



GREEN BRICK
PARTNERS
(GRBK)

Garrett Arms
July 13, 2022





Ticker: GRBK
Stock Price: \$20*

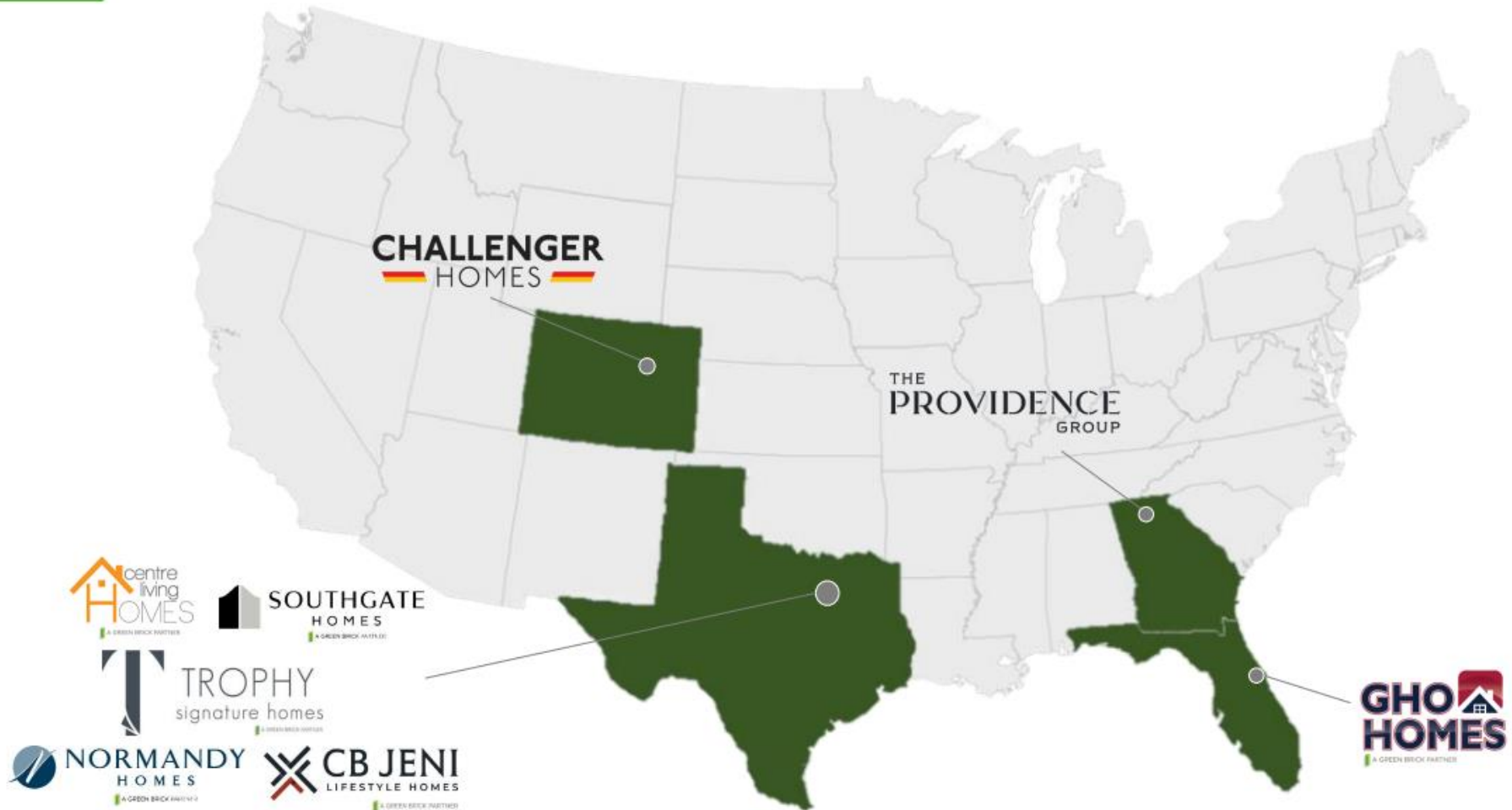
- Homebuilding and land development company.
- Acquires and develops its own land, then allocates to various builder subsidiaries.
- 3,000 closings at an average sales price of \$500k.
- High growth U.S. metropolitan markets—Dallas, Atlanta, Denver, coastal Florida.

*All financials assume July 1, 2022,
share price of \$20

- Jim Brickman meets David Einhorn while working on board of trustees liquidating a large SBA lender (Ameresco).
- Jim and David start two distressed real estate equity funds to take advantage of 2007 housing collapse.
- Partnership begins actively buying land and lots and loans on land (JBGL), lends money to builders and takes controlling positions.
- Funds are rolled into renamed publicly-traded shell with \$170 million of tax losses (Green Brick Partners).

- Established a controlled partnership model with builders
- Married the decades-long experience of local operators with its balance sheet and land development expertise.
- Acquired and developed land and allocated to various builder subsidiaries.
- Scaled model profitably, but partially-owned builder subsidiaries participated 50/50 profit split, which reduced business economics.

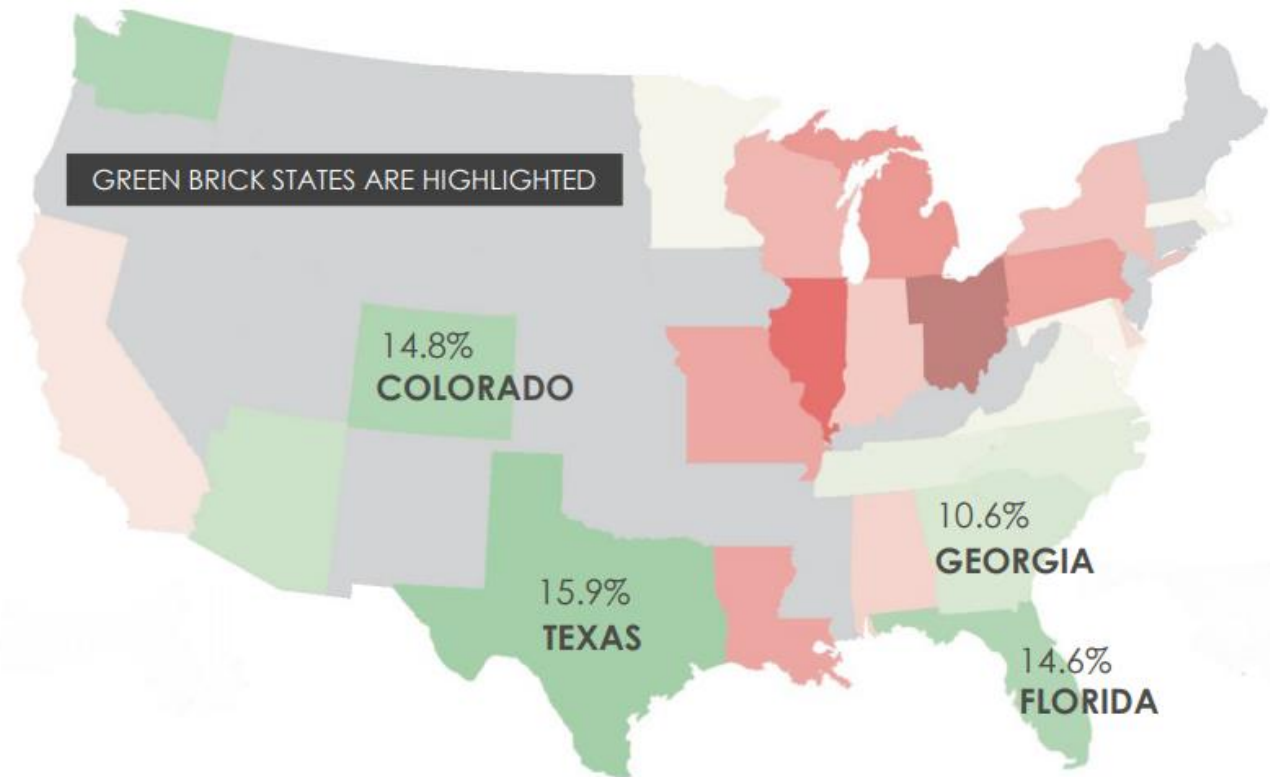
Presence In High Growth Markets



POPULATION GROWTH IS EXPECTED TO DRIVE FUTURE HOUSING DEMAND

Last 10-Year Resident Population Growth for 25 Largest States

State	10-Year Population Growth	% Growth
Texas	4,000	15.9%
Colorado	745	14.8%
Washington	981	14.6%
Florida	2,737	14.6%
Arizona	759	11.9%
South Carolina	493	10.7%
Georgia	1,024	10.6%
North Carolina	904	9.5%
Tennessee	565	8.9%
Virginia	630	7.9%
Minnesota	403	7.6%
Massachusetts	482	7.4%
Maryland	404	7.0%
California	2,284	6.1%
New Jersey	497	5.7%
Alabama	245	5.1%
Indiana	302	4.7%
New York	823	4.2%
Wisconsin	207	3.6%
Missouri	166	2.8%
Louisiana	124	2.7%
Pennsylvania	300	2.4%
Ohio	263	2.3%
Michigan	194	2.0%
Illinois	(18)	-0.1%

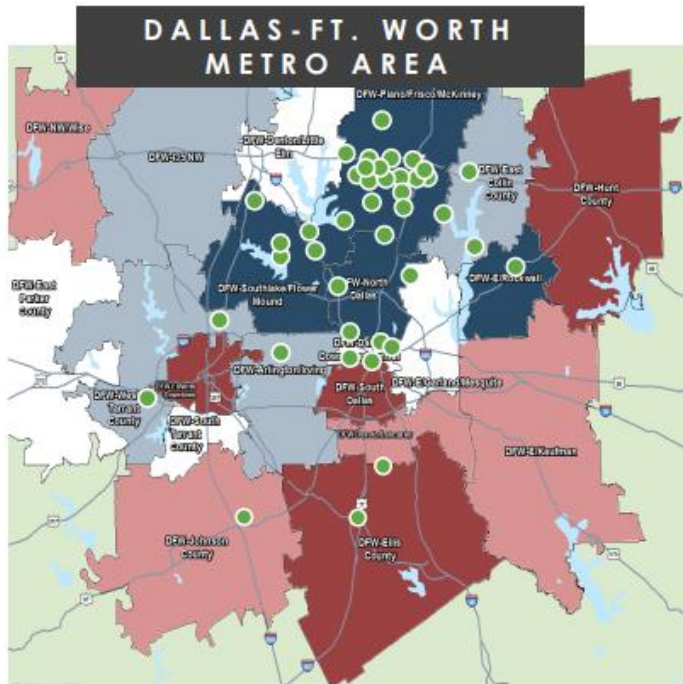
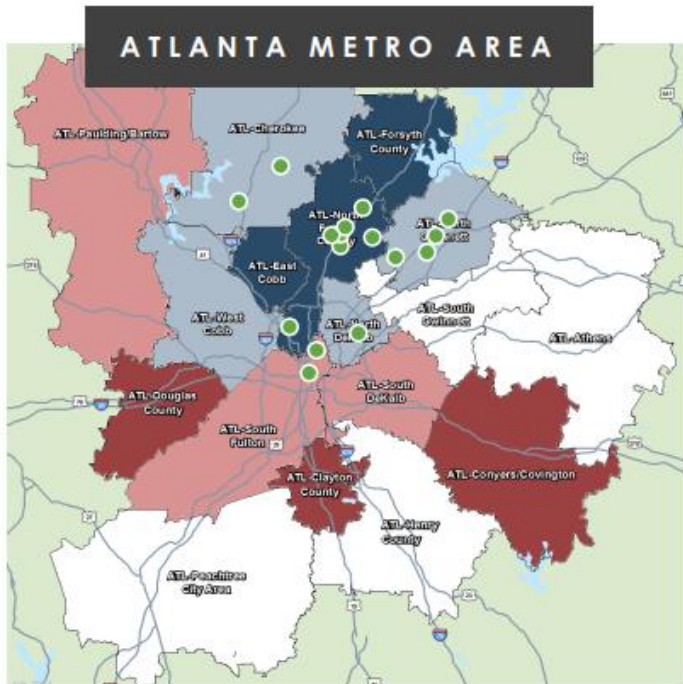


RESIDENT POPULATION GROWTH FOR THE TOTAL UNITED STATES WAS ONLY 7.3% FOR THE DECADE.

Land Position



Land is well positioned in attractive submarkets



SUBMARKET GRADES

GRBK LOCATIONS ●

MOST DESIRABLE

DESIRABLE AREA

MEDIAN DESIRABILITY

MORE AFFORDABLE

MOST AFFORDABLE

Builder Subsidiaries



SUBSIDIARY HOME BUILDER	MARKET	PRODUCTS OFFERED	PRICE RANGE	OWNERSHIP
Trophy Signature Homes	Dallas, TX Ft. Worth, TX	Single Family	\$290k - \$870k	100%
CB JENI Homes	Dallas, TX Ft. Worth, TX	Townhomes	\$290k - \$530k	100%
Normandy Homes	Dallas, TX Ft. Worth, TX	Single Family	\$510k - \$850k	100%
Southgate Homes	Dallas, TX Ft. Worth, TX	Luxury Homes	\$760k - \$1.1M	100%
Centre Living Homes	Dallas, TX Ft. Worth, TX	Townhomes ⁽¹⁾ Single Family ⁽¹⁾	\$400k - \$800k	90%
The Providence Group	Atlanta, GA	Townhomes Single Family Condominiums	\$420k - \$1.0M	50% ⁽²⁾
GHO Homes	Vero Beach, FL Treasure Coast, FL	Single Family ⁽³⁾ Patio Homes ⁽³⁾	\$320k - \$1.4M	80%
Challenger Homes	Colorado Springs, CO Ft. Collins, CO	Townhomes Patio Homes Single Family	\$310k - \$550k	Equity Interest ⁽⁴⁾

FINANCIAL SERVICES

49.99% ownership

100% ownership

49% ownership

- Over time, the company exercised rights to purchase and fully consolidate subsidiaries.
- The company also rapidly expanded its wholly-owned Trophy Homes division, which offers vastly superior economics.
- Today, more than 70% of revenue is fully consolidated.
- Currently, Providence Group is the only subsidiary operating under the legacy profit share structure.

- From a scratch start in late 2018, the company has rapidly expanded its Trophy Homes division, from which it earns superior economics.
- Trophy's share of home closings increased from 20% in 2020 to 37% in 2021.
- Trophy also represents more than 60% of lots owned and controlled, leaving more than 15,000 future home sites.
- With the Trophy brand, the company has historically earned higher margins due to larger community sizes that use standardized processes to build a smaller number of fixed home plans.

Trophy – Buildout

COMPARISON OF TROPHY VOLUMES TO OTHER BRANDS	TROPHY SIGNATURE HOMES	% OF TOTAL	OTHER GRBK BRANDS	% OF TOTAL	TOTAL GRBK
UNITS CLOSED - FY 2019	33	2%	1,686	98%	1,719
UNITS CLOSED - FY 2020	447	20%	1,761	80%	2,208
UNITS CLOSED - FY 2021	1,053	37%	1,781	63%	2,834
LOTS OWNED & CONTROLLED - Q1 22	16,195	60%	10,797	40%	26,992

T R O P H Y V S . O T H E R S U B S I D I A R I E S

160+ LOTS PER TROPHY COMMUNITY
(~2x other brands)

90 BPS LOWER SG&A EXPENSE FROM PRIORITIZING FEWER
HIGH ABSORPTION COMMUNITIES

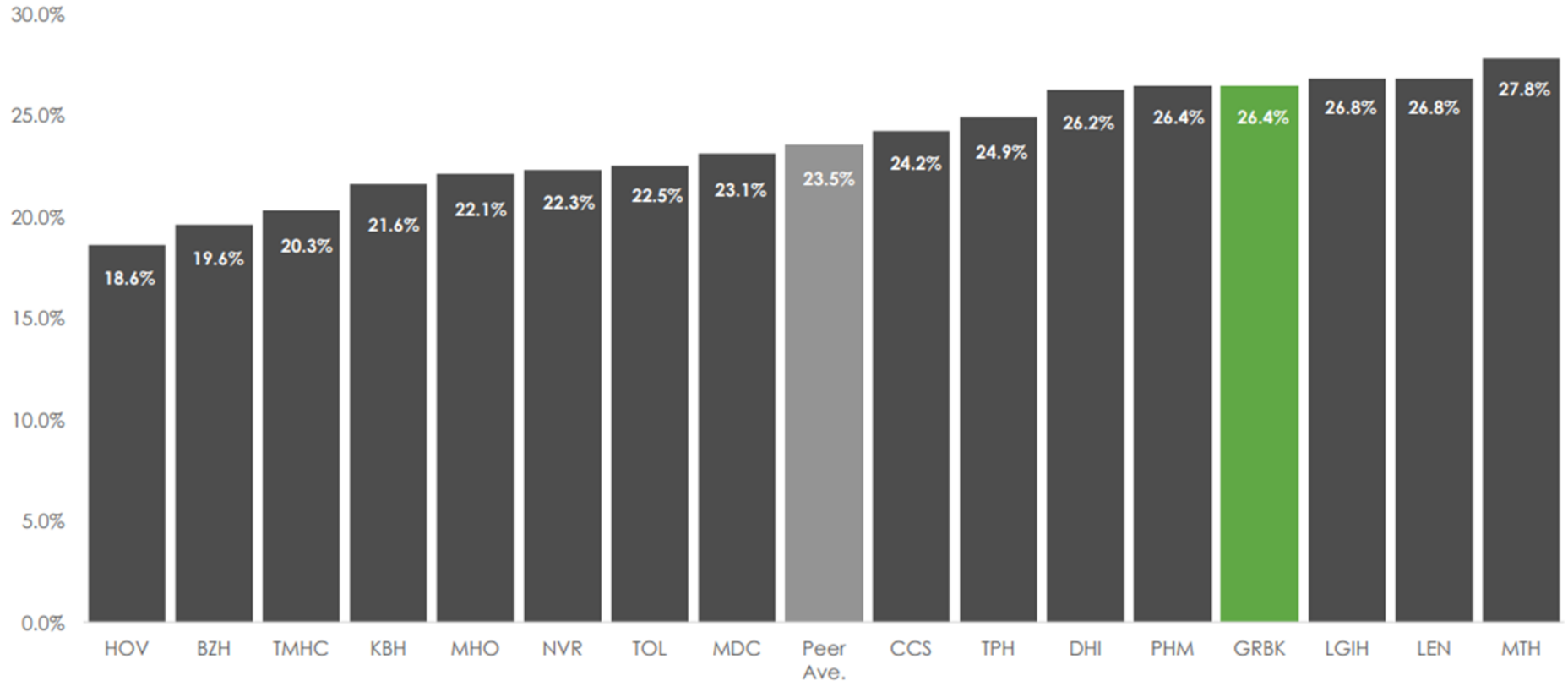
140 BPS GROSS MARGIN IMPROVEMENT

12% FASTER CYCLE TIME
(absorption 1.5x other brands)

ROE		PROFIT / SALES		SALES / ASSETS		ASSETS / EQUITY
CURRENT						
29 %	=	17.0 %	*	1.03	*	1.65
NORMALIZED						
15 %	=	10.0 %	*	0.9	*	1.65
TROPHY						
19 %	=	11.5 %	*	1.0	*	1.65

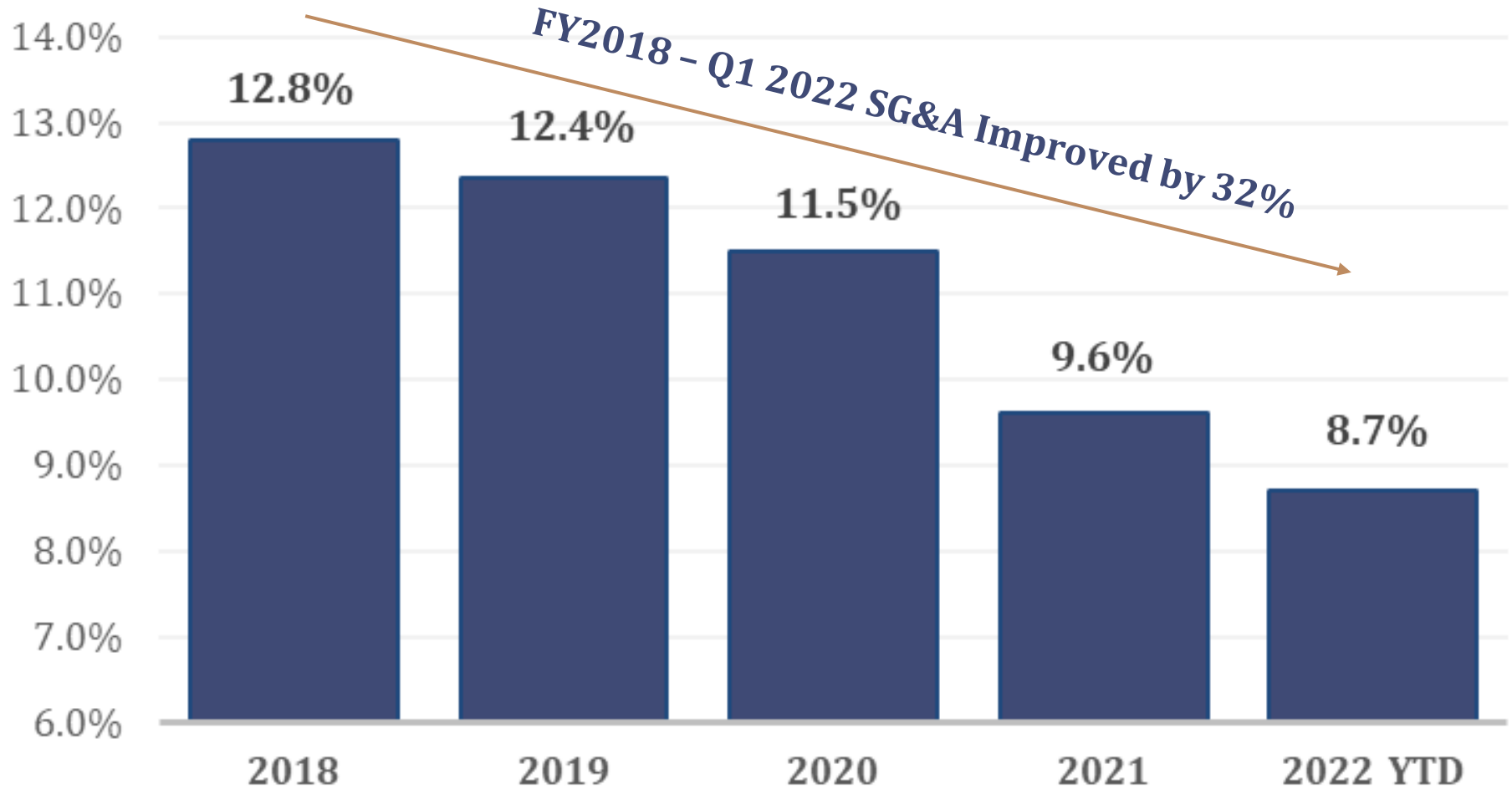
Superior Margin Profile

Gross Margin Percentage Year End 12/31/21

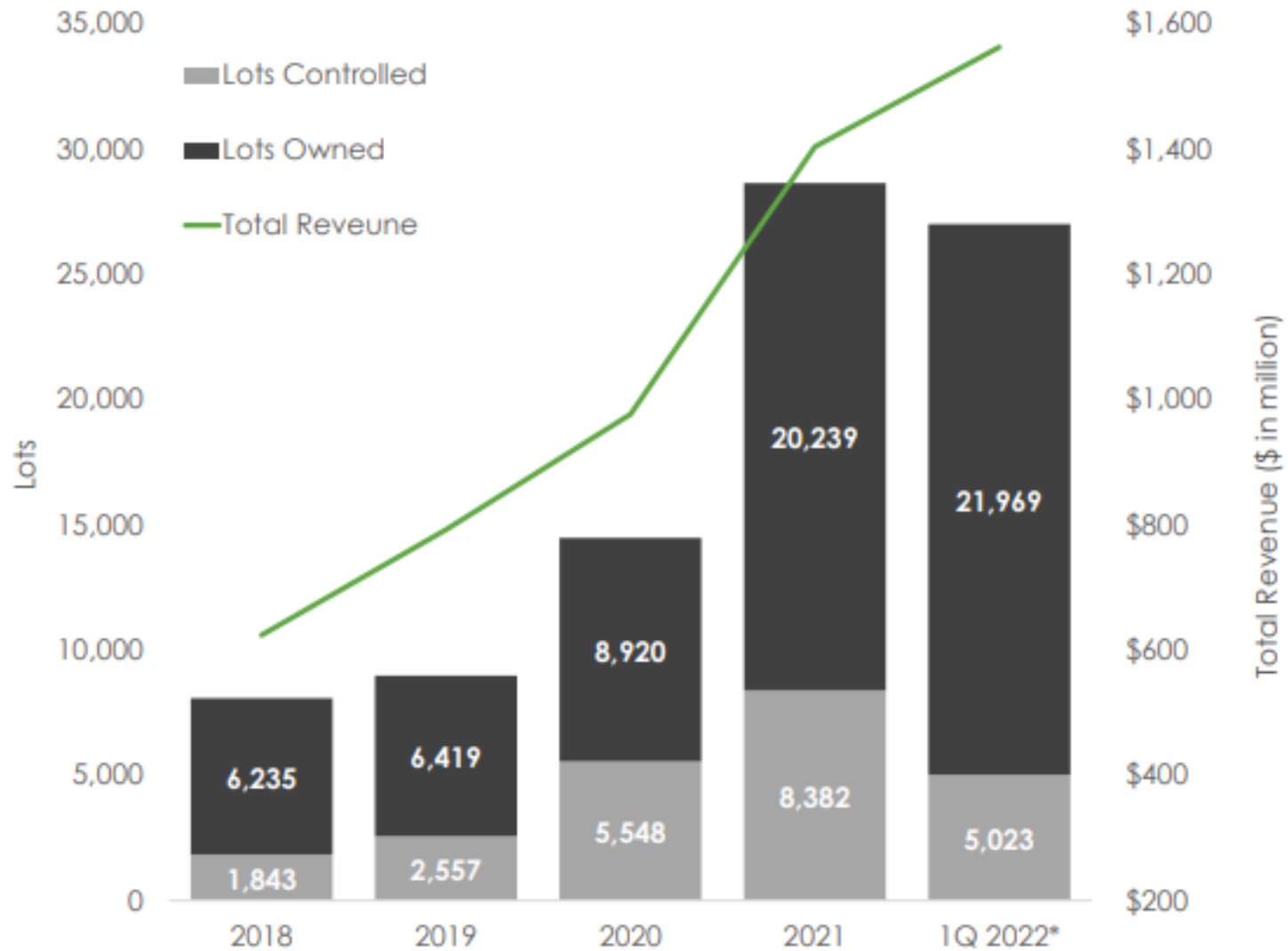


Operating Efficiencies

SG&A AS % OF TOTAL REVENUE



Lot Position



- Lot position grown at five-year CAGR of 30%—much higher rate than peers.
- Over 80% of Q1 2022 revenue came from infill locations where ASPs are higher, new/existing home supply has been limited.
- *We think **margins are going to remain very, very high** in these infill locations that dominate our balance sheet because if you bought a home in the last three years in any of these infill markets, you probably got a 3% interest rate and if rates are 5%+ and prices are up 20%, you're not going anywhere.*
- *We were just pitched a deal at \$68k a lot where our cost basis is \$39k a finished lot next door, we continue to say that our land book is superior to all of our peers.*

A True Growth Story

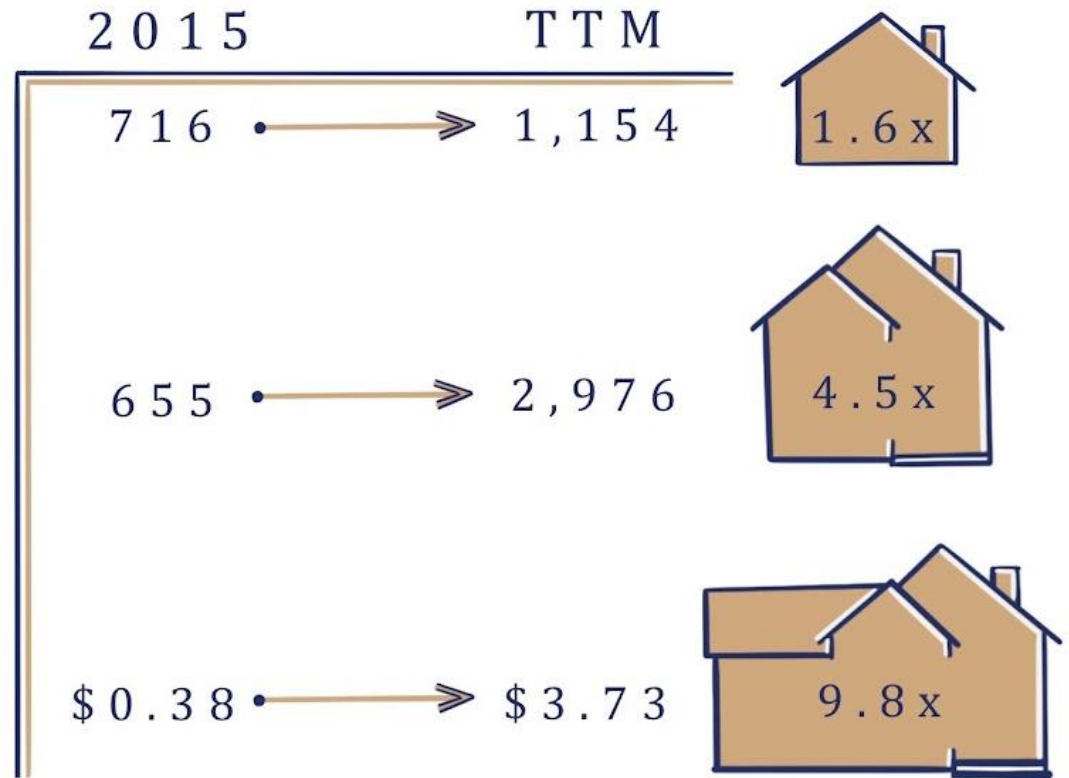


US HOUSING STARTS
(in 000's)









GREEN BRICK
PARTNERS

EPS GROWTH



Builder Comps

Earnings

	2015	2016	2017	2018	2019	2020	2021	EPS CAGR	P/E
	\$ 2.44	\$ 3.41	\$ 4.78	\$ 6.24	\$ 7.02	\$ 12.76	\$ 17.25	38.5%	6.0
	\$ 3.46	\$ 3.93	\$ 3.38	\$ 5.67	\$ 5.76	\$ 7.88	\$ 14.28	26.7%	5.4
	\$ 89.99	\$103.62	\$141.56	\$194.70	\$221.13	\$230.09	\$320.48	23.6%	9.2
	\$ 1.36	\$ 1.75	\$ 2.00	\$ 3.55	\$ 3.66	\$ 5.18	\$ 7.43	32.7%	5.7
	\$ 2.03	\$ 2.36	\$ 2.74	\$ 4.09	\$ 4.29	\$ 6.41	\$ 11.42	33.4%	5.9
	\$ 0.38	\$ 0.49	\$ 0.68	\$ 1.02	\$ 1.16	\$ 2.24	\$ 3.73	46.3%	4.2

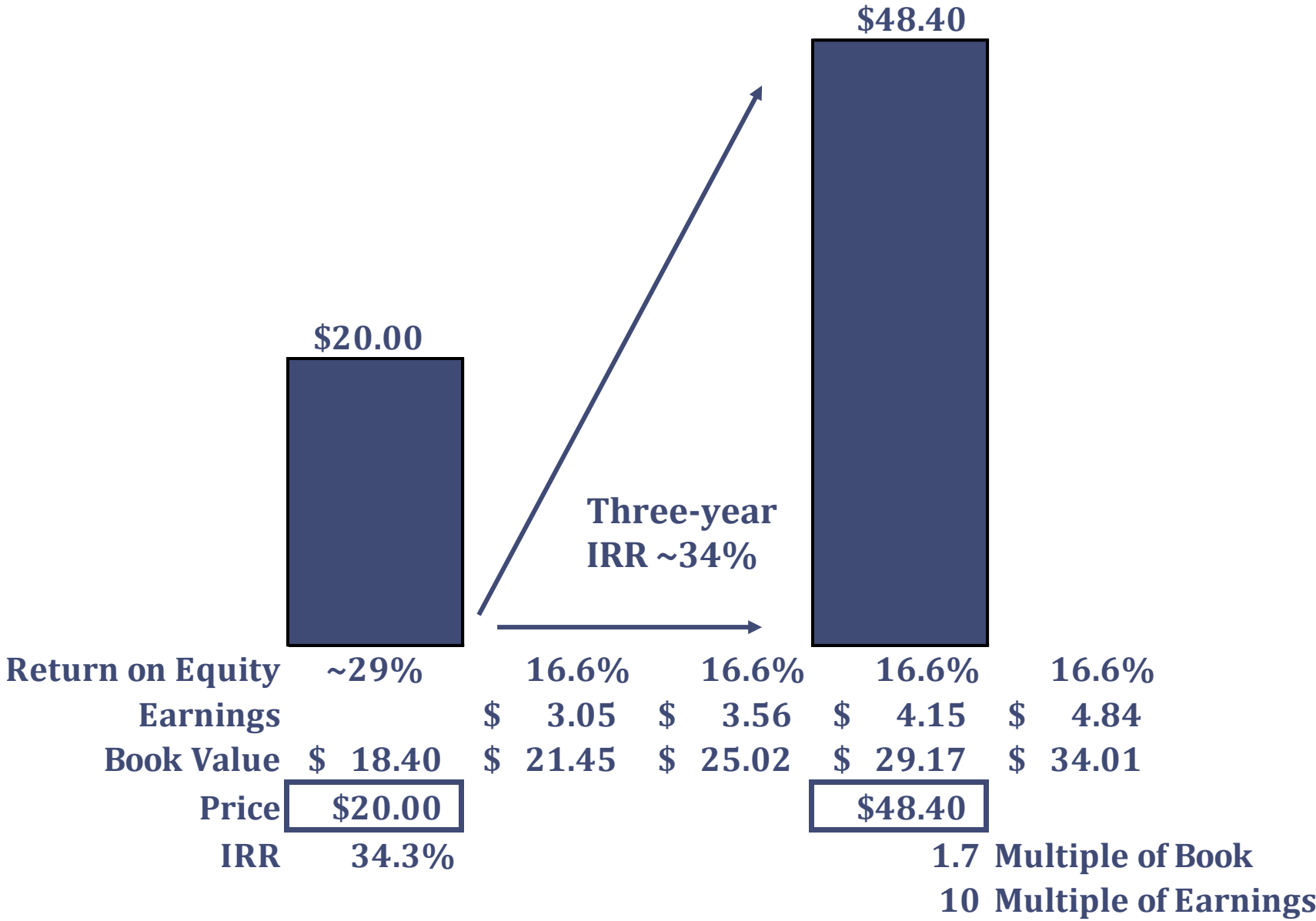
- We continue to exercise a very disciplined approach which includes investing significantly in lot growth, executing the organic growth of our builder subsidiaries, and expanding into new markets.
- \$50M stock buyback was completed as of the end of April at a weighted average price of \$20.66 per share. On April 27, 2022, the board authorized the repurchase of up to \$100M of additional shares of stock.
- While we do not believe we can persuade the market to change its view in the near term, we can add substantial long-term value to our shareholders by buying shares back at what we believe is a deeply discounted price.

- Normalization of gross profit margins (-400 basis points) as incentives are reintroduced, spec build rate returns to normal, metering to harvest margins is halted.
- Normalization of SG&A to reflect increase in marketing investment to assist (+110 basis point) in providing incremental demand.
- Marginal decline in end-unit pricing (-5%) to provide for partial offset in sticker shock related to higher mortgage rates.
- Reduction in closings (-10%) against trailing 12-month figures to reflect general cooling of market.

Normalized Earnings

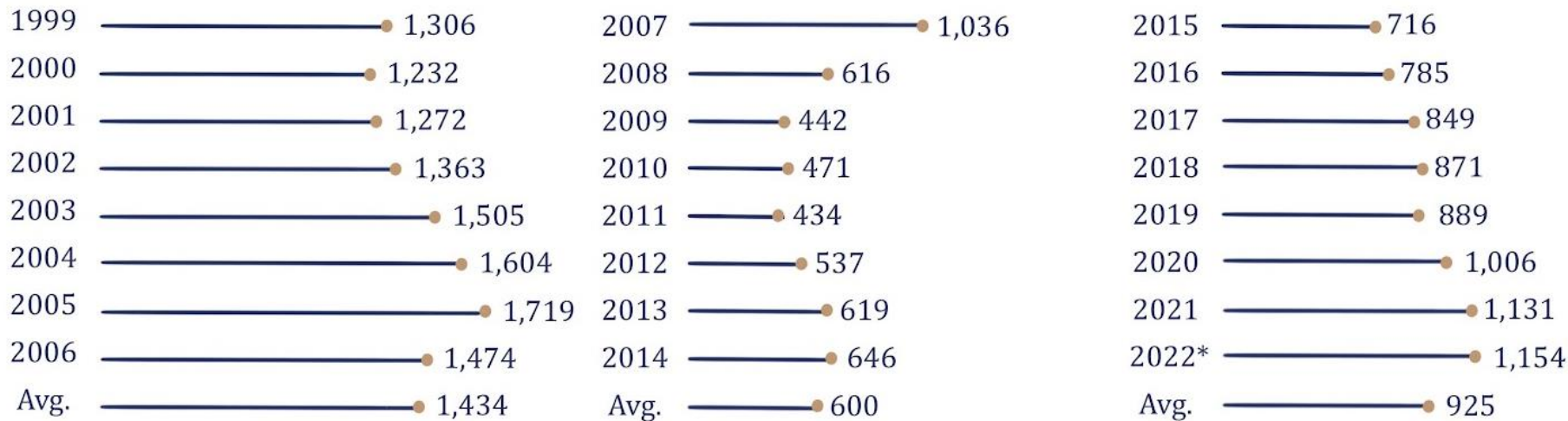
	TTM	Normalized
Revenue	\$ 1,562	\$ 1,406
Gross Margin Dollars	411	323
<i>Gross Margin</i>	26.9%	23.0%
SG&A	139	155
<i>SG&A Margin</i>	8.9%	11.0%
Equity income/Other	16	16
EBIT	\$ 288	\$ 185
<i>Tax Rate</i>	22%	24%
Tax	63	44
Net	\$ 225	\$ 140
Shares	50.9	45.8
EPS	\$ 4.42	\$ 3.06
Price	\$ 20.00	6.5 Multiple

Return Assumptions



The Starting Point Matters

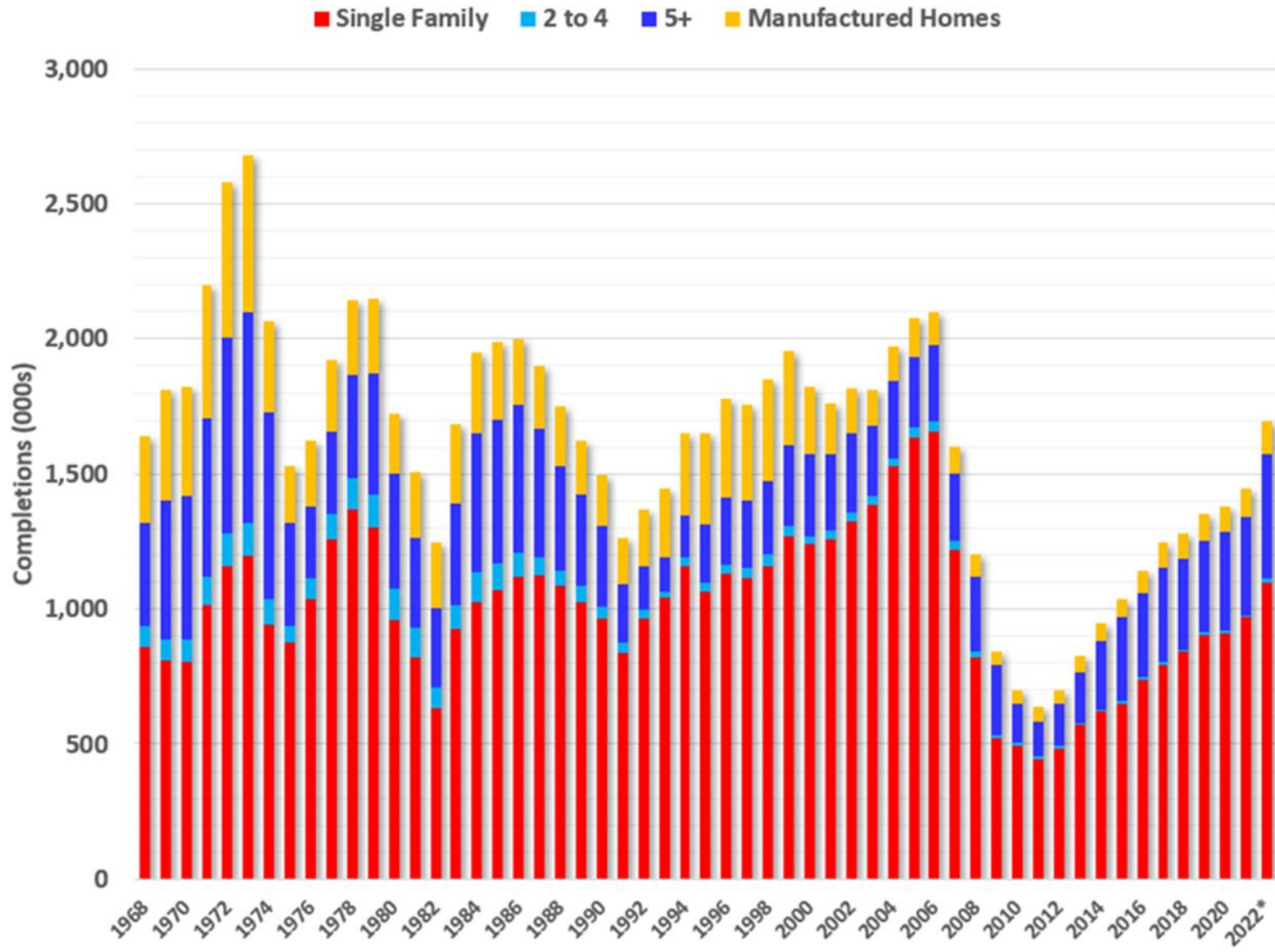
H O U S I N G S T A R T S



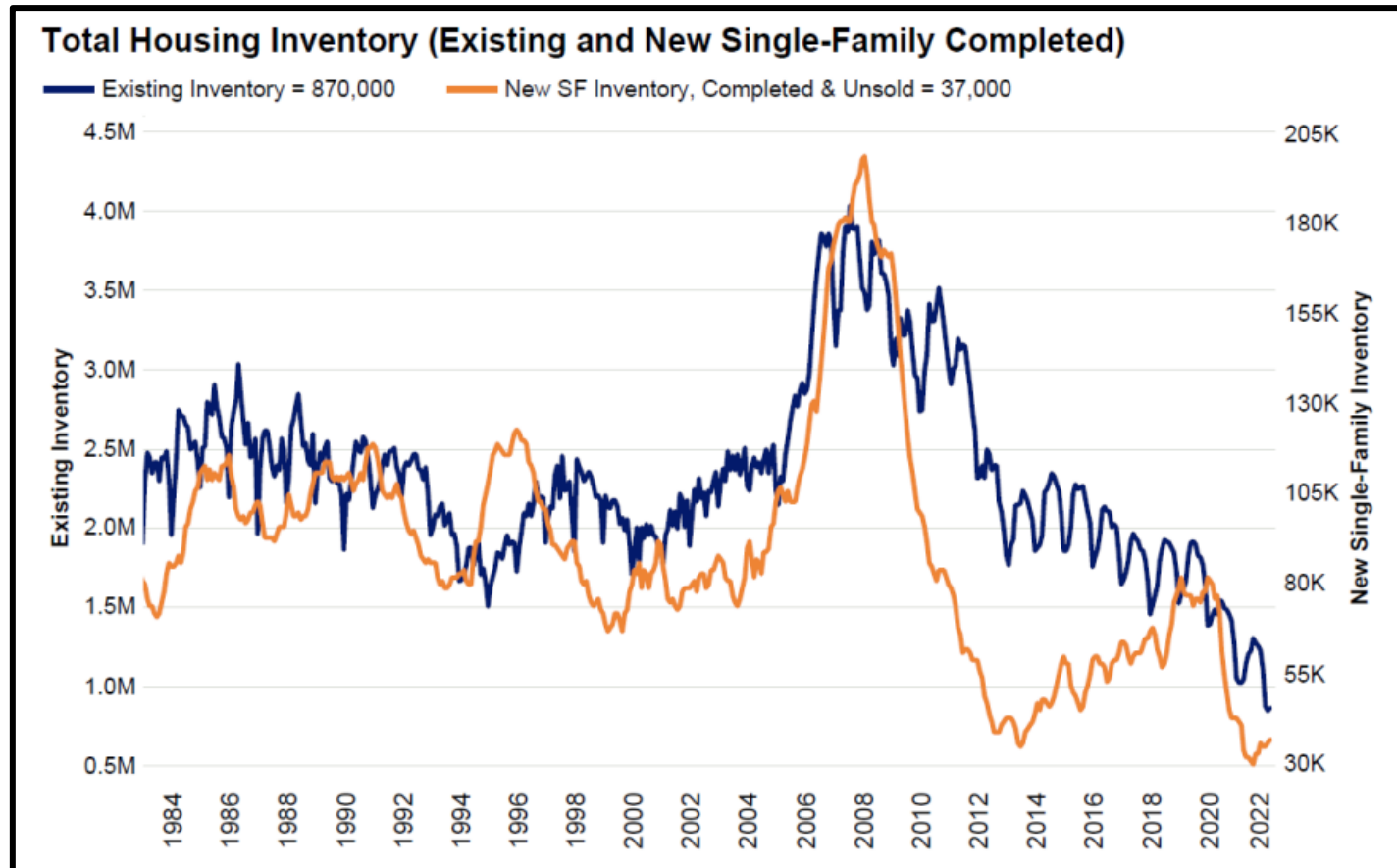
*YTD Thru June Seasonally Adjusted Annual Rate

Source: U.S. Census Bureau and U.S. Department of Housing and Urban Development

Yearly Housing Completions

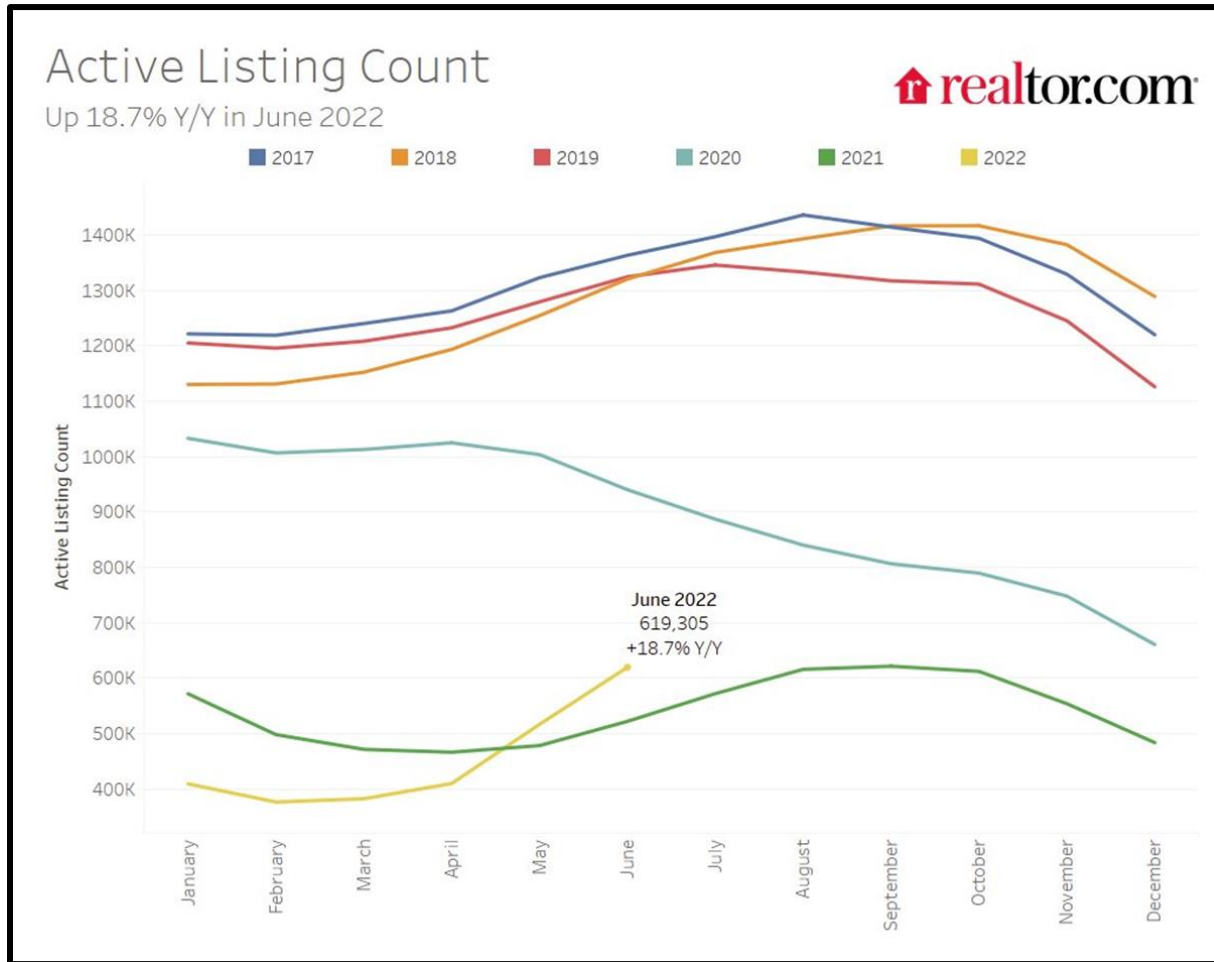


Inventory



Low inventory of both existing and new homes is taking place while we have a big jump in mortgage rates. And so that issue has not yet corrected. And layer on top of that, our high growth markets with lots of population inflow. You compound that with apartments in our markets that are as full as they've ever been, and consumers don't have many good choices, unfortunately, and we think that's going to maintain high margins in our industry. Jim Brickman

Inventory

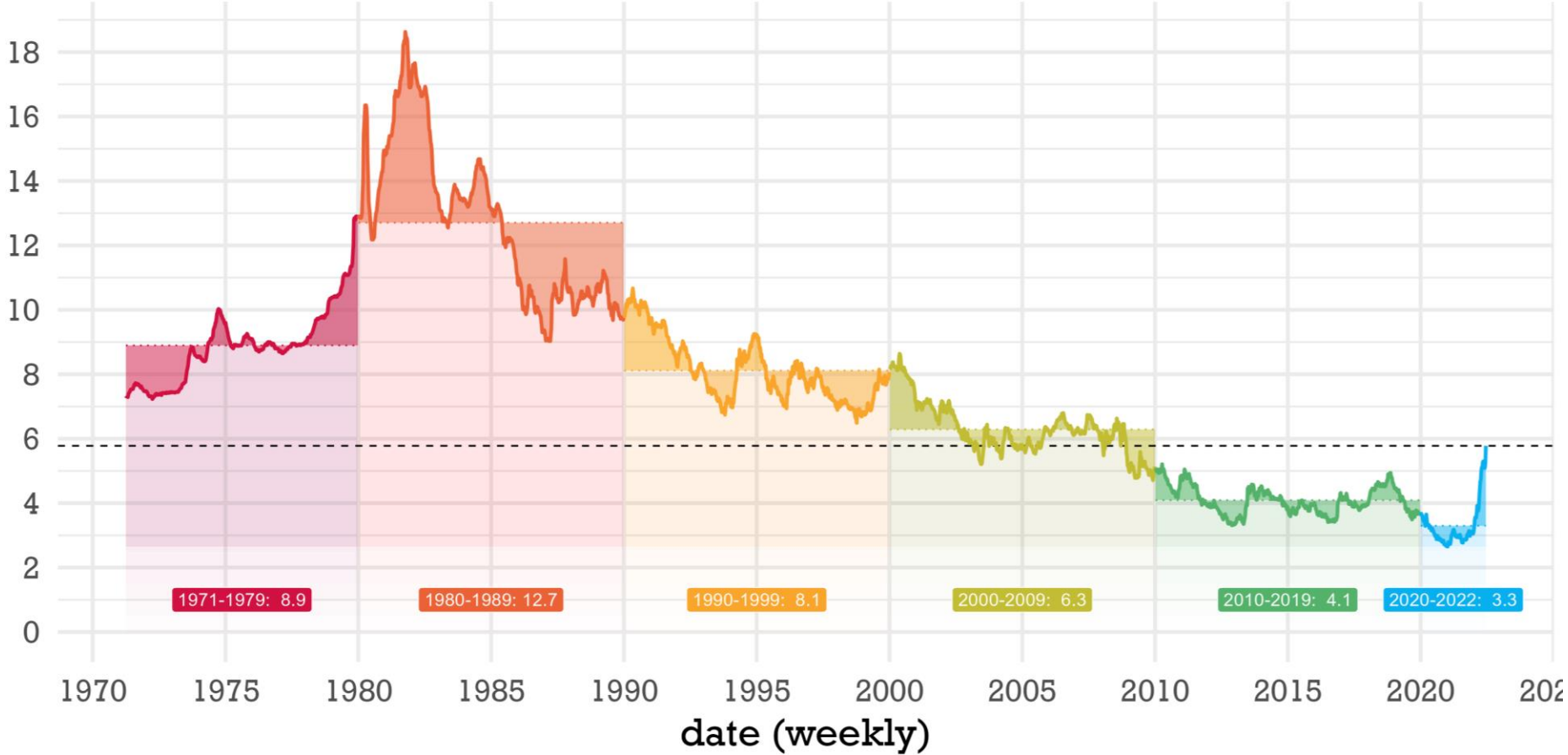


One of the huge differentiators is there's no oversupply. When we started JBGL and I went to Florida - there was a sea of empty houses - abandoned construction equipment - it was nuts - and you don't see any of that. Everything's full - you walk through a neighborhood at dark, it's not dark, there aren't snakes in the swimming pools. Jim Brickman

Mortgage Rates

Mortgage rates over 5+ decades

U.S. Weekly Average 30-year fixed mortgage rate April 2, 1971 to June 16, 2022
Line weekly value, dark shaded area from decade average to weekly value



Mortgage Rates

U.S. monthly average 30-year fixed mortgage rate (%)

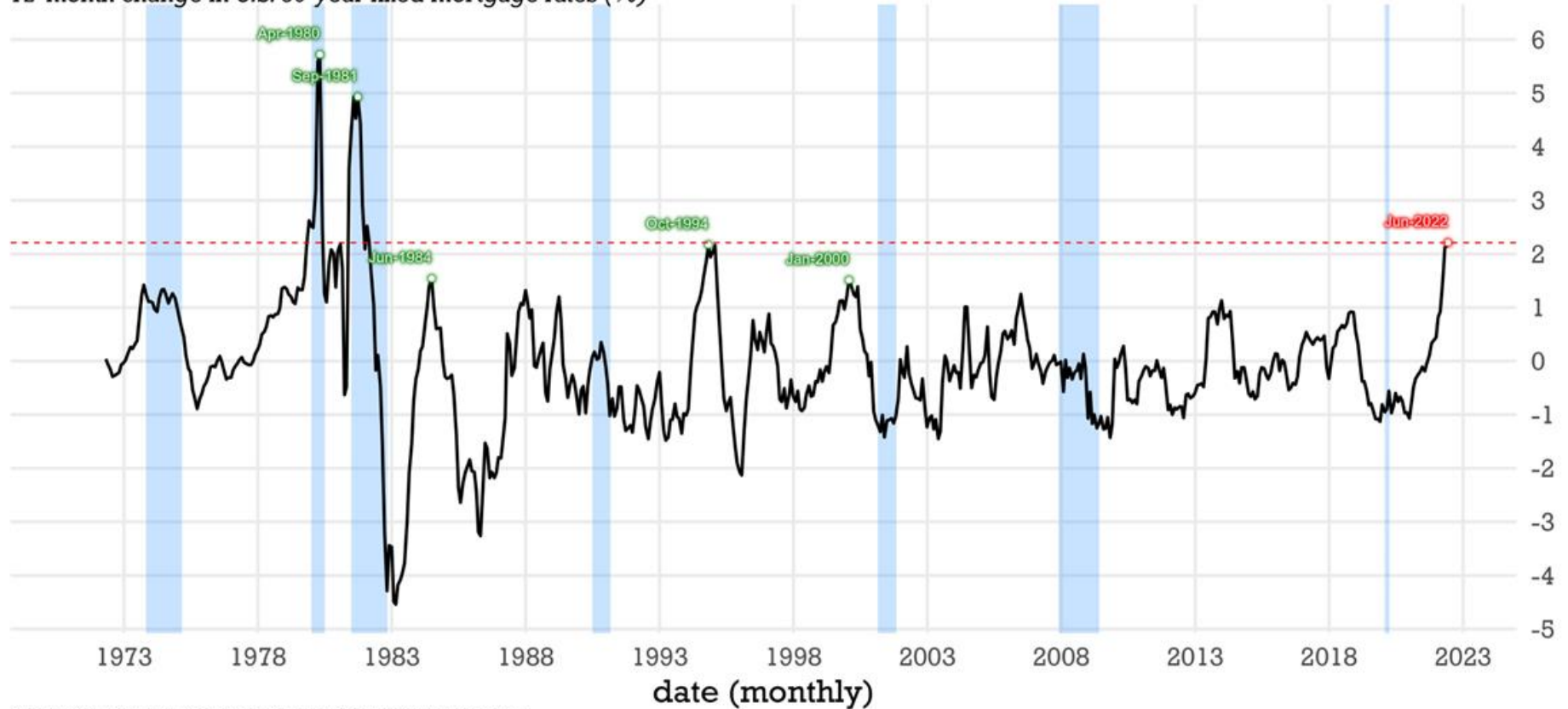
rate (percentage points)  3 4 5 6 7

2001	7.03	7.05	6.95	7.08	7.14	7.16	7.13	6.95	6.82	6.62	6.66	7.06
2002	7.00	6.89	7.01	6.98	6.81	6.65	6.48	6.29	6.09	6.11	6.07	6.05
2003	5.92	5.84	5.74	5.81	5.48	5.23	5.63	6.26	6.15	5.95	5.93	5.88
2004	5.71	5.64	5.44	5.83	6.27	6.29	6.06	5.87	5.75	5.72	5.73	5.75
2005	5.71	5.63	5.93	5.86	5.72	5.58	5.70	5.82	5.77	6.07	6.33	6.27
2006	6.14	6.25	6.32	6.51	6.60	6.68	6.76	6.52	6.40	6.36	6.24	6.14
2007	6.22	6.28	6.16	6.18	6.26	6.66	6.70	6.57	6.38	6.38	6.21	6.10
2008	5.76	5.92	5.97	5.92	6.04	6.32	6.43	6.48	6.04	6.20	6.09	5.29
2009	5.05	5.13	5.00	4.81	4.86	5.42	5.22	5.19	5.06	4.95	4.88	4.93
2010	5.03	4.99	4.97	5.10	4.89	4.74	4.56	4.43	4.35	4.22	4.30	4.71
2011	4.76	4.95	4.84	4.84	4.64	4.51	4.54	4.27	4.11	4.07	3.99	3.96
2012	3.92	3.89	3.95	3.91	3.80	3.67	3.55	3.60	3.50	3.38	3.35	3.34
2013	3.41	3.53	3.56	3.45	3.54	4.07	4.37	4.46	4.49	4.19	4.26	4.46
2014	4.43	4.30	4.34	4.34	4.19	4.16	4.13	4.12	4.16	4.04	4.00	3.86
2015	3.67	3.71	3.77	3.67	3.84	3.98	4.05	3.91	3.89	3.80	3.94	3.96
2016	3.87	3.66	3.69	3.60	3.60	3.57	3.44	3.44	3.46	3.47	3.77	4.20
2017	4.15	4.17	4.20	4.04	4.01	3.90	3.97	3.88	3.80	3.90	3.92	3.95
2018	4.03	4.33	4.44	4.47	4.59	4.57	4.53	4.55	4.63	4.83	4.87	4.64
2019	4.46	4.37	4.26	4.14	4.07	3.80	3.77	3.62	3.60	3.69	3.70	3.72
2020	3.62	3.47	3.45	3.31	3.23	3.16	3.02	2.94	2.89	2.83	2.77	2.68
2021	2.73	2.81	3.08	3.06	2.96	2.98	2.87	2.84	2.90	3.07		
2022	3.45	3.76	4.17	4.98	5.23	5.48						
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct		

Mortgage Rates

U.S. mortgage rates up more than 2 percentage points, biggest increase this century

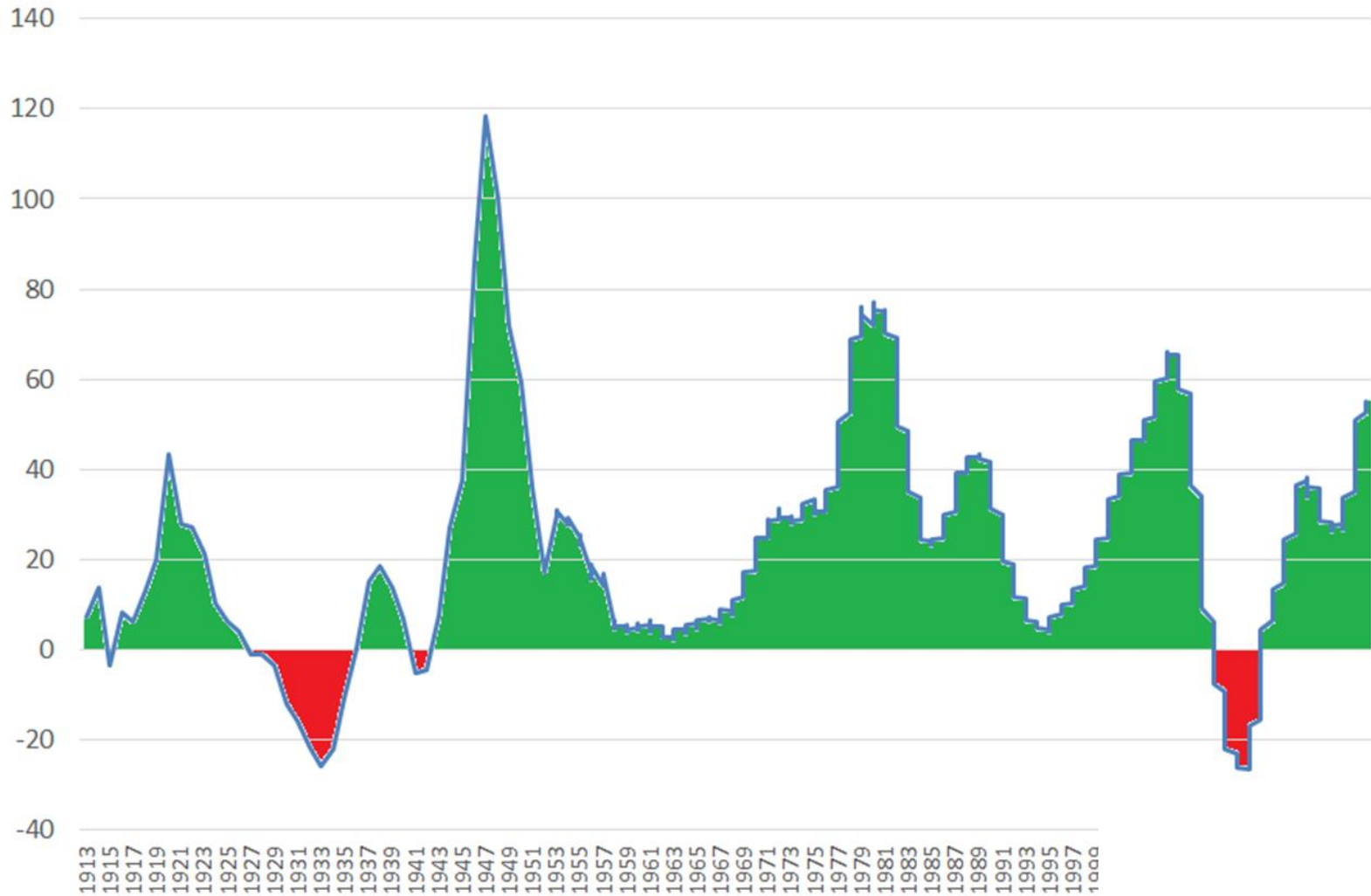
12-month change in U.S. 30-year fixed mortgage rates (%)



@lenkiefier | Source: Freddie Mac Primary Mortgage Market Survey
change computed from last observed weekly value in the month
shading denotes NBER recessions
mortgage rate data through 2022-06-09

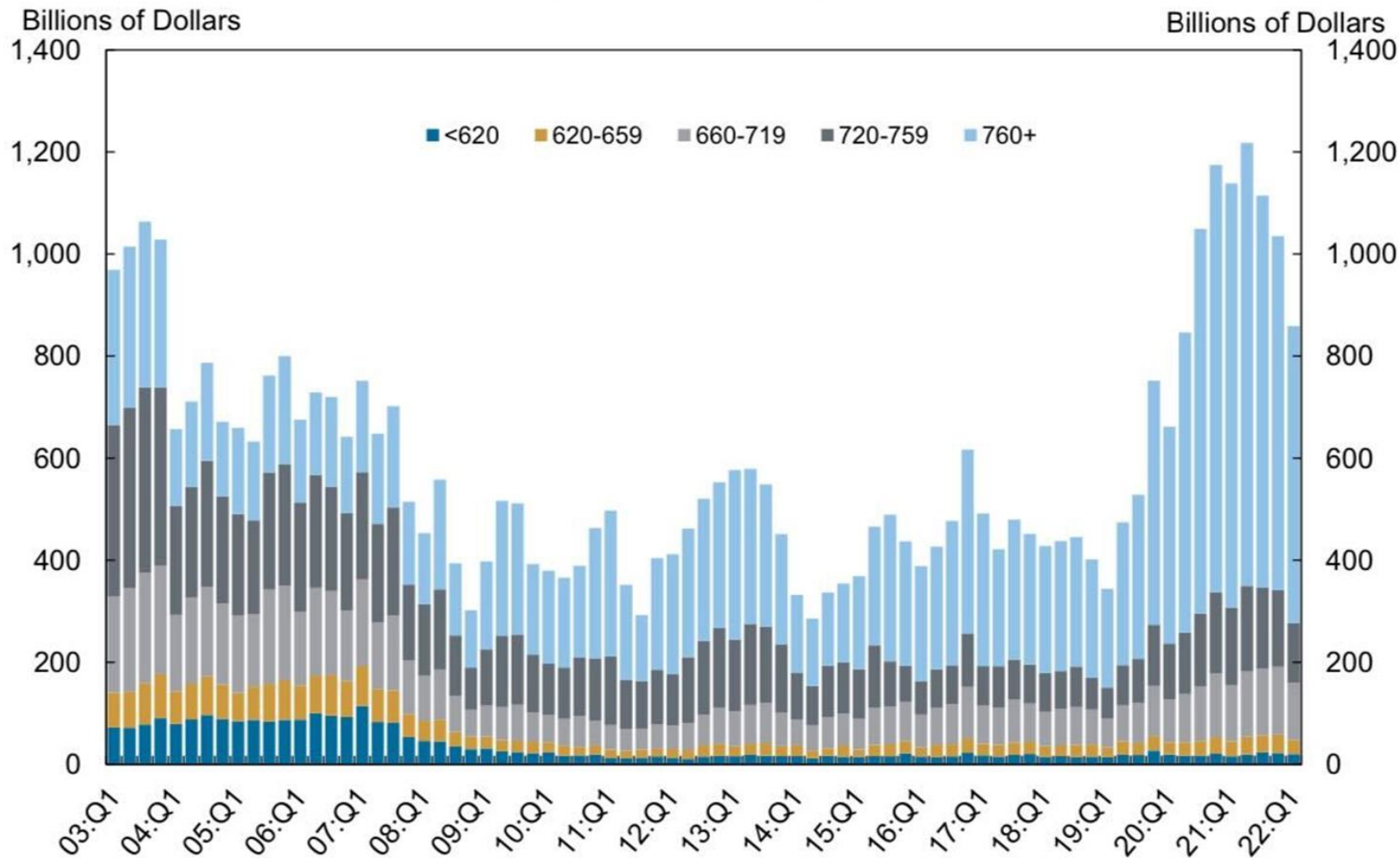
Nationwide Home Prices

US Nationwide House Prices 5-Year Cumulative % Change



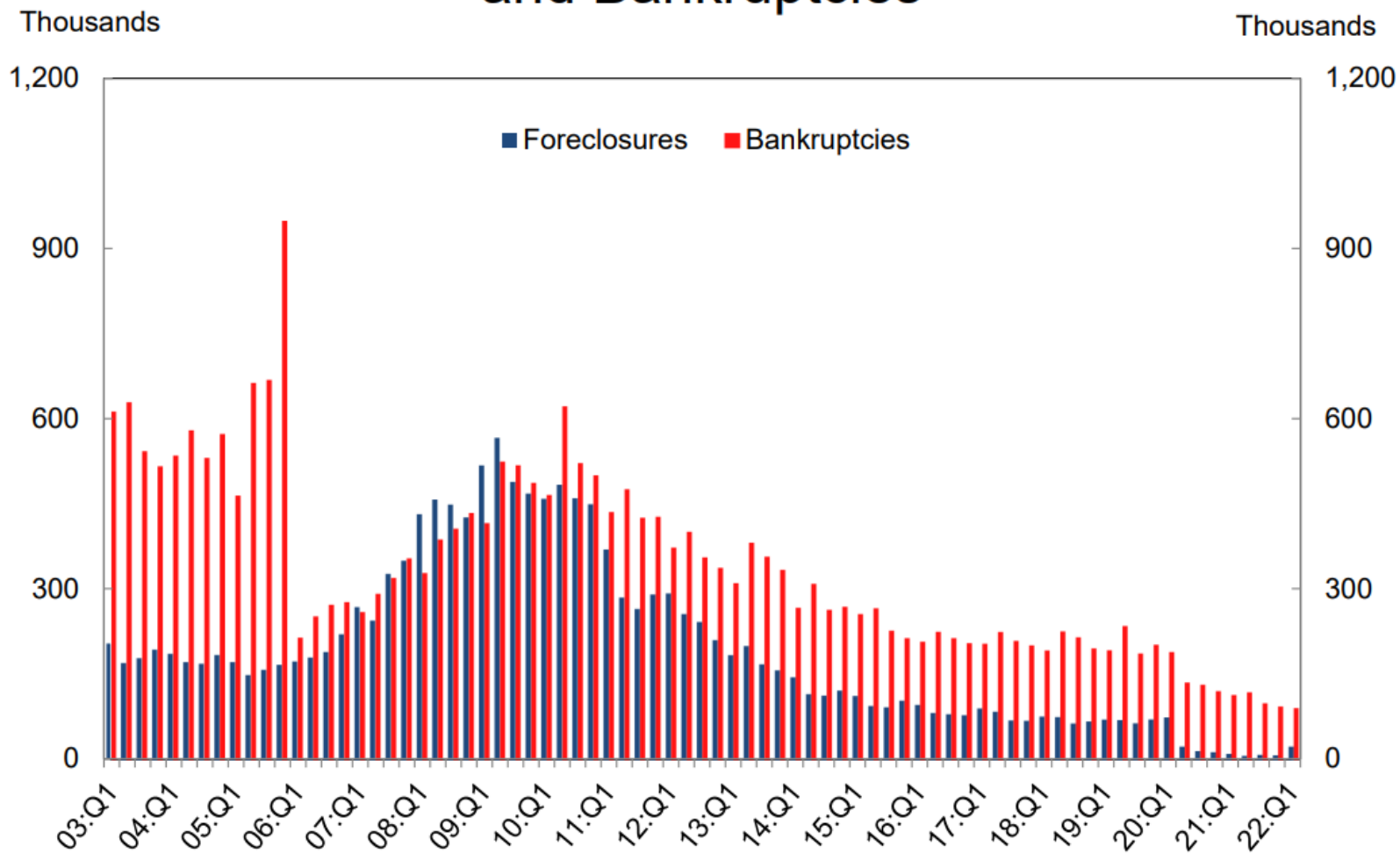
Originations

Mortgage Originations by Credit Score*



Consumer Balance Sheet

Number of Consumers with New Foreclosures and Bankruptcies

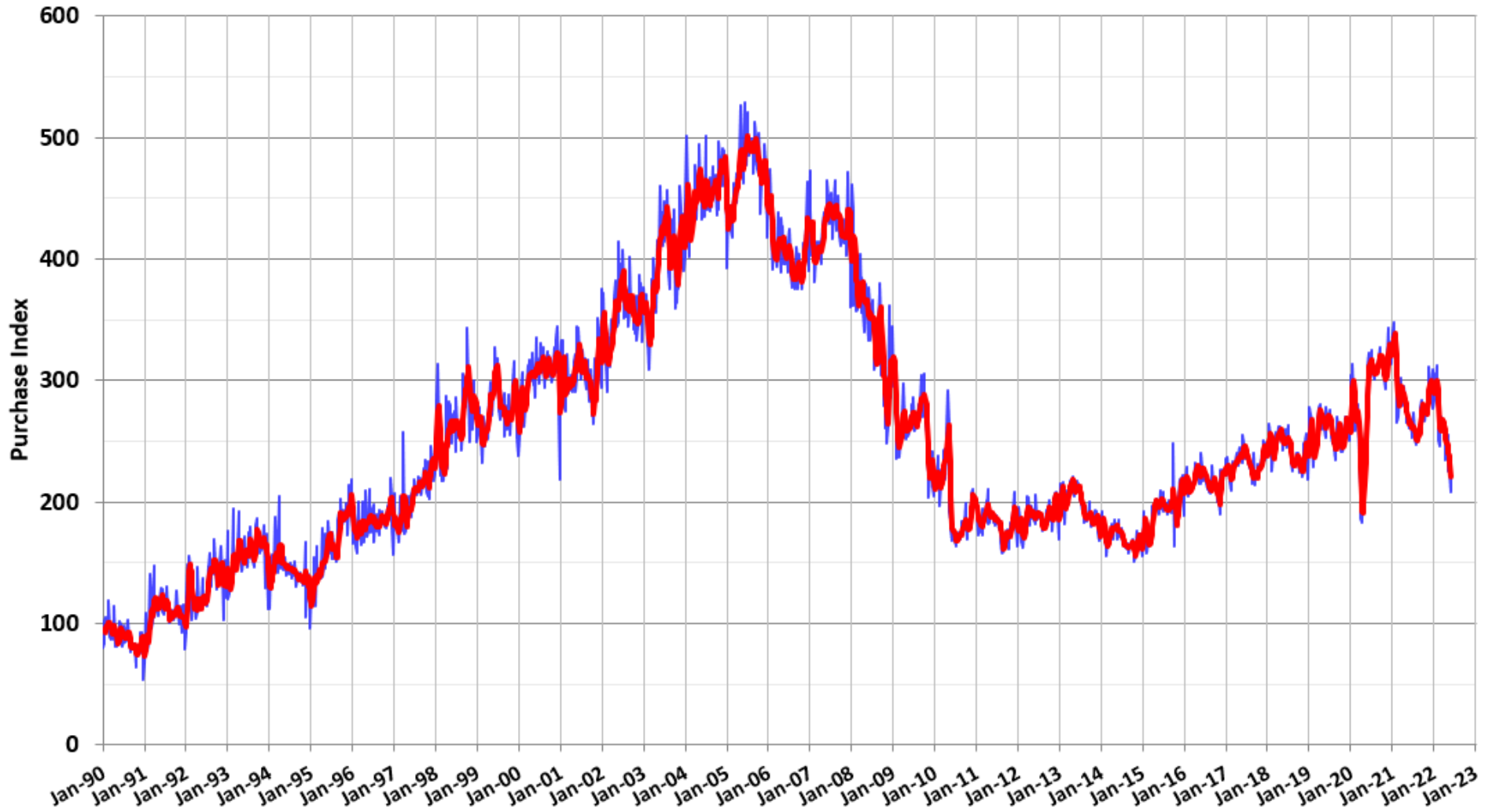


Source: New York Fed Consumer Credit Panel/Equifax

Purchase Applications

MBA Purchase Applications Index

— Purchase Index — 4 Week Moving Average



Adjustable-Rate Bomb

reARMing the Mortgage Market

Percent of U.S. mortgage applications (purchase + refinance by count) that are adjustable rate mortgages



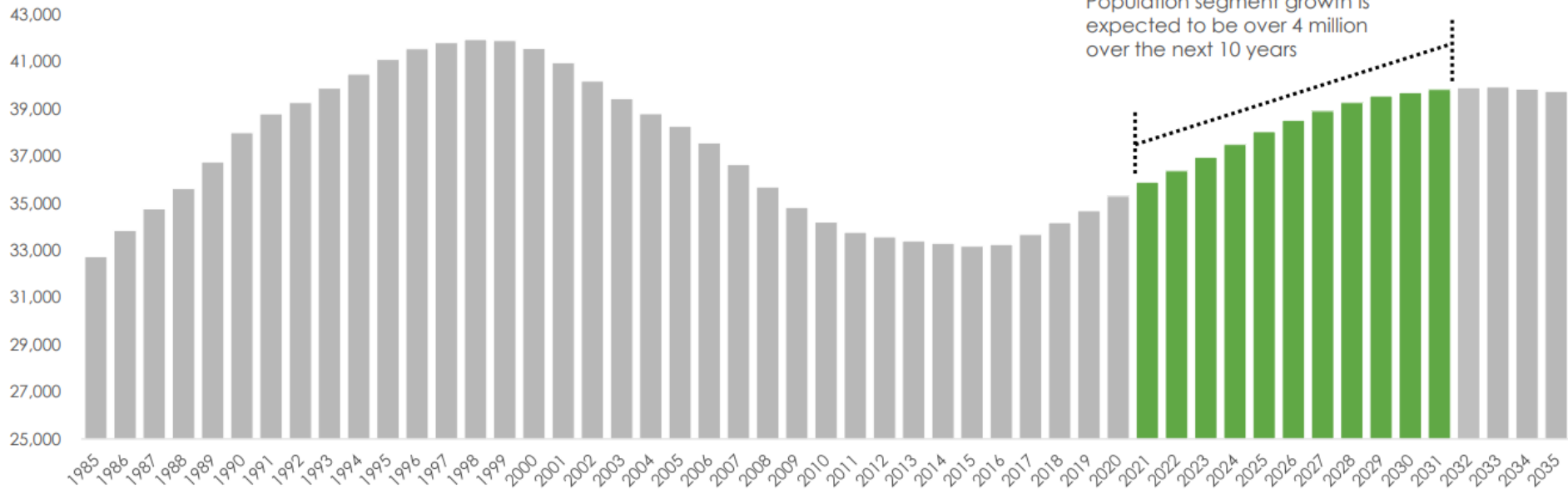
Input Costs Declining

	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Week-Ended		
							5/28	6/4	6/11
Builder Lumber Index*	233	318	361	369	283	268	271	203	175
YOY %	9.7%	24.8%	30.3%	23.9%	(14.4%)	(36.0%)	(36.4%)	(51.4%)	(55.7%)
Month/Month	40.0%	36.7%	13.3%	2.1%	(23.3%)	(5.4%)			
Framing Composite	879	1191	1244	1310	991	907	794	699	608
YOY %	18.8%	29.8%	27.1%	26.1%	(12.4%)	(38.7%)	(46.9%)	(51.7%)	(54.1%)
Month/Month	49.0%	35.5%	4.4%	5.3%	(24.3%)	(8.5%)			
OSB	602	844	1154	1269	873	758	740	650	550
YOY %	(9.1%)	13.3%	37.1%	37.2%	(18.5%)	(40.2%)	(43.5%)	(50.9%)	(58.8%)
Month/Month	20.4%	40.2%	36.7%	10.0%	(31.2%)	(13.2%)			
Plywood	768	1023	1120	1215	921	919	885	885	885
YOY %	15.8%	20.8%	16.5%	5.9%	(34.0%)	(44.7%)	(49.0%)	(49.6%)	(50.1%)
Month/Month	45.4%	33.1%	9.5%	8.5%	(24.2%)	(0.2%)			
Panel Composite	813	1048	1249	1351	1038	954	912	856	801
YOY %	10.0%	22.7%	30.4%	21.5%	(21.0%)	(39.8%)	(45.0%)	(49.0%)	(52.9%)
Month/Month	27.3%	28.9%	19.2%	8.2%	(23.2%)	(8.0%)			

* 65% Framing, 35% OSB; Jan. 2000 = 100

Favorable Demographics

Population Of 35-44 Year-Olds In The U.S. Based On Ten-Year Trailing Birth Rates





That concludes my prepared remarks. I'm happy to take any questions that fit my prepared answers.



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