

**From:** Amboss, Rodolpho <ramboss@lehman.com>  
**Sent:** Thursday, January 4, 2007 5:39 PM (GMT)  
**To:** Goodman, Jeffrey <jeffrey.goodman@lehman.com>  
**Cc:** Barsanti, Anthony <abarsant@lehman.com>; Klasewitz, Zev <Zev.Klasewitz@lehman.com>; Gilhool Jr, Francis <fgilhool@lehman.com>; Cohen, Jonathan <jonathan.cohen@lehman.com>; Cohen, Kenneth <kcohen@lehman.com>  
**Subject:** FW: Lennar Sees Tough Going Ahead

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Jeff,  
pls see below. let us know if you need more info.  
Rodolpho

From: Lebovitz, Brad  
Sent: Wednesday, January 03, 2007 6:05 PM  
To: Amboss, Rodolpho; Dinnie, Kevin; Blakely, Karen  
Subject: RE: Lennar Sees Tough Going Ahead

Rodolpho

Lennar is selling a partial interest in the land. My guess is they still believe in the area but probably wanted to get it off their books. The deal was sold for \$71k per acre the majority of the land is still unentitled and from a timing perspective is significantly behind where we are with Northlake.

Our current basis in Northlake is \$50k per acre(acquisition basis was \$19k) and our land should be fully entitled in the next 60-90 days. In order to achieve the uw multiple if 3.2x, we would have to achieve an average lot price of \$185k per lot compared to current projections of \$252k per lot. We still feel good about this deal due to it's proximity to LA and the lack of developable sites.

Please let me know if you have any comments.

Brad

From: Amboss, Rodolpho  
Sent: Wednesday, January 03, 2007 2:39 PM  
To: Dinnie, Kevin; Lebovitz, Brad; Blakely, Karen  
Subject: FW: Lennar Sees Tough Going Ahead

is Newhall comparable to our holdings with SunCal? we should discuss

From: Goodman, Jeffrey  
Sent: Wednesday, January 03, 2007 1:32 PM  
To: Barsanti, Anthony; Klasewitz, Zev; Amboss, Rodolpho; Gilhool Jr, Francis; Huang, Wayne; Cohen, Jonathan

Cc: Cohen, Kenneth  
Subject: Lennar Sees Tough Going Ahead

pretty negative view of CA land here, do we know what the sale of Newhall Land implies on our land pricing for marks for suncal and others?

Home Builder's CEO Says  
Market Hasn't Hit Bottom;  
Loss Is Expected in Quarter  
By JANET MORRISSEY  
January 3, 2007; Page A8

Lennar Corp. Chief Executive Stuart Miller said he sees no signs the home-building market has hit bottom, signaling the industry could continue to face pressure on its financial results.

The Miami company also said it expects to report a fiscal fourth-quarter loss amid land-related write-downs of between \$400 million and \$500 million. "Market conditions continued to weaken throughout the fourth quarter, and we have not yet seen tangible evidence of a market recovery," Mr. Miller said.

[Chart]  
<[http://online.wsj.com/public/resources/images/NA-AL697A\\_LENNA\\_20070102200053.gif](http://online.wsj.com/public/resources/images/NA-AL697A_LENNA_20070102200053.gif)>

Lennar said it slashed its exposure in California, where market conditions have been deteriorating. The company, along with partner LNR Property Corp., agreed to sell a 62% stake in their LandSource joint venture, whose primary investment, Newhall Land and Farming, owns 15,000 acres in the Santa Clarita Valley.

Lennar and LNR, a holding of Cerberus Capital Management LP, each will receive \$660 million for the stake from MW Housing, which is co-managed by real-estate investment-management firm MacFarlane Partners and includes the California Public Employees' Retirement System. Lennar will continue to get management fees and retain a 19% stake in the partnership.

"It sends a signal that they don't want to have their capital at risk in Southern California for the next few years," said Raymond James Financial Inc. analyst Rick Murray. He sees the sale as a sign the company doesn't believe a rebound in California will happen in the near future.

The builder's orders fell 6% in the quarter ended Nov. 30, which is better than many of its rivals, which have been experiencing declines of 20% to 40%. The decline reflects price slashing and incentives.

Lennar has acknowledged from the start of the housing slowdown that it has resorted to cutting prices and other incentives to push sales. The price discounting and incentives took a toll on the company's gross

profit margins, which were "materially lower" in the quarter, he said.

Lennar, which will release earnings results Jan. 17, expects to report a loss in the quarter of between 88 cents and \$1.28 a share.