

LENNAR CORP /NEW/
Form 10-Q
October 10, 2012

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 August 31, 2012
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 September 30, 2012:
Class A 159,580,731
Class B 31,303,195

Part I. Financial Information

Item 1. Financial Statements

Lennar Corporation and Subsidiaries
Condensed Consolidated Balance Sheets
(In thousands, except shares and per share amounts)
(unaudited)

	August 31, 2012 (1)	November 30, 2011 (1)
ASSETS		
Lennar Homebuilding:		
Cash and cash equivalents	\$ 692,004	1,024,212
Restricted cash	6,601	8,590
Receivables, net	46,281	53,977
Inventories:		
Finished homes and construction in progress	1,693,221	1,334,703
Land and land under development	3,015,444	2,636,510
Consolidated inventory not owned	326,985	389,322
Total inventories	5,035,650	4,360,535
Investments in unconsolidated entities	570,666	545,760
Other assets	913,469	524,694
	7,264,671	6,517,768
Rialto Investments:		
Cash and cash equivalents	72,679	83,938
Defeasance cash to retire notes payable	185,975	219,386
Loans receivable, net	496,802	713,354
Real estate owned, held-for-sale	115,718	143,677
Real estate owned, held-and-used, net	647,227	582,111
Investments in unconsolidated entities	101,668	124,712
Other assets	54,323	29,970
	1,674,392	1,897,148
Lennar Financial Services	779,437	739,755
Total assets	\$9,718,500	9,154,671

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 (1) 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 August 31, 2012, total assets include \$2,110.1 million related to consolidated VIEs of which \$13.2 million is included in Lennar Homebuilding cash and cash equivalents, \$6.2 million in Lennar Homebuilding receivables, net, \$52.2 million in Lennar Homebuilding finished homes and construction in progress, \$477.9 million in Lennar Homebuilding land and land under development, \$62.4 million in Lennar Homebuilding consolidated inventory not owned, \$44.1 million in Lennar Homebuilding investments in unconsolidated entities, \$221.3 million in Lennar Homebuilding other assets, \$72.1 million in Rialto Investments cash and cash equivalents, \$186.0 million in Rialto Investments defeasance cash to retire notes payable, \$400.3 million in Rialto Investments loans receivable, net, \$83.0 million in Rialto Investments real estate owned, held-for-sale, \$483.2 million in Rialto Investments real estate owned, held-and-used, net, \$0.7 million in Rialto Investments in unconsolidated entities and \$7.5 million in Rialto Investments other assets.

As of November 30, 2011, total assets include \$2,317.4 million related to consolidated VIEs of which \$19.6 million is included in Lennar Homebuilding cash and cash equivalents, \$5.3 million in Lennar Homebuilding receivables, net,

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\$0.1 million in Lennar Homebuilding finished homes and construction in progress, \$538.2 million in Lennar Homebuilding land and land under development, \$71.6 million in Lennar Homebuilding consolidated inventory not owned, \$43.4 million in Lennar Homebuilding investments in unconsolidated entities, \$219.6 million in Lennar Homebuilding other assets, \$80.0 million in Rialto Investments cash and cash equivalents, \$219.4 million in Rialto Investments defeasance cash to retire notes payable, \$565.6 million in Rialto Investments loans receivable, net, \$115.4 million in Rialto Investments real estate owned, held-for-sale, \$428.0 million in Rialto Investments real estate owned, held-and-used, net, \$0.6 million in Rialto Investments in unconsolidated entities and \$10.6 million in Rialto Investments other assets.

See accompanying notes to condensed consolidated financial statements.

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

	August 31, 2012 (2)	November 30, 2011 (2)
LIABILITIES AND EQUITY		
Lennar Homebuilding:		
Accounts payable	\$ 169,863	201,101
Liabilities related to consolidated inventory not owned	268,207	326,200
Senior notes and other debts payable	3,671,595	3,362,759
Other liabilities	611,763	602,231
	4,721,428	4,492,291
Rialto Investments:		
Notes payable and other liabilities	614,390	796,120
Lennar Financial Services	524,305	562,735
Total liabilities	5,860,123	5,851,146
Stockholders' equity:		
Preferred stock	—	—
Class A common stock of \$0.10 par value; Authorized: August 31, 2012 and November 30, 2011		
- 300,000,000 shares; Issued: August 31, 2012 - 171,216,366 shares and November 30, 2011	17,122	16,910
-169,099,760 shares		
Class B common stock of \$0.10 par value; Authorized: August 31, 2012 and November 30, 2011		
- 90,000,000 shares; Issued: August 31, 2012 - 32,982,815 shares and November 30, 2011	3,298	3,298
- 32,982,815 shares		
Additional paid-in capital	2,378,574	2,341,079
Retained earnings	1,488,426	956,401
Treasury stock, at cost; August 31, 2012 - 11,702,017 Class A common shares and 1,679,620		
Class B common shares; November 30, 2011 - 12,000,017 Class A common shares and 1,679,620 Class B common shares	(615,698)	(621,220)
Total stockholders' equity	3,271,722	2,696,468
Noncontrolling interests	586,655	607,057
Total equity	3,858,377	3,303,525
Total liabilities and equity	\$9,718,500	9,154,671

As of August 31, 2012, total liabilities include \$719.0 million related to consolidated VIEs as to which neither Lennar Corporation, nor any of its subsidiaries, has any obligations, of which \$7.8 million is included in Lennar (2) Homebuilding accounts payable, \$33.8 million in Lennar Homebuilding liabilities related to consolidated inventory not owned, \$171.4 million in Lennar Homebuilding senior notes and other debts payable, \$15.0 million in Lennar Homebuilding other liabilities and \$491.0 million in Rialto Investments notes payable and other liabilities.

As of November 30, 2011, total liabilities include \$902.3 million related to consolidated VIEs as to which neither Lennar Corporation, nor any of its subsidiaries, has any obligations of which \$12.7 million is included in Lennar Homebuilding accounts payable, \$43.6 million in Lennar Homebuilding liabilities related to consolidated inventory not owned, \$175.3 million in Lennar Homebuilding senior notes and other debts payable, \$16.7 million in Lennar Homebuilding other liabilities and \$654.0 million in Rialto Investments notes payable and other liabilities.

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2012	2011	2012	2011
Revenues:				
Lennar Homebuilding	\$955,800	711,754	2,388,321	1,840,939
Lennar Financial Services	106,764	66,374	263,574	183,509
Rialto Investments	37,194	42,065	102,874	118,283
Total revenues	1,099,758	820,193	2,754,769	2,142,731
Costs and expenses:				
Lennar Homebuilding (1)	850,432	662,909	2,167,019	1,741,383
Lennar Financial Services	81,441	58,386	212,021	171,843
Rialto Investments	46,396	33,562	109,964	94,184
Corporate general and administrative	32,286	22,776	88,296	66,726
Total costs and expenses	1,010,555	777,633	2,577,300	2,074,136