



FORESTAR



Investor Presentation Q3 2025



FORWARD-LOOKING STATEMENTS

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 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 strength of our information technology systems and the risk of cybersecurity breaches and our ability to satisfy privacy and data protection laws and regulations; 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; and our ability to hire and retain key personnel. 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.

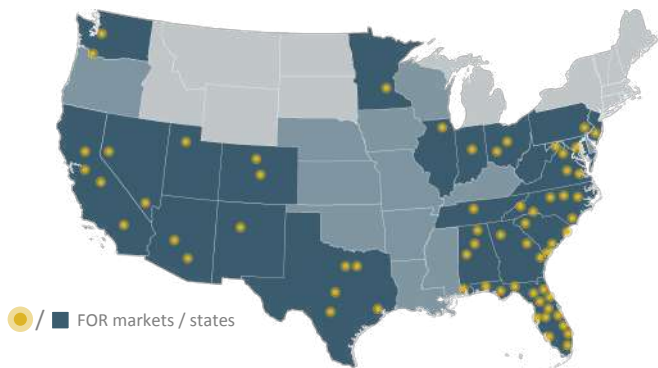
FORESTAR OVERVIEW



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 64 markets across 23 states⁽¹⁾



(1) As of June 30, 2025



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

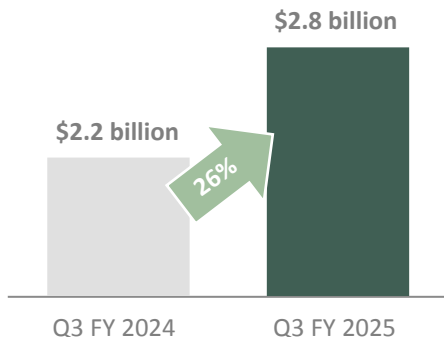


FORESTAR ³

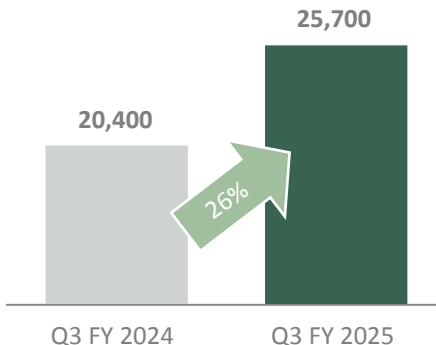
Q3 FY 2025 HIGHLIGHTS

- Earnings per diluted share of \$0.65 on net income of \$32.9 million
- Pre-tax income of \$43.6 million
- Revenues increased 23% to \$390.5 million on 3,605 lots sold
- Owned and controlled 102,300 lots at June 30, 2025
- Return on equity of 10.1% for the trailing twelve months ended June 30, 2025
- Net debt to capital⁽¹⁾ of 28.9%, with total liquidity of \$792 million

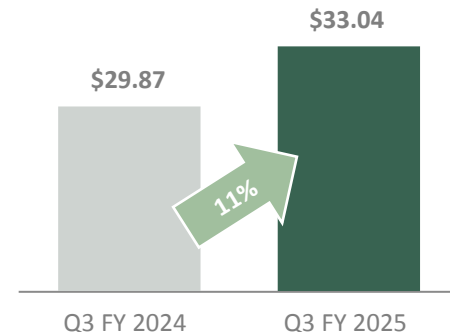
Real Estate



Lots Contracted for Sale



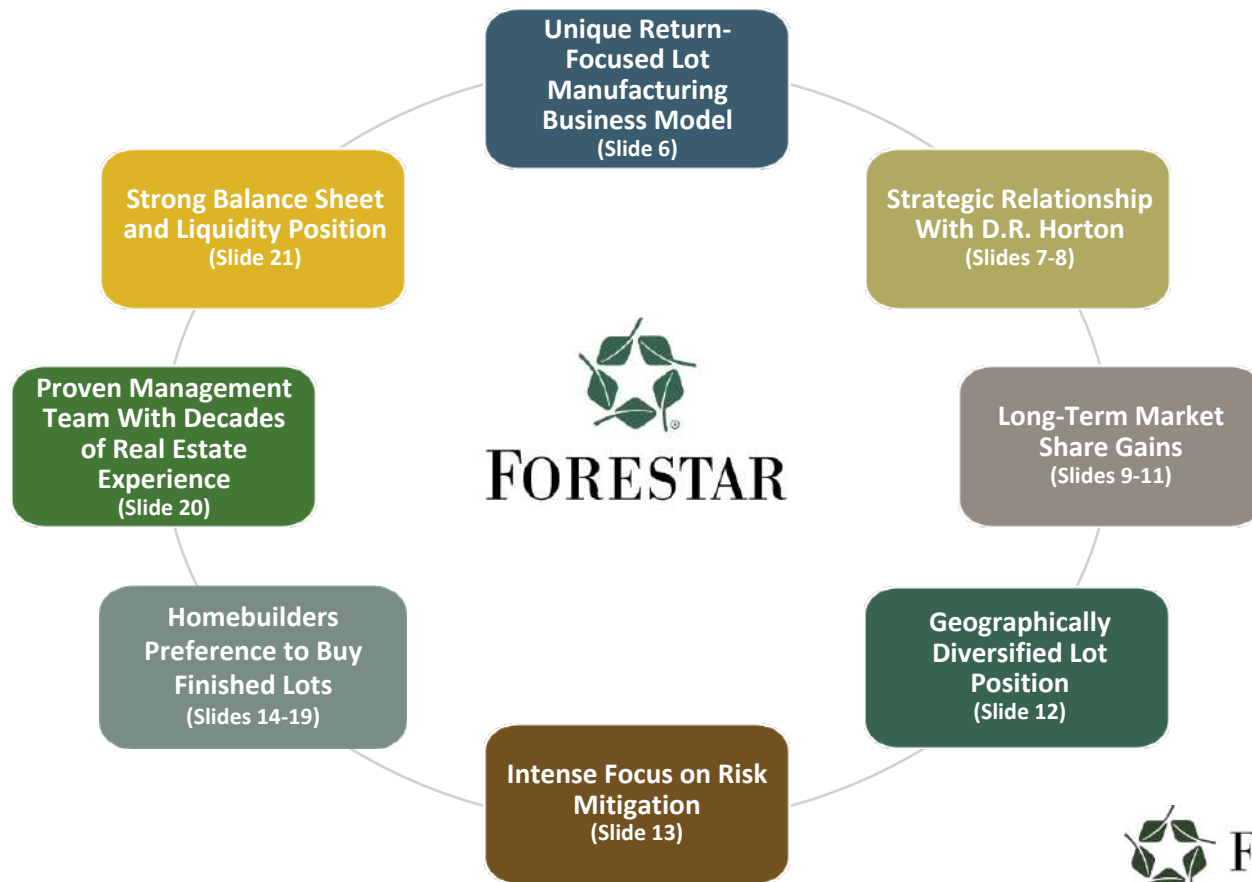
Book Value Per Share



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

FORESTAR INVESTMENT HIGHLIGHTS



MANUFACTURING APPROACH TO LAND DEVELOPMENT

Forestar has built a unique lot manufacturing model that enables it to be a dependable supplier of lots to homebuilders, while producing solid risk-adjusted 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 more than 200 active projects across 64 markets and 23 states



Returns-focused, with strict underwriting criteria — all projects must have >15% return on average inventory⁽¹⁾ 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 13.9% for Q3 TTM FY 2025



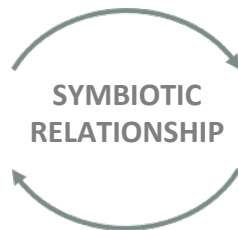
Strong liquidity and access to debt and equity capital — Forestar's capital structure is a key competitive advantage

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

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 (126 markets in 36 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⁽¹⁾
- DHI plans to maintain a significant ownership position in FOR over the long-term⁽²⁾

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⁾ Stockholder's Agreement and Shared Services Agreement summaries included in Appendix

⁽²⁾ D.R. Horton owns 62% of Forestar as of 6/30/25

MASTER SUPPLY AGREEMENT

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

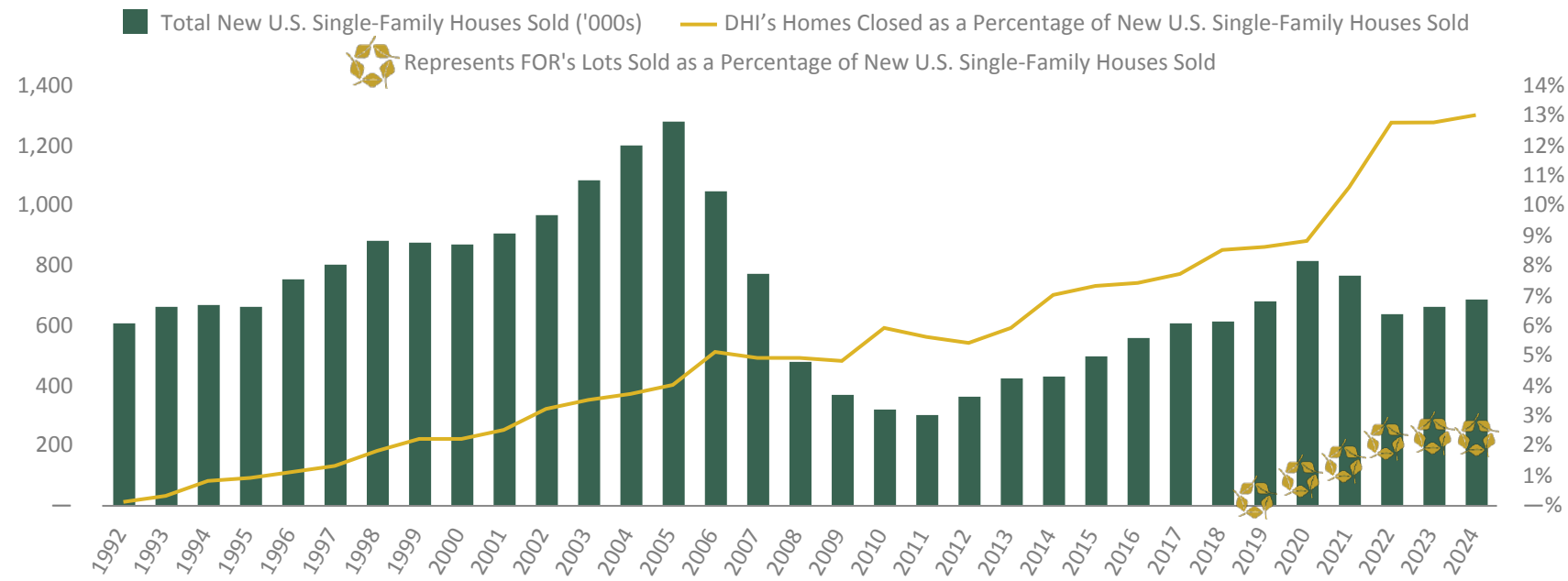
3 Lots Sourced by Third Parties

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

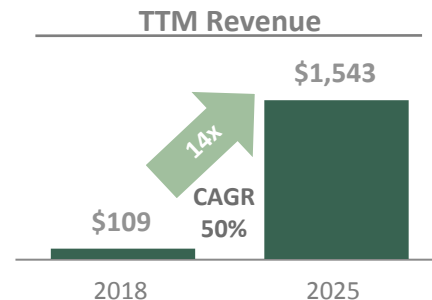
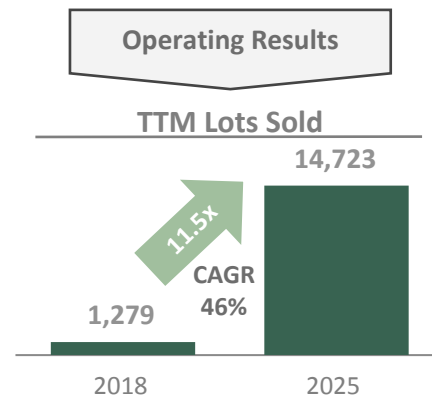
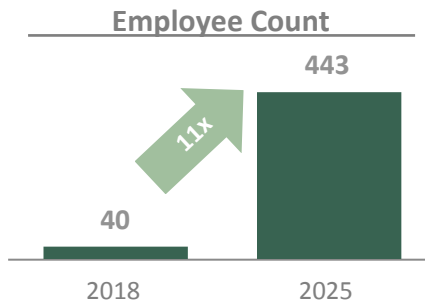
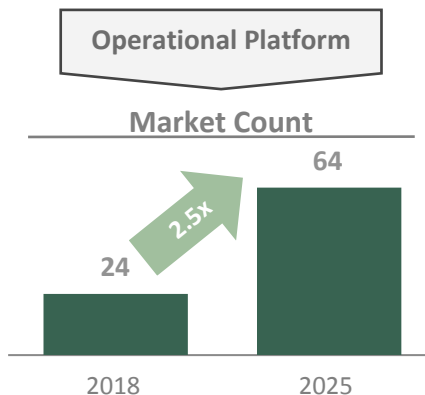
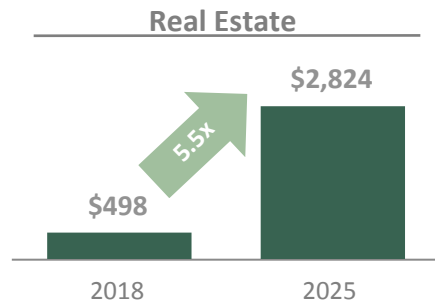
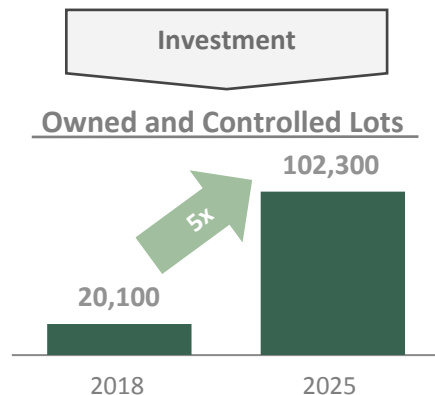
DHI's 30-year public track record provides a blueprint to FOR to achieve its own growth, consolidation and market share gains



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

Then and Now: FOR Today vs. 2018

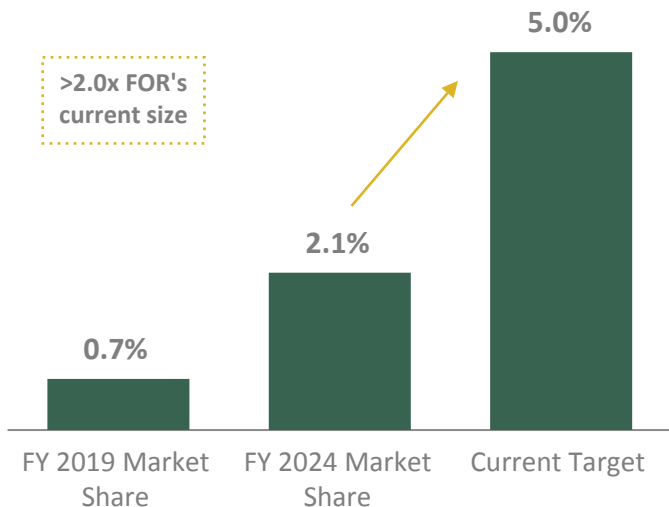
Since D.R. Horton's investment in Forestar in late-2017, Forestar has significantly expanded its operations



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*

Annual Lot Deliveries

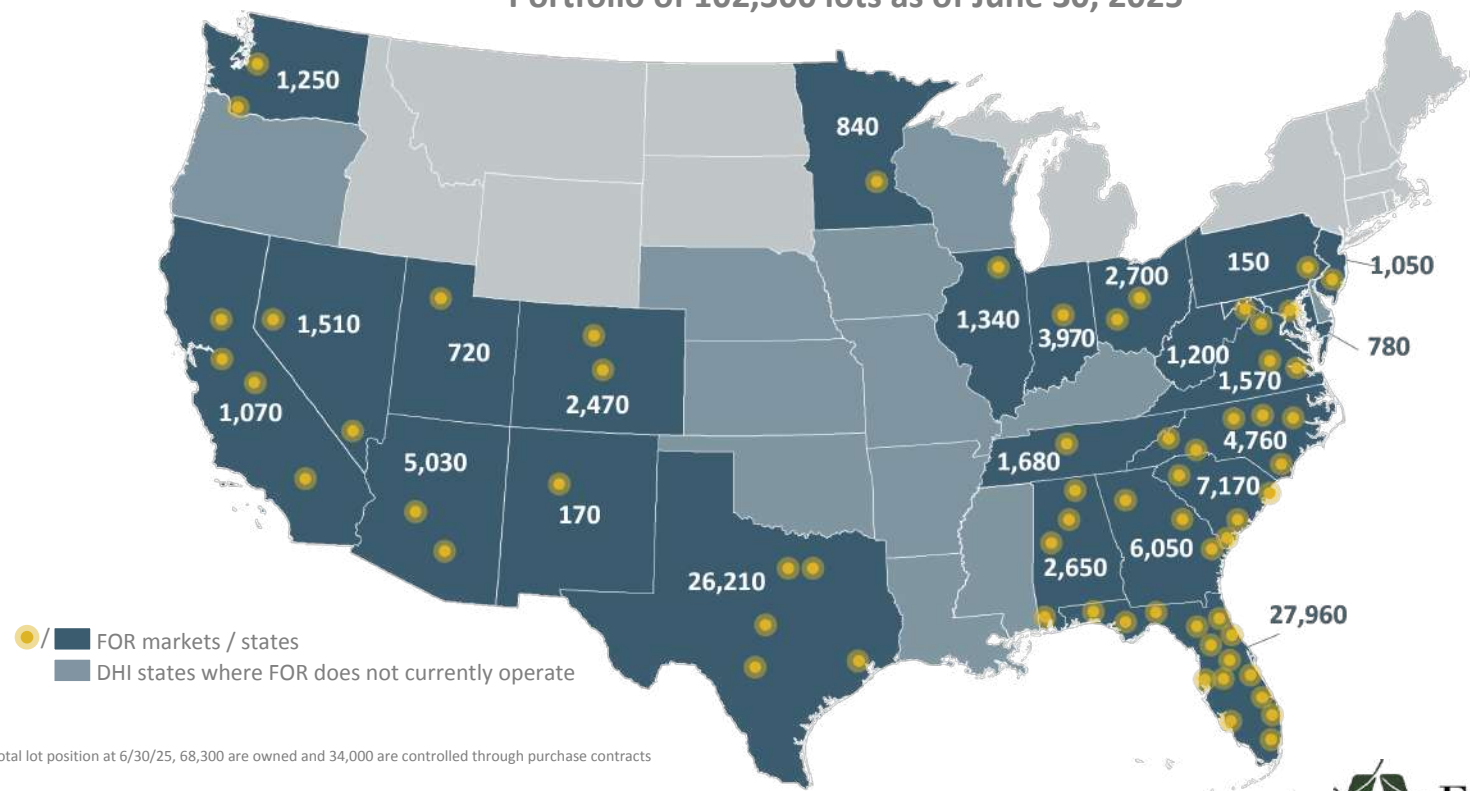


*5% market share goal based on one million annual U.S. fee simple single-family homes started

DIVERSIFIED NATIONAL FOOTPRINT

64 MARKETS | 23 STATES

Portfolio of 102,300 lots as of June 30, 2025



Of total lot position at 6/30/25, 68,300 are owned and 34,000 are controlled through purchase contracts

INTENSE FOCUS ON RISK MITIGATION

Strategic

- ✓ Strict underwriting requiring minimum 15% return on average inventory and return of the entire phase 1 investment (including all land costs) in 36 months or less
- ✓ Diverse, national footprint lowers operational risks and mitigates the effects of local and regional economic cycles
- ✓ Strong strategic relationship with D.R. Horton, the nation's largest volume homebuilder
- ✓ Governance documents that formalize relationship with D.R. Horton and protect Forestar

Operational

- ✓ Significant local knowledge and expertise
- ✓ Primarily focused on developing lots for homes at affordable price points (the largest segment of the new home market)
- ✓ Buy fully entitled, short duration projects with phased development, which is largely discretionary
- ✓ Experienced leadership team

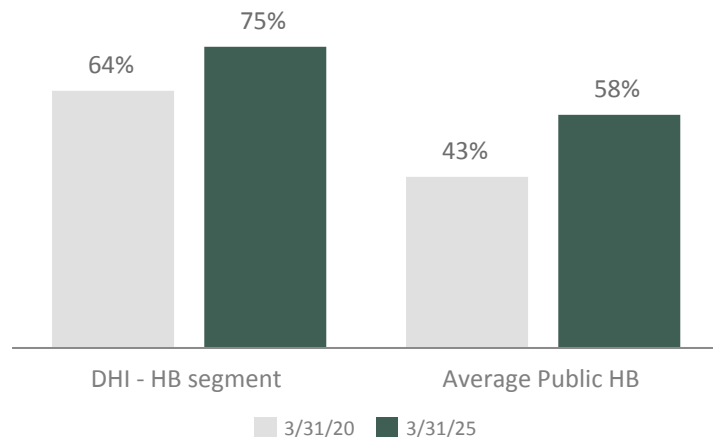
Financial

- ✓ Robust analytical process to determine best capital allocation across markets
- ✓ Demonstrated ability to manage spend and build liquidity during slower periods
- ✓ Maintain a strong balance sheet and liquidity position including managing to a $\leq 40\%$ net debt to capital ratio
- ✓ Unsecured Company-level debt allows for operational flexibility
- ✓ Earnest money deposits on sales contracts (at least 10% of contracted revenues)

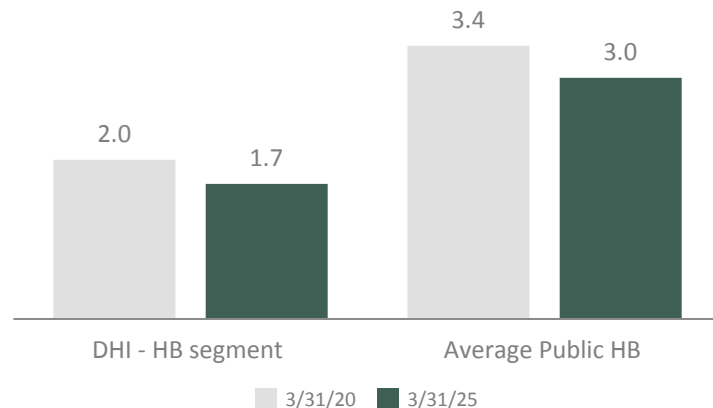
UNIQUELY POSITIONED TO PROVIDE FINISHED LOTS

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, MHO, TMHC, TPH, LGIH and KBH

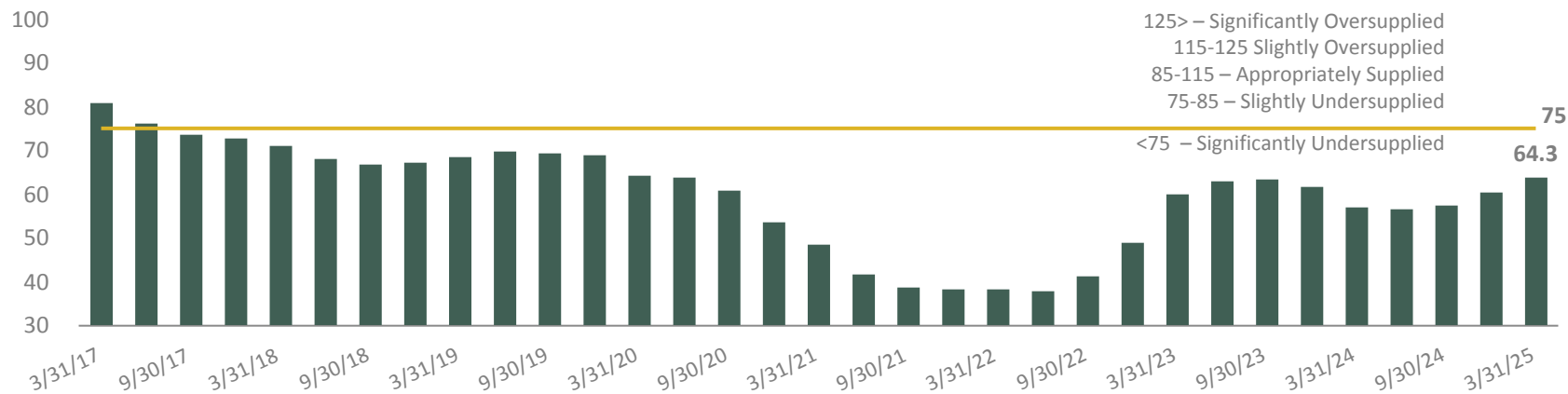
For LEN and KBH, data is as of the periods ended 2/28

For TOL, data is as of the periods ended 4/30

CONSTRAINED LOT SUPPLY

- Availability of lots is improving from historic lows; however, calendar 1Q 2025 data still reflects a significantly undersupplied market nationally
- 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



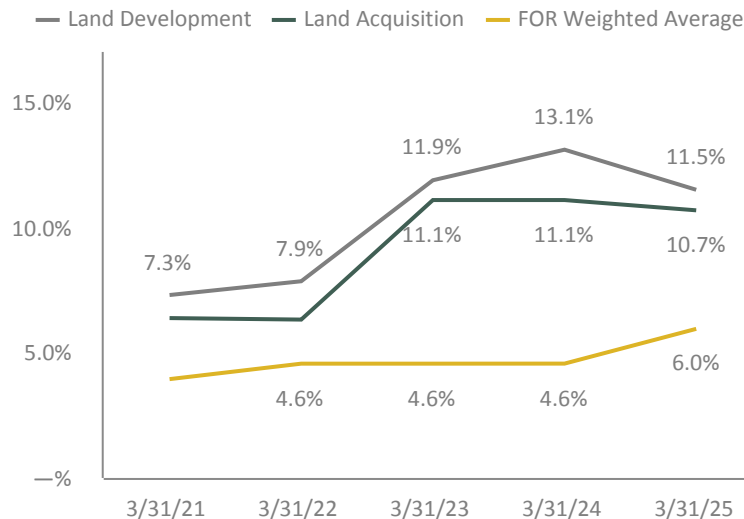
Source: Zonda

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

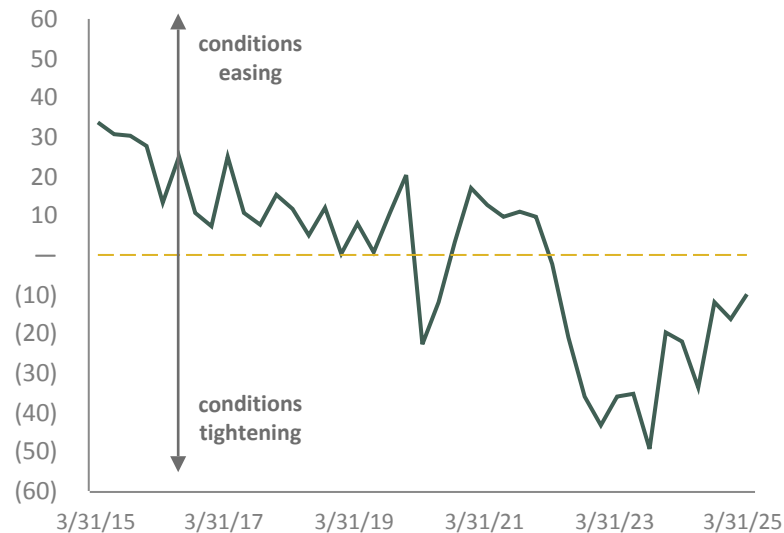
PROJECT-LEVEL LAND DEVELOPMENT FINANCING SNAPSHOT

According to the NAHB's Survey on Acquisition, Development & Construction Financing, land development loan availability continues to be expensive and hard to secure

Effective Interest Rate of Financing



NAHB AD&C Financing Survey Index

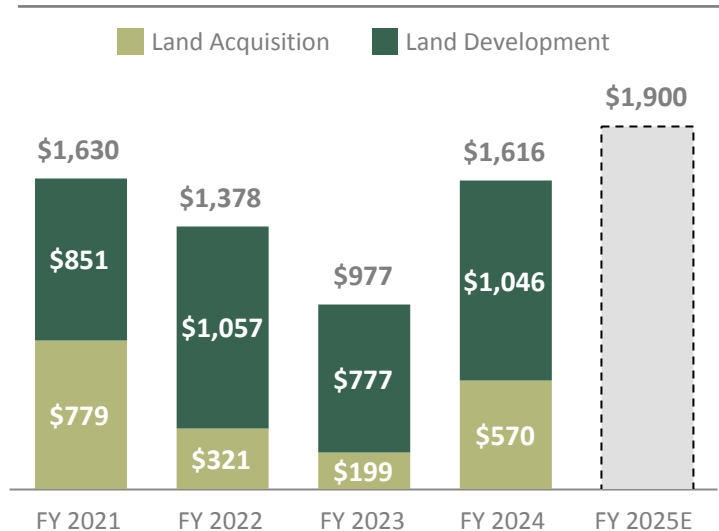


Source: NAHB. The NAHB AD&C Financing Survey Index is derived from the share of respondents who rated the availability of new loans for land acquisition, land development and single-family construction. The share of respondents who selected "worse" is subtracted from the share selecting "better" for each series, and the results are then averaged.

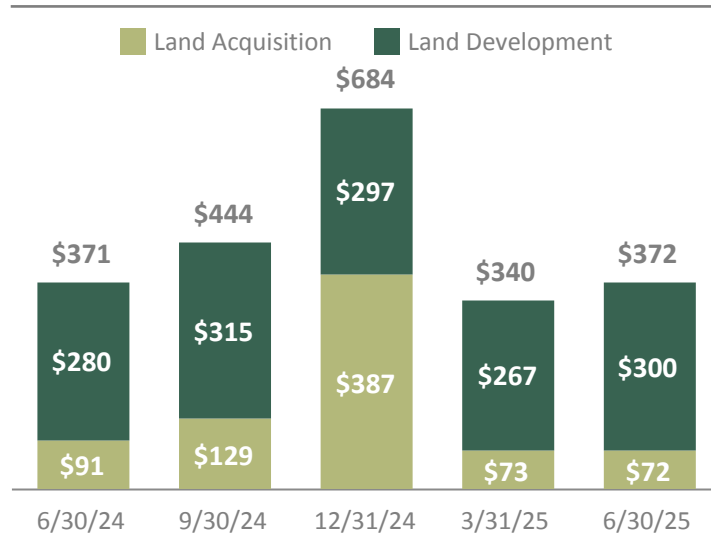
LAND AND DEVELOPMENT INVESTMENTS

- Investing in new projects while maintaining a disciplined and conservative approach to underwriting
- Phased development intends to deliver finished lots at a pace that matches market demand, consistent with FOR's focus on capital efficiency and returns
- Expect to invest approximately \$1.9 billion in land acquisition and development in fiscal 2025

As of the Fiscal Year Ended



As of the Quarter Ended

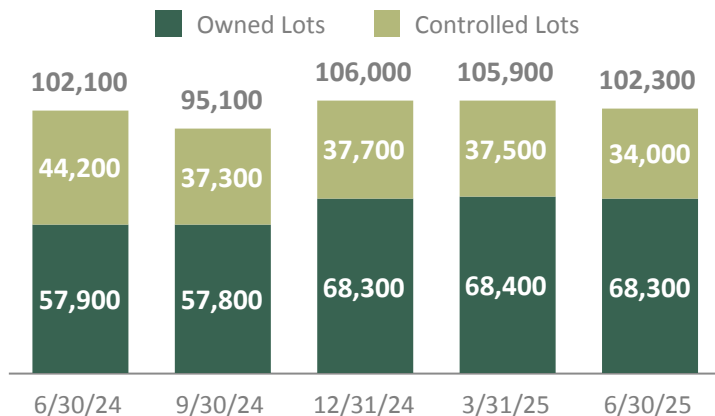


\$ in millions

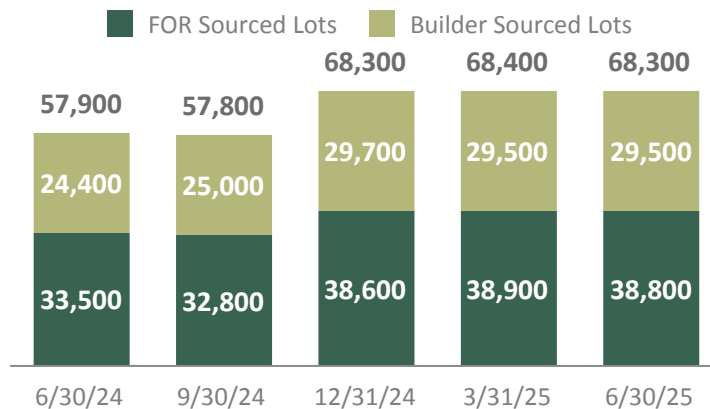
LOT POSITION

- Owned and controlled lot position supports future growth and market share gains; targeting a 3- to 4-year owned inventory of lots
- Consistent with Forestar's focus on capital efficiency, its land and lot supply that is controlled via purchase contracts remains robust
- Balance sheet and liquidity will be used to invest in opportunistic land purchases

Owned & Controlled Lot Position

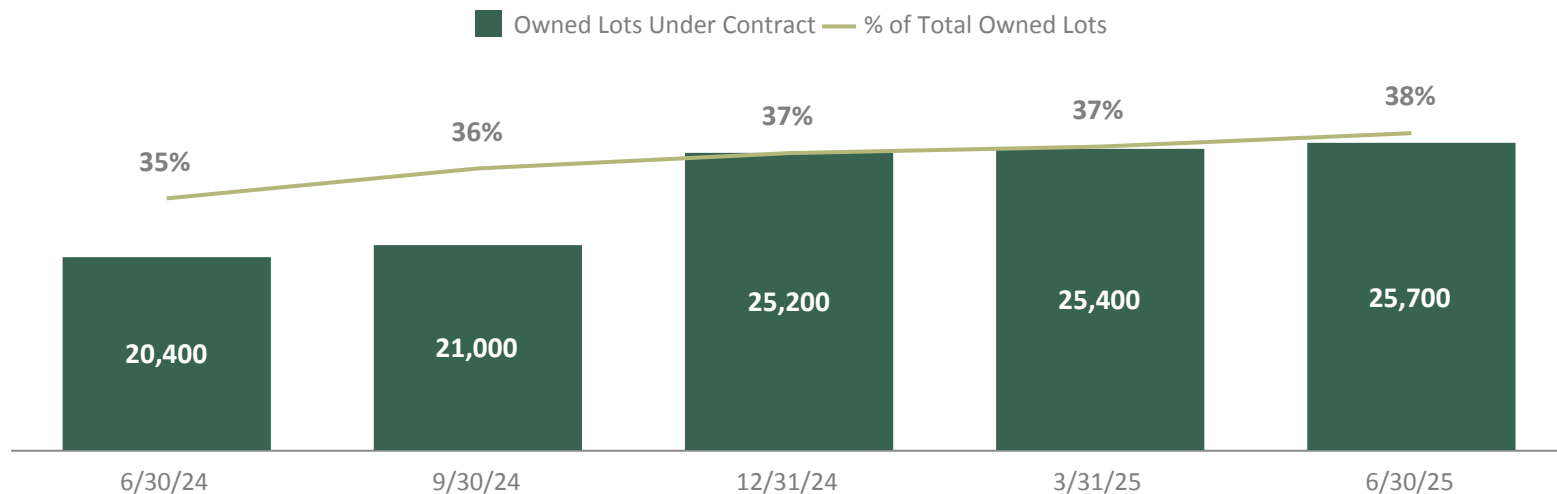


Owned Lot Position by Source



CONTRACTED REVENUES

- Contracted backlog is a strong indicator of FOR's ability to continue gaining market share in the highly fragmented lot development industry
- Owned lots under contract to sell increased 26% from a year ago to 25,700 lots or 38% of FOR's owned lot position
- \$230 million dollars of hard earnest money deposits secure these contracts, which are expected to generate approximately \$2.3 billion dollars of future revenue



Total lots that DHI has under contract or the right of first offer to purchase of 42,700 at 6/30/25, 43,900 at 3/31/25, 43,800 at 12/31/24, 37,700 at 9/30/24, 36,200 at 6/30/24, respectively.

COMMITTED LEADERSHIP WITH DECADES OF EXPERIENCE

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

DON TOMNITZ

Executive Chairman

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

ANDY OXLEY

CEO

Joined FOR in January 2024 from DHI; over 25 years of 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

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Regional Leadership

(Region/Sub-Region Presidents and Vice Presidents)

27 Average Years of Experience

13

Divisional Leadership

(Division Presidents)

25 Average Years of Experience

SOLID BALANCE SHEET AND LIQUIDITY POSITION

- Forestar is well-positioned with net leverage⁽¹⁾ of 2.9x, net debt to capital⁽²⁾ of 28.9% and a strong liquidity position of \$792 million at 6/30/25
- Balanced financing plan includes both debt and equity — net debt to capital⁽²⁾ target of ≤ 40%
- Capital allocation priorities include land development, land acquisition, investment in team and opportunistic M&A

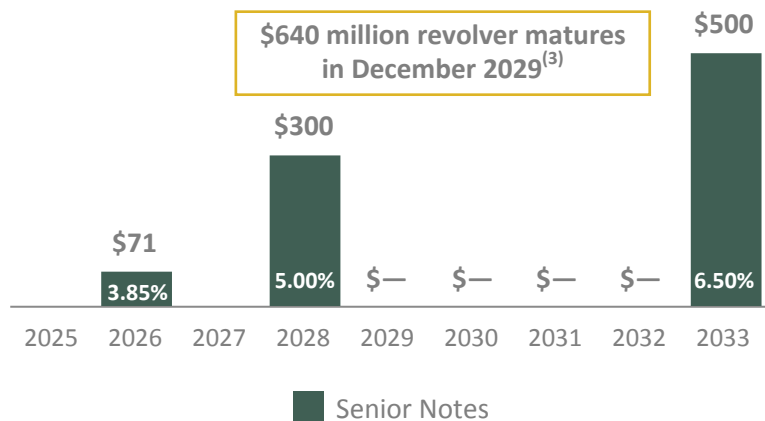
Capitalization Summary at 6/30/25

Cash and cash equivalents	\$	189.2
Debt	\$	872.8
Stockholders' equity	\$	1,679.3
Net debt to capital⁽²⁾		28.9 %

Available Liquidity at 6/30/25

Cash and cash equivalents	\$	189.2
Availability under revolving credit facility	\$	602.8
Total liquidity	\$	792.0

Debt Maturity Profile⁽⁴⁾



\$ 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

(3) \$575 million Series A revolving credit facility matures in December 2029 and \$65 million Series B revolving credit facility matures in October 2026

(4) Excludes \$9.9 million of Other Notes Payable

APPENDIX

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)

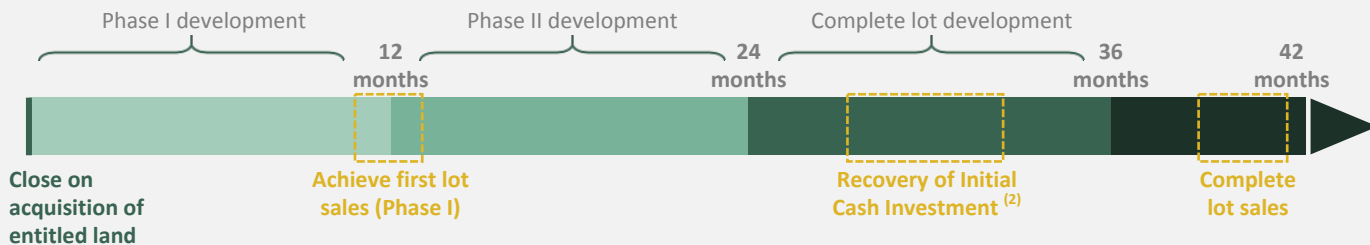
- Phased development
- ~50% of development cost is grading and utilities
- ~50% of development cost is roads, landscape, amenities, engineering, fees and all other



Deliver finished lots to builders

- D.R. Horton and other homebuilders

ILLUSTRATIVE FORESTAR PROJECT



Underwriting Criteria

- >15% Return on Inventory⁽¹⁾
- <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

FORESTAR SUPPLIES THE FIRST INPUT TO BUILDING A HOME

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

STOCKHOLDER'S AGREEMENT

- FOR Board of Directors must include at least three independent directors (currently has five)
- 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 \$45 million

SHARED SERVICES AGREEMENT

- 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
 - 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

INCOME STATEMENT

	3 MONTHS ENDED		9 MONTHS ENDED	
	6/30/25	6/30/24	6/30/25	6/30/24
Residential lots sold:	3,605	3,255	9,349	9,694
Development projects	3,524	3,163	9,149	9,593
Lot banking projects	81	92	200	101
Average sales price per lot ⁽¹⁾	\$ 106,600	\$ 94,000	\$ 104,500	\$ 96,300
Revenues⁽²⁾	\$ 390.5	\$ 318.4	\$ 991.9	\$ 958.0
Gross profit	79.7	71.5	213.9	227.4
Selling, general and administrative expense	37.4	29.3	111.8	86.5
Equity in earnings of unconsolidated ventures	—	—	(0.6)	—
Gain on sale of assets	—	(5.0)	—	(5.0)
Interest and other income	(1.3)	(4.4)	(4.6)	(15.7)
Loss on extinguishment of debt	—	—	1.1	—
Income before income taxes	\$ 43.6	\$ 51.6	\$ 106.2	\$ 161.6
Income tax expense	10.7	12.9	25.2	39.8
Net income	\$ 32.9	\$ 38.7	\$ 81.0	\$ 121.8
Net income per diluted share	\$ 0.65	\$ 0.76	\$ 1.59	\$ 2.40

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

Unaudited

1) Excludes any impact from change in contract liabilities

2) Revenues include \$7.5 million and \$12.1 million in tract sales and other revenue for the three months ended June 30, 2025 and 2024, respectively, and \$14.6 million and \$18.6 million for the nine months ended June 30, 2025 and 2024, respectively. Revenues also include \$0.5 million in deferred development revenue for the three months ended June 30, 2024 and \$3.5 million for the nine months ended June 30, 2024.

ADJUSTED EBITDA RECONCILIATION

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

	3 MONTHS ENDED		12 MONTHS ENDED	
	6/30/25	6/30/24	6/30/25	6/30/24
Net income	\$ 32.9	\$ 38.7	\$ 162.5	\$ 194.2
Income tax expense	10.7	12.9	52.2	62.8
Interest charged to cost of sales	7.0	5.8	26.7	28.6
Depreciation and amortization	0.9	0.9	3.3	3.0
Equity in earnings of unconsolidated ventures	—	—	(0.6)	—
Interest and other income	(1.3)	(4.4)	(8.7)	(21.8)
EBITDA	\$ 50.2	\$ 53.9	\$ 235.4	\$ 266.8
Stock based compensation	1.5	1.4	7.0	5.0
Gain on sale of assets	—	(5.0)	(4.5)	(5.0)
Loss on extinguishment of debt	—	—	1.1	—
Adjusted EBITDA	\$ 51.7	\$ 50.3	\$ 239.0	\$ 266.8
<i>Adjusted EBITDA Margin</i>	<i>13.2%</i>	<i>15.8%</i>	<i>15.5%</i>	<i>17.7%</i>

BALANCE SHEET

	6/30/25	9/30/24	6/30/24
Cash and cash equivalents	\$ 189.2	\$ 481.2	\$ 359.2
Real estate	2,823.5	2,266.2	2,238.7
Investment in unconsolidated ventures	—	0.3	0.3
Other assets	107.7	92.4	76.8
Total assets	\$ 3,120.4	\$ 2,840.1	\$ 2,675.0
Debt	\$ 872.8	\$ 706.4	\$ 706.1
Accrued development costs	129.1	144.6	112.5
Earnest money on sales contracts	229.6	172.3	163.8
Other liabilities	130.7	154.2	126.9
Deferred tax liability, net	77.9	67.5	52.8
Stockholders' equity	1,679.3	1,594.1	1,511.9
Noncontrolling interests	1.0	1.0	1.0
Total equity	1,680.3	1,595.1	1,512.9
Total liabilities and equity	\$ 3,120.4	\$ 2,840.1	\$ 2,675.0
Net debt to total capital⁽¹⁾	28.9 %	12.4 %	18.7 %
Debt to total capital⁽¹⁾	34.2 %	30.7 %	31.8 %

\$ 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



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