年报其语

LENNAR LEN (A)

RECENT PRICE	P/E RATIO	P/FCF* RATIO	DIV. YLD (TTM)	BOOK VALUE
$74.92	9.4x	685.2x	2.7%	88.91

NIANBAO QIYU

HOW IT EARNS CASH | BUSINESS CHAIN

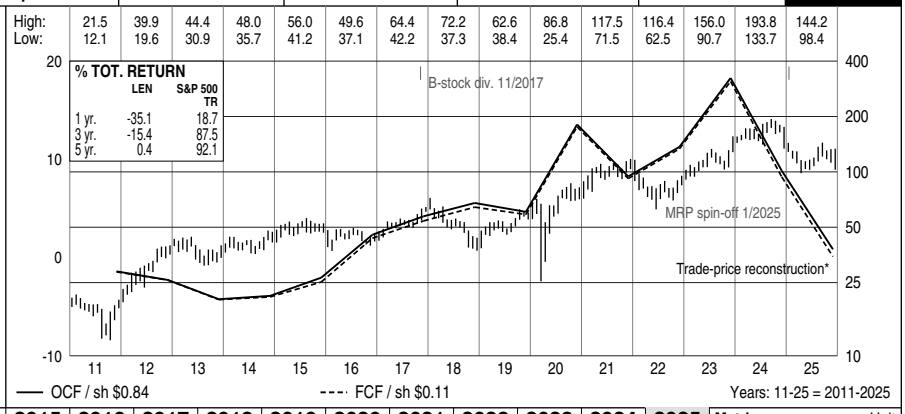
1 Control future lots through options; acquire as needed.
2 Match starts to sales; build at competitive cost.
3 Use pricing and mortgage offers to convert demand.
4 Close homes, collect cash, and recycle capital.

BUSINESS MIX | FY25

Revenue	$M	Mix	YoY	3Y CAGR
Homebuilding	32267	94.4%	-4.8%	.3%
Fin. Services	1198.2	3.5%	8.0%	14.0%
Multifamily	680.63	2.0%	65.4%	-7.7%
Lennar Other	41.43	.1%	191.2%	-2.3%
Total	**34187**	**100.0%**	**-3.5%**	**.5%**

Mortgage capture: 84% of financed buyers*.
Millrose is separate; option fees remain costs.

FY25 reported segments; MRP is not consolidated.



VALUE CREATION	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Metric	Unit
1 AFFORDABLE HOMES Prices and mortgage offers must fit household budgets. Renting remains an alternative.	3095.4	4104.7	5935.1	7779.8	9474.0	10950	12646	20572	22260	22489	27131	33671	34233	35441	34187	**Revenue**	$M
	.7%	32.6%	44.6%	31.1%	21.8%	15.6%	15.5%	62.7%	8.2%	1.0%	20.6%	24.1%	1.7%	3.5%	-3.5%	**Rev. YoY**	%
	19.9%	22.7%	24.9%	25.4%	24.0%	23.0%	22.1%	19.6%	20.6%	22.8%	26.8%	27.5%	23.3%	22.3%	17.7%	**Home Sales GM***	%
	103.93	322.18	685.84	922.04	1086.0	1262.4	1339.0	1837.3	2461.2	3115.7	5078.4	6721.2	5366.6	4769.8	2667.8	**Adj. Op. Surplus***	$M
↓ **2 PROFIT PER HOME** Sales must cover land, building, selling and financing costs. Incentives reduce the surplus.	3.4%	7.8%	11.6%	11.9%	11.5%	11.5%	10.6%	8.9%	11.1%	13.9%	18.7%	20.0%	15.7%	13.5%	7.8%	**Adj. Op. Margin***	%
	92.20	679.12	479.67	638.92	802.89	911.84	810.48	1695.8	1849.1	2465.0	4430.1	4614.1	3938.5	3932.5	2078.2	**Net Income**	$M
	3.0%	16.5%	8.1%	8.2%	8.5%	8.3%	6.4%	8.2%	8.3%	11.0%	16.3%	13.7%	11.5%	11.1%	6.1%	**Net Margin**	%
	-259.14	-424.65	-807.71	-788.49	-419.65	507.80	996.86	1711.6	1482.3	4190.8	2532.8	3265.7	5179.7	2403.4	216.81	**OCF**	$M
	-8.4%	-10.3%	-13.6%	-10.1%	-4.4%	4.6%	7.9%	8.3%	6.7%	18.6%	9.3%	9.7%	15.1%	6.8%	.6%	**OCF Margin**	%
↓ **3 REPEATABLE EXECUTION**	-2.8x	-.6x	-1.7x	-1.2x	-.5x	.6x	1.2x	1.0x	.8x	1.7x	.6x	.7x	1.3x	.6x	.1x	**OCF / Net Inc.**	x
Homebuilding Match starts to sales; build faster at competitive cost.	9.94	2.82	8.13	22.60	91.36	76.44	111.77	130.44	86.50	72.75	65.17	57.21	99.80	171.50	188.63	**Net PP&E Add.***	$M
	--	--	--	--	--	15.1%	11.2%	7.6%	5.8%	1.7%	2.6%	1.8%	1.9%	7.1%	87.0%	**Net PP&E / OCF***	%
	-269.07	-427.47	-815.84	-811.09	-511.00	431.37	885.09	1581.2	1395.8	4118.1	2467.6	3208.5	5079.9	2231.9	28.18	**FCF (Net PP&E)***	$M
	-8.7%	-10.4%	-13.7%	-10.4%	-5.4%	3.9%	7.0%	7.7%	6.3%	18.3%	9.1%	9.5%	14.8%	6.3%	.1%	**FCF Margin***	%
Financial Services Help qualified buyers finance and close. Incentives still cost money.	--	--	5.62	5.49	--	.73	611.10	1103.3	--	--	--	--	--	--	254.49	**Net Acq. Cash***	$M
	--	--	--	--	--	.1%	61.3%	64.5%	--	--	--	--	--	--	117.4%	**Net Acq. / OCF***	%
	24.05	31.75	33.69	40.72	43.87	55.52	61.36	72.66	86.94	107.13	135.09	184.09	160.72	176.68	163.49	**SBC Expense**	$M
	--	--	--	--	--	10.9%	6.2%	4.2%	5.9%	2.6%	5.3%	5.6%	3.1%	7.4%	75.4%	**SBC / OCF**	%
↓ **4 LESS CAPITAL WAITING** FY25 lots: 98% controlled. Acquire as needed; include deposits and fees in capital committed.	5.72	17.15	12.32	20.42	23.19	19.90	27.05	299.83	523.07	321.52	1430.2	1039.3	1182.7	2256.5	1808.4	**Share Repurch.***	$M
	--	--	--	--	--	3.9%	2.7%	17.5%	35.3%	7.7%	56.5%	31.8%	22.8%	93.9%	834.1%	**Repurch. / OCF***	%
	29.91	30.39	30.91	32.78	33.19	35.32	37.61	49.16	51.45	195.04	309.78	438.04	430.56	548.82	520.96	**Cash Dividends**	$M
	--	--	--	--	--	7.0%	3.8%	2.9%	3.5%	4.7%	12.2%	13.4%	8.3%	22.8%	240.3%	**Dividends / OCF**	%
↓ **5 CASH TO EACH SHARE** Collect cash; reinvest for good returns or distribute it. Control dilution. Fewer shares alone do not prove value.	2.2%	4.8%	8.9%	10.3%	10.2%	10.6%	10.2%	11.4%	10.7%	12.8%	21.4%	27.1%	20.5%	17.8%	9.8%	**ROIC (HB est.)***	%
	3.5%	22.2%	12.7%	14.2%	15.3%	14.4%	10.9%	15.1%	12.1%	14.5%	22.8%	20.5%	15.5%	14.4%	8.3%	**ROE**	%
	1.3%	6.7%	4.7%	5.2%	6.0%	6.1%	4.5%	7.3%	6.4%	8.3%	14.1%	13.1%	10.3%	9.9%	5.6%	**ROA**	%
	188.40	191.55	204.41	205.04	211.15	234.48	239.96	324.24	315.89	312.70	299.43	289.81	280.95	268.23	246.99	**Shares Out.**	M sh
	16.77	21.99	31.16	38.47	46.17	50.13	53.33	66.80	69.91	72.68	88.49	116.18	120.83	130.29	132.64	**Revenue / Sh.***	$/sh
	.48	3.11	2.15	2.80	3.46	3.93	3.38	5.44	5.74	7.85	14.27	15.72	13.73	14.31	7.98	**Diluted EPS**	$/sh
	-1.40	-2.27	-4.24	-3.90	-2.05	2.32	4.20	5.56	4.66	13.54	8.26	11.27	18.28	8.84	.84	**OCF / Sh.***	$/sh
RETURN CONDITION Profitable sales, lower capital per home and cash gains must survive a downturn. The new model is not yet proven.	.05	.02	.04	.11	.45	.35	.47	.42	.27	.24	.21	.20	.35	.63	.73	**Net PP&E / Sh.***	$/sh
	-1.46	-2.29	-4.28	-4.01	-2.49	1.97	3.73	5.13	4.38	13.31	8.05	11.07	17.93	8.20	.11	**FCF / Sh.***	$/sh
	.16	.16	.16	.16	.16	.16	.16	.16	.16	.63	1.00	1.50	1.50	2.00	2.00	**Dividend / Sh.**	$/sh
	36.5x	9.2x	17.5x	14.3x	14.2x	11.5x	14.9x	10.0x	8.8x	8.2x	6.7x	5.4x	8.0x	11.4x	15.4x	**Avg. P/E**	x
	-8.1%	-6.1%	-11.5%	-8.6%	-4.9%	4.4%	6.0%	11.7%	7.6%	17.8%	8.0%	12.9%	14.3%	4.8%	.1%	**FCF Yield***	%
	.9%	.4%	.4%	.3%	.3%	.4%	.3%	.4%	.3%	.8%	1.0%	1.7%	1.2%	1.1%	1.5%	**Dividend Yield**	%

CORE KPI TRACKER

Metric	2021	2022	2023	2024	2025
Deliveries*	59825	66399	73087	80210	**82583**
Net orders*	64543	61105	69111	76951	**83978**
Incentives*	2.1%	3.5%	8.8%	10.3%	**13.8%**
Cancel rate	10.0%	17.0%	16.0%	14.0%	**14.0%**
Home Sales GM*	26.8%	27.5%	23.3%	22.3%	**17.7%**
ASP $/home	424000	480000	446000	423000	**391000**

COMPOUND ANNUAL GROWTH RATE

	1Y	3Y	5Y	10Y	15Y
Revenue	-3.5%	.5%	8.7%	13.7%	17.4%
Adj. Op.*	-44.1%	-26.5%	-3.1%	9.4%	22.7%
Net Income	-47.2%	-23.3%	-3.4%	10.0%	22.8%
OCF	-91.0%	-59.5%	-44.7%	--	-1.6%
FCF (Net)*	-98.7%	-79.4%	-63.1%	--	-14.0%
Diluted EPS	-44.2%	-20.2%	.3%	8.7%	20.1%
FCF / Sh.*	-98.7%	-78.5%	-61.7%	--	-15.9%

COMPOUNDING CHECK | FY25

Margin: sell profitably, with less subsidy.
FY25: incentives 13.8%; home-sales GM 17.7%.
Capital: less cash committed per home.
FY25: deposits +76.1%; unit gain unproven.
Owners: retain cash through a downturn.
New model: full-cycle proof still pending.

CASH & ALLOCATION: Market cap. est. $17.81B (Oct 13 close; Aug 31 A+B shares). FY25 repurchase/dividend cash $2329.33M vs. OCF $216.81M. Homebuilding debt rose $1826.40M; cash fell $1221.32M.

SHARE BASE & CHANGE: FYE A+B shares: 239.96M in FY17, 324.24M in FY18 after CalAtlantic, then 246.99M in FY25. FY25 net decline: 21.24M (7.9%), including 8.05M in the noncash Millrose exchange. Gross repurchases differ from net share reduction.

Buyer budgets set the price. Monthly payments govern qualified demand; households can rent or delay. Lennar uses price cuts and mortgage offers to sustain sales. More deliveries alone do not prove pricing power.

Production must follow demand. Management reported a 127-day cycle and 2.2x inventory turn in FY25 Q4. Faster builds can release cash if starts track sales; unsold homes invite concessions.

Land options retain cash costs. Owned land fell as FY25 deposit/pre-acquisition balances rose 76.1%. Options retain deposits and fees; lower ownership does not prove lower economic capital per home.

Cash is the unresolved test. FY25 deposits consumed $1549.66M in the OCF bridge; FCF after net PP&E was $28.18M. Weak conversion is not a proven permanent earning level. Future land control is not free.

Ownership changes need a bridge. The Millrose exchange reduced shares and transferred assets. Assess distributions alongside cash generation, debt and value retained. Net share contraction alone does not prove value creation.

Competition tests efficiency. Land-light is not itself a moat. Procurement and execution may lower costs; competition can transfer savings to buyers. Cash gains must survive a housing downturn.

Home Sales GM is housing only; Adj. Op. Surplus is non-GAAP, not reported operating income.
FCF = OCF less net operating PP&E additions; land, inventory and deposits affect OCF; cash CAGRs use negative FY15 bases.
Share flows use Basic WA A+B; shares out = FYE A+B; -- means zero/missing/NM.
Acq. cash includes Rialto; excludes loan/REO portfolios and noncash consideration; FY10/21/22 unresolved.
ROIC(HB est.) is not consolidated. TR holds LEN+MRP, reinvests cash dividends ex-date, pre-tax; chart rebuilt; FY13 price variance open.
Sources: SEC Forms 10-K; market data as stated. Calculations & presentation: Nianbao Qiyu.
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