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## Investor Relations Team

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Phone: 215-938-8365
Information presented herein for the third quarter ended July 31, 2018 is subject to finalization of the Company’s regulatory filings, related financial and accounting reporting procedures and external auditor procedures.

This report contains or may contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. One can identify these statements by the fact that they do not relate to matters of a strictly historical or factual nature and generally discuss or relate to future events. These statements contain words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “may,” “can,” “could,” “might,” “should” and other words or phrases of similar meaning. Such statements may include, but are not limited to, information related to the anticipated closing of the offering of the Notes; anticipated operating results; home deliveries; financial resources and condition; changes in revenues; changes in profitability; changes in margins; changes in accounting treatment; cost of revenues; selling, general and administrative expenses; interest expense; inventory write-downs; home warranty and construction defect claims; unrecognized tax benefits; anticipated tax refunds; sales paces and prices; effects of home buyer cancellations; growth and expansion; joint ventures in which we are involved; anticipated results from our investments in unconsolidated entities; the ability to acquire land and pursue real estate opportunities; the ability to gain approvals and open new communities; the ability to sell homes and properties; the ability to deliver homes from backlog; the ability to secure materials and subcontractors; the ability to produce the liquidity and capital necessary to expand and take advantage of opportunities; and legal proceedings, investigations and claims.

Any or all of the forward-looking statements included in this report are not guarantees of future performance and may turn out to be inaccurate. Consequently, actual results may differ materially from those that might be anticipated from our forward-looking statements. Therefore, we caution you not to place undue reliance on our forward-looking statements.

The factors that could cause actual results to differ from those expressed or implied by our forward-looking statements include, among others: demand fluctuations in the housing industry; adverse changes in economic conditions in markets where we conduct our operations and where prospective purchasers of our homes live; increases in cancellations of existing agreements of sale; the competitive environment in which we operate; changes in interest rates or our credit ratings; the availability of capital; uncertainties in the capital and securities markets; the ability of customers to obtain financing for the purchase of homes; the availability and cost of land for future growth; the ability of the participants in various joint ventures to honor their commitments; effects of governmental legislation and regulation; effects of increased taxes or governmental fees; weather conditions; the availability and cost of labor and building and construction materials; the cost of raw materials; the outcome of various product liability claims, litigation and warranty claims; the effect of the loss of key management personnel; changes in tax laws and their interpretation; construction delays; and the seasonal nature of our business. For a more detailed discussion of these factors, see the risk factors in the information under the captions “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our most recent annual report on Form 10-K filed with the SEC.

From time to time, forward-looking statements also are included in our periodic reports on Forms 10-K, 10-Q and 8-K, in press releases, in presentations, on our website and in other materials released to the public.

Any or all of the forward-looking statements included in our reports or public statements made by us are not guarantees of future performance and may turn out to be inaccurate. This can occur as a result of incorrect assumptions or as a consequence of known or unknown risks and uncertainties. Many factors mentioned in our reports or public statements made by us, such as market conditions, government regulation, and the competitive environment, will be important in determining our future performance. Consequently, actual results may differ materially from those that might be anticipated from our forward-looking statements.

This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995, and all of our forward-looking statements are expressly qualified in their entirety by the cautionary statements contained or referenced in this section.

Forward-looking statements speak only as of the date they are made. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.
OVERVIEW

#1 LUXURY BRAND
- Nation’s leading luxury home builder
- Nationally recognized, award-winning brand
- Founded in 1967 and listed on NYSE since 1986
- Average Q3 FY 2018 delivered home price of $852,000
- Average price is double that of most other public homebuilders
- Fortune Magazine’s World’s Most Admired Companies - #1 Homebuilder four years in a row: 2015, 2016, 2017 & 2018*

SOLID MANAGEMENT & FINANCIAL BASE
- Strong balance sheet and credit ratings
- Approx. $1.6 BN of available liquidity at Q3 2018
- Member of the 2018 FORTUNE 500
- Executive & director beneficial ownership of approx. 9.0%†
- Average senior management tenure of 19 years

GEOGRAPHIC & PRODUCT DIVERSITY
- Builds in 22 states and approximately 50 markets
- Balanced footprint across the East, West and South
- Strong land position – Own or Control 54,000 lots
- Urban presence in NYC, Metro DC & Philadelphia
- Serves urban/suburban, luxury move-up, millennial, empty nester, & active-adult buyers and renters in select markets

*From Fortune magazine, February 1, 2018 ©2018 Time Inc. FORTUNE and “World’s Most Admired Companies®” are registered trademarks of Time Inc. and are used under license. FORTUNE and Time Inc. are not affiliated with, and do not endorse products or services of Toll Brothers, Inc.
† At January 19, 2018
THE #1 BRAND IN LUXURY HOME BUILDING

FORTUNE
WORLD’S MOST
ADMIRE
COMPANIES®

7 \ hduv lq d Urz

NATIONAL BUILDER
OF THE YEAR 2014

Lifestory Research®
AMERICA’S
MOST TRUSTED™
Home Builder
2015

Two-Time National Award Winner
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<th></th>
<th>3 Months Ended July 31, ($ in millions), except Avg Prices</th>
<th>9 Months Ended July 31, ($ in millions), except Avg Prices</th>
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<td></td>
<td>2018</td>
<td>2017</td>
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<td>Contracts</td>
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<td>Units</td>
<td>2,316</td>
<td>2,163</td>
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<tr>
<td>Dollars</td>
<td>$2,032</td>
<td>$1,811</td>
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<tr>
<td>Avg price ($ in 000s)</td>
<td>$877</td>
<td>$837</td>
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<tr>
<td>Backlog</td>
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<td></td>
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<tr>
<td>Units</td>
<td>7,100</td>
<td>6,282</td>
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<tr>
<td>Dollars</td>
<td>$6,479</td>
<td>$5,309</td>
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<tr>
<td>Avg price ($ in 000s)</td>
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<td>$845</td>
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<tr>
<td>Deliveries</td>
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<tr>
<td>Units</td>
<td>2,246</td>
<td>1,899</td>
</tr>
<tr>
<td>Dollars</td>
<td>$1,913</td>
<td>$1,503</td>
</tr>
<tr>
<td>Avg price ($ in 000s)</td>
<td>$852</td>
<td>$791</td>
</tr>
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## CURRENT U.S. HOUSING MARKET

| MARKET IS GROWING | Market continues on its pace of steady growth  
|                   | Increasing volumes of new home sales but still below long-term averages  
|                   | Rising home values and stock market strengthen personal balance sheets and provide additional equity for down payments |
| PENT-UP DEMAND    | Continued population growth through recession and recovery  
|                   | Household formations are increasing  
|                   | Seven years of pent-up demand releasing  
|                   | Homeownership rate rising—still below historic norms |
| PERSONAL BALANCE SHEETS IMPROVING | Unemployment rate at lowest point since 2000  
|                                   | Mortgage rates still low. Affordability is solid  
|                                   | Purchase decision is a confidence-sensitive issue  
|                                   | Rising home prices improve home equity of our potential buyers |
| CONSTRAINED SUPPLY | Fewer land entitlements processed for several years  
|                     | Inventory/lot shortages in some markets  
|                     | Constrained capital access favors largest builders  
<p>|                     | Existing home supply, on average, is 40 years old |</p>
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<th>FY 2012</th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
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<td>Pre-tax Income (000s)</td>
<td>$112,942</td>
<td>$267,697</td>
<td>$504,582</td>
<td>$535,562</td>
<td>$589,027</td>
<td>$814,311</td>
<td>$253,097</td>
</tr>
<tr>
<td>EBITDA (000s)</td>
<td>$226,049</td>
<td>$408,145</td>
<td>$670,432</td>
<td>$705,909</td>
<td>$773,628</td>
<td>$1,017,227</td>
<td>$310,562</td>
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<tr>
<td>Diluted EPS</td>
<td>$2.86</td>
<td>$0.97</td>
<td>$1.84</td>
<td>$1.97</td>
<td>$2.18</td>
<td>$3.17</td>
<td>$1.26</td>
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<td>Cash and Marketable Securities (000s)</td>
<td>$1,217,892</td>
<td>$825,480</td>
<td>$598,341</td>
<td>$928,994</td>
<td>$633,715</td>
<td>$712,829</td>
<td>$522,181</td>
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<td>Selling Community Count</td>
<td>224</td>
<td>232</td>
<td>263</td>
<td>288</td>
<td>310</td>
<td>305</td>
<td>301</td>
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<td>Owned &amp; Optioned Lots</td>
<td>40,350</td>
<td>48,628</td>
<td>47,167</td>
<td>44,253</td>
<td>48,837</td>
<td>48,311</td>
<td>53,604</td>
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<td>Adjusted Gross Margin**</td>
<td>24.0%</td>
<td>24.6%</td>
<td>25.3%</td>
<td>25.9%</td>
<td>23.2%</td>
<td>24.8%</td>
<td>24.3%</td>
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<tr>
<td>Operating Margin</td>
<td>3.4%</td>
<td>7.5%</td>
<td>10.2%</td>
<td>10.7%</td>
<td>9.5%</td>
<td>11.1%</td>
<td>12.0%</td>
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<tr>
<td>JV &amp; Other Income (000s)</td>
<td>$49,512</td>
<td>$66,630</td>
<td>$107,333</td>
<td>$88,692</td>
<td>$98,966</td>
<td>$169,375</td>
<td>$23,434</td>
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<tr>
<td>Return on Beginning Stockholders' Equity</td>
<td>18.8%</td>
<td>5.5%</td>
<td>10.2%</td>
<td>9.4%</td>
<td>9.0%</td>
<td>12.7%</td>
<td>-</td>
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*Projected
**Gross Margin excluding interest and write-downs as a percentage of revenues

Toll Brothers
AMERICA'S LUXURY HOME BUILDER
## Key Market Trends

### Demographic Trends
- Maturing Baby Boomer population
- Millennials deferring family formations, but desire for homeownership matches previous generations
- An increase in renting households

### Regional Growth
- Strengthening economy and population growth in the West and Northwest
- Job growth in Texas & Colorado
- Continued focus on our affluent core markets from Washington DC to Boston

### Urban Growth
- National trend towards urbanization
- Millennials staying in cities longer
- Baby Boomers returning from suburbs
- Success in NYC, Philadelphia, and Metro Washington DC
### WELL-POSITIONED FOR KEY TRENDS

#### DEMOGRAPHIC TRENDS
- Expanding Active Adult to new markets
- Expanding Toll’s rental business
- Designing more homes attractive to multigenerational buyers
- Reaching affluent millennials with targeted products

#### REGIONAL GROWTH
- Expanded in California and Nevada
- Expanded in Texas & Colorado
- Entered Seattle and Boise
- Maintained dominance in affluent core markets from Washington DC to Boston
- Growing presence in Portland and Salt Lake City

#### URBAN GROWTH
- Growing City Living in NYC
- Entered the Metro Washington DC market
- Exploring additional cities
- Building urban rentals
- Seeking urban infill/re-use opportunities
NATIONWIDE FOOTPRINT POSITIONS
US FOR GROWTH

21 STATES, 50 MARKETS

REGIONS / SELLING COMMUNITIES

North 54
Mid-Atlantic 62
South 66
West 75
California 39
City Living 5

Total: 301

* As of July 31, 2018
GEOGRAPHICALLY DIVERSIFIED PORTFOLIO

- **FYE 2017 Lots Owned**
  - North: 28%
  - Mid-Atlantic: 16%
  - South: 15%
  - West: 17%
  - California: 4%
  - City Living: 16%

- **FY 2017 Revenue ($)**
  - North: 27%
  - Mid-Atlantic: 20%
  - South: 18%
  - West: 13%
  - California: 7%
  - City Living: 4%

- **FYE 2017 Backlog ($)**
  - North: 30%
  - Mid-Atlantic: 19%
  - South: 16%
  - West: 16%
  - California: 15%
  - City Living: 16%
Toll’s main competitors are small private builders, not the larger public builders.

Average Delivered Home Price* ($000)

- DR Horton: $298
- Beazer: $343
- M/I: $369
- Lennar: $381
- NVR: $387
- Pulte: $395
- KB Home: $397
- Meritage: $413
- Hovnanian: $418
- MDC: $451
- Taylor Morrison: $473
- TRI Pointe: $582
- Toll Brothers FY 2017: $813
- Toll Brothers Q3 FY 2018: $852

* Updated based on most recent reported fiscal-year-end deliveries.
TOLL HOME PRICES YTD FY 2018*
(by unit deliveries)

60% Under $750,000

*Numbers may not add due to rounding in units
* Through July 31, 2018
THE WIDEST VARIETY OF HOMES IN THE INDUSTRY

- Move-up
- Empty Nester
- Active Adult
- Second Home
- Urban-Infill
- Urban Redevelopment
- Large-Scale Master Plans
- High-Rise
- Suburban High Density
- Urban & Suburban Rental
Evolving Product Diversification
(by unit deliveries)

FY 2000
- Single Family: 89%
- Attached: 10%
- Age Qualified: 1%

FY 2017
- Single Family: 62%
- Attached: 15%
- Age Qualified: 19%
- City Living: 4%
GEOGRAPHIC DIVERSIFICATION
(by unit deliveries)

FY 2000

- North: 35%
- Mid-Atlantic: 33%
- South: 14%
- West: 11%
- California: 7%

FY 2017

- North: 15%
- Mid-Atlantic: 25%
- South: 17%
- West: 24%
- California: 4%
- City Living: 16%
GEORAPHIC DIVERSIFICATION
(by deliveries in $)

FY 2000

- North: 9%
- Mid-Atlantic: 11%
- South: 12%
- West: 35%
- California: 33%
- City Living: 18%

FY 2017

- North: 7%
- Mid-Atlantic: 13%
- South: 16%
- West: 27%
- California: 20%
- City Living: 18%
EMPTY NESTER

Canyon Oaks, Chatsworth, CA
MASTER PLANNED

Sienna Plantation, Missouri City, TX
URBAN REDEVELOPMENT

Maxwell Place, Hoboken, NJ
URBAN MIXED USE

Pierhouse at Brooklyn Bridge Park, Brooklyn, NY
SUBURBAN HIGH DENSITY
URBAN & SUBURBAN RENTAL

The Kendrick, Needham, MA
Parc Plymouth Meeting, Plymouth Meeting, PA
SUCCESSFUL URBAN TRACK RECORD

- Formed in 2003 to leverage luxury brand
- Follows demographic trends of Millennials, more families and Boomers living in cities
- Communities in NYC, North Jersey’s Gold Coast, Philadelphia & Urban Metro DC

BROAD EXPERIENCE

- Completed construction on 32 buildings totaling approximately 4,000 units*
- Selling from 9 buildings, totaling 1,100 units*
- Future pipeline consists of 4 buildings, totaling approximately 600 units*
- Exploring Boston, Los Angeles, San Francisco & Miami

DISTINCTIVE PRODUCT

- Focus on buildings in the 50 – 200 unit range located in upscale neighborhoods
- Develop differentiated products based on granular analysis of each neighborhood
- Not focused on super luxury, targeting $2,000 - $2,500 psf in NYC and $800 - $1,200 psf in Hoboken and Jersey City, NJ

* As July 31, 2018
## CURRENT CITY LIVING PIPELINE*

<table>
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<tr>
<th>Project</th>
<th>Total Units</th>
<th>Settled Units</th>
<th>Sold (Not Settled) Units</th>
<th>Units Left to Sell</th>
<th>Estimated Remaining Revenue**</th>
<th>Construction Start</th>
<th>Open for Sale</th>
<th>1st Settlement</th>
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<tr>
<td>Pierhouse at BBP (Brooklyn) ***</td>
<td>106</td>
<td>94</td>
<td>3</td>
<td>9</td>
<td>$51.0 - $58.6 million</td>
<td>Q3 2013</td>
<td>Q2 2014</td>
<td>Q4 2016</td>
</tr>
<tr>
<td>1110 Park Ave (Manhattan)</td>
<td>9</td>
<td>7</td>
<td>0</td>
<td>2</td>
<td>$28.8 - $32.0 million</td>
<td>Q3 2013</td>
<td>Q3 2014</td>
<td>Q4 2015</td>
</tr>
<tr>
<td>The Sutton (Manhattan)†</td>
<td>89</td>
<td>81</td>
<td>2</td>
<td>6</td>
<td>$35.7 - $41.4 million</td>
<td>Q3 2014</td>
<td>Q1 2015</td>
<td>Q4 2016</td>
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<tr>
<td>Hampden Row (Bethesda)</td>
<td>55</td>
<td>43</td>
<td>2</td>
<td>10</td>
<td>$22.4 - $26.7 million</td>
<td>Q1 2015</td>
<td>Q1 2015</td>
<td>Q2 2017</td>
</tr>
<tr>
<td>55 W 17th Street (Manhattan)</td>
<td>52</td>
<td>42</td>
<td>1</td>
<td>9</td>
<td>$35.7 - $41.7 million</td>
<td>Q1 2015</td>
<td>Q4 2015</td>
<td>Q2 2017</td>
</tr>
<tr>
<td>1400 Hudson (Hoboken)</td>
<td>236</td>
<td>227</td>
<td>2</td>
<td>7</td>
<td>$12.2 - $14.5 million</td>
<td>Q1 2015</td>
<td>Q4 2015</td>
<td>Q3 2017</td>
</tr>
<tr>
<td>100 Barrow Street (Manhattan) ††</td>
<td>25</td>
<td>22</td>
<td>1</td>
<td>2</td>
<td>$16.5 - $18.0 million</td>
<td>Q2 2015</td>
<td>Q3 2016</td>
<td>Q4 2017</td>
</tr>
<tr>
<td>10 Provost Street (Jersey City)</td>
<td>242</td>
<td>0</td>
<td>164</td>
<td>78</td>
<td>$206.7 - $252.6 million</td>
<td>Q2 2016</td>
<td>Q2 2017</td>
<td>Q4 2018</td>
</tr>
<tr>
<td>1425 Hudson (Hoboken)</td>
<td>99</td>
<td>0</td>
<td>18</td>
<td>81</td>
<td>$116.2 - $142.0 million</td>
<td>Q3 2017</td>
<td>Q3 2018</td>
<td>Q1 2020</td>
</tr>
<tr>
<td>121 East 22nd Street (Manhattan) §</td>
<td>140</td>
<td>0</td>
<td>56</td>
<td>84</td>
<td>$405.3 - $495.3 million</td>
<td>Q2 2016</td>
<td>Q1 2017</td>
<td>Q1 2019</td>
</tr>
<tr>
<td>91 Leonard (Manhattan) §§</td>
<td>111</td>
<td>0</td>
<td>67</td>
<td>44</td>
<td>$259.1 - $316.7 million</td>
<td>Q3 2016</td>
<td>Q4 2017</td>
<td>Q3 2019</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,164</strong></td>
<td><strong>516</strong></td>
<td><strong>316</strong></td>
<td><strong>332</strong></td>
<td><strong>$1.19 - $1.44 billion</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Projects open for sale as of July 31, 2018
** Represents the value of the Sold (Not Settled) Units plus the Units Left to Sell
***Will be delivered in joint venture; data is for condo units only. Toll is a 50% Partner in the venture
† Excludes 23 affordable units
†† Excludes 7 affordable units
§ Will be delivered in joint venture. Toll is a 20% Partner in the venture
§§ Will be delivered in joint venture. Toll is a 25% Partner in the venture
# FUTURE CITY LIVING PIPELINE*

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Total Units</th>
<th>Estimated Revenue</th>
<th>Construction Start</th>
<th>Open for Sale</th>
<th>1st Settlement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provost Square III (Jersey City)</td>
<td>259</td>
<td>$182.8 - $223.5 million</td>
<td>Q4 2018</td>
<td>Q3 2019</td>
<td>Q4 2021</td>
</tr>
<tr>
<td>1000 Maxwell Lane (Hoboken)</td>
<td>58</td>
<td>$59.1 - $72.3 million</td>
<td>Q1 2018</td>
<td>Q2 2019</td>
<td>Q1 2020</td>
</tr>
<tr>
<td>77 Charlton (Manhattan)</td>
<td>161</td>
<td>$288.6 - $352.7 million</td>
<td>Q2 2018</td>
<td>Q4 2018</td>
<td>Q1 2021</td>
</tr>
<tr>
<td>Port Imperial – Phase I (Hoboken)</td>
<td>83</td>
<td>$126.4 - $154.4 million</td>
<td>Q3 2019</td>
<td>Q1 2020</td>
<td>Q1 2021</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>561</strong></td>
<td><strong>$0.66 - $0.80 billion</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Projects scheduled to open for sale after July 31, 2018*
**FOCUS ON LAND**

<table>
<thead>
<tr>
<th>ACQUISITION</th>
<th>CAREFULLY MANAGED INVENTORY</th>
</tr>
</thead>
</table>
| ▪ Control 54,000 home sites*  
▪ Operate in most difficult land approval markets in U.S.  
▪ Skilled in land acquisition, approvals, & development across all markets | ▪ Protects against potential land shortages in lot-constrained markets  
▪ All land deals approved at corporate headquarters by senior management  
▪ Most land bought post-approvals |

<table>
<thead>
<tr>
<th>DEVELOPMENT</th>
<th></th>
</tr>
</thead>
</table>
| ▪ One of U.S.’s largest land developers  
▪ In-house engineering company, ESE, manages site design & land improvements  
▪ Every ESE plan is designed for approvals, constructability & most importantly, the end use...a luxury home community |  |

* As of July 31, 2018
FOCUS ON ROE

LAND PURCHASING
- Option more land as a % of total
- Use JVs, land banking, land sales and decelerate land buys
- Increased use of staged / structured takedowns, as well as seller financing

OPERATIONS
- Focus on reducing SG&A as a % of revenue
- Improve relations with trades / support entrants to labor pool
- Simplify product offerings to streamline operations and ease of construction

SHAREHOLDER FOCUS
- On December 14, 2017 we authorized a 20 million share repurchase program – we have purchased 7.1 million shares to date
- Issuance of 1% dividend

* As of July 31, 2018
<table>
<thead>
<tr>
<th>FY 2018</th>
<th>Shares</th>
<th>Cost</th>
<th>Avg. Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Quarter</td>
<td>4,426,870</td>
<td>209,969,758</td>
<td>47.43</td>
</tr>
<tr>
<td>2nd Quarter</td>
<td>1,793,846</td>
<td>81,508,136</td>
<td>45.44</td>
</tr>
<tr>
<td>3rd Quarter</td>
<td>3,653,063</td>
<td>135,987,822</td>
<td>37.23</td>
</tr>
<tr>
<td>4th Quarter*</td>
<td>300,326</td>
<td>10,517,386</td>
<td>35.02</td>
</tr>
<tr>
<td>FY 2018*</td>
<td>10,174,105</td>
<td>437,983,102</td>
<td>43.05</td>
</tr>
</tbody>
</table>

* As of August 22, 2018
ROE GROWTH

- 2013: 5.5%
- 2014: 10.2%
- 2015: 9.4%
- 2016: 9.0%
- 2017: 12.7%
- 2018**: 16.0%

*Calculated based on fiscal year beginning shareholders’ equity
**Projected
BUILDING ON A SOLID LAND POSITION

Lots Owned and Optioned

Fiscal Year End

Owned  Optioned

16,900 Finished Lots at 7/31/18

Toll Brothers
AMERICA'S LUXURY HOME BUILDER

36
**Average School District Rating**

(0-10 Scale)

CUSTOM HOMES BUILT USING HIGH-VOLUME TECHNOLOGY

- Toll’s luxury systems developed over 50 years
- Buyers choose from hundreds of structural and designer options
- In YTD FY 2018 the average buyer added approximately $161,000 in options and premiums, consistent with approximately 19% of base price in prior years
- Provides competitive advantage vs. small builders
- Toll Architecture systemizes high-volume home production

Madison at Parkside, Lake Forest, CA

* Through July 31, 2018
TOLL INTEGRATED SYSTEMS – PANEL & TRUSS PLANT

- Manufactures and distributes lumber packages, wall panels, floor & roof trusses, interior & exterior trim, signature millwork, windows, and doors
- Operates four plants in suburban Pennsylvania, Virginia, and Indiana
- Supplied components for approximately 3,200 homes in FY 2017 from Massachusetts to South Carolina on the East Coast, and Michigan & Illinois in the Mid-West
- Builds more than 190 different home plans with multiple elevations and hundreds of options
- Supplies material to condo & City Living developments
- Improves timeline, quality, costs, and reduces waste
- Reduces dependence on skilled carpenters in times of labor shortage
24% of buyers paid cash

Our buyers have strong credit profiles with an average YTD FY 2018 FICO score of 758 on conforming loans and jumbo loans

Average LTV of 69% YTD FY 2018

38% of buyers used jumbo mortgages in YTD FY 2018

TBI served 52% of Toll buyers using mortgages in YTD FY 2018

Pre-sells loans individually to minimize risk

Investors who provide our customers with mortgages have continued to issue new commitments

Long term rate locks available

* Through July 31, 2018
DIVERSIFYING INCOME STREAMS

<table>
<thead>
<tr>
<th>Suburban Home Building (For Sale)</th>
<th>Land Sales &amp; Development</th>
<th>City Living (Condo for Sale)</th>
<th>Apartment Living (Rental)*</th>
<th>Ancillary Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>- 50 markets in 21 states</td>
<td>- Lot sales to 3rd parties builders</td>
<td>- Manhattan, Brooklyn, and Queens, NYC</td>
<td>- Located in Urban and Suburban locations</td>
<td>- Gibraltar Real Estate Capital</td>
</tr>
<tr>
<td>• Move up</td>
<td>• Shapell (CA)</td>
<td>- Hoboken and Jersey City, NJ</td>
<td>- 5 projects (2,500 units) stabilized</td>
<td>- TBI Mortgage</td>
</tr>
<tr>
<td>• Empty nester</td>
<td>• Northgrove at Spring Creek (TX)</td>
<td>- Metro Washington, DC</td>
<td>- 2 projects (750 units) leasing</td>
<td>- Golf Course Development &amp; Management</td>
</tr>
<tr>
<td>• Active Adult</td>
<td>• Woodson's Reserve (TX)</td>
<td>- Philadelphia, PA</td>
<td>- 7 projects (2,300 units) under development</td>
<td>- Toll Landscaping</td>
</tr>
<tr>
<td>• Second home</td>
<td>• Travisso (TX)</td>
<td></td>
<td>- 31 projects (10,100 units) in the pipeline</td>
<td>- TBI Smart Home Solutions, Inc.</td>
</tr>
<tr>
<td>• Master-planned resort style</td>
<td>• Sienna South (TX)</td>
<td></td>
<td></td>
<td>- Westminster Title</td>
</tr>
<tr>
<td>• Suburban high density</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* As July 31, 2018
* Project $130 million to $160 million of pre-tax income in FY 2018

FY 2012: $49,515
FY 2013: $66,630
FY 2014: $107,334
FY 2015: $88,692
FY 2016: $98,966
FY 2017: $169,375
FY 2018*: $145,000

- Other Income
- Joint Venture Income
# TOLL APARTMENT LIVING/CAMPUS LIVING*

## Complement for-Sale Business
- Investing in Apartment & Student Housing rental development to maximize operational synergies
- Building on Toll Brothers brand name and skills
- A hedge against For-Sale cyclicality
- Own or control land for approximately 15,700 units

## Broad Experience
- Developed & operate 2,500 units
- Developed and sold 418 Campus Living units (Univ. of Maryland) and 249 apartment rental units (Westborough, MA)
- Leasing up at 2 communities of 750 units
- 2,300 rental units under construction in 7 projects from Massachusetts to Atlanta

## Strategic Growth
- Control land for over 10,000 future apartment & student living units in Northeast/Mid-Atlantic, Texas, California, Georgia, Phoenix & Miami
- Expect to invest additional $100 - $200 million
- Combine premier locations with luxury, for-sale finishes, services and amenities
- Apartments accounted for ~$60 million of income in FY 2018

* As of July 31, 2018
# CURRENT APARTMENT LIVING PIPELINE*
(Developed or To Be Developed in Joint Venture)

* As of July 31, 2018

<table>
<thead>
<tr>
<th>Existing Apartments</th>
<th>Location</th>
<th>Total Units</th>
<th>Dev. Start</th>
<th>Open For Occupancy</th>
<th>Stab. Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dulles Greene</td>
<td>Herndon, VA</td>
<td>806</td>
<td>1998</td>
<td>1999</td>
<td>2003</td>
</tr>
<tr>
<td>Parc Plymouth Meeting</td>
<td>Plymouth Meeting, PA</td>
<td>398</td>
<td>2013</td>
<td>2015</td>
<td>2016</td>
</tr>
<tr>
<td><strong>5 Total Existing Apartments</strong></td>
<td></td>
<td><strong>2,543</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>In Lease-Up</th>
<th>Location</th>
<th>Total Units</th>
<th>Dev. Start</th>
<th>Open For Occupancy</th>
<th>Stab. Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Riverworks</td>
<td>Phoenixville, PA</td>
<td>349</td>
<td>2015</td>
<td>2016</td>
<td>2018</td>
</tr>
<tr>
<td>Kensington Place</td>
<td>East Brunswick, NJ</td>
<td>400</td>
<td>2013</td>
<td>2017</td>
<td>2019</td>
</tr>
<tr>
<td><strong>2 Total In Lease-Up</strong></td>
<td></td>
<td><strong>749</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Under Construction</th>
<th>Location</th>
<th>Total Units</th>
<th>Dev. Start</th>
<th>Open For Occupancy</th>
<th>Stab. Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Union Place</td>
<td>Washington, DC</td>
<td>525</td>
<td>2016</td>
<td>2018</td>
<td>2020</td>
</tr>
<tr>
<td>The Bradford</td>
<td>Belmont, MA</td>
<td>112</td>
<td>2017</td>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>The Kendrick</td>
<td>Needham, MA</td>
<td>390</td>
<td>2017</td>
<td>2018</td>
<td>2020</td>
</tr>
<tr>
<td>Carraway</td>
<td>Harrison, NY</td>
<td>421</td>
<td>2017</td>
<td>2019</td>
<td>2021</td>
</tr>
<tr>
<td>Parc Riverside (Phase II)</td>
<td>Washington, DC</td>
<td>308</td>
<td>2017</td>
<td>2019</td>
<td>2021</td>
</tr>
<tr>
<td>Executive Park</td>
<td>Atlanta, GA</td>
<td>348</td>
<td>2018</td>
<td>2019</td>
<td>2021</td>
</tr>
<tr>
<td><strong>7 Total Under Development</strong></td>
<td></td>
<td><strong>2,336</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# FUTURE APARTMENT LIVING PIPELINE*

(To Be Developed in Joint Venture)

<table>
<thead>
<tr>
<th>Future Apartments</th>
<th>Location</th>
<th>Total Units</th>
<th>Dev. Start</th>
<th>Open for Occupancy</th>
<th>Stab. Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kilby</td>
<td>Frisco, TX</td>
<td>258</td>
<td>2018</td>
<td>2019</td>
<td>2021</td>
</tr>
<tr>
<td>Westerly</td>
<td>Dallas, TX</td>
<td>331</td>
<td>2018</td>
<td>2019</td>
<td>2021</td>
</tr>
<tr>
<td>Haverly</td>
<td>Phoenix, AZ</td>
<td>256</td>
<td>2018</td>
<td>2020</td>
<td>2021</td>
</tr>
<tr>
<td>Aster</td>
<td>Dallas, TX</td>
<td>270</td>
<td>2018</td>
<td>2020</td>
<td>2021</td>
</tr>
<tr>
<td>5th &amp; Van Buren</td>
<td>Phoenix, AZ</td>
<td>243</td>
<td>2018</td>
<td>2020</td>
<td>2021</td>
</tr>
<tr>
<td>Osprey</td>
<td>Atlanta, GA</td>
<td>319</td>
<td>2018</td>
<td>2020</td>
<td>2022</td>
</tr>
<tr>
<td>Westcore</td>
<td>Orange, CA</td>
<td>262</td>
<td>2018</td>
<td>2020</td>
<td>2022</td>
</tr>
<tr>
<td>Penn State**</td>
<td>Penn State University</td>
<td>260</td>
<td>2018</td>
<td>2020</td>
<td>2021</td>
</tr>
<tr>
<td>Edge on Hudson</td>
<td>Sleepy Hollow, NY</td>
<td>184</td>
<td>2018</td>
<td>2020</td>
<td>2021</td>
</tr>
<tr>
<td>River District</td>
<td>Ft. Worth, TX</td>
<td>290</td>
<td>2019</td>
<td>2020</td>
<td>2022</td>
</tr>
<tr>
<td>Hanover</td>
<td>Hanover, MA</td>
<td>160</td>
<td>2019</td>
<td>2021</td>
<td>2022</td>
</tr>
<tr>
<td>Palomar</td>
<td>Dallas, TX</td>
<td>270</td>
<td>2019</td>
<td>2021</td>
<td>2023</td>
</tr>
<tr>
<td>Bartlett Fields</td>
<td>Scituate, MA</td>
<td>234</td>
<td>2019</td>
<td>2021</td>
<td>2022</td>
</tr>
<tr>
<td>Saugus</td>
<td>Saugus, MA</td>
<td>300</td>
<td>2019</td>
<td>2020</td>
<td>2022</td>
</tr>
<tr>
<td>1105 K Ave</td>
<td>Plano, TX</td>
<td>385</td>
<td>2019</td>
<td>2020</td>
<td>2022</td>
</tr>
<tr>
<td>1st &amp; L</td>
<td>Washington, DC</td>
<td>1244</td>
<td>2019</td>
<td>2021</td>
<td>2022</td>
</tr>
<tr>
<td>Peachtree Pavilion</td>
<td>Atlanta, GA</td>
<td>400</td>
<td>2019</td>
<td>2021</td>
<td>2024</td>
</tr>
<tr>
<td>First American</td>
<td>Santa Ana, CA</td>
<td>218</td>
<td>2019</td>
<td>2021</td>
<td>2023</td>
</tr>
<tr>
<td>The Milano</td>
<td>San Diego, CA</td>
<td>228</td>
<td>2019</td>
<td>2022</td>
<td>2022</td>
</tr>
<tr>
<td>Forest Ridge</td>
<td>Winchester, MA</td>
<td>402</td>
<td>2019</td>
<td>2021</td>
<td>2022</td>
</tr>
<tr>
<td>Milledge Place</td>
<td>Atlanta, GA</td>
<td>304</td>
<td>2019</td>
<td>2021</td>
<td>2022</td>
</tr>
<tr>
<td>Decator Mixed Use</td>
<td>Decator, GA</td>
<td>265</td>
<td>2019</td>
<td>2021</td>
<td>2022</td>
</tr>
<tr>
<td>Woburn</td>
<td>Woburn, MA</td>
<td>289</td>
<td>2019</td>
<td>2021</td>
<td>2023</td>
</tr>
<tr>
<td>Midtown Beck</td>
<td>Dallas, TX</td>
<td>540</td>
<td>2019</td>
<td>2020</td>
<td>2022</td>
</tr>
<tr>
<td>Huntington</td>
<td>Boston, MA</td>
<td>426</td>
<td>2019</td>
<td>2021</td>
<td>2023</td>
</tr>
<tr>
<td>FIU**</td>
<td>Miami, FL</td>
<td>326</td>
<td>2019</td>
<td>2021</td>
<td>2021</td>
</tr>
<tr>
<td>Port Liberte</td>
<td>Jersey City, NJ</td>
<td>284</td>
<td>2019</td>
<td>2021</td>
<td>2022</td>
</tr>
<tr>
<td>Main Street Apartments</td>
<td>Voorhees, NJ</td>
<td>290</td>
<td>2020</td>
<td>2021</td>
<td>2023</td>
</tr>
<tr>
<td>Bryant</td>
<td>Chantilly, VA</td>
<td>275</td>
<td>2020</td>
<td>2021</td>
<td>2023</td>
</tr>
<tr>
<td>Frisco Square II</td>
<td>Frisco, TX</td>
<td>376</td>
<td>2020</td>
<td>2021</td>
<td>2023</td>
</tr>
<tr>
<td>Morristown</td>
<td>Morristown, NJ</td>
<td>163</td>
<td>2021</td>
<td>2022</td>
<td>2023</td>
</tr>
</tbody>
</table>

31 Projects  10,052

* As of July 31, 2018
** Student Housing Project
ACTIVE LIVING OVERVIEW

**STRONG DEMOGRAPHICS**
- Targeted to maturing Baby Boomers
- By 2020 there will be 43 million people between the ages of 55-64*
- The average net worth of these families is $800,000**

**2 DECADES OF EXPERIENCE**
- Brand name in Active Living market
- 122 completed or active communities totaling approx. 21,000 active living home sites
- Delivered 11,400 active living homes totaling $5.7 BN in revenues

**BROAD AND EXPANDING FOOTPRINT**
- An established presence in 10 states – CO, CT, IL, MA, NC, NJ, NY, NV, PA, and VA
- Expanded footprint in the West, first in CO and NV
- Exploring additional markets including Sacramento, Seattle and Los Angeles

---

**Source: Federal Reserve
## Toll Home Builder Acquisitions

Toll Brothers has made nine acquisitions in our history:

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Location</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geoffrey H. Edmunds</td>
<td>Scottsdale, Arizona</td>
<td>1995</td>
</tr>
<tr>
<td>Coleman Homes</td>
<td>Las Vegas, Nevada</td>
<td>1998</td>
</tr>
<tr>
<td>Silverman Homes</td>
<td>Metro Detroit, Michigan</td>
<td>1999</td>
</tr>
<tr>
<td>Richard R. Dostie</td>
<td>Jacksonville, Florida</td>
<td>2003</td>
</tr>
<tr>
<td>The Manhattan Building Company</td>
<td>Northern New Jersey, Urban High-Rise</td>
<td>2003</td>
</tr>
<tr>
<td>Landstar Homes</td>
<td>Central Florida</td>
<td>2005</td>
</tr>
<tr>
<td>CamWest Development LLC</td>
<td>Seattle, Washington</td>
<td>2011</td>
</tr>
<tr>
<td>Shapell Homes</td>
<td>Coastal Northern and Southern California</td>
<td>2014</td>
</tr>
<tr>
<td>Coleman Homes</td>
<td>Boise, Idaho</td>
<td>2016</td>
</tr>
</tbody>
</table>
SUPERIOR CAPITAL MARKET ACCESS

SENIOR/CORPORATE CREDIT RATINGS

Fitch Inc.  BBB- (Stable)
Standard & Poor’s  BB+ (Stable)
Moody’s  Ba1 (Stable)
MAINTAIN CONSERVATIVE DEBT MATURITIES*
ACCESSING CAPITAL FOR GROWTH

<table>
<thead>
<tr>
<th>FY</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>$350**</td>
<td>$250</td>
<td>$420</td>
<td>$400</td>
<td>$250</td>
<td>$800</td>
<td>$350</td>
<td>$450</td>
<td>$400</td>
<td></td>
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</tr>
</tbody>
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*As of November 1, 2018
**Being repaid on 11/30/2018
†Bank Debt includes no outstanding draws on our credit facility due FY 2021 and our $800 MM term loan due FY 2024
### Toll Brothers, Inc.

<table>
<thead>
<tr>
<th>$1,295 BN Revolving Credit Facility</th>
<th>$800 MM Term Loan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Due May 2021†</strong></td>
<td><strong>Due November 2023</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Commitment</th>
<th>Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Citi $100 MM</td>
<td>• SunTrust $125 MM</td>
</tr>
<tr>
<td>• Deutsche Bank $100 MM</td>
<td>• Sumitomo Mitsui $125 MM</td>
</tr>
<tr>
<td>• Mizuho Bank $100 MM</td>
<td>• Wells Fargo $125 MM</td>
</tr>
<tr>
<td>• PNC $100 MM</td>
<td>• US Bank $100 MM</td>
</tr>
<tr>
<td>• SunTrust $100 MM</td>
<td>• Capital One $75 MM</td>
</tr>
<tr>
<td>• Wells Fargo $100 MM</td>
<td>• The Bank of New York $50 MM</td>
</tr>
<tr>
<td>• Capital One $75 MM</td>
<td>• Fifth Third Bank $50 MM</td>
</tr>
<tr>
<td>• Sumitomo Mitsui $75 MM</td>
<td>• PNC $50 MM</td>
</tr>
<tr>
<td>• US Bank $75 MM</td>
<td>• Comerica $25 MM</td>
</tr>
<tr>
<td>• BB&amp;T $50 MM</td>
<td>• People's United $25 MM</td>
</tr>
<tr>
<td>• Comerica $50 MM</td>
<td>• TD Bank $25 MM</td>
</tr>
<tr>
<td>• Fifth Third Bank $50 MM</td>
<td>• Texas Capital Bank $25 MM</td>
</tr>
<tr>
<td>• Regions Bank $50 MM</td>
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<tr>
<td>• TD Bank $50 MM</td>
<td></td>
</tr>
<tr>
<td>• The Bank of New York $50 MM</td>
<td></td>
</tr>
<tr>
<td>• Citizens Bank $50 MM</td>
<td></td>
</tr>
<tr>
<td>• Texas Capital Bank $35 MM</td>
<td></td>
</tr>
<tr>
<td>• Bank of the West $30 MM</td>
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</tr>
<tr>
<td>• Flagstar Bank $30 MM</td>
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<tr>
<td>• Associated Bank $25 MM</td>
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</table>

**Total** $1,295 MM

† The Company finished the period ending 11/01/2018 with $1.13 billion available under its revolving credit facility.

### Toll Brothers Finance Corp.

#### Senior Notes

<table>
<thead>
<tr>
<th>Series</th>
<th>Coupon</th>
<th>Principal</th>
<th>Maturity (yrs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 2018</td>
<td>4.000%</td>
<td>$350 MM</td>
<td>0.16 years</td>
</tr>
<tr>
<td>November 2019</td>
<td>6.750%</td>
<td>$250 MM</td>
<td>1.00 years</td>
</tr>
<tr>
<td>February 2022</td>
<td>5.875%</td>
<td>$420 MM</td>
<td>3.29 years</td>
</tr>
<tr>
<td>April 2023</td>
<td>4.375%</td>
<td>$400 MM</td>
<td>4.45 years</td>
</tr>
<tr>
<td>January 2024</td>
<td>5.625%</td>
<td>$250 MM</td>
<td>5.21 years</td>
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<tr>
<td>November 2025</td>
<td>4.875%</td>
<td>$350 MM</td>
<td>7.04 years</td>
</tr>
<tr>
<td>March 2027</td>
<td>4.875%</td>
<td>$450 MM</td>
<td>8.37 years</td>
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<tr>
<td>February 2028</td>
<td>4.350%</td>
<td>$400 MM</td>
<td>9.30 years</td>
</tr>
<tr>
<td></td>
<td>5.000%</td>
<td>$2,870 MM</td>
<td>5.13 years</td>
</tr>
</tbody>
</table>

#### Source

<table>
<thead>
<tr>
<th>Source</th>
<th>Coupon</th>
<th>Outstanding</th>
<th>Maturity (yrs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Debt (Public)</td>
<td>5.000%</td>
<td>$2,870 MM</td>
<td>5.13 years</td>
</tr>
<tr>
<td>Bank Debt</td>
<td>3.262%</td>
<td>$  966 MM</td>
<td>4.58 years</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4.562%</td>
<td>$3,836 MM</td>
<td>4.99 years</td>
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</table>

* As of November 1, 2018
STRONG BALANCE SHEET PROVIDES ROOM TO GROW

Net-Debt-To-Capital*
2000-2017

At Fiscal Year End

* Calculated as total debt minus mortgage warehouse loans minus cash and marketable securities divided by total debt minus mortgage warehouse loans minus cash and marketable securities plus stockholders' equity.
While revenues declined 71% from FY 2006 to FY 2009, cash position grew with no covenant violations or necessary waivers.
With the millennial generation now entering their thirties and forming families, we are starting to benefit from the desire for home ownership from the affluent leading edge of this huge demographic wave. In YTD FY 2018, approximately 21% of our settlements included one primary buyer thirty-five years of age or under.
$100,000+ INCOME HOUSEHOLDS GROWING 3 TIMES FASTER THAN ALL U.S. HOUSEHOLDS

(2016 Dollars)

All Households

<table>
<thead>
<tr>
<th>Year</th>
<th>MM</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>82.4</td>
</tr>
<tr>
<td>2016</td>
<td>125.8</td>
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</table>

53% Growth

$100,000+ Income Households

<table>
<thead>
<tr>
<th>Year</th>
<th>MM</th>
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</thead>
<tbody>
<tr>
<td>1980</td>
<td>11.4</td>
</tr>
<tr>
<td>2016</td>
<td>35.0</td>
</tr>
</tbody>
</table>

207% Growth

Source: U.S. Census Bureau (P60-256, September 2017)
Total estimated construction shortfall (concentrated in single family) of 7.0 million houses from 2008-2017

- Average Annual Production: 1,585,000
- Annual Shortfall: 700,000
- Actual Average Annual Housing Starts: 885,000

Source: U.S. Census Bureau
HOUSING STARTS VS. HOUSEHOLD GROWTH

1970-1979 Average Annual Housing Starts 1.77 (mil)
1980-1989 Average Annual Housing Starts 1.49 (mil)
1990-1999 Average Annual Housing Starts 1.37 (mil)
2000-2007 Average Annual Housing Starts 1.74 (mil)
2008-2017 Average Annual Housing Starts .89 (mil)

Number of Households Has Grown 97% Since 1970

Source: U.S. Census Bureau
## WHY TOLL BROTHERS?

### WELL-ESTABLISHED BRAND
- A proven management team with an established track record
- The dominant player with few competitors in the luxury market
- Nationally recognized, award-winning brand
- Highly service-oriented culture

### GEOGRAPHIC PRODUCT DIVERSITY
- Strong land position – Own or Control 54,000 lots*
- Balanced footprint across the East, West and South
- Diversified move-up, active adult, and high-density product lines
- A homebuilder with core urban land development, rental and distressed real estate revenue sources

### STRONG FINANCIAL BASE
- Strong balance sheet and credit ratings
- Approximately $1.6BN of available liquidity at Q3 FY 2018
- No corporate debt maturities until December 2018

### STRONG DEMOGRAPHIC TRENDS
- Serving the nation's growing number of affluent households
- Strongest buyer profile in the industry
- Millennials beginning to enter home buying years
- Household formation data returning to long term averages

* As of July 31, 2018
### Appendix:
**Non-GAAP Reconciliation - Adjusted Gross Margin & EBITDA***

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>1,494,771</td>
<td>1,475,881</td>
<td>1,882,781</td>
<td>2,674,299</td>
<td>3,911,602</td>
<td>4,171,248</td>
<td>5,169,508</td>
<td>5,815,058</td>
<td>1,913,353</td>
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<tr>
<td><strong>Cost of Revenues</strong></td>
<td>1,376,558</td>
<td>1,260,770</td>
<td>1,532,095</td>
<td>2,133,300</td>
<td>3,081,837</td>
<td>3,269,270</td>
<td>4,144,065</td>
<td>4,562,303</td>
<td>1,509,619</td>
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<tr>
<td><strong>Gross Margin</strong></td>
<td>118,213</td>
<td>215,111</td>
<td>350,686</td>
<td>540,999</td>
<td>829,765</td>
<td>901,978</td>
<td>1,025,443</td>
<td>1,252,755</td>
<td>403,734</td>
</tr>
<tr>
<td>Add: Interest Recognized in cost of sales</td>
<td>75,876</td>
<td>77,623</td>
<td>87,117</td>
<td>112,321</td>
<td>137,457</td>
<td>142,947</td>
<td>160,337</td>
<td>172,832</td>
<td>50,003</td>
</tr>
<tr>
<td>Inventory write-downs</td>
<td>115,258</td>
<td>51,837</td>
<td>14,739</td>
<td>4,523</td>
<td>20,678</td>
<td>35,709</td>
<td>13,807</td>
<td>14,794</td>
<td>11,061</td>
</tr>
<tr>
<td><strong>Adjusted Gross Margin</strong></td>
<td>309,347</td>
<td>344,571</td>
<td>452,542</td>
<td>657,843</td>
<td>987,900</td>
<td>1,080,634</td>
<td>1,199,587</td>
<td>1,440,381</td>
<td>464,798</td>
</tr>
<tr>
<td><strong>Gross Margin as a percentage of revenue</strong></td>
<td>7.9%</td>
<td>14.6%</td>
<td>18.6%</td>
<td>20.2%</td>
<td>21.2%</td>
<td>21.6%</td>
<td>19.8%</td>
<td>21.5%</td>
<td>21.1%</td>
</tr>
<tr>
<td><strong>Adjusted Gross Margin as a percentage of revenue</strong></td>
<td>20.7%</td>
<td>23.3%</td>
<td>24.0%</td>
<td>24.6%</td>
<td>25.3%</td>
<td>25.9%</td>
<td>23.2%</td>
<td>24.8%</td>
<td>24.3%</td>
</tr>
</tbody>
</table>

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<thead>
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</thead>
<tbody>
<tr>
<td><strong>Pretax Income</strong></td>
<td>(117,187)</td>
<td>(29,366)</td>
<td>112,942</td>
<td>267,697</td>
<td>504,582</td>
<td>535,562</td>
<td>589,027</td>
<td>814,311</td>
<td>253,097</td>
</tr>
<tr>
<td>Add: Interest expensed</td>
<td>106,996</td>
<td>80,282</td>
<td>90,521</td>
<td>115,238</td>
<td>142,947</td>
<td>146,790</td>
<td>161,480</td>
<td>177,655</td>
<td>51,261</td>
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<tr>
<td>Depreciation and Amortization</td>
<td>20,044</td>
<td>23,142</td>
<td>22,586</td>
<td>25,210</td>
<td>22,999</td>
<td>23,557</td>
<td>23,121</td>
<td>25,361</td>
<td>6,204</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>9,853</td>
<td>74,058</td>
<td>226,049</td>
<td>408,145</td>
<td>670,432</td>
<td>705,909</td>
<td>773,628</td>
<td>1,017,327</td>
<td>310,562</td>
</tr>
</tbody>
</table>

* Amounts in thousands, except percentages
## Appendix:
Non-GAAP Reconciliation – Net Debt-to-Capital

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</tr>
</thead>
<tbody>
<tr>
<td>Senior notes</td>
<td>-</td>
<td>-</td>
<td>543,170</td>
<td>840,737</td>
<td>1,134,575</td>
<td>1,136,235</td>
<td>1,138,065</td>
<td>1,139,895</td>
<td>1,578,212</td>
<td>1,536,005</td>
<td>1,484,204</td>
<td>2,065,334</td>
<td>2,305,765</td>
<td>2,638,241</td>
<td>2,689,801</td>
<td>2,694,372</td>
<td>2,462,463</td>
<td>2,860,771</td>
<td></td>
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<tr>
<td>Subordinated notes</td>
<td>662,395</td>
<td>812,969</td>
<td>615,548</td>
<td>446,976</td>
<td>347,864</td>
<td>348,264</td>
<td>348,664</td>
<td>342,064</td>
<td>47,836</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Mortgage company</td>
<td>24,754</td>
<td>48,996</td>
<td>49,939</td>
<td>92,053</td>
<td>89,674</td>
<td>119,705</td>
<td>76,730</td>
<td>37,867</td>
<td>27,015</td>
<td>72,367</td>
<td>57,409</td>
<td>72,664</td>
<td>75,000</td>
<td>90,281</td>
<td>100,000</td>
<td>210,000</td>
<td>120,145</td>
<td>82,274</td>
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<td>loan facility</td>
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</tr>
<tr>
<td>Total debt</td>
<td>1,049,861</td>
<td>1,115,159</td>
<td>1,490,354</td>
<td>1,720,146</td>
<td>1,822,665</td>
<td>2,341,138</td>
<td>2,260,273</td>
<td>2,133,420</td>
<td>2,125,917</td>
<td>1,702,863</td>
<td>1,648,169</td>
<td>2,237,815</td>
<td>2,487,987</td>
<td>3,381,141</td>
<td>3,790,240</td>
<td>3,775,451</td>
<td>3,220,024</td>
<td>3,637,454</td>
<td></td>
</tr>
<tr>
<td>Total stockholders'</td>
<td>912,583</td>
<td>1,129,509</td>
<td>1,476,628</td>
<td>1,919,987</td>
<td>2,763,571</td>
<td>3,415,926</td>
<td>3,527,234</td>
<td>3,237,653</td>
<td>2,513,199</td>
<td>2,555,453</td>
<td>2,586,353</td>
<td>3,121,700</td>
<td>3,332,987</td>
<td>3,854,376</td>
<td>4,222,557</td>
<td>4,229,292</td>
<td>4,531,194</td>
<td>4,528,664</td>
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</tr>
<tr>
<td>equity</td>
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</tr>
<tr>
<td>Total net debt</td>
<td>1,962,444</td>
<td>2,244,668</td>
<td>2,966,982</td>
<td>3,640,133</td>
<td>4,586,236</td>
<td>5,757,064</td>
<td>5,787,507</td>
<td>5,371,073</td>
<td>4,639,116</td>
<td>4,258,316</td>
<td>4,234,522</td>
<td>5,359,515</td>
<td>5,820,974</td>
<td>7,235,517</td>
<td>8,012,797</td>
<td>8,004,743</td>
<td>7,751,218</td>
<td>8,166,118</td>
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</tr>
<tr>
<td>Ratio of debt to capital</td>
<td>53.5%</td>
<td>49.7%</td>
<td>50.2%</td>
<td>47.3%</td>
<td>39.7%</td>
<td>40.7%</td>
<td>39.1%</td>
<td>39.7%</td>
<td>45.8%</td>
<td>40.0%</td>
<td>38.9%</td>
<td>41.8%</td>
<td>42.7%</td>
<td>46.7%</td>
<td>47.3%</td>
<td>47.2%</td>
<td>41.5%</td>
<td>44.5%</td>
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<tr>
<td>Total net debt</td>
<td>1,049,861</td>
<td>1,115,159</td>
<td>1,490,354</td>
<td>1,720,146</td>
<td>1,822,665</td>
<td>2,341,138</td>
<td>2,260,273</td>
<td>2,133,420</td>
<td>2,125,917</td>
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<td>2,487,987</td>
<td>3,381,141</td>
<td>3,790,240</td>
<td>3,775,451</td>
<td>3,220,024</td>
<td>3,637,454</td>
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</tr>
<tr>
<td>Cash, cash equivalents</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total stockholders' equity</td>
<td>912,583</td>
<td>1,129,509</td>
<td>1,476,628</td>
<td>1,919,987</td>
<td>2,763,571</td>
<td>3,415,926</td>
<td>3,527,234</td>
<td>3,237,653</td>
<td>2,513,199</td>
<td>2,555,453</td>
<td>2,586,353</td>
<td>3,121,700</td>
<td>3,332,987</td>
<td>3,854,376</td>
<td>4,222,557</td>
<td>4,229,292</td>
<td>4,531,194</td>
<td>4,528,664</td>
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<tr>
<td>Total net capital</td>
<td>1,754,850</td>
<td>2,093,335</td>
<td>2,491,792</td>
<td>2,967,217</td>
<td>3,807,343</td>
<td>5,004,835</td>
<td>4,810,440</td>
<td>3,699,711</td>
<td>2,703,207</td>
<td>2,949,022</td>
<td>3,037,201</td>
<td>4,068,959</td>
<td>4,920,494</td>
<td>6,546,895</td>
<td>6,983,803</td>
<td>7,161,028</td>
<td>6,918,244</td>
<td>7,561,663</td>
<td></td>
</tr>
<tr>
<td>Net debt-to-capital ratio</td>
<td>48.0%</td>
<td>46.0%</td>
<td>40.7%</td>
<td>35.3%</td>
<td>27.4%</td>
<td>31.7%</td>
<td>26.7%</td>
<td>12.5%</td>
<td>7.0%</td>
<td>13.3%</td>
<td>14.8%</td>
<td>23.3%</td>
<td>32.3%</td>
<td>41.1%</td>
<td>39.5%</td>
<td>40.9%</td>
<td>34.5%</td>
<td>40.1%</td>
<td></td>
</tr>
<tr>
<td>Book Value per share</td>
<td>6.56</td>
<td>8.04</td>
<td>10.07</td>
<td>12.83</td>
<td>17.84</td>
<td>22.20</td>
<td>22.47</td>
<td>20.19</td>
<td>15.26</td>
<td>15.38</td>
<td>15.64</td>
<td>18.55</td>
<td>19.72</td>
<td>22.06</td>
<td>24.18</td>
<td>26.18</td>
<td>28.86</td>
<td>30.61</td>
<td></td>
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