



## Investor Presentation Q4 2023



# FORWARD-LOOKING STATEMENTS

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This presentation may include “forward-looking statements” as defined by the Private Securities Litigation Reform Act of 1995. Although Forestar believes any such statements are based on reasonable assumptions, there is no assurance that actual outcomes will not be materially different. Factors that may cause the actual results to be materially different from the future results expressed by the forward-looking statements include, but are not limited to: the effect of D.R. Horton’s controlling level of ownership on us and the holders of our securities; our ability to realize the potential benefits of the strategic relationship with D.R. Horton; the effect of our strategic relationship with D.R. Horton on our ability to maintain relationships with our customers; the cyclical nature of the homebuilding and lot development industries and changes in economic, real estate and other conditions; the impact of significant inflation, higher interest rates or deflation; supply shortages and other risks of acquiring land, construction materials and skilled labor; the effects of public health issues such as a major epidemic or pandemic, including the impact of COVID-19 on the economy and our business; the impacts of weather conditions and natural disasters; health and safety incidents relating to our operations; our ability to obtain or the availability of surety bonds to secure our performance related to construction and development activities and the pricing of bonds; the impact of governmental policies, laws or regulations and actions or restrictions of regulatory agencies; our ability to achieve our strategic initiatives; continuing liabilities related to assets that have been sold; the cost and availability of property suitable for residential lot development; general economic, market or business conditions where our real estate activities are concentrated; our dependence on relationships with national, regional and local homebuilders; competitive conditions in our industry; obtaining reimbursements and other payments from governmental districts and other agencies and timing of such payments; our ability to succeed in new markets; the conditions of the capital markets and our ability to raise capital to fund expected growth; our ability to manage and service our debt and comply with our debt covenants, restrictions and limitations; the volatility of the market price and trading volume of our common stock; our ability to hire and retain key personnel; and the strength of our information technology systems and the risk of cybersecurity breaches and our ability to satisfy privacy and data protection laws and regulations. Additional information about issues that could lead to material changes in performance is contained in Forestar’s annual report on Form 10-K and its most recent quarterly report on Form 10-Q, both of which are or will be filed with the Securities and Exchange Commission.

In addition to providing results that are determined in accordance with GAAP, we present EBITDA and Adjusted EBITDA, which are non-GAAP financial measures. These measures are not considered measures of financial performance or liquidity under GAAP, and the items excluded therefrom are significant components in understanding and assessing our financial performance or liquidity. These measures should not be considered in isolation or as alternatives to GAAP measures such as net income, cash provided by or used in operating, investing or financing activities or other financial statement data presented in the financial statements as an indicator of our financial performance or liquidity.

Non-GAAP financial measures as reported by us may not be comparable to similarly titled metrics reported by other companies and may not be calculated in the same manner. These measures have limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP. Reconciliations of such non-GAAP measures to the most directly comparable GAAP measure and calculations of the non-GAAP measures are set forth in the appendix of this presentation.

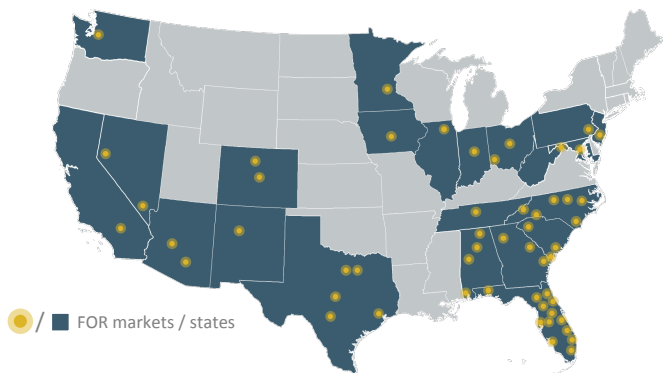
# FORESTAR OVERVIEW



## FORESTAR

Forestar Group Inc. (“Forestar” or “FOR”) is a highly differentiated, pure-play, residential lot developer for the affordably-priced single-family home market

Operations in 54 markets across 22 states<sup>(1)</sup>



(1) As of 9/30/23



### RETURNS FOCUSED

Track record of solid operational results



### PRUDENT

Fully-entitled projects with short durations



### DISCIPLINED

Investing capital across a diverse, national footprint which mitigates risk



### STRATEGIC

Strong relationship with D.R. Horton, the nation's largest homebuilder



### EFFICIENT

Capturing market share while maintaining a low overhead model



### STRONG LIQUIDITY

Balance sheet provides financial and operational flexibility



### LEADERSHIP

Proven management team with significant land development experience

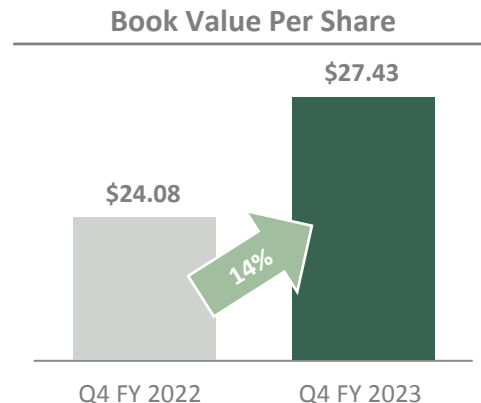
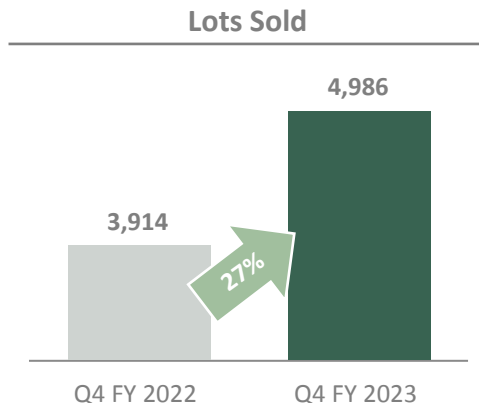
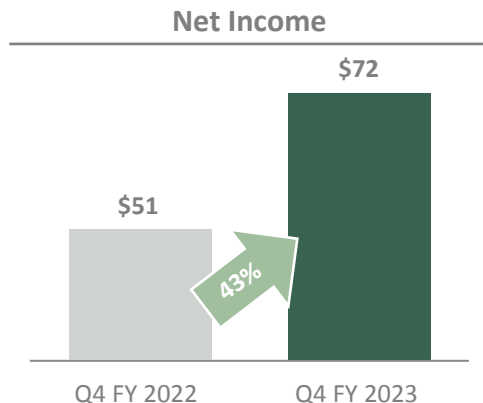


FORESTAR <sup>3</sup>

# Q4 FY 2023 HIGHLIGHTS

## Solid execution with strong profitability

- Earnings per diluted share increased 41% to \$1.44
- Pre-tax income increased 44% to \$95 million on \$550 million of revenues, with a pre-tax profit margin of 17.4%
- Net debt to capital<sup>(1)</sup> improved from 26.9% to 5.5%, and total liquidity increased to \$998 million
- Real estate book value of \$1.8 billion
- Return on equity<sup>(2)</sup> of 13.2%



\$ in millions

Note: All comparisons are to the prior year quarter

(1) Net debt to total capital consists of debt net of unrestricted cash divided by stockholders' equity plus debt net of unrestricted cash.

(2) Return on equity is calculated as net income for the trailing twelve months divided by average stockholders' equity, where average stockholders' equity is the sum of ending stockholders' equity balances of the trailing five quarters divided by five



# FY 2023: STRONG EXECUTION DRIVING FINANCIAL PERFORMANCE

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## **Strong Operational Execution**



Revenues of \$1.4 billion on 14,040 lots sold



## **Robust Margins**



Pre-tax income of \$221.6 million, with a pre-tax profit margin of 15.4%



## **Low-Cost Structure**



SG&A was 6.8% of revenues  
\$4.7 million of revenue per employee



## **Increasing Financial Flexibility**

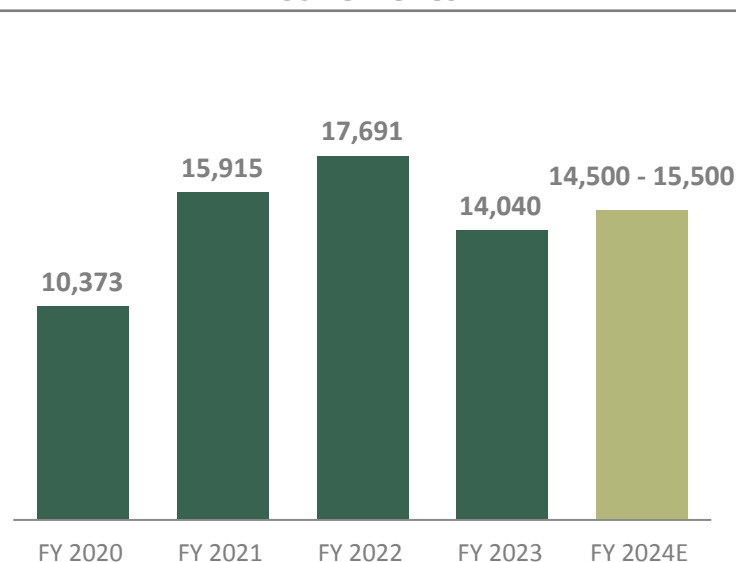


Approximately \$1 billion of liquidity  
Net debt to capital of 5.5%

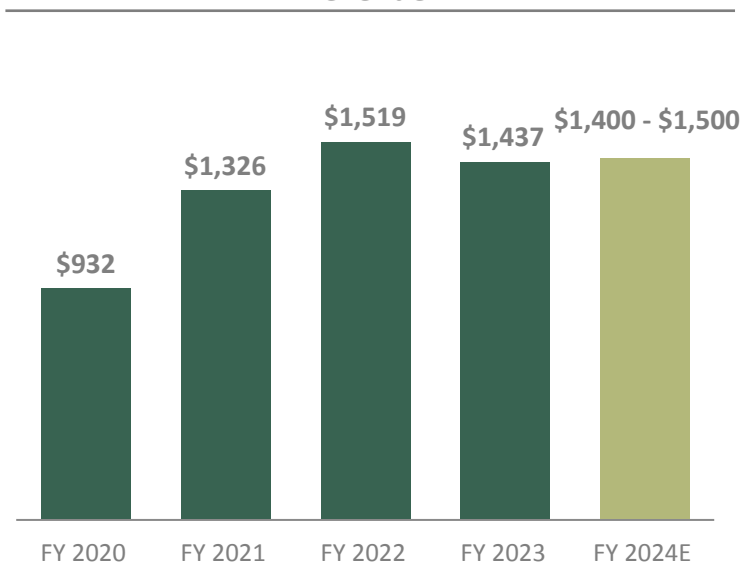
# SOLID PERFORMANCE WHILE POSITIONING FOR FUTURE GROWTH

Forestar expects to grow its lot deliveries ~3% to 10% in fiscal 2024, generating between \$1.4 billion and \$1.5 billion of revenue.

## Lot Deliveries



## Revenue



\$ in millions

Note: Expectations are based on current market conditions as noted on the Company's Q4 FY 2023 conference call on 11/7/23.

# FORESTAR SUPPLIES THE FIRST INPUT TO BUILDING A HOME

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## Key Components to Building a Home:

- **Finished Lot (~20-30% of ASP)**
- Concrete
- Lumber
- Roofing materials
- Siding / Brick
- Windows
- Insulation
- HVAC / Plumbing / Electrical
- Cabinets / Flooring / Paint
- Appliances

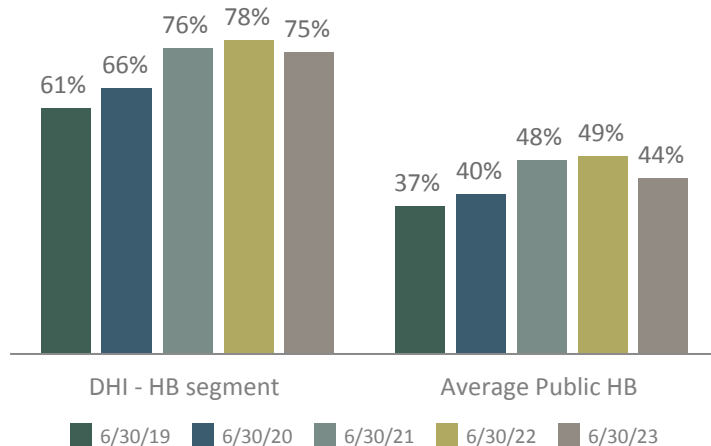


Note: ASP refers to the average sales price of a home

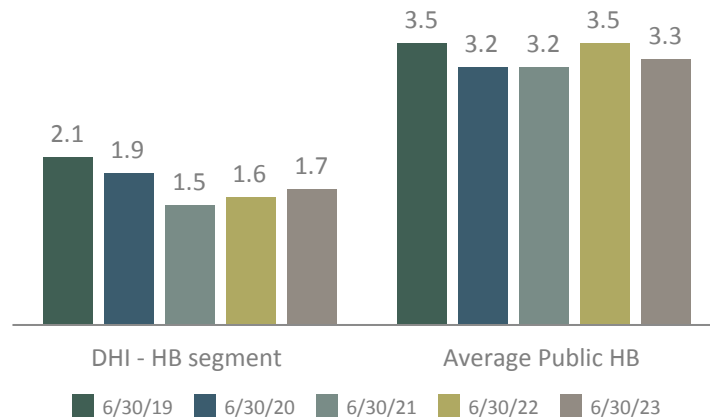
# UNIQUELY POSITIONED TO PROVIDE FINISHED LOTS

Builders' preference for 'land lighter' models enhances opportunity, and in times of economic uncertainty, many homebuilders shift their land strategies to slow raw land purchases and focus on purchasing finished lots

Optioned Land/Lot Position as a % of Total Owned & Controlled



Number of Years of Owned Land Based on TTM Closings



Source: FactSet and respective Company SEC filings

Notes: Average Public Homebuilder (HB) data represents the land and lot positions of LEN, PHM, TOL, NVR, MTH, MDC, TMHC, TPH, LGIH and KBH

For LEN and KBH, data is as of the periods ended 5/31

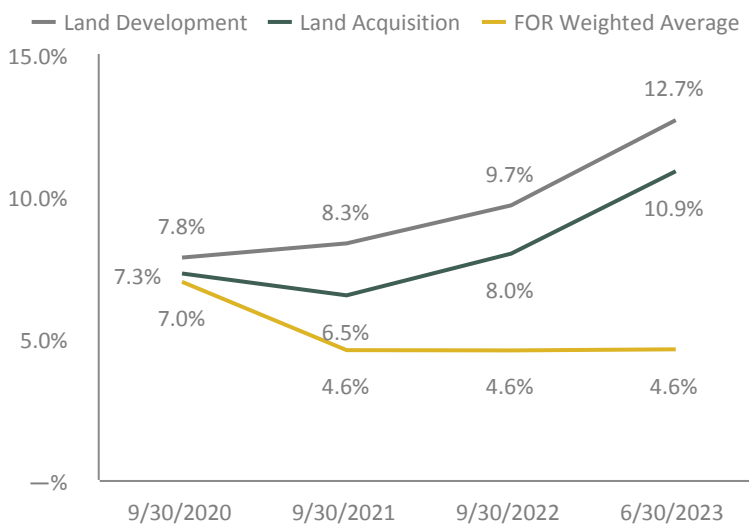
For TOL, data is as of the periods ended 7/31



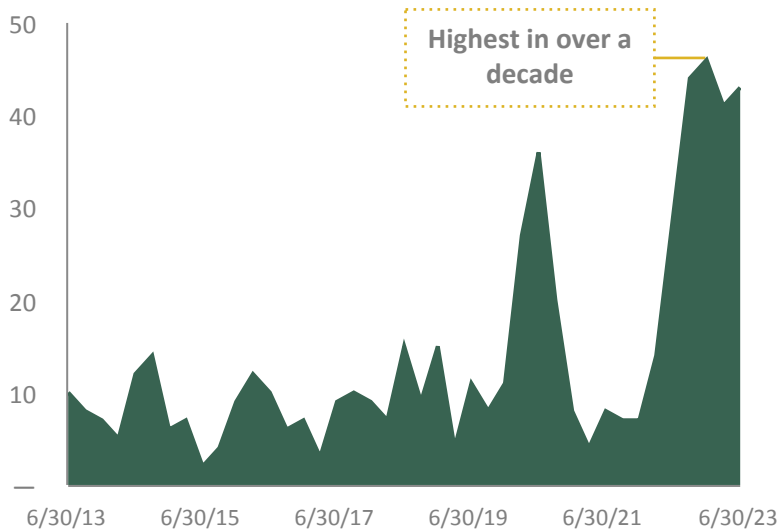
# PROJECT-LEVEL LAND DEVELOPMENT FINANCING SNAPSHOT

According to the NAHB's Survey on Acquisition, Development & Construction Financing, credit continued to become more expensive on loans for acquisition and development in the second calendar quarter of 2023

Effective Interest Rate of Financing



Percent of Respondents Saying Land Development Loan Availability is Worse (SEQ)

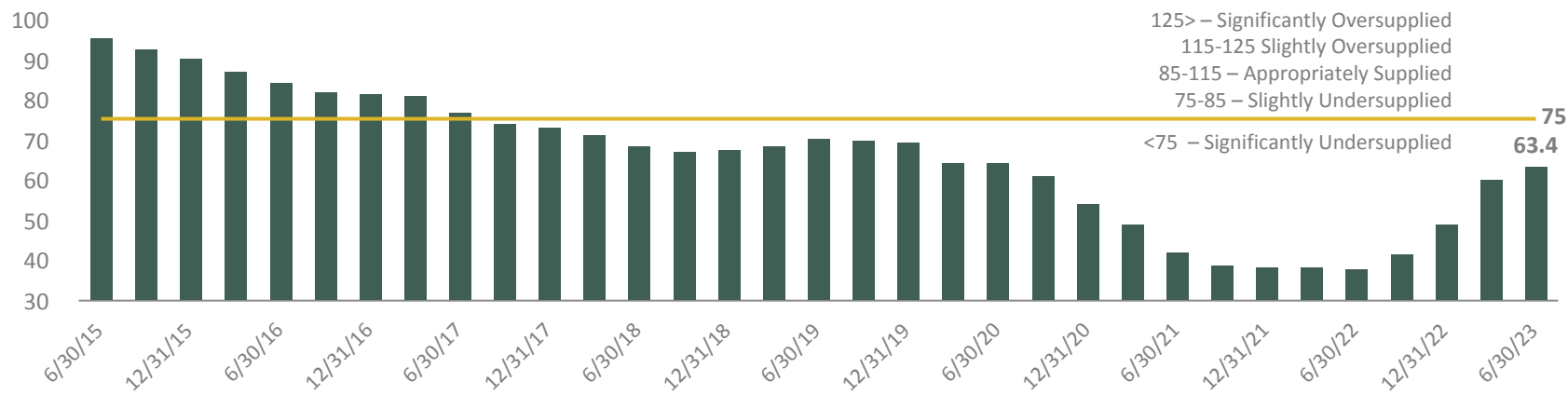


Source: NAHB

# CONSTRAINED LOT SUPPLY

- Availability of lots is improving from historic lows; however, the calendar 2Q 2023 data still reflects a significantly undersupplied market nationally
- The improvement in lot availability is likely short lived given the recent acceleration of single-family housing starts
- New home construction has been constrained by the availability of lots, labor and materials shortages, increased regulation and tight credit for land development

Zonda New Home Lot Supply Index



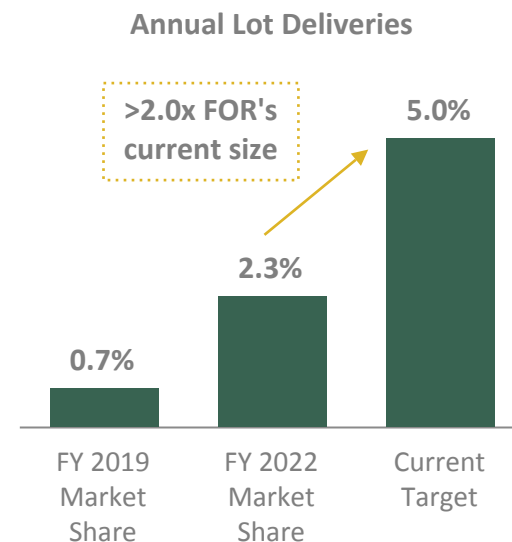
Source: Zonda

Note: The lot supply index values represent single-family vacant developed lot supply, lots that are ready to be built on, relative to equilibrium

# INTERMEDIATE TERM GROWTH GOALS

Forestar has a visible path to capturing 5% market share within the highly-fragmented U.S. single-family residential lot development industry\*

Organic Growth	Inorganic Growth	Maximize Returns
<ul style="list-style-type: none"><li>Gain market share within D.R. Horton and current footprint</li><li>Accelerate development to meet strong underlying demand for finished lots</li><li>Diversify customer base – 30% of lot deliveries to customers other than D.R. Horton</li><li>Invest in the growth and development of our local teams</li></ul>	<ul style="list-style-type: none"><li>Expand into new markets to further diversify national footprint</li><li>Acquire key personnel when appropriate</li><li>Selectively pursue strategic M&amp;A opportunities</li></ul>	<ul style="list-style-type: none"><li>Grow portfolio of Forestar sourced development projects</li><li>Operational efficiencies due to scale</li><li>Adopt new technologies to enhance efficiencies</li></ul>



\*5% market share goal based on one million annual U.S. fee simple single-family homes started

Note: FY 2023 market share will be updated after the Census releases U.S. fee simple single-family homes started for the period ended 9/30/23

# MANUFACTURING APPROACH TO LAND DEVELOPMENT

Forestar has a fundamentally strong business model with sustainable results and a continued focus on maximizing returns



**Short duration**, fully-entitled lot development projects — asset turnover is fundamental to the business strategy



**Large scale** with national footprint and in-market depth — Forestar has approximately 200 active projects across 54 markets and 22 states



**Returns-focused, with strict underwriting criteria** — all projects must have >15% return on average inventory<sup>(1)</sup> and return the entire phase 1 investment (including all land costs) in 36 months or less



**Predictable operating results with strong profitability** — pre-tax profit margin of 17.4% in Q4 FY 2023



**Strong liquidity and access** to debt and equity capital — Forestar's capital structure is a key competitive advantage

**FOR has disrupted the traditional land development model**

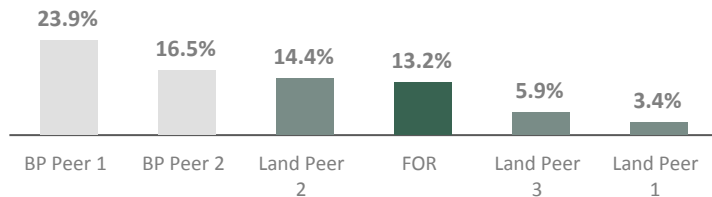
(1) Return on average inventory is calculated as pre-tax income divided by average inventory over the life of a project



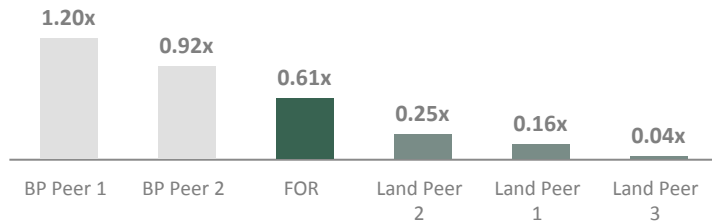
# UNIQUE APPROACH TO LOT DEVELOPMENT – DUPONT ANALYSIS

Forestar's lot manufacturing strategy has positioned the Company closer to a building products manufacturer than a traditional land developer

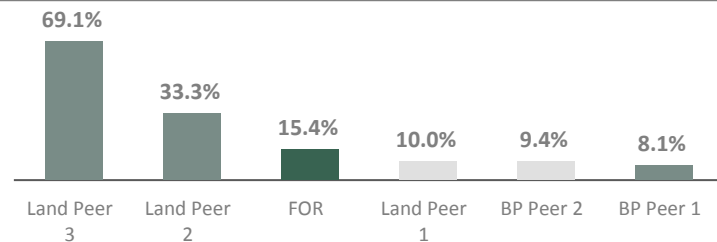
Return on Equity<sup>(1)</sup>



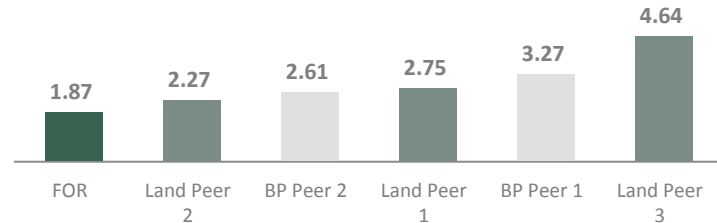
Asset Turnover<sup>(3)</sup>



Pre-Tax Profit Margin<sup>(2)</sup>



Financial Leverage<sup>(4)</sup>



Source: Factset as of 11/2/23, except for Forestar which is as of 4Q FY 2023

(1) Return on equity is calculated as net income for the trailing twelve months divided by average stockholders' equity, where average stockholders' equity is the sum of ending stockholders' equity balances of the trailing five quarters divided by five

(2) Pre-tax profit margin is calculated for the trailing twelve months

(3) Asset turnover is calculated as revenue for the trailing twelve months divided by average assets, where average assets is the sum of total assets balances of the trailing five quarters divided by five

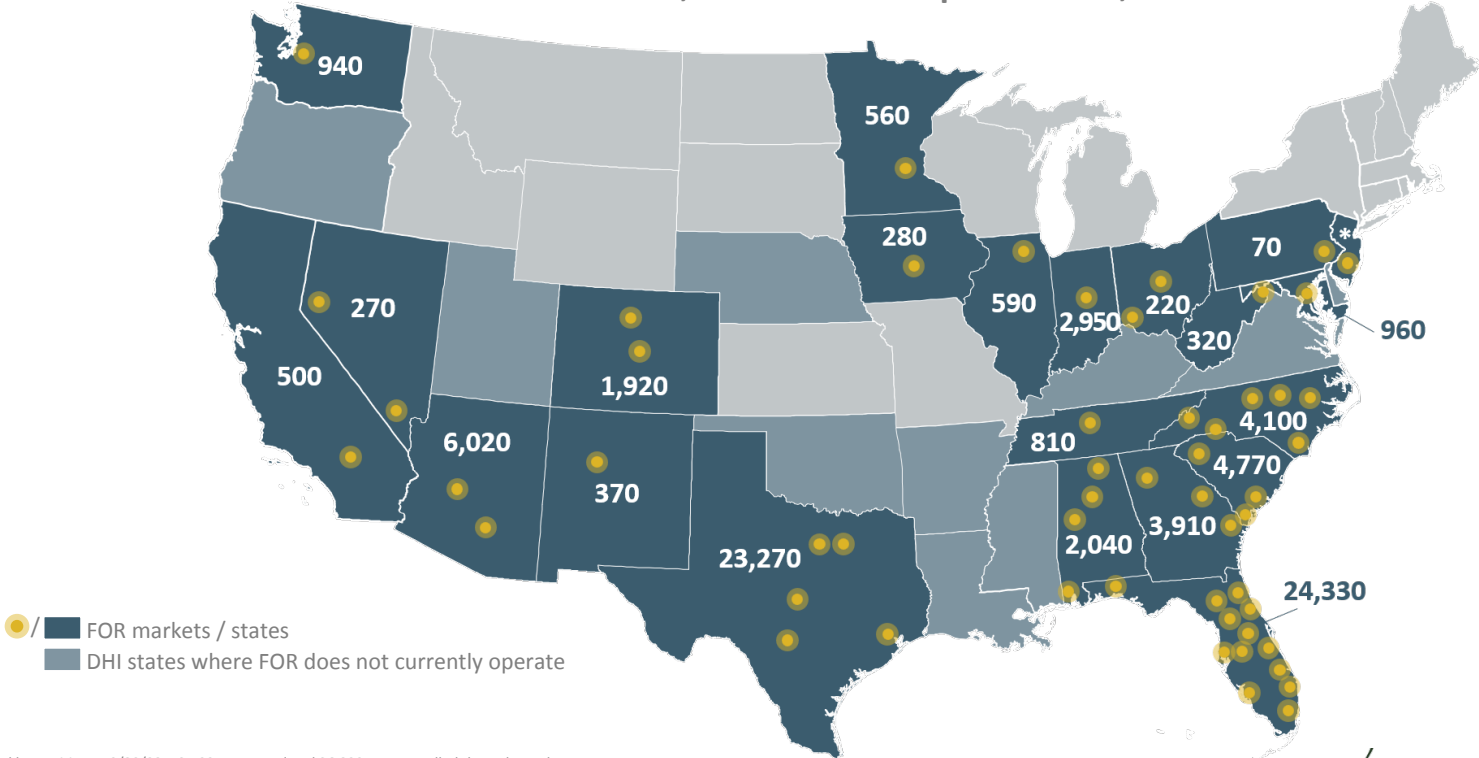
(4) Financial leverage is calculated as average assets divided by average stockholders' equity, where average assets is the sum of total assets balances of the trailing five quarters divided by five and where average stockholders' equity is the sum of ending stockholders' equity balances of the trailing five quarters divided by five



# DIVERSIFIED NATIONAL FOOTPRINT

54 MARKETS | 22 STATES

Portfolio of 79,200 lots as of September 30, 2023



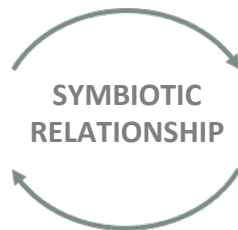
● / ■ FOR markets / states  
■ DHI states where FOR does not currently operate

Of total lot position at 9/30/23, 52,400 are owned and 26,800 are controlled through purchase contracts  
\*Although Forestar does not currently own lots in New Jersey, the Company is currently reviewing investment opportunities and expects to continue to have a presence in the state

# HIGHLY STRATEGIC ALIGNMENT WITH DHI

## BENEFITS TO FOR

- Supports Forestar's national platform
- Significant built-in demand for lots
- Improved access to capital markets
- Shared Services from DHI



## BENEFITS TO DHI

- Long-term consistent supplier of finished lots across DHI's national footprint (118 markets in 33 states)
- Integral component of DHI's operational strategy
- Participate in value creation of FOR

## Alignment with the nation's largest builder provides support and stability in changing economic conditions

- Most land developers lack the scale and access to capital to be consistent suppliers of lots to DHI across its national footprint
- DHI is committed to owning no more than a 2-year supply of lots, while increasing its mix of controlled lots in inventory
- D.R. Horton has a strong appetite for finished lots that continues even during potential market downturns
  - During the worst years of the last significant housing downturn, D.R. Horton closed ~17,000 to 20,000 homes annually, the majority of which were built on finished lots purchased from 3rd parties
- Master Supply, Stockholder and Shared Services Agreements formalize the business relationship and protect FOR's interests<sup>(1)</sup>
- DHI plans to maintain a significant ownership position in FOR over the long-term<sup>(2)</sup>

## Relationship with DHI further strengthens FOR's competitive advantage

**DHI's interests are aligned with FOR shareholders to ensure the profitable expansion of FOR's platform**

(1) Master Supply Agreement, Stockholder's Agreement and Shared Services Agreement summaries included in Appendix

(2) D.R. Horton owns 63% of Forestar as of 9/30/23

# MASTER SUPPLY AGREEMENT

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The Master Supply Agreement formalizes the business relationship with DHI as both companies identify real estate opportunities and protects FOR's interests via the Right of First Offer process

## A Right of First Offer (ROFO) is very different than a Right of First Refusal (ROFR)

- A ROFO agreement helps establish a fair market price/terms, whereas a ROFR is advantageous to the buyer by providing a "last look"
- The ROFO provides DHI the "first look" on available lots at market terms set by Forestar
- If FOR and DHI fail to agree on terms, FOR can offer the lots to other customers at similar terms offered to DHI

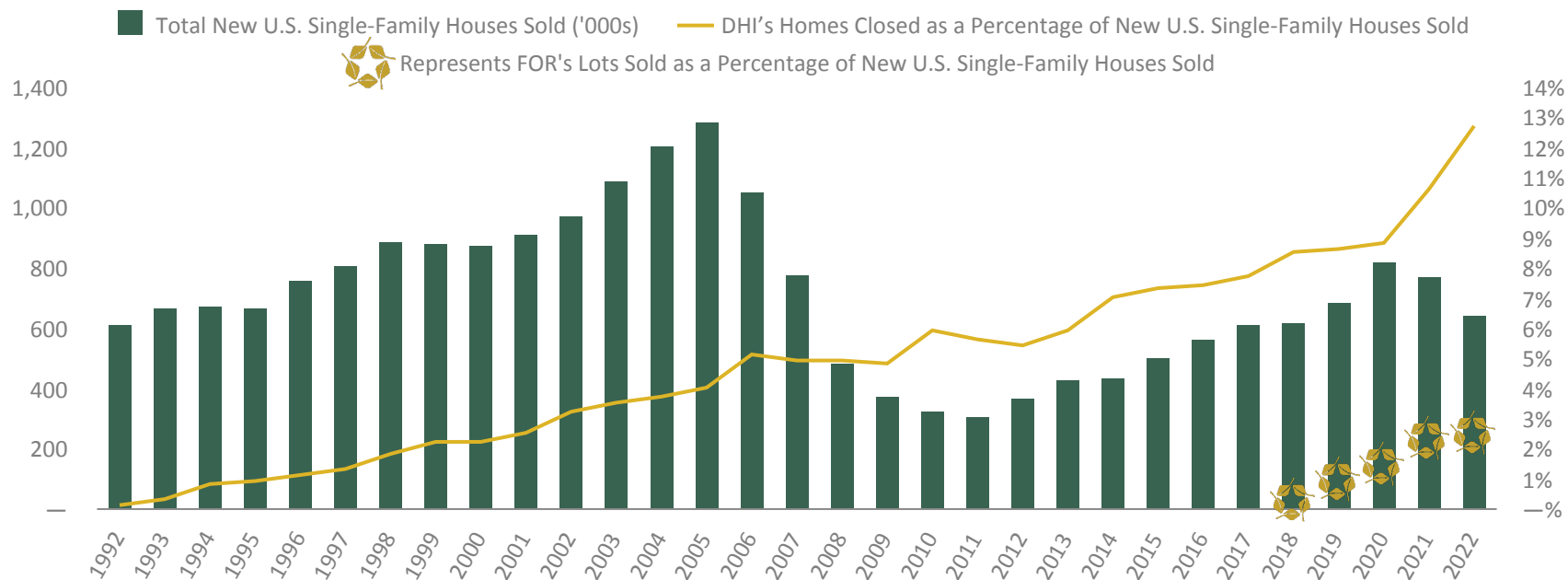
- 1 Lots Sourced by DHI**  
FOR must offer 100% of the lots sourced by DHI to DHI at current market terms
- 2 Lots Sourced by FOR**  
FOR must offer 50% of the lots in the first phase to DHI and 50% of the lots in any subsequent phase if DHI purchases at least 25% of the lots in the previous phase at current market terms
- 3 Lots Sourced by Third Parties**  
FOR offers the lots to the respective customer on third-party sourced development opportunities and is not contractually obligated to offer DHI the "first look"

Note: The Master Supply Agreement continues until the earlier of (i) the date which DHI owns less than 15% of voting shares of FOR or (ii) June 29, 2037; however, FOR may terminate the MSA at any time when DHI owns less than 25% of the voting stock of Forestar



# DHI TRACK RECORD PROVIDES ROADMAP TO FOR

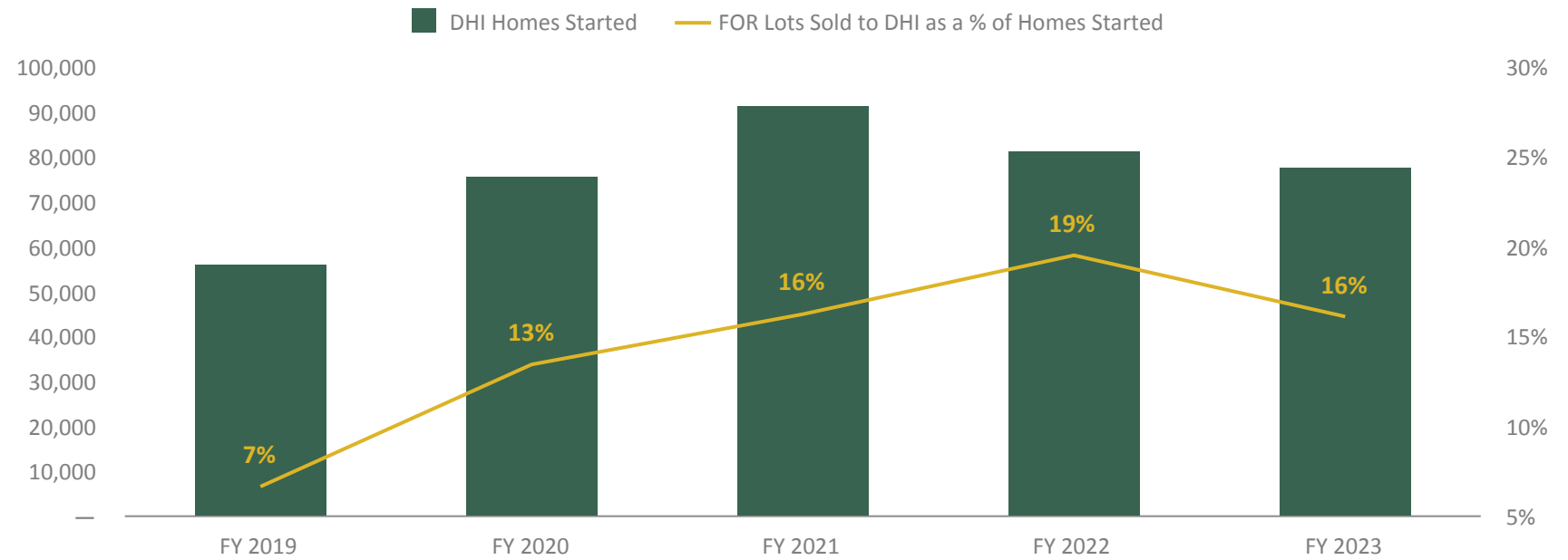
DHI's 30-year public track record provides a blueprint to FOR to achieve its own growth, consolidation and market share gains



Source: Company filings, Census  
Note: Periods represent full calendar year

# FOR IS AN ESSENTIAL LOT SUPPLIER TO DHI

FOR maintains solid market share within DHI and has a goal to supply approximately one third of DHI's annual lot needs

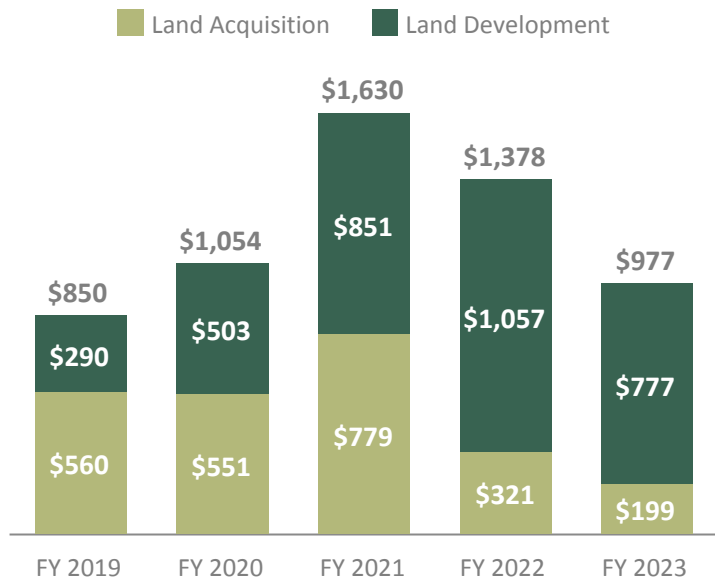


Note: Includes 191, 943 and 252 lots sold in FY 2021, FY 2022 and FY 2023, respectively, to a lot banker who expects to sell those lots to D.R. Horton at a future date

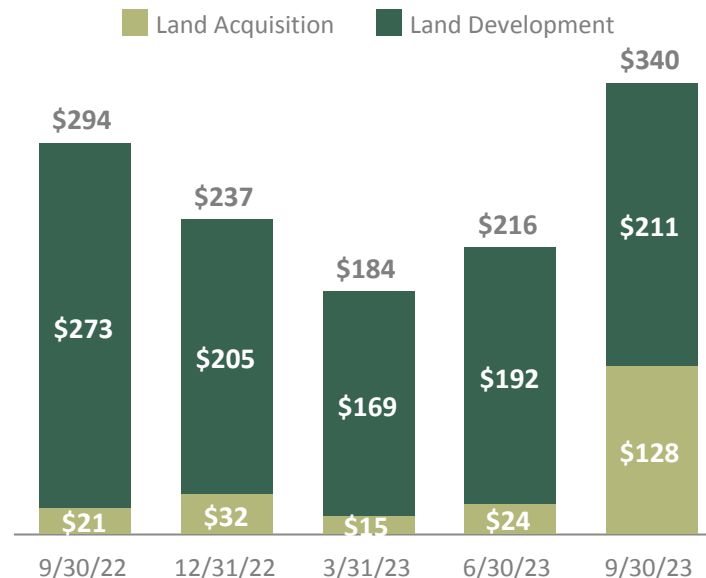
# LAND AND DEVELOPMENT INVESTMENTS

Forestar is opportunistic when investing in new projects and focuses on managing development in phases to deliver finished lots at a pace that matches market demand, consistent with its focus on capital efficiency and returns

As of the Fiscal Year Ended



As of the Quarter Ended

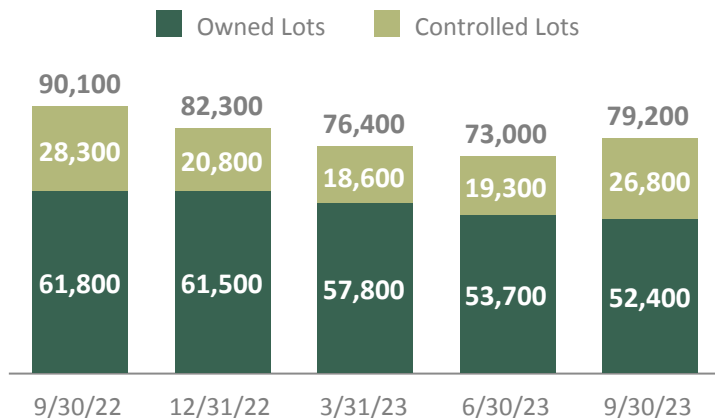


\$ in millions

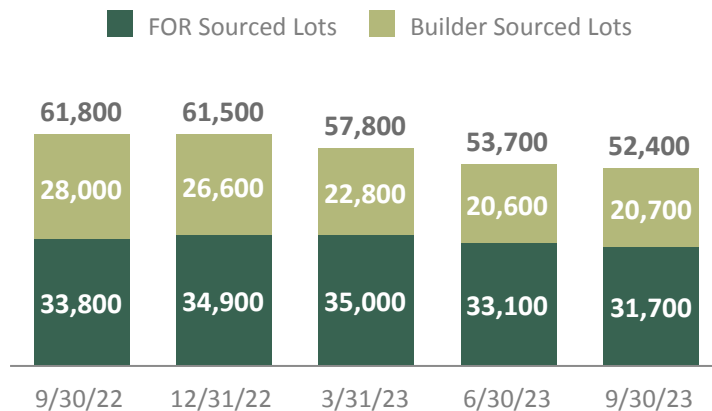
# LOT POSITION

- Forestar's owned and controlled lot position has decreased as the majority of investment has shifted towards land development, while selectively replenishing lot supply to support future growth
- Forestar's strong liquidity will be used to increase opportunistic land purchases
- Forestar is targeting a 3- to 4-year owned inventory of lots

### Owned & Controlled Lot Position



### Owned Lot Position by Source



Includes lots that DHI has under contract or the right of first offer to purchase of 31,400 at 9/30/23, 30,500 at 6/30/23, 31,500 at 3/31/23, 35,000 at 12/31/22 and 36,700 at 9/30/22, respectively.



# SOLID BALANCE SHEET AND LIQUIDITY POSITION

- Forestar is well-positioned with conservative net leverage<sup>(1)</sup> of 0.3x, net debt to capital<sup>(2)</sup> of 5.5% and a strong liquidity position of ~\$1 billion at 9/30/23
- Balanced financing plan includes both debt and equity — net debt to capital<sup>(2)</sup> target of  $\leq 40\%$
- Capital allocation priorities include land development, land acquisition, investment in team and M&A opportunities

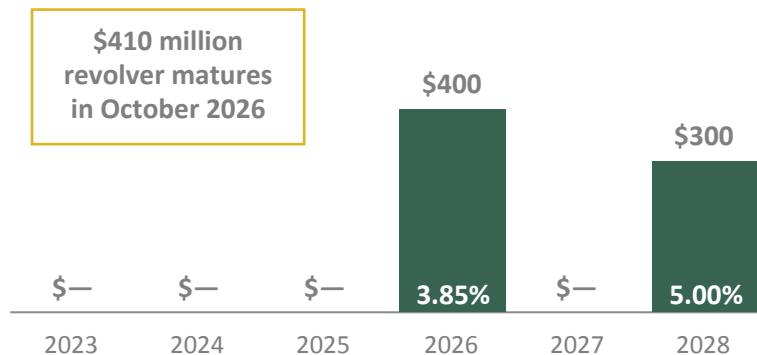
## Capitalization Summary at 9/30/23

Cash and cash equivalents	\$	616.0
Debt	\$	695.0
Stockholders' equity	\$	1,368.9
<b>Net debt to capital<sup>(2)</sup></b>		<b>5.5 %</b>

## Available Liquidity at 9/30/23

Cash and cash equivalents	\$	616.0
Availability under revolving credit facility	\$	382.3
<b>Total liquidity</b>	<b>\$</b>	<b>998.3</b>

## Debt Maturity Profile



\$ in millions

(1) Net leverage is calculated as debt net of unrestricted cash divided by adjusted EBITDA for the trailing twelve months. See appendix for adjusted EBITDA reconciliation

(2) Net debt to capital is calculated as debt net of unrestricted cash divided by debt net of unrestricted cash plus stockholders' equity

# COMMITTED LEADERSHIP WITH DECADES OF EXPERIENCE

Management team includes land development veterans experienced in consolidating market share and navigating through industry and economic cycles

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We have a team of high performers who can tackle even the most difficult development challenges.

- Dan Bartok

II

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Regional Vice Presidents  
24 Average Years of Experience

19

Division Leaders  
20 Average Years of Experience

## DON TOMNITZ

Executive Chairman

*Formerly President & CEO of DHI for over a decade and joined FOR in October 2017*

## DAN BARTOK

CEO

*Joined FOR in December 2017; formerly EVP of Owned Real Estate for Wells Fargo with 40 years experience in the homebuilding & land development industry*

## JIM ALLEN

CFO

*Joined FOR in March 2020 with over 35 years of operating and financial experience in multiple industries including manufacturing*

## MARK WALKER

COO

*Joined FOR in February 2019 with over 20 years of real estate experience from public and private homebuilders, including DHI*

# APPENDIX

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# BUSINESS OVERVIEW

## Forestar Capital Deployment and Cash Generation



### Source land acquisition opportunities

- Forestar, D.R. Horton and other homebuilders



### Place land under contract and complete due diligence

- Environmental, market, entitlement, planning, engineering and permitting review



### Close acquisition of entitled land (~30% finished lot cost)

- Initial Forestar capital commitment



### Lot development (~70% finished lot cost)

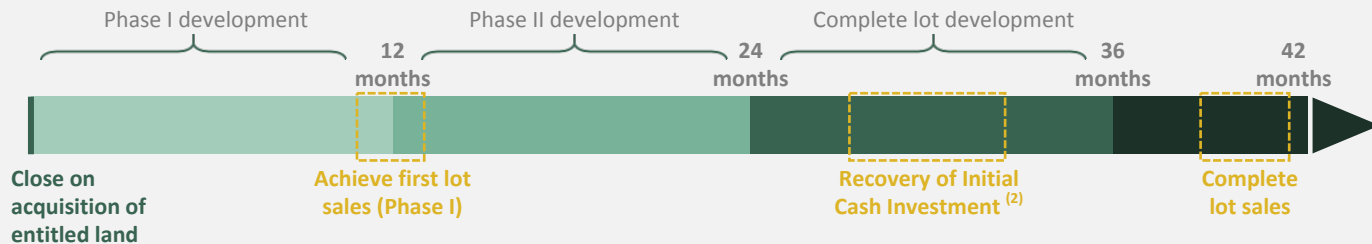
- Phased development
- ~50% of development cost is grading and utilities
- ~50% of development cost is roads, landscape, amenities, engineering, fees and all other



### Deliver finished lots to builders

- D.R. Horton and other homebuilders

### ILLUSTRATIVE FORESTAR PROJECT



### Underwriting Criteria

- >15% Return on Inventory <sup>(1)</sup>
- <36 month return of initial investment

(1) Return on inventory is calculated as pre-tax income divided by average inventory over the life of a project

(2) Includes land purchase price and development costs for first phase of lots

# INCOME STATEMENT

	3 MONTHS ENDED		12 MONTHS ENDED	
	9/30/23	9/30/22	9/30/23	9/30/22
<b>Residential lots sold:</b>	<b>4,986</b>	<b>3,914</b>	<b>14,040</b>	<b>17,691</b>
Development projects	4,986	3,861	14,040	16,454
Lot banking projects	—	53	—	383
Deferred development projects	—	—	—	854
Average sales price per lot <sup>(1)</sup>	\$ 97,400	\$ 88,800	\$ 90,900	\$ 86,300
<b>Revenues<sup>(2)</sup></b>	<b>\$ 549.7</b>	<b>\$ 381.4</b>	<b>\$ 1,436.9</b>	<b>\$ 1,519.1</b>
Gross profit	115.6	89.2	304.1	324.0
Selling, general and administrative expense	26.4	23.7	97.7	93.6
Equity in earnings of unconsolidated ventures	—	(0.1)	—	(1.2)
Gain on sale of assets	—	—	(1.6)	(3.2)
Interest and other income	(6.2)	(0.8)	(13.6)	(1.0)
<b>Income before income taxes</b>	<b>\$ 95.4</b>	<b>\$ 66.4</b>	<b>\$ 221.6</b>	<b>\$ 235.8</b>
Income tax expense	23.0	15.6	54.7	57.0
Net income	<u>\$ 72.4</u>	<u>\$ 50.8</u>	<u>\$ 166.9</u>	<u>\$ 178.8</u>
<b>Net income per diluted share</b>	<b>\$ 1.44</b>	<b>\$ 1.02</b>	<b>\$ 3.33</b>	<b>\$ 3.59</b>

\$ in millions except per share data and the average sales price per lot

Unaudited

(1) Excludes any impact from change in contract liabilities

(2) Revenues include \$64.1 million and \$27.7 million in tract sales and other revenue for three months ended September 30, 2023 and 2022, respectively, and \$132.2 million and \$36.8 million in tract sales and other revenue for year ended September 30 ended September 30, 2023 and 2022, respectively. Revenues also include \$4.3 million and \$6.4 million in deferred development revenue for the three months ended September 30, 2023 and 2022, respectively, and \$29.0 million and \$26.8 million in deferred development revenue for the year ended September 30 ended September 30, 2023 and 2022,

# ADJUSTED EBITDA RECONCILIATION

## Reconciliation of Adjusted Non-GAAP Financial Measures to their GAAP equivalents

	3 MONTHS ENDED		12 MONTHS ENDED	
	9/30/23	9/30/22	9/30/23	9/30/22
<b>Net income</b>	<b>\$ 72.4</b>	<b>\$ 50.8</b>	<b>\$ 166.9</b>	<b>\$ 178.8</b>
Income tax expense	23.0	15.6	54.7	57.0
Interest charged to cost of sales	10.2	7.4	26.8	34.1
Depreciation and amortization	0.7	0.7	3.0	2.7
Equity in earnings of unconsolidated ventures	—	(0.1)	—	(1.2)
Interest and other income	(6.2)	(0.8)	(13.6)	(1.0)
<b>EBITDA</b>	<b>\$ 100.1</b>	<b>\$ 73.6</b>	<b>\$ 237.8</b>	<b>\$ 273.7</b>
Stock based compensation	0.9	0.5	4.3	3.3
Gain on sale of assets	—	—	(1.6)	(3.2)
Real estate impairment	—	—	19.4	3.8
<b>Adjusted EBITDA</b>	<b>\$ 101.0</b>	<b>\$ 74.1</b>	<b>\$ 259.9</b>	<b>\$ 274.3</b>
<i>Adjusted EBITDA Margin</i>	<i>18.4%</i>	<i>19.4%</i>	<i>18.1%</i>	<i>18.1%</i>



# BALANCE SHEET

	9/30/23	9/30/22
<b>Cash and cash equivalents</b>	<b>\$ 616.0</b>	<b>\$ 264.8</b>
Real estate	1,790.3	2,022.4
Investment in unconsolidated ventures	0.5	0.5
Other assets	63.9	55.3
<b>Total assets</b>	<b>\$ 2,470.7</b>	<b>\$ 2,343.0</b>
Debt	\$ 695.0	\$ 706.0
Accrued development costs	104.1	122.3
Earnest money on sales contracts	121.4	136.2
Other liabilities	129.6	142.3
Deferred tax liability, net	50.7	36.9
<b>Stockholders' equity</b>	<b>1,368.9</b>	<b>1,198.3</b>
Noncontrolling interests	1.0	1.0
Total equity	1,369.9	1,199.3
Total liabilities and equity	\$ 2,470.7	\$ 2,343.0
<b>Net debt to total capital<sup>(1)</sup></b>	<b>5.5 %</b>	<b>26.9 %</b>
<b>Debt to total capital<sup>(1)</sup></b>	<b>33.7 %</b>	<b>37.1 %</b>

\$ in millions

Unaudited

(1) Debt to capital is calculated as debt divided by stockholders' equity plus debt; net debt to capital is calculated as debt net of unrestricted cash divided by debt net of unrestricted cash plus stockholders' equity



**FORESTAR** 27

# STOCKHOLDER'S AGREEMENT

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- FOR Board of Directors must include at least three independent directors (currently has four)
- As long as DHI owns at least 20% of FOR's outstanding equity:
  - DHI has the right to designate individuals to FOR's Board based on DHI's ownership percentage
  - DHI has the right to designate the Executive Chairman of FOR
- Requires an investment committee of FOR officers to approve new lot development and banking projects
- As long as DHI owns at least 35% of FOR's outstanding voting shares, FOR must obtain DHI consent in order to:
  - Issue equity
  - Incur, assume, refinance or guarantee debt that would increase FOR's gross leverage to greater than 40%
  - Select, terminate, remove or change compensation arrangements for the Executive Chairman, CEO, CFO and other key senior management
  - Make an acquisition or investment greater than \$20 million

# SHARED SERVICES AGREEMENT

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- Shared Services Agreement between FOR and DHI defines the terms under which DHI may provide administrative, compliance, operational and procurement services to FOR
- Scope and cost of services provided to FOR are mutually agreed upon by FOR and DHI management teams and are adjusted periodically as necessary
- Services provided currently include:
  - Finance and Treasury
  - Risk Management
  - Information Technology
  - Internal Audit
  - Investor Relations
  - Human Resources, Payroll and Employee Benefits
- FOR also contracts with DHI for lot development services in projects owned by FOR in geographic markets where FOR has not yet established development teams and capabilities
  - FOR pays DHI a fixed fee for each lot developed, which is mutually agreed upon for each project