

**Investor Presentation February 2024** 



# Forward-Looking Statements

This investor presentation includes forward-looking statements regarding future events, including projected 2024 home closings; market conditions and possible or assumed future results of operations, including statements regarding the Company's strategies and expectations as they relate to market opportunities and growth. All forward-looking statements are based on Dream Finders Homes' beliefs and assumptions based on information currently available to Dream Finders Homes. These statements reflect Dream Finders Homes' current views with respect to future events and are subject to various risks, uncertainties and assumptions. These risks, uncertainties and assumptions are discussed in Dream Finders Homes' Annual Report on Form 10-K for the year ended December 31, 2023, and other filings with the U.S. Securities and Exchange Commission. Dream Finders Homes undertakes no obligation to update or revise any forward-looking statement except as may be required by applicable law.

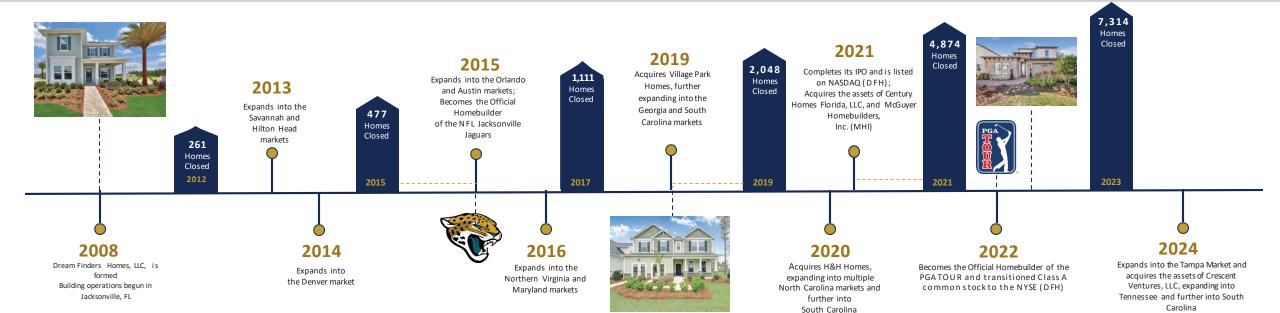
# DREAM FINDERS HOMES

The power of a national homebuilder focused on serving buyers, one home at a time.

Since our founding in 2008, Dream Finders Homes has vowed to deliver the highest possible standards in new homes. We are committed to providing exceptional customer service while delivering a beautifully innovative home for you and your family at the best value possible. We currently have 221 unique active communities across 9 states. We have closed over 29,500 homes closed since inception and we look forward to sharing The Dream Finders Difference with you.



#### UNSURPASSED QUALITY. UNCOMPROMISING VALUE. EXTRAORDINARY LEVEL OF PERSONALIZATION.





Dream Finders Homes (NYSE: DFH) is a homebuilder based in Jacksonville, FL. Dream Finders Homes builds single-family homes throughout the Southeast, Mid-Atlantic and Midwest, including Florida, Texas, Tennessee, North Carolina, South Carolina, Georgia, Colorado, and the Washington, D.C. metropolitan area, which comprises Northern Virginia and Maryland. Through its financial services joint ventures, DFH also provides mortgage financing and title services to homebuyers. Dream Finders Homes achieves its industry-leading growth and returns by maintaining an asset-light homebuilding model.

	FY23	FY22
Homebuilding Revenues	\$3.74B	\$3.33B
Home Closings	7,314	6,878
ASP (Homes closed)	\$505,764	\$474,292
Controlled Lot Pipeline	29,748 <sup>1</sup>	37,615 <sup>2</sup>
TTM Return on Participating Equity	36.3% <sup>1</sup>	49.1%²
Backlog of Sold Homes	3,978 <sup>1</sup>	5,548 <sup>2</sup>



Listed on the NYSE ("DFH")

## 2024 Outlook

• Dream Finders Homes expects approximately 8,250 home closings for the full year 2024, inclusive of the Crescent Homes Acquisition.

• As of December 31, 2023, the Company backlog was 3,978 homes, valued at \$1.9 billion.

 The Crescent Homes backlog as of the acquisition date was over 400 homes.



Deterioration of general economic conditions, including interest rate increases and mortgage availability, as well as any governmental restrictions on land development, home construction or home sales, or supply chain challenges, could negatively affect the Company's ability to achieve this number of home closings in 2024.

# Investment Highlights

- 1 A unique land-light and capital-efficient operating platform
- 2 Attractive gross margins
- Invested in high-growth markets with low cost of living and solid interstate migration
- 4 In-demand entry-level and move-up products
- Demonstrated ability to grow through organic expansion and strategic acquisitions
- 6 Historical growth track record sets the foundation for go-forward targeted growth
- Diverse capital sources enables the Company to be opportunistic during periods of market volatility



## Land-Light Differentiator

The basics of DFH's trademark "land-light" business model

Purchase lots as close to the start of a home as possible

A nimbler approach, adjusting quickly before potential market corrections

Eliminating the potential that DFH will be burdened with mispriced land

Capital-Efficient



Ties up control of sizable lot positions with minimal capital

Critical Driver to High Return on Equity

De-Risks Balance Sheet

**Drives High Asset Turnover** 

**Enhances Shareholders' Returns** 

## Land-Light: Operating Platform Relationships

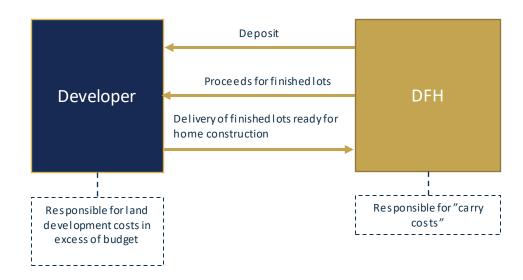
Traditional Third-Party Lot Purchase Contracts and Land Bank Option Contracts

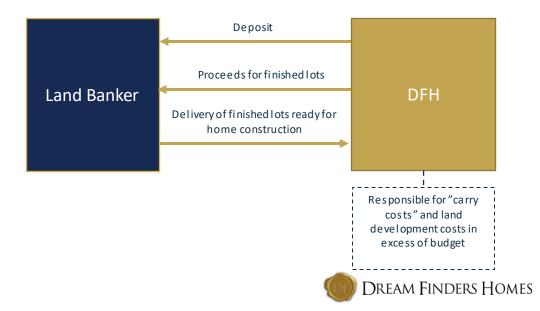
#### **Traditional Third-Party Lot Developer Purchase Contract**

- Lots are controlled through non-refundable purchase contracts with third-party developers
- Local land development companies produce finished lots (finished pad-ready, utilities stubbed, roads paved) for sale to homebuilders
- DFH places deposits on lots up to 18 months ahead of delivery dates on rolling takedowns, which correspond to the anticipated sales pace of communities
- DFH places deposits on lots (under contract) to secure purchase agreements

#### **Third-Party Land Bank Option Contract**

- Lots are controlled through land banking arrangements
- Land bank partners acquire bulk finished lots or entitled land on DFH's behalf
- Land bank partners also fund project costs (if required) while DFH manages the overall land development
- Finished lots are then sold by the land banker to DFH on a rolling takedown basis, which correspond to the anticipated sales pace of communities
- DFH pays option fees and carry costs on land optioned from the land banker





# Results of Land-Light Model Fourth Quarter 2023

Industry Leading Return on Participating Equity	36.3% (TTM) Compounded annual growth greater than 40% since 2009
Uniquely Land-Light & Capital-Efficient	Finished lots are acquired through option contracts
High-Growth Markets with Low Cost of Living	71% of all U.S. migration is into states in which DFH operates
Positioned for Leading Growth	+39% CAGR in closings since in 2018 with a robust backlog valued at \$1.9B

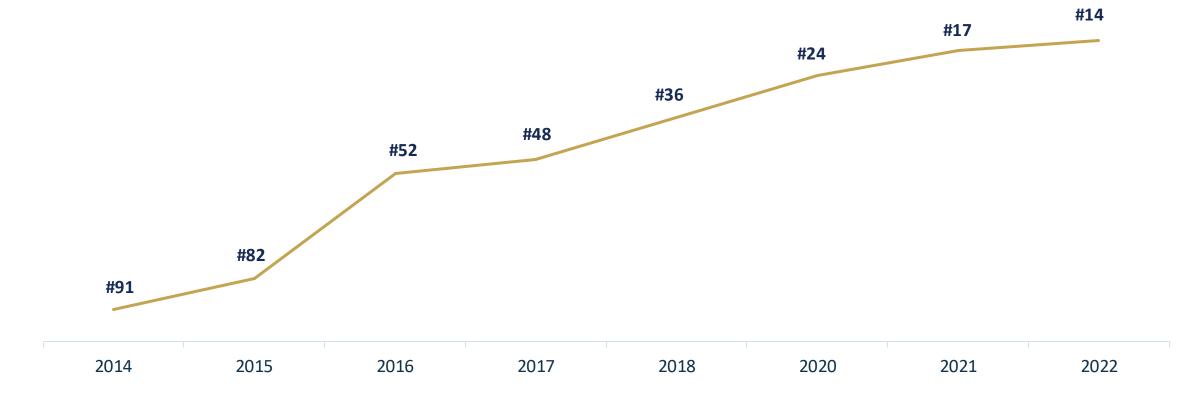


## Pro Builder 100 Rankings

Home closings have supported the Company's rankings

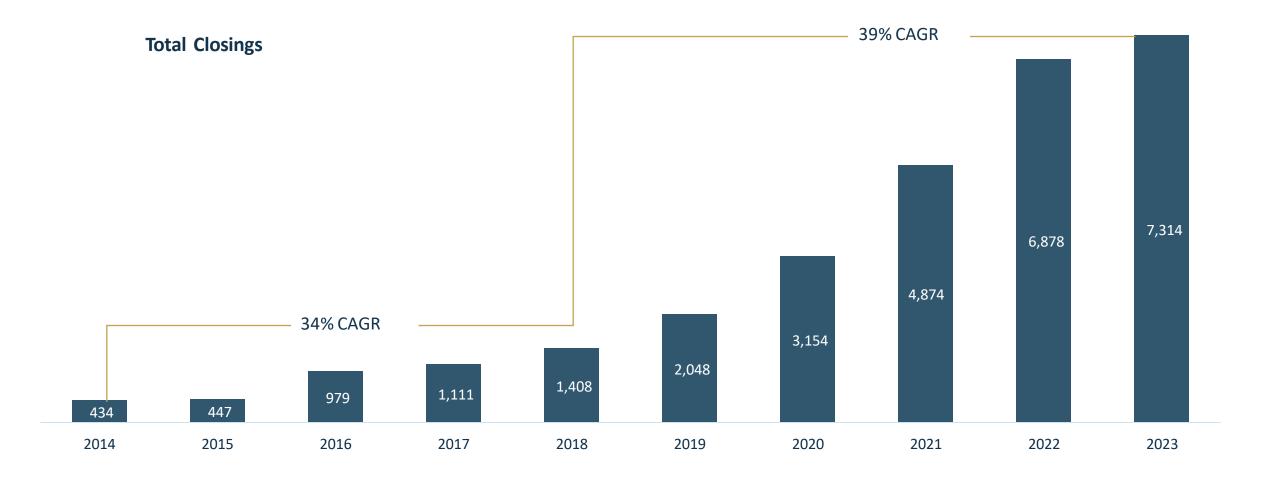


**Builder 100 Rankings** 



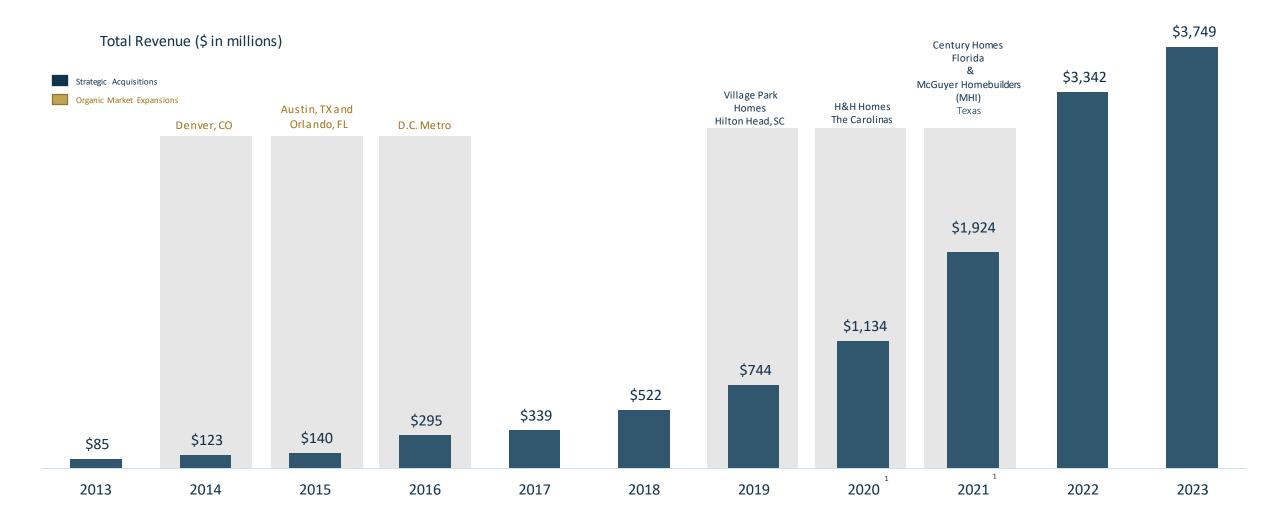
## Homebuilder with Runway for Continued Growth

Sustained growth in the number of home closings since 2009



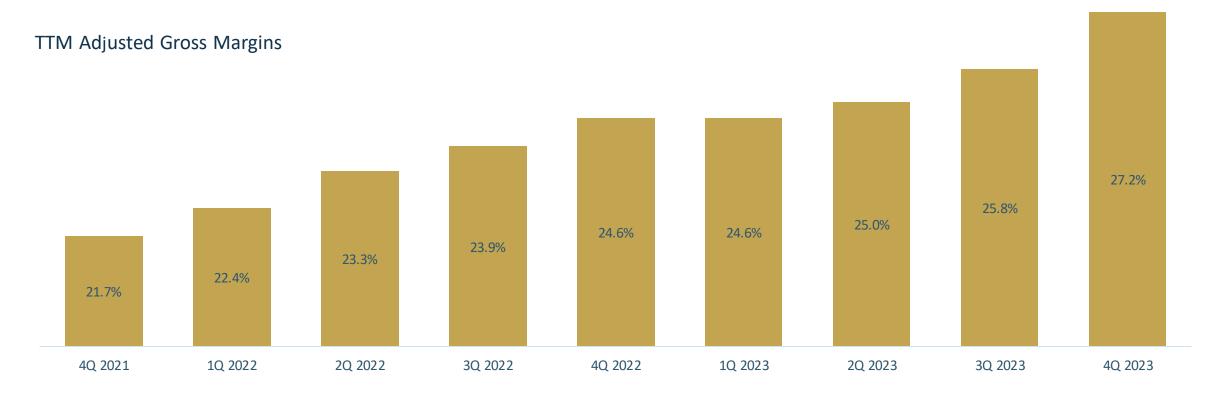
## Impressive Track Record of Revenue Growth

Balanced growth through organic market expansions and strategic acquisitions



## Improvement in Adjusted Gross Margin

550bps improvement in trailing 12-months (TTM) Adjusted Gross Margins since December 31, 2021



#### Margin Expansion Opportunities

- Accelerated execution through liquidity from new funding sources
- Additional vendor rebates and cost efficiencies with increased unit count and economies of scale
- Operations acquired through strategic acquisitions provide opportunities for further margin expansion

#### **Current Challenges**

- Sustained inflation pressures
- Rapid increase in financing costs over the past year

## Case Study: Net Margins of Land-Light Builders

Margins of a similar land-light homebuilder (NVR, Inc.) versus homebuilding peers over the last 15 years



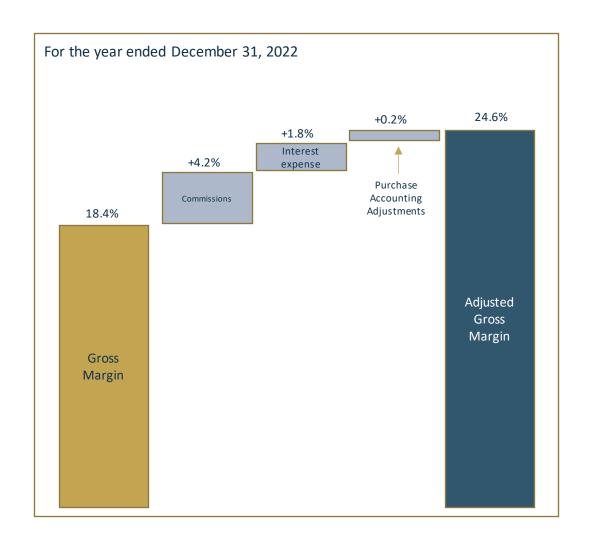
- Similar to DFH, NVR utilizes a 100% land-light structure. NVR maintained profitability throughout every year of the global financial crisis<sup>2</sup>.
- DFH has continued to strengthen its Balance Sheet while mitigating the impacts of related market risks (refer to slide 18).

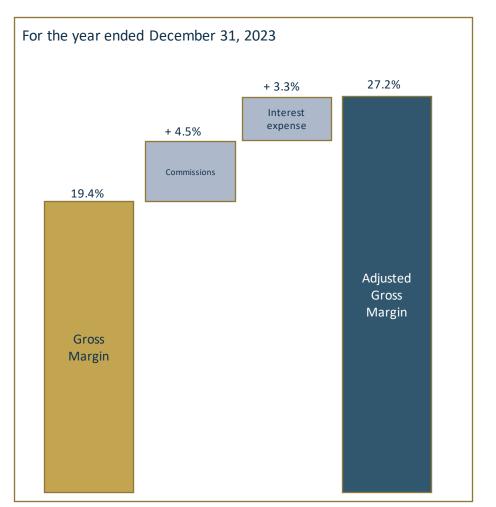
<sup>&</sup>lt;sup>1</sup> Industry average for homebuilding peers includes results from TPH, DHI, MTH, PHM, MDC, HHC, TMHC, LGIH, CCS, MHO, HOV, GRBK, FOR and BZH.

<sup>&</sup>lt;sup>2</sup> This is not an indicator of future performance.

## Composition of Gross Margin

Dream Finders Homes includes commission expense in its gross margin calculations unlike most of its peers

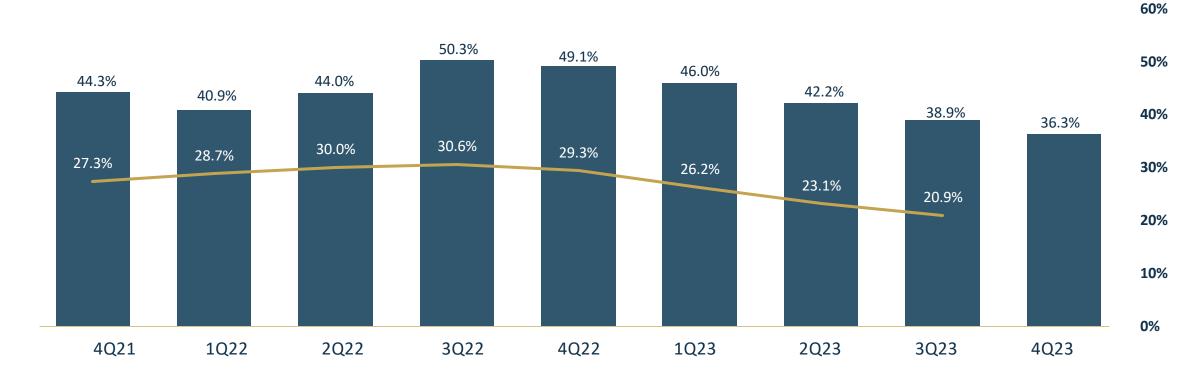




## Industry Leading Return on Participating Equity

Consistently Outperforming the Industry Average

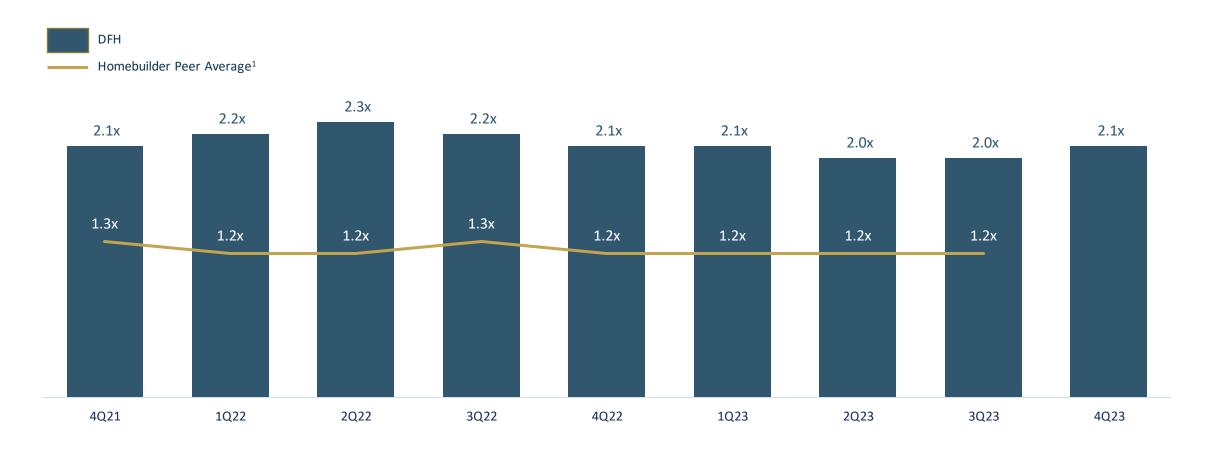




Company geared towards driving industry-leading returns Compounded growth of greater than 40% since 2009

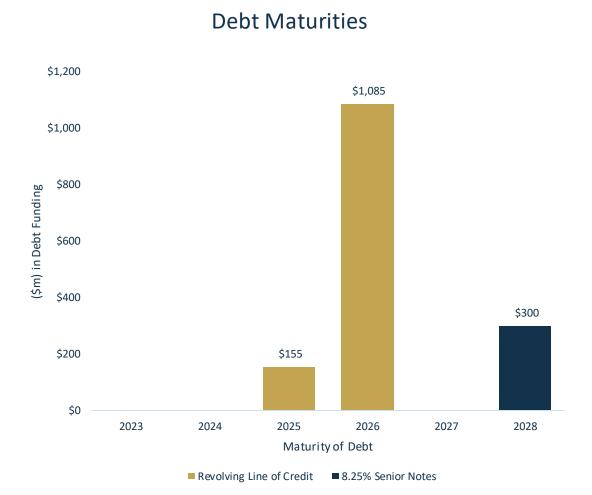
## Industry Leading Inventory Turnover (LTM as of each period end)

Cash generation is nearly twice as efficient as our peers



Land-light model maximizes cash generation and de-risks the Balance Sheet

## **Capital Structure**





#### Net Debt to Net Capitalization



## In Demand Entry-Level and Move-Up Products

Committed to delivering the highest standard in new home construction by offering superior building products, personalization, one-on-one customer service and the best value at any price point

	Dream Series Designer Series		Platinum Series		
Target Customer	Entry-level	Move-up	Second-time Move-up		
Typical Sales Price	\$300K+	\$400K+	\$500K+		
Options & Design	Limited cosmetic upgrades	Cosmetic and structural upgrades	<ul><li>Detailed, bespoke options</li><li>All homes are 3,000+ sq. ft.</li></ul>		

## Continued Expansion into High-Growth, Low-**Cost Markets**



## Comparison of DFH Markets to **National Averages**

	DFH Markets	U.S. <sup>1</sup>
Population Growth 2018 – 2023 <sup>2</sup>	1.6%	0.5%
Avg. Home Price Appreciation 2018 – 2023	11.2%	9.4%
Avg. Job Growth 2018 – 2023	2.0%	1.0%
Avg. Top State Income Tax Rate <sup>3</sup>	4.1%	5.2%

Source: U.S. Census Bureau, BLS and MetroSearch

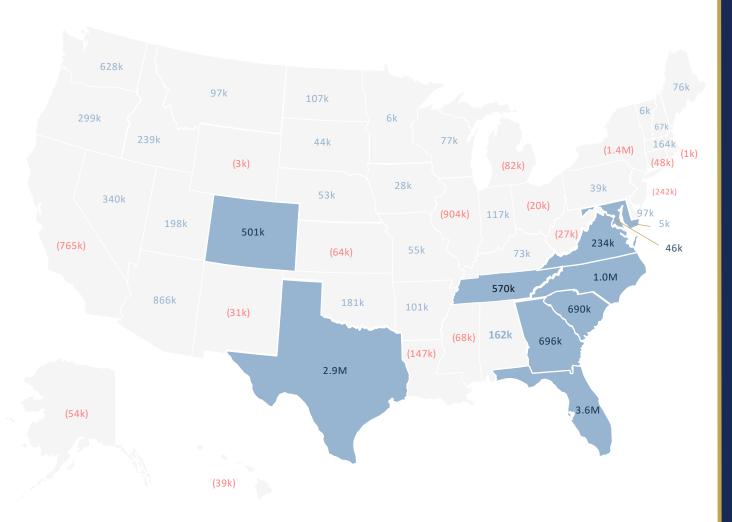
Figures for United States exclude those outside of metropolitan statistical area.

Claritas based primarily on US Census data. 5 year average (2017-2022).

Reflects average for DFH markets and U.S., respectively. Top state income tax rate for SC: 6.5%, GA: 5.8%, MD: 5.8%, VA: 5.8%, NC: 4.8%, CO: 4.4% and 0.0% for both TX and FL.

## Invested in Markets with Strong Migration

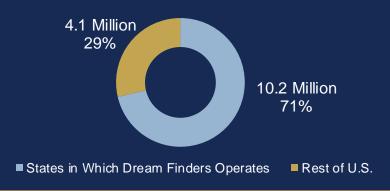
Total Population Migration Across the U.S. (2010-2023)



#### **Dream Finders Migration Capture Rate**

71% of total U.S. migration is into states where DFH operates

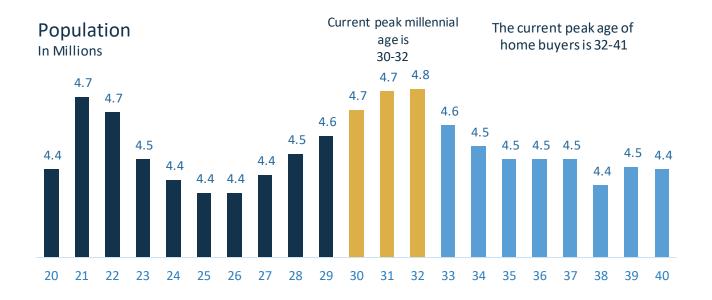
Total migration for states with total positive migration (2010-2023)

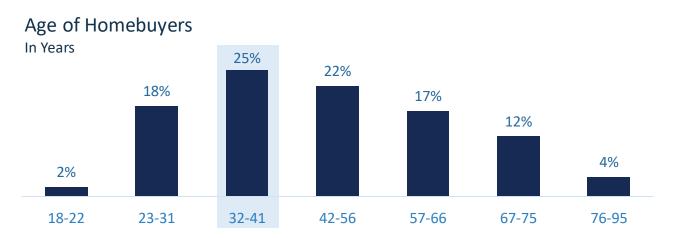


Migration Drivers into South & Mountain Markets

**Low Cost of Living** Limited State Income Taxes **Desirable Weather** Strong Job Growth

## Strong Formation as Millennials Enter Buying Years







## Responding to Changes in **Market Fundamentals**

Remaining agile while optimizing our delivery to our customers



- Diversified partnerships with local and national supply networks
- Investment into internal supply management solutions
- Enhanced focus on our extended supply forecasting
- Daily engagement with key trades and suppliers



- As mortgage rates have risen, we are able to educate our consumers of potential impacts through our joint venture Jet HomeLoans LLC.
- As inflation impacts cost of sales, we closely monitor our product offerings at the community level to ensure pricing remains competitive and our margins are preserved.

#### Striving for Our Core Principles regardless of the market conditions

#### Maximize returns with our land-light strategy

Remaining conservative and de-risking our Balance Sheet through lot purchases just-in-time for home construction. This allows our Company to be nimble in changing market conditions and optimizes return on participating equity with just-in-time lot purchases.

#### Empower employees and instill ownership culture

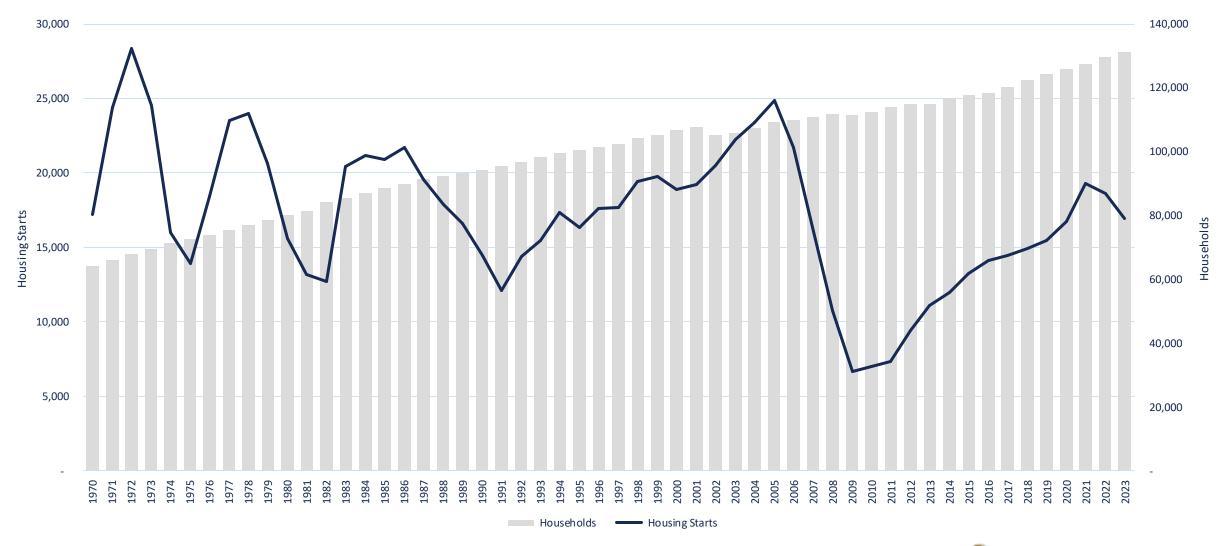
Bottom-up approach allows our staff to take accountability of providing the best service in the communities in which they serve. This provides our Company with agile decision making in response to changes in our markets.

#### Built to ensure exceptional customer satisfaction

Continuous advancement in the design of our products as we strive to eliminate deficiencies and reduce warranty claims.

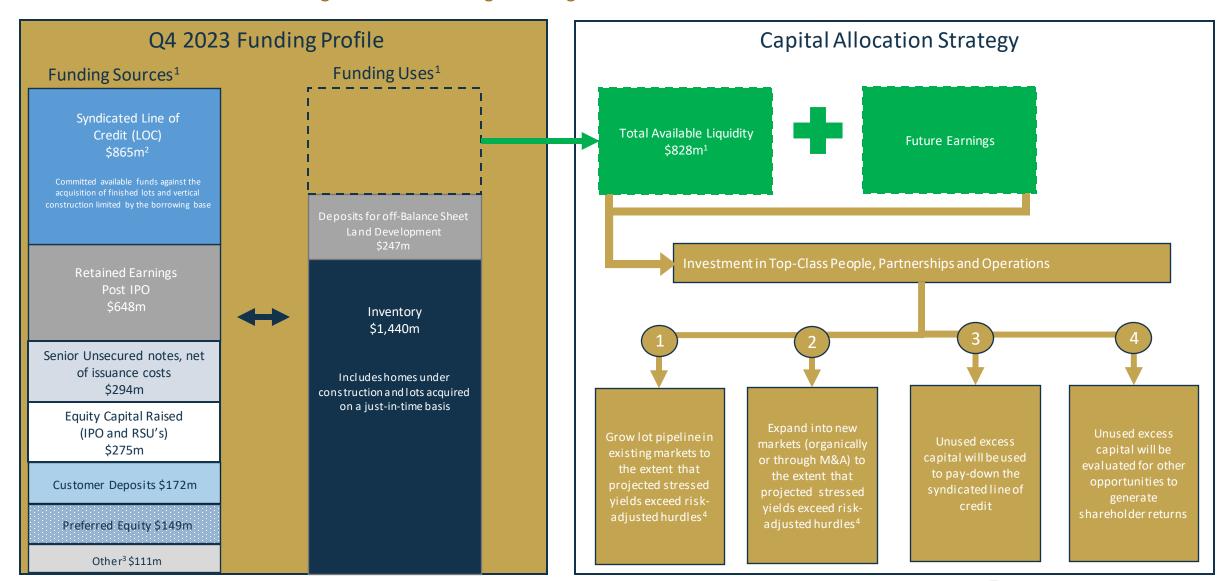
## Housing Demand Continues to Exceed Supply

The number of households has increased by greater than 200% over the last 50 years



## Capital Allocation Framework

Maximize shareholder value through efficient sourcing and usage of cash



<sup>&</sup>lt;sup>1</sup>Represents actual numbers as of December 31, 2023

<sup>&</sup>lt;sup>2</sup>Of this available commitment, \$530m was drawn as of December 31, 2023. This does not include an additional \$375m of committed funding which was not readily available at Q4 2023 (borrowing base limitation).

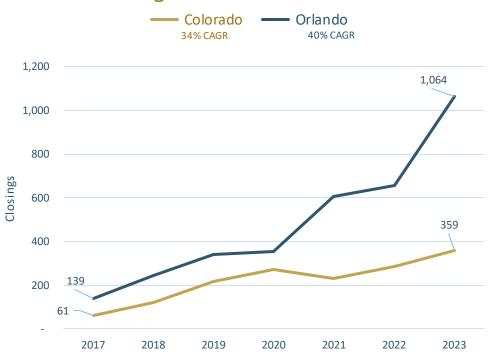
<sup>&</sup>lt;sup>3</sup> Includes the net amount of short-term working capital, non-controlling interests, goodwill, contingent consideration, leases, restricted cash, PPE, investments in unconsolidated entities and other assets. A Risk-adjusted hurdles considers the availability of equity/debt capital which is restricted by management's targeted short-term and long-term leverage targets

## **Expansion Through Organic Growth & Targeted Acquisitions**

#### **Expansion Criteria**

- High population growth
- Strong job creation
- Affordable markets

#### **Organic Growth Case Studies**



#### **External Growth Case Studies**

	HOMES	<b>COVENTRY</b> HOMES
Closed	October 2020	October 2021
Rationale	<ul> <li>Leading regional builder with operations in North and South Carolina</li> <li>Serves first-time and move-up market – a high demand segment</li> <li>Access to high growth markets (Raleigh and Charlotte)</li> </ul>	<ul> <li>Operating since 1988 and closed over 55,000 homes</li> <li>Opportunity to build significant scale in the largest housing market in the US</li> <li>Acquired a backlog of over 1,845 homes with a value in excess of \$1 billion with an addition 5,500 lots under control</li> </ul>
Closings (FY 2021)	1,233 closings	689 closings1
Closings (FY 2022)	1,433 closings	2,229 closings
Closings (FY 2023)	1,451 closings	2,103 closings

## Additional Growth Opportunities in Luxury and Active Adult Space

Active Adult and Luxury segments are a growing and opportunistic set of product lines to capture additional revenue and enhance our returns over time





- Newly formed division (437 closings<sup>1</sup> since its launch in 2020), which caters to the active
  a dult (55+) lifestyle and offers close proximity to a wide range of outdoor activities and
  modern conveniences
- Comprised of five master-planned communities and 1,176 lots owned or controlled 1
  - Reverie at TrailMark (St. Augustine, FL)
  - Reverie at Silverleaf (St. Augustine, FL)
  - Halifax Plantation (Jacksonville, FL)
  - > Everlake at Mandarin (Jacksonville, FL)
  - Reverie At Palm Coast (Palm Coast, FL)
  - Reverie At Wilmington (Wilmington, NC)





- DFH Luxury Homes has become one of Northeast Florida's top custom homebuilders
- The division leverages experience, knowledge and strength in the industry to create a simplified design and construction process

## Mortgage Banking Joint Venture

Maximizing the client experience while enhancing profitability



- Jet LLC underwrites and originates home mortgages across DFH's geographic footprint¹
- Provides a distinct competitive advantage relative to homebuilders without holistic mortgage solutions, as many of DFH's homebuyers seek an integrated home buying experience
- Helps enhance customer experience, allowing DFH to prequalify buyers early in the home buying process and in turn provide better visibility in converting sales backlog into closings





# Our Commitment to ESG Initiatives

#### 130+ homes will meet LEED Gold Standard Accreditation Environmental Home features include solar panels, solar-conscious building, water-conscious landscaping, electric car outlets, energy-efficient appliances and fixtures Focus on first-time quality homes for first-time home buyers Numerous homes built in our DC Metro for low-income residents Affordability Colorado community to feature diverse housing across senior-affordable and low-income housing segments Child safety sponsor of Monique Burr foundation and Cancer care sponsor of B STRONG Ride in Boulder Community Youth development programs with Jacksonville Jaguars and First Tee Discounts<sup>1</sup> for Front Line Workers and Hometown Heroes Competitive benefits and meritocracy structure for employees Diversity Continuing efforts to shape our DEI programs from the Board all the way to screening of 3<sup>rd</sup> party engagements Direct oversight and action from our Board which oversees ESG practices Governance Nominating and Governance Committee monitors ESG success and is responsible for establishing policies alongside management



 <sup>\$1,500</sup> special incentive toward additional design studio upgrades. Hometown Heroes include active and retired military personnel, teachers, doctors, nurses, fire fighters, paramedics and police officers.

### Our Team & Culture

A strong focus on alignment of interests among employees, the Company and shareholders

#### We empower employees by:

- Giving them the ability to earn above-market compensation by producing abovemarket results
- Supporting meritocracy and the right incentive structures to drive outperformance
- Allowing the best and most talented individuals to move up, regardless of tenure, rank, education or background
- Encouraging enhanced personal accountability and an owner-oriented attitude

#### Enabling our company to:

- Run the organization more autonomously allowing agile decision making
- Maintain an entrepreneurial spirit and allow individuals to flourish
- Not be encumbered by bureaucratic processes
- Acknowledge and learn from mistakes



## **Executive Leadership**

#### Aligned with shareholders



Patrick Zalupski

President, Chief Executive Officer & Chairman of the Board of Directors

Mr. Zalupski is the Founder, President and Chief Executive Officer of Dream Finders Homes and has served as Chairman of the Board of Directors since January 2021 upon completion of an IPO (Nasdag: "DFH"). He has served as the CEO of the primary operating subsidiary, Dream Finders Homes LLC since forming the company in December 2008, and as the Chief Executive Officer and a member of the board of managers of DFH LLC since its formation in 2014. He is responsible for our overall operations and management and is heavily involved in the origination, underwriting and structuring of all investment activities. Under Mr. Zalupski's leadership, DFH has grown from closing 27 homes in Jacksonville, Florida during its inaugural year in 2009 to establishing operations in markets across the state of Texas and the Southeast, Mid-Atlantic and Mountain Regions of the United States and closing over 22,200 homes since inception through the end of 2022. Prior to founding DFH LLC, Mr. Zalupski was a Financial Auditor for FedEx Corporation's Internal Audit Department in Memphis, Tennessee and worked in the real estate sales and construction industry as Managing Partner of Bay Street Condominiums, LLC from 2006 to 2008. He has served on the investment committee of DF Capital Management, LLC ("DF Capital"), an investment manager focused on investments in land banks and land development joint ventures to deliver finished lots to DFH and other home builders for the construction of new homes, since April 2018 and on the board of directors for DFH's mortgage banking joint venture, Jet Home Loans, LLC, since December 2017. He was appointed to the University of Florida Board of Trustees and has served on this Board since February 2023



Doug Moran

Senior Vice President & Chief Operations Officer

Mr. Moran has served as our Senior Vice President and Chief Operations Officer since our formation in September 2020, and has served as the Chief Operations Officer of DFH LLC since January 2017. He joined Dream Finders as the Division President in Northeast Florida in August 2015 while also overseeing the management and growth of our business in other markets. Mr. Moran is responsible for sales, marketing, land acquisition and development, home construction, operations and purchasing. Under his direction, we have grown from closing 500 homes per year to over 7,300 homes per year, expanding into multiple new markets across the United States. Mr. Moran has over 20 years of broad industry experience in all aspects of operating a real estate company, including as an executive with publicly traded homebuilders, and has overseen the construction of over 22,200 homes throughout his career. He previously worked at Richmond American Homes ("RAH"), a subsidiary of M.D.C. Holdings, Inc. (NYSE: MDC), from 2012 to 2015, where he served as Regional President for Florida. Prior to joining RAH, Mr. Moran worked at KB Home (NYSE: KBH) from 2007 to 2012, where he served as DC Metro Division President. Prior to joining KB Home, Mr. Moran served his first of two stints at RAH from 1997 to 2007, where he joined as a member of the Mergers & Acquisitions team that acquired two homebuilders in Florida, before as cending the ranks to become RAH's Southeast Regional Division President. Mr. Moran received a B.S. in Business from the University of Maryland.



Anabel Fernandez

Senior Vice President & Chief Financial Officer

Ms. Fernandez joined us in 2018, serving in the position of Treasurer and Vice President and as a member of the Asset Management Committee and was appointed Interim Chief Financial Officer on October 6, 2021 and promoted to Chief Financial Officer on April 1, 2022. Ms. Fernandez has been responsible for balance sheet management, capital allocation, cash forecasting and overall supervision of our accounting and treasury functions, including overall management of our debt, compliance, and reporting for lenders, investors and shareholders. Post-IPO, Ms. Fernandez developed the Company's Investor Relations function. Prior to joining us, Ms. Fernandez served as the Vice President of Finance for the Americas region at Macquarie Group Limited, an Australian multinational independent investment bank and financial services company, from April 2016 to May 2018, overseeing financial and internal tax reporting for over 200 U.S. legal entities in the energy, capital and credit markets space and subsequently managing the financial audit process for Macquarie Group Limited's aircraft leasing business. Prior to joining Macquarie Group Limited, Ms. Fernandez served as the Corporate Accounting Manager at Fidelity National Financial, a provider of title insurance and settlement services to the real estate and mortgage industries, in the title insurance business from 2014 to April 2016. Ms. Fernandez started her career at Aeroflex Incorporated (NASDAQ: ARX INC), a publicly listed aeros pace and defense electronics manufacturer, where she worked from 2002 to 2014. Ms. Fernandez is a Certified Public Accountant. Ms. Fernandez received a B.B.A in Accounting, Financial Economics and Economics from Lincoln Memorial University.

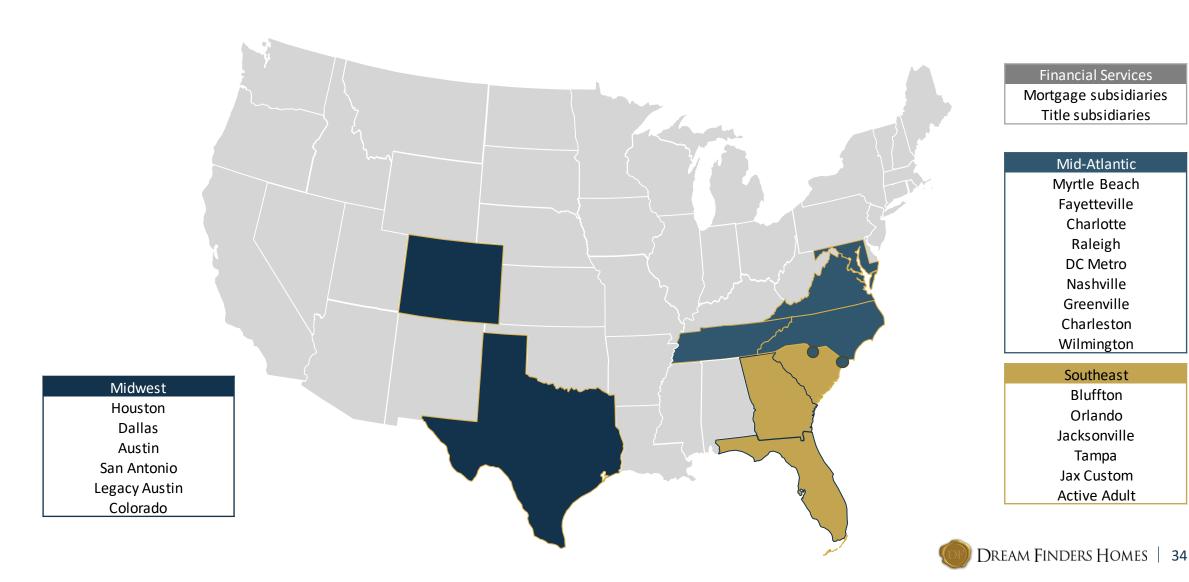


## **Key Financial Metrics**

Metrics	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Homebuilding Revenues	\$783.9M	\$1,096.9M	\$767.5M	\$942.9M	\$893.5M	\$1,135.0M
Pre-Tax Income	\$82.0M	\$121.3M	\$69.4M	\$95.8M	\$103.8M	\$135.4M
Net Income attributed to DFH	\$69.6M	\$86.3M	\$49.1M	\$68.8M	\$76.1M	\$102.0M
Active Community Count	197	206	220	220	219	221
Home Closings	1,542	2,316	1,517	1,846	1,798	2,153
Net New Orders	1,110	1,107	1,448	1,655	1,535	1,106
Controlled Lot Pipeline	38,585	37,615	33,344	31,783	30,614	29,748
Homebuilding Gross Margin	18.6%	17.1%	17.0%	19.1%	20.6%	20.5%
Return on Participating Equity	50.3%	49.1%	46.0%	42.2%	38.9%	36.3%
Inventory Turnover (TTM)	2.3x	2.2x	2.1x	2.1x	2.0x	2.1x

## Segment Reporting

As a result of our continued growth and strategy to maintain agility, the management of our homebuilding operations changed from a divisional level to a regional level. We have updated our reporting to align with this change in view and there are now four segments (Midwest, Mid-Atlantic, Southeast and Financial Services) which are defined below.





# One-of-a-Kind Design Center Experience

- All Dream, Designer, and Platinum Series homes offer custom interior selections, using best-in-class design centers and design associates
- Jacksonville, FL 5,000 sq. ft. design center receives ~20 homebuyers weekly to view 1,000+ product samples and custom finishes for their new home



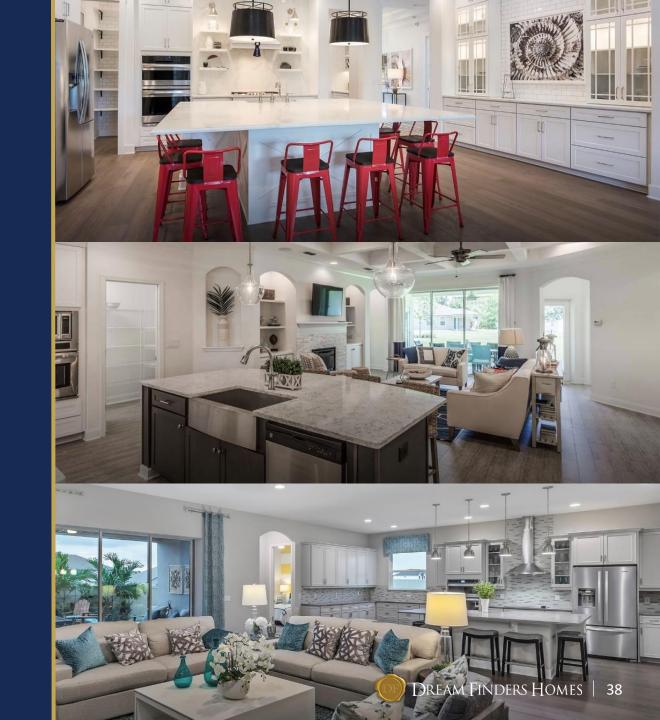
# Best-in-Class Design Aesthetic

- Wood-Like Tiles
- Modern Kitchens
- Accent Walls
- Open Floorplans



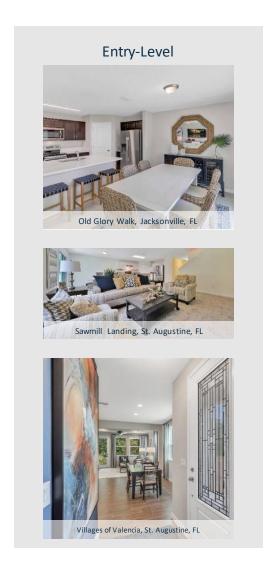
# Modern Open Concept Floorplans

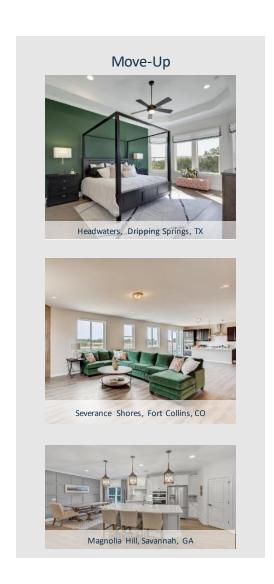
- Makes entertaining enjoyable
- Increases real estate value
- Provides shared light
- Creates better flow
- Makes the home feel larger
- Gives the home a modern feel
- Highlights kitchen as the focal point
- Creates a connection to outdoor space
- Improves energy efficiency



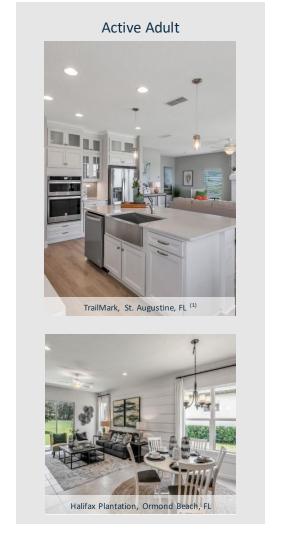
# Quality Finishes at Every Price Point

Customers at every price point have an opportunity to select unique design finishes to add a personal touch to their home









### Contact

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