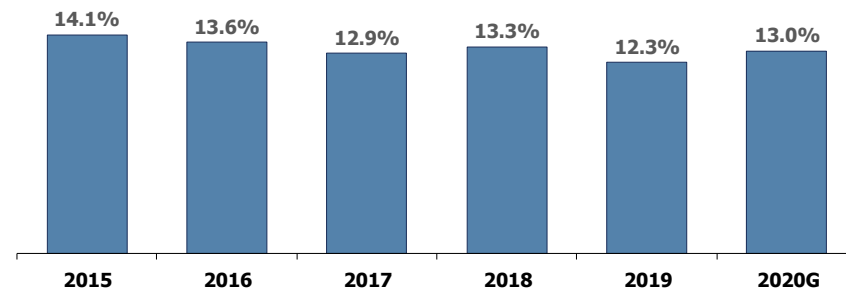
## Sales of Homes Revenue

(\$ millions)



Note: 2020G represents the mid-point of guidance

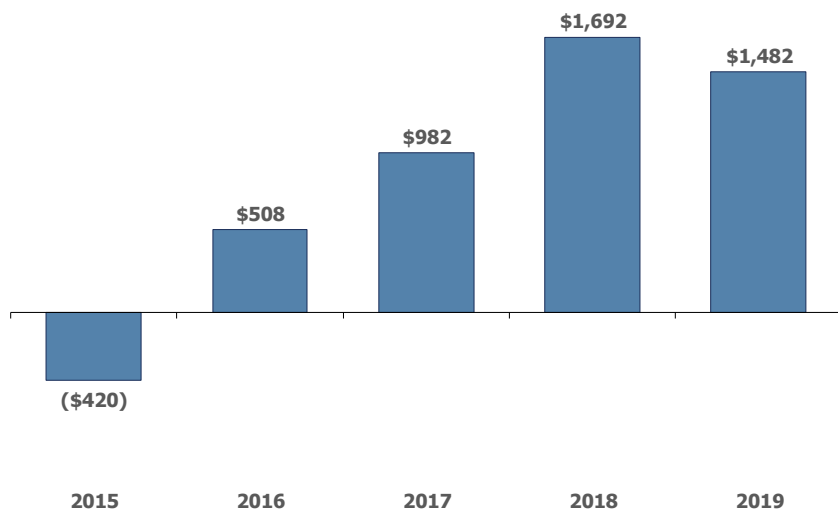
## HB Operating Margin



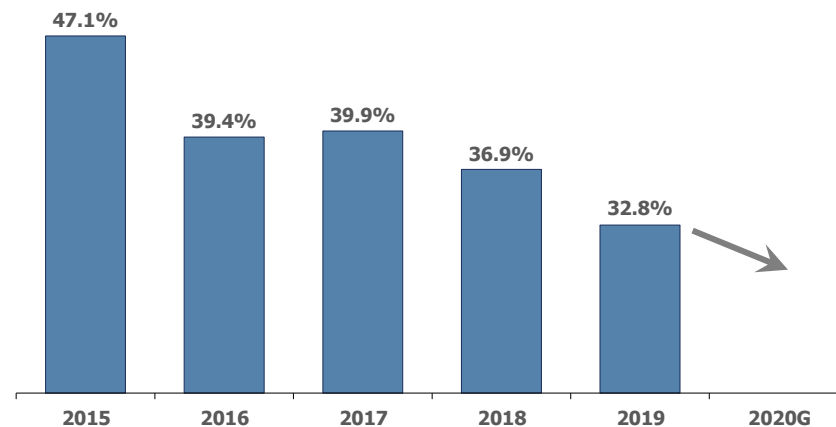
Note: FY18 margins exclude \$415 million of CalAtlantic purchase accounting write-ups  
2020G represents the mid-point of guidance

## HB Operating Cash Flow

(\$ millions)



## HB Debt to Capital



Note: FY17 Debt excludes \$1.2 billion issued in advance of CAA merger  
2020G represents the mid-point of guidance

# Conclusion



# Conclusion: Strategies driving performance throughout the cycle

**Supportive short-term and long-term macro economic backdrop supported by production deficit, demographic trends and safety of homeownership**



**Core homebuilding platform with intense technology and efficiency focus throughout the business**



**Land and capital allocation strategies, supporting asset light balance sheet and producing robust cash flow**



**Building a Company that is investible through the cycle**