

LENNAR CORP /NEW/
Form 10-Q
July 02, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended May 31, 2015
Commission File Number: 1-11749

Lennar Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
700 Northwest 107th Avenue, Miami, Florida 33172
(Address of principal executive offices) (Zip Code)
(305) 559-4000
(Registrant's telephone number, including area code)

95-4337490
(I.R.S. Employer
Identification No.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

Common stock outstanding as of May 31, 2015:
Class A 173,937,387
Class B 31,303,195

Part I. Financial Information

Item 1. Financial Statements

Lennar Corporation and Subsidiaries

Condensed Consolidated Balance Sheets

(Dollars in thousands, except shares and per share amounts)

(unaudited)

	May 31, 2015 (1)	November 30, 2014 (1)
ASSETS		
Lennar Homebuilding:		
Cash and cash equivalents	\$638,992	885,729
Restricted cash	12,373	9,849
Receivables, net	70,443	93,444
Inventories:		
Finished homes and construction in progress	3,717,543	3,082,345
Land and land under development	4,984,978	4,601,802
Consolidated inventory not owned	51,255	52,453
Total inventories	8,753,776	7,736,600
Investments in unconsolidated entities	688,467	656,837
Other assets	591,082	672,589
	10,755,133	10,055,048
Rialto	1,364,682	1,458,152
Lennar Financial Services	1,413,388	1,177,053
Lennar Multifamily	362,256	268,014
Total assets	\$13,895,459	12,958,267

Under certain provisions of Accounting Standards Codification (“ASC”) Topic 810, Consolidations, (“ASC 810”) the Company is required to separately disclose on its condensed consolidated balance sheets the assets owned by consolidated variable interest entities (“VIEs”) and liabilities of consolidated VIEs as to which neither Lennar Corporation, or any of its subsidiaries, has any obligations.

As of May 31, 2015, total assets include \$709.3 million related to consolidated VIEs of which \$14.4 million is included in Lennar Homebuilding cash and cash equivalents, \$0.7 million in Lennar Homebuilding receivables, net, \$0.4 million in Lennar Homebuilding finished homes and construction in progress, \$174.5 million in Lennar Homebuilding land and land under development, \$51.3 million in Lennar Homebuilding consolidated inventory not owned, \$31.1 million in Lennar Homebuilding investments in unconsolidated entities, \$25.1 million in Lennar Homebuilding other assets, \$402.1 million in Rialto assets and \$9.8 million in Lennar Multifamily assets.

As of November 30, 2014, total assets include \$929.1 million related to consolidated VIEs of which \$11.7 million is included in Lennar Homebuilding cash and cash equivalents, \$0.3 million in Lennar Homebuilding restricted cash, \$0.2 million in Lennar Homebuilding receivables, net, \$0.2 million in Lennar Homebuilding finished homes and construction in progress, \$208.2 million in Lennar Homebuilding land and land under development, \$52.5 million in Lennar Homebuilding consolidated inventory not owned, \$23.9 million in Lennar Homebuilding investments in unconsolidated entities, \$104.6 million in Lennar Homebuilding other assets, \$508.4 million in Rialto assets and \$19.2 million in Lennar Multifamily assets.

See accompanying notes to condensed consolidated financial statements.

Lennar Corporation and Subsidiaries
Condensed Consolidated Balance Sheets – (Continued)
(Dollars in thousands, except shares and per share amounts)
(unaudited)

	May 31, 2015 (2)	November 30, 2014 (2)
LIABILITIES AND EQUITY		
Lennar Homebuilding:		
Accounts payable	\$441,990	412,558
Liabilities related to consolidated inventory not owned	43,897	45,028
Senior notes and other debts payable	5,291,136	4,690,213
Other liabilities	802,665	863,236
	6,579,688	6,011,035
Rialto	712,744	747,044
Lennar Financial Services	1,075,515	896,643
Lennar Multifamily	51,793	52,243
Total liabilities	8,419,740	7,706,965
Stockholders' equity:		
Preferred stock	—	—
Class A common stock of \$0.10 par value; Authorized: May 31, 2015 and November 30, 2014		
- 300,000,000 shares; Issued: May 31, 2015 - 174,286,658 shares and November 30, 2014	17,429	17,424
- 174,241,570 shares		
Class B common stock of \$0.10 par value; Authorized: May 31, 2015 and November 30, 2014		
- 90,000,000 shares; Issued: May 31, 2015 - 32,982,815 shares and November 30, 2014	3,298	3,298
- 32,982,815 shares		
Additional paid-in capital	2,261,951	2,239,704
Retained earnings	2,941,595	2,660,034
Treasury stock, at cost; May 31, 2015 - 349,271 shares of Class A common stock and 1,679,620 shares of Class B common stock; November 30, 2014 - 505,420 shares (85,535) (93,440) of Class A common stock and 1,679,620 shares of Class B common stock		
Total stockholders' equity	5,138,738	4,827,020
Noncontrolling interests	336,981	424,282
Total equity	5,475,719	5,251,302
Total liabilities and equity	\$13,895,459	12,958,267

As of May 31, 2015, total liabilities include \$84.2 million related to consolidated VIEs as to which there was no recourse against the Company, of which \$8.1 million is included in Lennar Homebuilding accounts payable, \$43.9 million in Lennar Homebuilding liabilities related to consolidated inventory not owned, \$14.6 million in Lennar Homebuilding other liabilities, \$13.6 million in Rialto liabilities and \$4.0 million in Lennar Multifamily liabilities. As of November 30, 2014, total liabilities include \$149.8 million related to consolidated VIEs as to which there was no recourse against the Company, of which \$6.8 million is included in Lennar Homebuilding accounts payable, \$45.0 million in Lennar Homebuilding liabilities related to consolidated inventory not owned, \$61.6 million in Lennar Homebuilding senior notes and other debts payable, \$14.8 million in Lennar Homebuilding other liabilities and \$21.5 million in Rialto liabilities.

See accompanying notes to condensed consolidated financial statements.

3

Edgar Filing: LENNAR CORP /NEW/ - Form 10-Q

Lennar Corporation and Subsidiaries
 Condensed Consolidated Statements of Operations
 (Dollars in thousands, except per share amounts)
 (unaudited)

	Three Months Ended		Six Months Ended	
	May 31,		May 31,	
	2015	2014	2015	2014
Revenues:				
Lennar Homebuilding	\$2,115,812	1,634,785	3,557,470	2,866,170
Lennar Financial Services	169,885	111,016	294,712	187,968
Rialto	67,931	54,393	109,128	101,348
Lennar Multifamily	38,976	18,551	75,433	26,354
Total revenues	2,392,604	1,818,745	4,036,743	3,181,840
Costs and expenses:				
Lennar Homebuilding	1,825,482	1,392,643	3,090,657	2,456,998
Lennar Financial Services	130,832	92,723	240,132	165,210
Rialto	67,506	79,604	108,287	127,180
Lennar Multifamily	47,260	25,549	89,221	39,476
Corporate general and administrative	50,207	38,317	93,861	76,429
Total costs and expenses	2,121,287	1,628,836	3,622,158	2,865,293
Lennar Homebuilding equity in earnings from unconsolidated entities	6,494	394	35,393	5,384
Lennar Homebuilding other income (expense), net	(217) 2,262	6,116	5,151
Other interest expense	(3,818) (10,287) (7,889)