**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**



**FORM 8-K**



**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of**

**The Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported) April 27, 2016**



**TRI Pointe Group, Inc.**

**(Exact name of registrant as specified in its charter)**



**Delaware**

**1-35796**

**61-1763235**

**(State or other jurisdiction**

**of incorporation)**

**(Commission**

**File Number)**

**(IRS Employer**

**Identification No.)**

**19540 Jamboree Road, Suite 300, Irvine, California**

**92612**

**(Address of principal executive offices)**

**(Zip Code)**

**Registrant’s telephone number, including area code (949) 438-1400**

**Not Applicable**

**(Former name or former address, if changed since last report.)**



Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

* Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
* Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
* Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
* Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))



**Item 2.02** **Results of Operations and Financial Condition**

On April 27, 2016, TRI Pointe Group, Inc., a Delaware corporation (the “Company”), announced in a press release its financial results for the quarter ended March 31, 2016. A copy of the Company’s press release announcing these financial results is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information furnished pursuant to this Item 2.02, including the exhibits attached hereto, shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (“Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be incorporated by reference into any filings under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth in such filing. In addition, the press release furnished as an exhibit to this report includes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995.

**Item 9.01** **Results of Operations**

1. Exhibits

99.1 Press Release dated April 27, 2016

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

|  |  |
| --- | --- |
|  | TRI Pointe Group, Inc. |
| Date: April 27, 2016 | By: /s/ Michael D. Grubbs |
|  |  | Michael D. Grubbs, |
|  |  | Chief Financial Officer and Treasurer |

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**INDEX OF EXHIBITS**

|  |  |  |
| --- | --- | --- |
| **Exhibit** |  |  |
| **No.** |  | **Description of Document** |
| 99.1 | Press Release dated April 27, 2016 |

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**Exhibit 99.1**



**TRI POINTE GROUP, INC. REPORTS 2016 FIRST QUARTER RESULTS**

**-Reports Net Income Available to Common Stockholders of $28.6 Million, or $0.18 per Diluted Share for the Quarter--Home Sales Revenue up 13% driven by a 15% increase in New Home Deliveries for the Quarter--Homebuilding Gross Margin increase to 23.3% for the Quarter-**

Irvine, California, April 27, 2016 /Business Wire/ – TRI Pointe Group, Inc. (NYSE: TPH) today announced results for the first quarter ended March 31, 2016.

**Results and Operational Data for First Quarter 2016 and Comparisons to First Quarter 2015**

* Net income available to common stockholders was $28.6 million, or $0.18 per diluted share compared to $15.3 million, or $0.09 per diluted share
* New home orders of 1,149 compared to 1,194, a decrease of 4%
* Active selling communities averaged 114.5 compared to 113.0
	+ - New home orders per average selling community were 10.0 orders (3.3 monthly) compared to 10.6 orders (3.5 monthly)
		- Cancellation rate increased to 13% compared to 11%
* Backlog units of 1,534 homes compared to 1,558, a decline of 2%
	+ - Dollar value of backlog of $891.5 million compared to $943.4 million, a decrease of 5%
		- Average sales price in backlog of $581,000 compared to $605,000, a decline of 4%
* Home sales revenue of $423.1 million compared to $374.3 million, an increase of 13%
	+ - New homes deliveries of 771 homes compared to 668 homes, an increase of 15%
		- Average sales price of homes delivered of $549,000 compared to $560,000, a decline of 2%
* Homebuilding gross margin percentage of 23.3% compared to 19.9%, an increase of 340 basis points
	+ - Excluding interest, impairments and lot option abandonments, adjusted homebuilding gross margin percentage was 25.4%\*
* SG&A expense as a percentage of homes sales revenue improved to 12.9% compared to 13.7%
* Ratios of debt and net debt to capital of 42.3% and 39.4%\*, respectively, as of March 31, 2016
* Cash of $144.0 million and availability under unsecured revolving credit facility of $170.3 million \* See “Reconciliation of Non-GAAP Financial Measures”

“We believe 2016 is off to a great start,” said TRI Pointe Group Chief Executive Officer Doug Bauer. “Strong growth in new home deliveries coupled with a 340 basis point expansion in homebuilding gross margin resulted in an 87% increase in net income for the quarter. Our homebuilding operations generated healthy demand during the quarter with an average monthly absorption pace above 3.3 orders per community. We also grew our ending community count by 20% as compared to the fourth quarter of 2015. Thanks to these achievements, we are well positioned to deliver on the operational and financial goals we laid out for the Company at the beginning of the year.”

**First Quarter 2016 Operating Results**

Net income available to common stockholders was $28.6 million, or $0.18 per diluted share in the first quarter of 2016, compared to net income of $15.3 million, or $0.09 per diluted share for the first quarter of 2015. The improvement in net income available to common stockholders was primarily driven by an increase of $24.2 million in homebuilding gross margin due to higher home sales

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revenue resulting from a 15% increase in new home deliveries and a 340 basis point improvement in homebuilding gross margin percentage, offset by an increase in selling, general and administrative expenses and the provision for income taxes.

Home sales revenue increased $48.8 million, or 13%, to $423.1 million for the first quarter of 2016, as compared to $374.3 million for the same period in 2015. The increase was mainly attributable to a 15% increase in new home deliveries to 771.

New home orders decreased 4% to 1,149 homes for the first quarter of 2016, as compared to 1,194 homes for the same period in 2015, which was up 79% from 667 orders for the same period in 2014. Average active selling communities increased slightly to 114.5 as compared to 113.0 for the same period in the prior year. The Company’s overall quarterly absorption rate per average selling community for the first quarter ended March 31, 2016 remained strong at 10.0 orders (3.3 monthly) but declined slightly compared to 10.6 orders (3.5 monthly) during the same period in 2015.

The Company ended the quarter with 1,534 homes in backlog, representing approximately $891.5 million in future home sales revenue. The average sales price of homes in backlog as of March 31, 2016 decreased $24,000, or 4%, to $581,000 compared to $605,000 at March 31, 2015.

Homebuilding gross margin percentage for the first quarter of 2016 increased to 23.3% compared to 19.9% for the same period in 2015 and increased sequentially from 22.2% during the fourth quarter of 2015. Excluding interest and impairments and lot option abandonments in cost of home sales, adjusted homebuilding gross margin percentage was 25.4%\* for the first quarter of 2016 versus 21.8%\* for the same period in 2015.

Selling, general and administrative expense for the first quarter of 2016 improved to 12.9% of home sales revenue as compared to 13.7% for the same period in 2015 due to greater leverage as a result of the 13% increase in home sales revenue.

“We have worked hard to instill a culture of collaboration and innovation throughout our organization,” said TRI Pointe Group President and Chief Operating Officer Tom Mitchell. “We have challenged each of our homebuilding brands to enhance their product offerings and consider new strategies to manage their business and improve their existing operations. All of our teams have embraced this mindset and as a result, TRI Pointe Group is a much stronger organization today than it was at the close of the merger with WRECO.”

\* See “Reconciliation of Non-GAAP Financial Measures”

**Outlook**

For the second quarter of 2016, the Company anticipates delivering approximately 60% of its 1,534 units in backlog as of March 31, 2016. In addition, the Company expects to open 10 new communities, and close out of 15, resulting in 120 active selling communities as of June 30, 2016.

For the full year 2016, the Company is reiterating its original guidance of growing communities by 20%, delivering between 4,200 and 4,400 homes at an average sales price of $550,000, a SG&A expense ratio in the range of 10.3% to 10.5% and gross profit from land and lot sales of between $45 million and $50 million. In addition, the Company is updating its homebuilding gross margin guidance for the full year of 2016 to be in a range of 20.5% to 21.5% from 20.0% to 21.0%.

**Earnings Conference Call**

The Company will host a conference call via live webcast for investors and other interested parties beginning at 10:00 a.m. Eastern Time on Wednesday, April 27, 2016. The call will be hosted by Doug Bauer, Chief Executive Officer, Tom Mitchell, President and Chief Operating Officer and Mike Grubbs, Chief Financial Officer.

Interested parties can listen to the call live on the internet through the Investor Relations section of the Company’s website at www.TRIPointeGroup.com. Listeners should go to the website at least 15 minutes prior to the call to download and install any necessary audio software. The call can also be accessed by dialing 1-877-407-3982 for domestic participants or 1-201-493-6780 for international participants. Participants should ask for the TRI Pointe Group First Quarter 2016 Earnings Conference Call. Those dialing in should do so at least ten minutes prior to the start. The replay of the call will be available for two weeks following the call. To access the replay, the domestic dial-in number is 1-877-870-5176, the international dial-in number is 1-858-384-5517, and the pass code is 13634274. An archive of the webcast will be available on the Company’s website for a limited time.

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**About TRI Pointe Group, Inc.**

Headquartered in Irvine, California, TRI Pointe Group, Inc. (NYSE: TPH) is one of the top ten largest public homebuilders by equity market capitalization in the United States. The company designs, constructs and sells premium single-family homes through its portfolio of six quality brands across eight states, included Maracay Homes in Arizona; Pardee Homes in California and Nevada; Quadrant Homes in Washington; Trendmaker Homes in Texas; TRI Pointe Homes in California and Colorado; and Winchester Homes in Maryland and Virginia. Additional information is available at www.TRIPointeGroup.com.

**Forward-Looking Statements**

*Various statements contained in this press release, including those that express a belief, expectation or intention, as well as those that are not statements of historical fact, are forward-looking statements. These forward-looking statements may include projections and estimates concerning the timing and success of specific projects and our future production, land at lot sales, operational and financial results, financial condition, prospects, and capital spending. Our forward-looking statements are generally accompanied by words such as “anticipate,” “believe,” “estimate,” “goal,” “expect,” “intend,” “project,” “potential,” “plan,” “predict,” “will,” or other words that convey future events or outcomes. The forward-looking statements in this press release speak only as of the date of this press release, and we disclaim any obligation to update these statements unless required by law, and we caution you not to rely on them unduly. These forward-looking statements are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. The following factors, among others, may cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements: the effect of general economic conditions, including employment rates, housing starts, interest rate levels, availability of financing for home mortgages and strength of the U.S. dollar; market demand for our products, which is related to the strength of the various U.S. business segments and U.S. and international economic conditions; levels of competition; the successful execution of our internal performance plans, including restructuring and cost reduction initiatives; global economic conditions; raw material prices; oil and other energy prices; the effect of weather, including the continuing drought in California; the risk of loss from earthquakes, volcanoes, fires, floods, droughts, windstorms, hurricanes, pest infestations and other natural disasters; transportation costs; federal and state tax policies; the effect of land use, environment and other governmental regulations; legal proceedings; risks relating to any unforeseen changes to or effects on liabilities, future capital expenditures, revenues, expenses, earnings, synergies, indebtedness, financial condition, losses and future prospects; changes in accounting principles; risks related to unauthorized access to our computer systems, theft of our customers’ confidential information or other forms of cyber-attack; our relationship, and actual and potential conflicts of interest, with Starwood Capital Group or its affiliates; and additional factors discussed under the sections captioned “Risk Factors” included in our annual and quarterly reports filed with the Securities and Exchange Commission. The foregoing list is not exhaustive. New risk factors may emerge from time to time and it is not possible for management to predict all such risk factors or to assess the impact of such risk factors on our business.*

**Investor Relations Contact:**

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Drew Mackintosh, Mackintosh Investor Relations

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**KEY OPERATIONS AND FINANCIAL DATA**

(dollars in thousands)

(unaudited)

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | **Three Months Ended** |  |  |  |  |
|  |  |  |  |  |  |  | **March 31,** |  |  |  |  |
|  |  |  |  | **2016** |  |  | **2015** |  |  | **Change** |  |  |
|  | Operating Data: |  |  |  |  |  |  |  |  |  |  |  |
|  | Home sales revenue | $ | 423,055 |  | $ | 374,265 |  | $ | 48,790 |  |  |
|  | Homebuilding gross margin | $ | 98,556 |  | $ | 74,358 |  | $ | 24,198 |  |  |
|  | Homebuilding gross margin % |  |  | 23.3% |  | 19.9% |  | 3.4% |  |
|  | Adjusted homebuilding gross margin %\* |  |  | 25.4% |  | 21.8% |  | 3.6% |  |
|  | Land and lot gross margin | $ | (424) | $ | (308) | $ | (116) |  |
|  | Land and lot gross margin % |  |  | (119.4)% |  | (15.4)% |  | (104.0)% |  |
|  | SG&A expense | $ | 54,717 |  | $ | 51,439 |  | $ | 3,278 |  |  |
|  | SG&A expense as a % of home sales |  |  |  |  |  |  |  |  |  |  |  |
|  | revenue |  |  | 12.9% |  | 13.7% |  | (0.8)% |  |
|  | Net income available to common |  |  |  |  |  |  |  |  |  |  |  |
|  | stockholders | $ | 28,550 |  | $ | 15,297 |  | $ | 13,253 |  |  |
|  | Adjusted EBITDA\* | $ | 57,584 |  | $ | 34,333 |  | $ | 23,251 |  |  |
|  | Interest incurred | $ | 15,149 |  | $ | 15,176 |  | $ | (27) |  |
|  | Interest in cost of home sales | $ | 8,830 |  | $ | 6,711 |  | $ | 2,119 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other Data: |  |  |  |  |  |  |  |  |  |  |  |
|  | Net new home orders |  |  | 1,149 |  |  | 1,194 |  |  | (45) |  |
|  | New homes delivered |  |  | 771 |  |  | 668 |  |  | 103 |  |  |
|  | Average selling price of homes delivered | $ | 549 |  | $ | 560 |  | $ | (11) |  |
|  | Average selling communities |  |  | 114.5 |  |  | 113.0 |  |  | 1.5 |  |  |
|  | Selling communities at end of period |  |  | 125 |  |  | 117 |  |  | 8 |  |  |
|  | Cancellation rate |  |  | 13% |  | 11% |  | 2% |  |
|  | Backlog (estimated dollar value) | $ | 891,532 |  | $ | 943,352 |  | $ | (51,820) |  |
|  | Backlog (homes) |  |  | 1,534 |  |  | 1,558 |  |  | (24) |  |
|  | Average selling price in backlog | $ | 581 |  | $ | 605 |  | $ | (24) |  |
|  |  |  |  | **March 31,** |  | **December 31,** |  |  |  |  |
|  |  |  |  | **2016** |  |  | **2015** |  |  | **Change** |  |
|  | Balance Sheet Data: |  |  |  |  |  |  |  |  |  |  |  |
|  | Cash and cash equivalents | $ | 144,019 |  | $ | 214,485 |  | $ | (70,466) |  |
|  | Real estate inventories | $ | 2,705,251 |  | $ | 2,519,273 |  | $ | 185,978 |  |  |
|  | Lots owned or controlled |  |  | 27,929 |  |  | 27,602 |  |  | 327 |  |  |
|  | Homes under construction (1) |  |  | 2,434 |  |  | 2,280 |  |  | 154 |  |  |
|  | Debt | $ | 1,244,331 |  | $ | 1,170,505 |  | $ | 73,826 |  |  |
|  | Stockholders' equity | $ | 1,694,757 |  | $ | 1,664,683 |  | $ | 30,074 |  |  |
|  | Book capitalization | $ | 2,939,088 |  | $ | 2,835,188 |  | $ | 103,900 |  |  |
|  | Ratio of debt-to-capital |  |  | 42.3% |  | 41.3% |  | 1.0% |  |
|  | Ratio of net debt-to-capital\* |  |  | 39.4% |  | 36.5% |  | 2.9% |  |
| \_\_\_\_\_\_\_\_\_\_ |  |  |  |  |  |  |  |  |  |  |  |

1. Homes under construction includes completed homes
* See “Reconciliation of Non-GAAP Financial Measures”

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**CONSOLIDATED BALANCE SHEETS**

(in thousands, except share amounts)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **March 31,** |  | **December 31,** |  |
|  |  |  |  | **2016** |  |  | **2015** |  |  |
|  | **Assets** |  |  | (unaudited) |  |  |  |  |
|  | Cash and cash equivalents | $ | 144,019 |  | $ | 214,485 |  |  |
|  | Receivables |  |  | 32,688 |  |  | 43,710 |  |  |
|  | Real estate inventories |  |  | 2,705,251 |  |  | 2,519,273 |  |  |
|  | Investments in unconsolidated entities |  |  | 17,494 |  |  | 18,999 |  |  |
|  | Goodwill and other intangible assets, net |  |  | 161,895 |  |  | 162,029 |  |  |
|  | Deferred tax assets, net |  |  | 126,812 |  |  | 130,657 |  |  |
|  | Other assets |  |  | 45,918 |  |  | 48,918 |  |  |
|  | Total assets | $ | 3,234,077 |  | $ | 3,138,071 |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **Liabilities** |  |  |  |  |  |  |  |  |
|  | Accounts payable | $ | 67,601 |  | $ | 64,840 |  |  |
|  | Accrued expenses and other liabilities |  |  | 201,302 |  |  | 216,263 |  |  |
|  | Unsecured revolving credit facility |  |  | 374,392 |  |  | 299,392 |  |  |
|  | Seller financed loans |  |  | — |  | 2,434 |  |  |
|  | Senior notes |  |  | 869,939 |  |  | 868,679 |  |  |
|  | Total liabilities |  |  | 1,513,234 |  |  | 1,451,608 |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  | Commitments and contingencies |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **Equity** |  |  |  |  |  |  |  |  |
|  | Stockholders' Equity: |  |  |  |  |  |  |  |  |
|  | Preferred stock, $0.01 par value, 50,000,000 shares authorized; |  |  |  |  |  |  |  |  |
|  | no shares issued and outstanding at March 31, 2016 and December 31, 2015, respectively |  |  | — |  | — |  |
|  | Common stock, $0.01 par value, 500,000,000 shares authorized; |  |  |  |  |  |  |  |  |
|  | 162,007,850 and 161,813,750 shares issued and outstanding |  |  |  |  |  |  |  |  |
|  | at March 31, 2016 and December 31, 2015, respectively |  |  | 1,620 |  |  | 1,618 |  |  |
|  | Additional paid-in capital |  |  | 912,719 |  |  | 911,197 |  |  |
|  | Retained earnings |  |  | 780,418 |  |  | 751,868 |  |  |
|  | Total stockholders' equity |  |  | 1,694,757 |  |  | 1,664,683 |  |  |
|  | Noncontrolling interests |  |  | 26,086 |  |  | 21,780 |  |  |
|  | Total equity |  |  | 1,720,843 |  |  | 1,686,463 |  |  |
|  | Total liabilities and equity | $ | 3,234,077 |  | $ | 3,138,071 |  |  |
|  |  |  |  |  |  |  |  |  |  |

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**CONSOLIDATED STATEMENT OF OPERATIONS**

(in thousands, except share and per share amounts)

(unaudited)

**Three Months Ended**

**March 31,**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **2016** |  |  |  | **2015** |  |  |
| **Homebuilding:** |  |  |  |  |  |  |  |  |
| Home sales revenue | $ | 423,055 |  | $ | 374,265 |  |  |
| Land and lot sales revenue |  | 355 |  |  |  | 2,000 |  |  |
| Other operations |  | 580 |  |  |  | 993 |  |  |
| Total revenues |  | 423,990 |  |  |  | 377,258 |  |  |
| Cost of home sales |  | 324,499 |  |  |  | 299,907 |  |  |
| Cost of land and lot sales |  | 779 |  |  |  | 2,308 |  |  |
| Other operations |  | 566 |  |  |  | 562 |  |  |
| Sales and marketing |  | 26,321 |  |  |  | 23,286 |  |  |
| General and administrative |  | 28,396 |  |  |  | 28,153 |  |  |
| Restructuring charges |  | 135 |  |  |  | 222 |  |  |
| Homebuilding income from operations |  | 43,294 |  |  |  | 22,820 |  |  |
| Equity in (loss) income of unconsolidated entities |  | (14) |  |  | 107 |  |  |
| Other income, net |  | 115 |  |  |  | 256 |  |  |
| Homebuilding income before taxes |  | 43,395 |  |  |  | 23,183 |  |  |
| **Financial Services:** |  |  |  |  |  |  |  |  |
| Revenues |  | 148 |  |  |  | — |  |
| Expenses |  | 58 |  |  |  | 26 |  |  |
| Equity in income (loss) of unconsolidated entities |  | 715 |  |  |  | (33) |  |
| Financial services income (loss) from operations before taxes |  |  |  |  |  |  |  |  |
|  | 805 |  |  |  | (59) |  |
| **Income before taxes** |  | 44,200 |  |  |  | 23,124 |  |  |
| Provision for income taxes |  | (15,490) |  |  | (7,827) |  |
| Net income |  | 28,710 |  |  |  | 15,297 |  |  |
| Net income attributable to noncontrolling interests |  | (160) |  |  | — |  |
| Net income available to common stockholders |  |  |  |  |  |  |  |  |
| $ | 28,550 |  | $ | 15,297 |  |  |
| Earnings per share |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| Basic | $ | 0.18 |  | $ | 0.09 |  |  |
| Diluted | $ | 0.18 |  | $ | 0.09 |  |  |
| Weighted average shares outstanding |  |  |  |  |  |  |  |  |
| Basic |  | 161,895,640 |  |  |  | 161,490,970 |  |  |
| Diluted |  | 162,192,610 |  |  |  | 162,807,376 |  |  |

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**MARKET DATA BY REPORTING SEGMENT & STATE**

(dollars in thousands)

(unaudited)

**Three Months Ended March 31,**



|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **2016** |  |  |  | **2015** |  |  |
|  | **Homes** |  |  | **Avg. Selling** | **Homes** |  |  |  |  | **Avg. Selling** |
|  | **Delivered** |  |  | **Price** |  |  | **Delivered** |  |  |  |  | **Price** |
| **New Homes Delivered:** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Maracay Homes | 115 |  | $ | 395 |  |  | 85 |  | $ | 382 |  |
| Pardee Homes | 208 |  |  | 572 |  |  | 168 |  |  |  | 510 |  |
| Quadrant Homes | 92 |  |  | 494 |  |  | 93 |  |  |  | 466 |  |
| Trendmaker Homes | 88 |  |  | 498 |  |  | 108 |  |  |  | 520 |  |
| TRI Pointe Homes | 201 |  |  | 657 |  |  | 139 |  |  |  | 769 |  |
| Winchester Homes | 67 |  |  | 559 |  |  | 75 |  |  |  | 663 |  |
| Total |  | 771 |  | $ | 549 |  |  | 668 |  |  | $ | 560 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  | **Three Months Ended March 31,** |  |  |  |  |  |  |
|  |  | **2016** |  |  |  | **2015** |  |  |
|  | **Homes** |  |  | **Avg. Selling** | **Homes** |  |  |  |  | **Avg. Selling** |
|  | **Delivered** |  |  | **Price** |  |  | **Delivered** |  |  |  |  | **Price** |
| **New Homes Delivered:** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| California | 314 |  | $ | 681 |  |  | 220 |  | $ | 721 |  |
| Colorado | 38 |  |  | 482 |  |  | 33 |  |  |  | 473 |  |
| Maryland | 48 |  |  | 504 |  |  | 31 |  |  |  | 580 |  |
| Virginia | 19 |  |  | 699 |  |  | 44 |  |  |  | 721 |  |
| Arizona | 115 |  |  | 395 |  |  | 85 |  |  |  | 382 |  |
| Nevada | 57 |  |  | 328 |  |  | 54 |  |  |  | 340 |  |
| Texas | 88 |  |  | 498 |  |  | 108 |  |  |  | 520 |  |
| Washington | 92 |  |  | 494 |  |  | 93 |  |  |  | 466 |  |
| Total |  | 771 |  | $ | 549 |  |  | 668 |  |  | $ | 560 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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**MARKET DATA BY REPORTING SEGMENT & STATE, continued**

(unaudited)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Three Months Ended March 31,** |  |  |
|  | **2016** |  |  | **2015** |  |  |
|  | **New** | **Average** | **New** | **Average** |
|  | **Home** | **Selling** | **Home** | **Selling** |
|  | **Orders** | **Communities** | **Orders** | **Communities** |
| **Net New Home Orders:** |  |  |  |  |  |  |  |  |  |  |
| Maracay Homes | 201 |  |  | 18.5 |  | 161 |  |  | 17.0 |  |
| Pardee Homes | 313 |  |  | 23.5 |  | 308 |  |  | 20.3 |  |
| Quadrant Homes | 133 |  |  | 9.5 |  | 150 |  |  | 10.2 |  |
| Trendmaker Homes | 122 |  |  | 24.3 |  | 132 |  |  | 26.5 |  |
| TRI Pointe Homes | 265 |  |  | 25.5 |  | 336 |  |  | 26.3 |  |
| Winchester Homes | 115 |  |  | 13.2 |  | 107 |  |  | 12.7 |  |
| Total | 1,149 |  |  | 114.5 |  | 1,194 |  |  | 113.0 |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  | **Three Months Ended March 31,** |  |  |
|  | **2016** |  |  | **2015** |  |  |
|  | **New** | **Average** | **New** | **Average** |
|  | **Home** | **Selling** | **Home** | **Selling** |
|  | **Orders** | **Communities** | **Orders** | **Communities** |
| **Net New Home Orders:** |  |  |  |  |  |  |  |  |  |  |
| California | 406 |  |  | 33.2 |  | 470 |  |  | 30.6 |  |
| Colorado | 43 |  |  | 5.0 |  | 74 |  |  | 7.0 |  |
| Maryland | 64 |  |  | 6.2 |  | 49 |  |  | 5.0 |  |
| Virginia | 51 |  |  | 7.0 |  | 58 |  |  | 7.7 |  |
| Arizona | 201 |  |  | 18.5 |  | 161 |  |  | 17.0 |  |
| Nevada | 129 |  |  | 10.8 |  | 100 |  |  | 9.0 |  |
| Texas | 122 |  |  | 24.3 |  | 132 |  |  | 26.5 |  |
| Washington | 133 |  |  | 9.5 |  | 150 |  |  | 10.2 |  |
| Total | 1,149 |  |  | 114.5 |  | 1,194 |  |  | 113.0 |  |
|  |  |  |  |  |  |  |  |  |  |  |

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**MARKET DATA BY REPORTING SEGMENT & STATE, continued**

(dollars in thousands)

(unaudited)

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **As of March 31, 2016** |  |  |  |  |  | **As of March 31, 2015** |  |  |  |
|  |  |  |  | **Backlog** |  |  | **Average** |  |  |  | **Backlog** |  | **Average** |
|  | **Backlog** |  |  | **Dollar** |  |  | **Selling** | **Backlog** |  |  | **Dollar** |  | **Selling** |
|  | **Units** |  |  | **Value** |  |  | **Price** | **Units** |  |  | **Value** |  | **Price** |
| **Backlog:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Maracay Homes | 289 | $ | 121,130 |  | $ | 419 |  | 181 | $ | 67,817 |  | $ | 375 |  |
| Pardee Homes | 379 |  |  | 242,278 |  |  |  | 639 |  | 358 |  |  | 228,206 |  |  | 637 |  |
| Quadrant Homes | 184 |  |  | 99,170 |  |  |  | 539 |  | 170 |  |  | 68,952 |  |  | 406 |  |
| Trendmaker Homes | 170 |  |  | 90,870 |  |  |  | 535 |  | 242 |  |  | 128,206 |  |  | 530 |  |
| TRI Pointe Homes | 354 |  |  | 238,669 |  |  |  | 674 |  | 440 |  |  | 323,215 |  |  | 735 |  |
| Winchester Homes | 158 |  |  | 99,415 |  |  |  | 629 |  | 167 |  |  | 126,956 |  |  | 760 |  |
| Total | 1,534 |  | $ | 891,532 |  |  | $ | 581 |  | 1,558 |  | $ | 943,352 |  | $ | 605 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **As of March 31, 2016** |  |  |  |  |  | **As of March 31, 2015** |  |  |  |
|  |  |  |  | **Backlog** |  |  | **Average** |  |  |  | **Backlog** |  | **Average** |
|  | **Backlog** |  |  | **Dollar** |  |  | **Selling** | **Backlog** |  |  | **Dollar** |  | **Selling** |
|  | **Units** |  |  | **Value** |  |  | **Price** | **Units** |  |  | **Value** |  | **Price** |
| **Backlog:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| California | 493 | $ | 376,645 |  | $ | 764 |  | 568 | $ | 448,600 |  | $ | 790 |  |
| Colorado | 89 |  |  | 45,694 |  |  |  | 513 |  | 125 |  |  | 61,841 |  |  | 495 |  |
| Maryland | 93 |  |  | 55,444 |  |  |  | 596 |  | 71 |  |  | 46,074 |  |  | 649 |  |
| Virginia | 65 |  |  | 43,971 |  |  |  | 676 |  | 96 |  |  | 80,882 |  |  | 843 |  |
| Arizona | 289 |  |  | 121,130 |  |  |  | 419 |  | 181 |  |  | 67,817 |  |  | 375 |  |
| Nevada | 151 |  |  | 58,608 |  |  |  | 388 |  | 105 |  |  | 40,980 |  |  | 390 |  |
| Texas | 170 |  |  | 90,870 |  |  |  | 535 |  | 242 |  |  | 128,206 |  |  | 530 |  |
| Washington | 184 |  |  | 99,170 |  |  |  | 539 |  | 170 |  |  | 68,952 |  |  | 406 |  |
| Total | 1,534 |  | $ | 891,532 |  |  | $ | 581 |  | 1,558 |  | $ | 943,352 |  | $ | 605 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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**MARKET DATA BY REPORTING SEGMENT & STATE, continued**

(unaudited)

|  |  |  |
| --- | --- | --- |
|  | **March 31,** | **December 31,** |
|  | **2016** |  | **2015** |  |
| **Lots Owned or Controlled:** |  |  |  |  |
| Maracay Homes | 2,280 |  | 1,811 |  |
| Pardee Homes | 16,457 |  | 16,679 |  |
| Quadrant Homes | 1,510 |  | 1,274 |  |
| Trendmaker Homes | 1,777 |  | 1,858 |  |
| TRI Pointe Homes | 3,625 |  | 3,628 |  |
| Winchester Homes | 2,280 |  | 2,352 |  |
| Total | 27,929 |  | 27,602 |  |
|  |  |  |  |  |

**March 31,**

**2016**

**December 31,**

**2015**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Lots Owned or Controlled:** |  |  |  |  |
| California | 17,623 |  | 17,527 |  |
| Colorado | 626 |  | 876 |  |
| Maryland | 1,663 |  | 1,716 |  |
| Virginia | 617 |  | 636 |  |
| Arizona | 2,280 |  | 1,811 |  |
| Nevada | 1,833 |  | 1,904 |  |
| Texas | 1,777 |  | 1,858 |  |
| Washington | 1,510 |  | 1,274 |  |
| Total | 27,929 |  | 27,602 |  |
|  |  |  |  |  |

**March 31,**

**2016**

**December 31,**

**2015**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Lots by Ownership Type:** |  |  |  |  |
| Lots owned | 25,027 |  | 24,733 |  |
| Lots controlled (1) | 2,902 |  | 2,869 |  |
| Total | 27,929 |  | 27,602 |  |



\_\_\_\_\_\_\_\_\_\_

1. As of March 31, 2016 and December 31, 2015, lots controlled included lots that were under land option contracts or purchase contracts.

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**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**

(unaudited)

In this press release, we utilize certain financial measures that are non-GAAP financial measures as defined by the Securities and Exchange Commission. We present these measures because we believe they and similar measures are useful to management and investors in evaluating the Company’s operating performance and financing structure. We also believe these measures facilitate the comparison of our operating performance and financing structure with other companies in our industry. Because these measures are not calculated in accordance with Generally Accepted Accounting Principles (“GAAP”), they may not be comparable to other similarly titled measures of other companies and should not be considered in isolation or as a substitute for, or superior to, financial measures prepared in accordance with GAAP.

The following table reconciles homebuilding gross margin percentage, as reported and prepared in accordance with GAAP, to the non-GAAP measure adjusted homebuilding gross margin percentage. We believe this information is meaningful as it isolates the impact that leverage has on homebuilding gross margin and permits investors to make better comparisons with our competitors, who adjust gross margins in a similar fashion.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Three Months Ended March 31,** |  |  |  |
|  |  | **2016** |  | **%** |  |  |  | **2015** |  | **%** |  |  |
|  |  |  |  | (dollars in thousands) |  |  |  |
| Home sales revenue | $ | 423,055 |  | 100.0% | $ | 374,265 |  | 100.0% |  |
| Cost of home sales |  | 324,499 |  | 76.7% |  |  | 299,907 |  | 80.1% |  |
| Homebuilding gross margin |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 98,556 |  | 23.3% |  |  | 74,358 |  | 19.9% |  |
| Add: interest in cost of home sales |  | 8,830 |  | 2.1% |  |  | 6,711 |  | 1.8% |  |
| Add: impairments and lot option abandonments |  | 182 |  | 0.0% |  |  | 345 |  | 0.1% |  |
| Adjusted homebuilding gross margin |  |  |  |  |  |  |  |  |  |  |  |  |
| $ | 107,568 |  | 25.4% | $ | 81,414 |  | 21.8% |  |
| Homebuilding gross margin percentage |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 23.3% |  |  |  |  | 19.9% |  |  |  |
| Adjusted homebuilding gross margin percentage |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 25.4% |  |  |  |  | 21.8% |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |

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**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (continued)**

(unaudited)

The following table reconciles the Company’s ratio of debt-to-capital to the ratio of net debt-to-capital. We believe that the ratio of net debt-to-capital is a relevant financial measure for management and investors to understand the leverage employed in our operations and as an indicator of the Company’s ability to obtain financing.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **March 31,** |  |  | **December 31,** |  |
|  |  |  |  | **2016** |  |  |  | **2015** |  |  |
|  |  |  |  | (dollars in thousands) |  |  |
|  | Unsecured revolving credit facility | $ | 374,392 |  | $ | 299,392 |  |  |
|  | Seller financed loans |  |  | — |  |  | 2,434 |  |  |
|  | Senior Notes |  |  | 869,939 |  |  |  | 868,679 |  |  |
|  | Total debt |  |  | 1,244,331 |  |  |  | 1,170,505 |  |  |
|  | Stockholders' equity |  |  | 1,694,757 |  |  |  | 1,664,683 |  |  |
|  | Total capital |  | $ | 2,939,088 |  |  | $ | 2,835,188 |  |  |
|  | Ratio of debt-to-capital(1) |  |  | 42.3% |  |  | 41.3% |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
| Total debt | $ | 1,244,331 |  | $ | 1,170,505 |  |  |
|  | Less: Cash and cash equivalents |  |  | (144,019) |  |  | (214,485) |  |
|  | Net debt |  |  | 1,100,312 |  |  |  | 956,020 |  |  |
|  | Stockholders' equity |  |  | 1,694,757 |  |  |  | 1,664,683 |  |  |
|  | Total capital |  | $ | 2,795,069 |  |  | $ | 2,620,703 |  |  |
| Ratio of net debt-to-capital(2) |  |  |  |  |  |  |  |  |  |
|  |  | 39.4% |  |  | 36.5% |  |
| \_\_\_\_\_\_\_\_\_\_ |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |

1. The ratio of debt-to-capital is computed as the quotient obtained by dividing debt by the sum of debt plus equity.
2. The ratio of net debt-to-capital is computed as the quotient obtained by dividing net debt (which is debt less cash and cash equivalents) by the sum of net debt plus equity. The most directly comparable GAAP financial measure is the ratio of debt-to-capital.

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**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (continued)**

(unaudited)

The following table calculates the non-GAAP measures of EBITDA and Adjusted EBITDA and reconciles those amounts to net income, as reported and prepared in accordance with GAAP. EBITDA means net income before (a) interest expense, (b) income taxes, (c) depreciation and amortization,

1. expensing of previously capitalized interest included in costs of home sales and (e) amortization of stock-based compensation. Adjusted EBITDA means EBITDA before (f) impairment and lot option abandonments (g) restructuring charges and (h) transaction related expenses. Other companies may calculate EBITDA and Adjusted EBITDA (or similarly titled measures) differently. We believe EBITDA and Adjusted EBITDA are useful measures of the Company’s ability to service debt and obtain financing.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | **Three Months Ended** |  |  |
|  |  |  | **March 31,** |  |  |
|  | **2016** |  |  |  |  | **2015** |  |
|  |  |  | (in thousands) |  |  |
| Net income available to common stockholders | $ | 28,550 |  | $ | 15,297 |  |
| Interest expense: |  |  |  |  |  |  |  |  |
| Interest incurred |  |  | 15,149 |  |  |  | 15,176 |  |
| Interest capitalized |  |  | (15,149) |  |  | (15,176) |
| Amortization of interest in cost of sales |  |  | 8,830 |  |  |  | 6,765 |  |
| Provision for income taxes |  |  | 15,490 |  |  |  | 7,827 |  |
| Depreciation and amortization |  |  | 1,792 |  |  |  | 1,481 |  |
| Amortization of stock-based compensation |  |  | 2,605 |  |  |  | 2,381 |  |
| EBITDA |  |  | 57,267 |  |  |  | 33,751 |  |
| Impairments and lot abandonments |  |  | 182 |  |  |  | 360 |  |
| Restructuring charges |  |  | 135 |  |  |  | 222 |  |
| Adjusted EBITDA |  | $ | 57,584 |  |  | $ | 34,333 |  |
|  |  |  |  |  |  |  |  |  |

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