CFA Institute Research Challenge

hosted by

Texas-North Research Challenge
West Texas A&M University

The CFA Institute Research Challenge is a global competition that tests the equity research and valuation, investment report writing, and presentation skills of university students. The following report was prepared in compliance with the Official Rules of the CFA Institute Research Challenge, is submitted by a team of university students as part of this annual educational initiative and should not be considered a professional report.

Disclosures:

Ownership and material conflicts of interest

The author(s), or a member of their household, of this report does not hold a financial interest in the securities of this company. The author(s), or a member of their household, of this report does not know of the existence of any conflicts of interest that might bias the content or publication of this report.

Receipt of compensation

Compensation of the author(s) of this report is not based on investment banking revenue.

Position as an officer or a director

The author(s), or a member of their household, does not serve as an officer, director, or advisory board member of the subject company.

Market making

The author(s) does not act as a market maker in the subject company's securities.

Disclaimer

The information set forth herein has been obtained or derived from sources generally available to the public and believed by the author(s) to be reliable, but the author(s) does not make any representation or warranty, express or implied, as to its accuracy or completeness. The information is not intended to be used as the basis of any investment decisions by any person or entity. This information does not constitute investment advice, nor is it an offer or a solicitation of an offer to buy or sell any security. This report should not be considered to be a recommendation by any individual affiliated with CFA Societies Texas, CFA Society Louisiana, CFA Institute, or the CFA Institute Research Challenge with regard to this company's stock.

GREEN BRICK PARTNERS

GREEN BRICK PARTNERS (NYSE:GRBK)

SECTOR:CONSUMER DISCRETIONARY
INDUSTRY: HOME BUILDING

AS OF JANUARY 31, 2026

CURRENT PRICE:$70.05
TARGET PRICE:$80.27
UPSIDE:14.59%

Recommendation: BUY

EXECUTIVE SUMMARY: WHY GREEN BRICK IS BETTER

We initiate coverage on Green Brick Partners Inc. **(NYSE: GRBK)** with a **BUY** recommendation and a **12-month price target of $80.27**, representing a **14.59% upside**. Our valuation combines Discounted Cash Flow (DCF) analysis and relative valuation, reflecting the company's land-intensive strategy, the expected growth of the Trophy Signature Homes brand, and Green Brick's strong balance sheet.

Land-Intensive Model Amplifying Long-Term Cash Flow Growth

Green Brick Partners differentiates itself through a "land-intensive" strategy, acquiring land wholesale and self-developing it to capture a greater share of revenue than "land-light" peers. The company targets high-quality infill and infill-adjacent lots in or near established urban areas, valued for their prime locations and amenities such as top-tier school districts. This disciplined, high-quality land-focused approach positions Green Brick for strong, long-term cash flow growth

DFW Market Dominance With Expanding Trophy Signature Homes Brand

Green Brick Partners dominates the Texas residential market by concentrating in the high-growth Dallas-Fort Worth (DFW) area, where robust job growth and migration provide a strong demand in the Central region. This geographic dominance is amplified by the Trophy Signature Homes brand, which serves as a high-velocity growth catalyst by targeting the undersupplied attainable housing segment. By utilizing a spec-heavy model and rapid cycle times, Trophy allows the company to scale unit volume effectively, offsetting moderating home prices and capturing a diverse buyer base from entry-level to luxury. This strategic alignment between regional market strength and operational efficiency ensures that Trophy will continue to steer Green Brick's revenue growth and maintain its long-term competitiveness.

Robust Financial Position Provides stability and operational flexibility.

Green Brick Partners maintains a "strong and investment-grade" balance sheet, which enhances its ability to weather market downturns, secure low-cost financing, and reduce overall cost of debt. Management highlights the company's industry-leading 16% debt-to-capital ratio and aims to keep it below 20% going forward. This conservative leverage mitigates the high operating risk of its land-intensive strategy and gives claimholders confidence in Green Brick's ability to meet obligations while maximizing returns.

Figure (1): Comparison of Five-Year Cumulative Return
Source: Company Reports

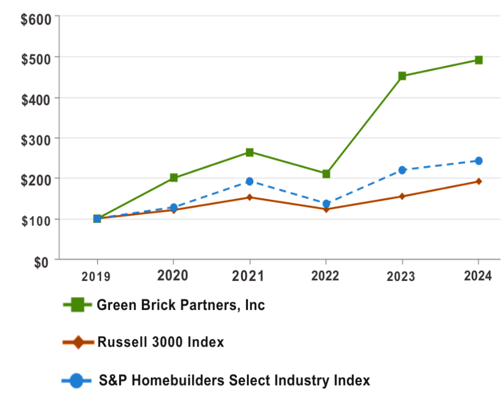


Figure (2): Lots Owned and Controlled compared to Debt to Capital
Source: Company Reports

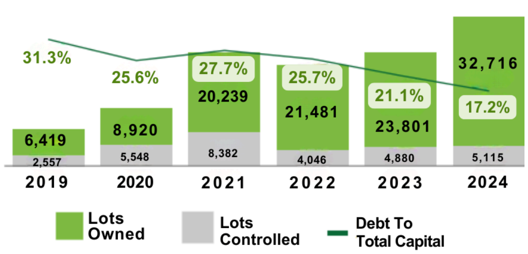


Figure (3): GRBK Historical Stock Price Annotated with Key Event *Source: Company Report*

Business Description

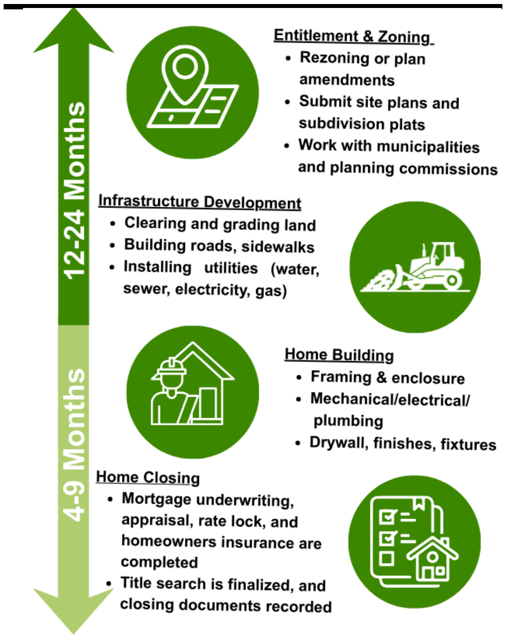
Green Brick Partners is a diversified homebuilder and land development company that closed its first deal in 2009. Launching the business in the aftermath of the recession proved advantageous as the company was able to purchase partially finished lots that had been repossessed. Following its initial success in Texas, Green Brick expanded into Georgia in 2011 by purchasing The Providence Group. To further strengthen its Dallas-Fort Worth presence, the company acquired CB Jeni Lifestyle Homes, Centre Living Homes, and Normandy Homes in 2012, followed by Southgate Homes in 2013. The company officially adopted the Green Brick name and transitioned to a publicly traded company in 2014. By 2015, it established Green Brick Title to provide customers with a seamless, integrated sales experience. In 2018, Green Brick acquired an 80% stake in Florida-based GHO Homes and founded Trophy Signature Homes in DFW. **All of the markets Green Brick has expanded into are supported by strong population growth, increasing employment, and attractive living conditions.**

Vertical Integration

Green Brick is vertically integrated, with ownership or strategic interests spanning land acquisition, lot development, construction, and sale of finished homes **(Figure 4). Controlling every stage of the homebuilding process helps the company lower expenses and finish houses faster, which simplifies the experience for buyers.**

Title, Insurance, and Mortgage: Green Brick wholly owns title, mortgage, and insurance companies. Owning the mortgage company is an opportunity for Green Brick to screen its customers to avoid cancellations. **Green Brick gains insight into customers' financial positions to confirm affordability prior to commencing construction**. Since its launch, Green Brick's mortgage company has worked to lower cancellation rates and manage the backlog of pending sales. These three businesses operate as supporting services that streamline the overall homebuying process.

Figure (4): Home Building Cycle
Source: Team Analysis



Business-Friendly Locations

With seven subsidiary homebuilders covering various price segments, Green Brick is positioned to achieve rapid home turnover **(Figure 5). Green Brick focuses on high-growth metropolitan areas in business-friendly states.**

Texas- Green Brick's homebuilding operations include one majority-owned brand and four wholly owned subsidiaries. While most operations are in Dallas-Fort Worth, operations have expanded into Austin and Houston.

Georgia- Green Brick expanded to Georgia with its acquisition of The Providence Group. While fewer homes are produced there, the homes tend to be more luxurious and expensive, with prices ranging from $350,000 to over $1.2 million.

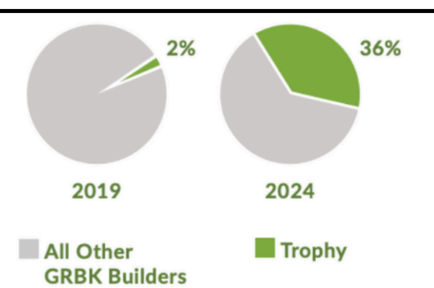
Florida - GHO Homes focuses on premier locations along Florida's Treasure Coast, offering high levels of customization for every buyer. As Florida ranks second in national population growth, the region remains a great location. Although the market holds significant potential, Green Brick anticipates a measured growth pace because unique floor plans extend construction timelines.

Figure (5): Locations of GRBK Operations
Source: Team Analysis, Company Report

Land-Intensive Strategy

While many home developers are moving to a land-light model, Green Brick takes a different approach that management believes differentiates the company. As of 2024, Green Brick owned 32,716 lots, with approximately 98% developed internally. While there are high risks associated with owning this much land, Green Brick finds the advantages to outweigh the cost. Maintaining lots on the balance sheet gives Green Brick the privilege of streamlining financing costs to align with market conditions. Green Brick is also able to move quickly on land acquisitions since its strong balance sheet reduces reliance on external financing. Additionally, owning developed lots allows the building process to move more quickly. With the land-light model, companies only buy land when it is ready for construction, which reduces exposure to housing downturns and falling land values. While the land light model allows for more control to scale up or down to match where to build, **Green Brick's land-intensive strategy gives it more control over the building process and the ability to decide when to start construction.**

Figure (6): Trophy Share of Home Closing Revenue
Source: Company report



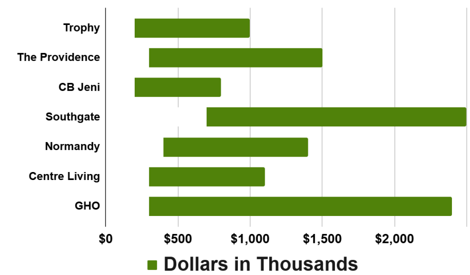
Different Companies For Different Target Markets

Green Brick's builders offer different homes to cater to different customers. Offering a range of options enables greater market share and improves the ability to adapt to changing economic conditions. Lower-priced houses attract customers who are more likely to be affected by higher interest rates, while the luxury home buyers tend to be the last to feel the negative effects. Green Brick prioritizes buyers who intend to live in their homes long-term. Focusing on developing lots in locations that are close to good schools, have easy access to highways, and employment facilities attracts families that will likely stay in the community for many years.

Reliable Home Builders

Green Brick has seven homebuilders, along with wholly owned insurance, title, and mortgage companies. The homebuilders in Texas include Trophy Signature Homes, CB JENI Lifestyle Homes, Southgate Homes, and Normandy Homes. Trophy is growing quickly and has become the brand that Green Brick leans on. As of 2024, this homebuilder makes up 36% of all home closing revenue compared to 2% in 2019 **(Figure 6).** Additionally, it is the only builder that has expanded into Austin and Houston. Trophy is different from the other brands because it focuses on spec-homes, which can eliminate decision fatigue and speed up the build process. Trophy Signature Homes has the **building process down to an art with a cycle time of only 3.4 months.** Along with being quick, it is also the most affordable of the Green Brick builders. Trophy Signature homes start at $200,000. Beyond Texas, Green Brick holds a stake in The Providence Group in Georgia and GHO Homes in Florida. These builders focus on higher-end builds that command premium pricing **(Figure 7).**

Figure (7): Homebuilders Price Ranges
Source: Team Analysis, Company Report



Industry Overview

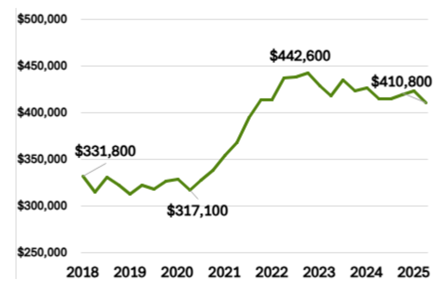
Macroeconomic Pressures

Closely tied to GDP cycles, the homebuilding industry is highly sensitive to macroeconomic and market shifts. In this complex and volatile environment, competitive advantage depends on managing rising material costs, adopting technological and environmental innovations, and effectively addressing affordability and housing supply constraints.

Affordability Pressures Reshape Housing Demand- Positive

Affordability remains a primary concern for homebuyers, particularly first-time buyers. Historically high home prices **(Figure 8)** and elevated mortgage rates have significantly reduced what buyers can afford. This pressure is intensified by a chronic housing shortage that continues to fall short of rising demand. These affordability challenges have increased the appeal of substitute options such as rentals and multifamily developments, intensifying competition within the homebuilding industry. In response, new construction has expanded its price range and accelerated speculative (spec) home development to better align with shifting buyer preferences. Green Brick is poised to benefit from this environment because of its **diversified home building options.**

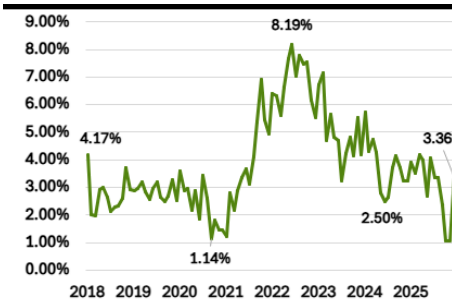
Figure (8): Median Home Price Trends (2018-2025)
Source: FRED



Inflation Remains a Persistent Headwind on Cost Volatility- Negative

Elevated inflation negatively affects the homebuilding industry through higher input costs, land development expenses, erosion of market confidence, and reduced consumer purchasing power. Ongoing industry difficulties are driven by cost volatility from tariffs and supply-chain disruptions, especially as housing demand remains high. Many U.S. homebuilders operate in geographically segmented markets. Smaller developers face heightened risks, however, because they lack the scale and pricing flexibility of larger competitors. As a result, these firms experience significant margin pressure whether they absorb rising costs or pass them on to buyers. Although inflation has moderated since 2022 **(Figure 9)**, it remains a persistent headwind that is expected to continue impacting the industry going forward. Green Brick's **land-heavy strategy is a hedge against inflation.**

Figure (9): CPI Index
Source: FRED



Improving Financing Conditions Unlocks Housing Demand- Positive

Interest rates, while beginning to show signs of easing **(Figure 12)**, remain a key factor in homebuyers' decision-making. The Federal Reserve cut rates three times in 2025 by a total of 75bps, helping revive market optimism after prolonged pressure stemming from the aggressive rate hikes that began in 2022. At the Fed's meeting on January 28, 2026, Fed Chair Jerome Powell announced that rates would be held steady, though many analysts anticipate up to potentially two additional rate cuts in the latter half of 2026. Although mortgage rates are not directly tied to the federal funds rate, sustained monetary easing typically places downward pressure on mortgage rates over time. Lower borrowing costs would support housing demand and benefit builders by **reducing financing costs and encouraging supply-side expansion,** benefiting Green Brick's growth.

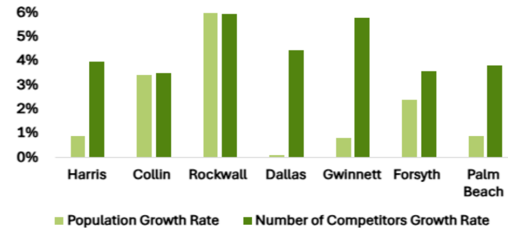
Figure (10): Construction Yearly Job Growth
Source: FRED

Labor Force Challenges- Neutral

A rising concern for the homebuilding industry is the persistent shortage of skilled labor, particularly within the construction sector **(Figure 10)**. Multiple downward pressure demographic shifts, gaps in trade-specific training, and declining interest in construction

Figure (11): Population vs Competitors Growth Rate In C
Source: Team Analysis, IBIS

careers have contributed to a constrained workforce. These labor shortages pose risks for builders by extending project timelines and increasing construction costs, as firms may be required to offer higher wages to secure top talent workers or absorb productivity inefficiencies and defects. As a result, **maintaining strong relationships with contractors and subcontractors** will be increasingly important for preserving cost efficiency, operational stability, and competitive positioning, which is a strength for Green Brick.



Regional Market Conditions- Neutral

Green Brick is selective in its choice of operating markets. The cities in which it operates have long been recognized as desirable regions due to **resilient population and job growth, business-friendly regulatory environments,** and their status as major government and economic hubs (most notably Austin and Atlanta). However, pent up demand coupled with long-term supply constraints in these high-growth markets has also led to intensified competition. As population inflows continue, barriers to entry have eased for new homebuilders capable of scaling quickly to meet housing demand **(Figure 11)**. Reflecting this dynamic, the South experienced a significantly sharper increase in new single-family home sales (+29.2% YoY) compared to the United States overall (+11.3% YoY).

Figure (12): Mortgage Rates
Source: FRED

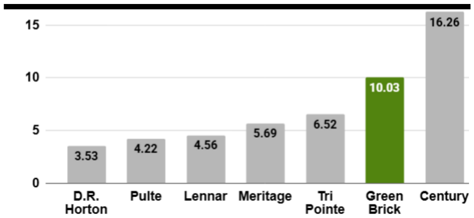
Competitive Overview

Margin Superiority

Through its strategic positioning, Green Brick Partners has become the third largest homebuilder in the DFW area with an industry-leading gross margin of 33.8%.This margin is achieved through a deliberate land-intensive strategy, opting for the benefits of wholesale versus retail pricing and control over a fully integrated development process. Comparatively, major national players such as D.R. Horton and Lennar have set the standard for a land-light business model for homebuilding in the U.S. by carrying land inventory off the balance sheet.

For every $1 million in market cap, Green Brick holds 10 lots compared to fewer held by national and local competitors D.R. Horton, 3.5, and Lennar, 4.5. **(Figure 13)**. By buying land in bulk, Green Brick has **stronger purchasing power**, using an approximate target of 21% unlevered IRR to negotiate pricing that aids in hedging high-end price fluctuations.

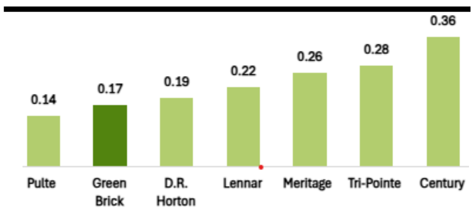
Figure (13): # Lot Owned Per $1M Market Cap
Source: Team Analysis



Low Debt-to-Capital Ratio

To maintain a 20% debt-to-capital ratio, Green Brick leverages its high lot inventory. At the current debt-to-capital ratio of 15%, Green Brick would have a substantial buffer of wholly owned months of supply for continued operation in the event of a severe economic downturn. **This low debt-to-capital ratio provides significant financial resilience** and separates the company from more leveraged competitors **(Figure 14).**

Figure (14): Debt-to-Capital
Source: Team Analysis



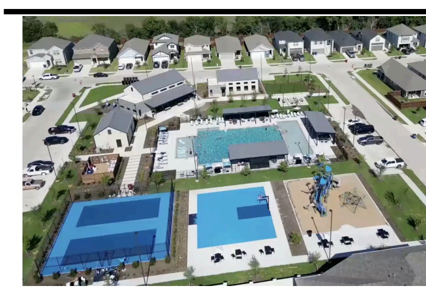
High-Growth, Family-Oriented Locations

By leveraging deep local expertise and a vertically integrated model, Green Brick secures a dominant market position. Its strong subcontractor relationships allow them to navigate labor shortages and maintain industry-leading efficiency, evidenced by a remarkably low 6% cancellation rate and efficient delivery timelines.

The company also positions itself for success with strategic geographic selection, showing a commitment to scaling its footprint in the Sunbelt region and maintaining high standards that favor dynamic consumer preferences. As for combating affordability challenges, Green Brick focuses on **infill and infill-adjacent locations in high-growth markets** like Texas that are more relatively affordable, attracting a broader customer base.

Green Brick holds a strong position in highly sought-after communities, such as Collin and Rockwall counties in the Dallas-Fort Worth (DFW) area, and Forsyth County near Atlanta. These are prosperous, family-focused regions offering attractive amenities **(Figure 15).** Key features include accessibility to comprehensive freeway systems, the presence of well-established employers driving consistent job creation, and top-tier school districts.

Figure (15): Attractive Amenities
Source: Company reports



Investment Summary

Thesis 1: Green Brick Partners' land-intensive strategy drives superior margins and accelerates long-term cash flow growth

A) Exceptional efficiency drives high margins supporting future cash flow growth: Green Brick is **"engaged in all aspects of the homebuilding process,"** allowing the company to capture profit spreads that land-light competitors forgo when purchasing land from third-party developers. By acquiring land at wholesale prices and self-developing its communities, Green Brick achieves industry-leading gross margins and return on equity, which stood at **33.8%** and **21.33%**, respectively, as of September 30, 2025 **(Figure 16)**. This operating efficiency is expected to further amplify growth across the business.

B) Heavy involvement in the acquisition of infill and infill adjacent land strengthens local relations: Buying raw infill land and securing the necessary entitlements is a complicated process that requires close coordination with local experts. These strong local relationships give Green Brick **"better access to top-quality land opportunities,"** supporting higher margins and increased market share.

C) Extensive land bank and diligent inventory sourcing strategy prime Green Brick for growth: Green Brick holds **$2.2 billion** of inventory, approximately 80% of which consists of **high-value infill lots**. The company continuously sources attractive infill opportunities and maintains sufficient capital flexibility to act quickly when opportunities arise. This disciplined approach to land acquisition, combined with its substantial existing land base, positions Green Brick for exceptional long-term cash flow growth.

Thesis 2: Green Brick is a growing force in Texas's housing market, set for steady sales growth

A) Strategic focus in high-growth Texas markets provides a resilient pricing floor: Green Brick maintains a geographic concentration in regions with robust migration and job growth. Bureau of Labor Statistics (BLS) data shows Dallas County employment rose from **1,667,356 in 2020 to 1,826,215 in 2024**, driving critical housing demand in the **Central region**, which accounts for **70% of total revenue**. BLS also shows that the entire DFW region is 2nd in employment growth out of 12 major metropolitan areas, with a growth percentage of 16.4% **(Figure 17)**. As average selling prices decline, Green Brick's revenue will continue to grow as it sells more units with the strong migration to the DFW area.

B) Trophy Signature Homes brand acts as a high-velocity growth catalyst: To address the persistent undersupply of attainable housing, Green Brick has aggressively scaled its Trophy Signature Homes brand, targeting entry-level and buyers that are looking to move up with price points that range from $200,000 to $800,000. Now the **sixth-largest builder by starts in the DFW region**, Trophy contributed **36% of 2024 homebuilding revenue**. This brand offers a discount when compared to other Green Brick luxury brands, such as Southgate and Normandy Homes, which target buyers at price points reaching $1.8 million. Trophy is steering the strong growth of Green Brick, and it will continue to drive the revenue growth up in the future.

Thesis 3: Fortress-like balance sheet provides downside protection and strategic flexibility.

A) Low debt-to-capital ratio enables Green Brick to weather market downturns: Green Brick's low debt-to-capital ratio of **16%** reduces its financial risk and offsets the high operating leverage inherent in its land-intensive business model. This conservative use of debt protects Green Brick from market downturns and provides greater flexibility in acquiring capital needed for inventory expansion or company acquisition.

B) 93% of Green Brick's debt is locked at 3.5% through its senior notes, insulating it from interest rate fluctuations: This rate is significantly below the current risk-free rate, approximated by the 10-year Treasury yield, giving Green Brick a competitive advantage over peers that rely more heavily on floating-rate or recently issued debt exposed to prevailing interest rates **(Figure 19)**. In addition, we expect the company to issue fewer senior notes due to the current high-interest-rate environment and focus on paying off old ones, further strengthening it's debt to capital ratio.

C) Conservative leverage strengthens credit quality and lowers borrowing costs. Due to its low debt-to-capital ratio, Green Brick can secure credit at attractive rates, as demonstrated in December 2025, when the company amended and extended a revolving credit facility from Flagstar Bank at a **5.16%** interest rate with a current maximum capacity of $375 million and up to $500 million under additional lender commitments. This low-cost financing reduces the firm's overall cost of debt and provides greater financial flexibility.

Figure (16): Increase in Homebuilding Gross Margin
Source: Company Reports

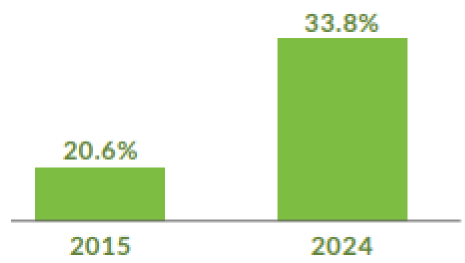


Figure (17): 2020-2025 % Change in Employment for Metropolitan Areas
Source: Team Analysis, Company Reports

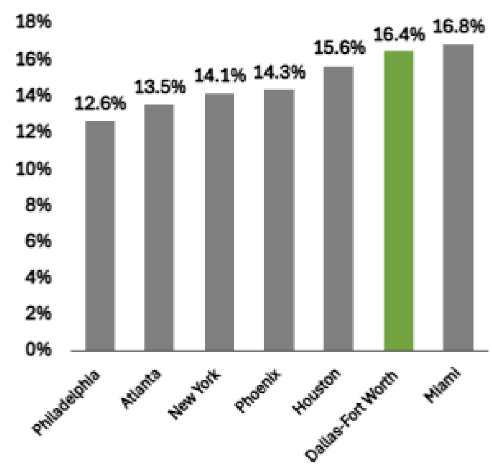


Figure (18): Fortress-Like Balance Sheet
Source: Team Analysis

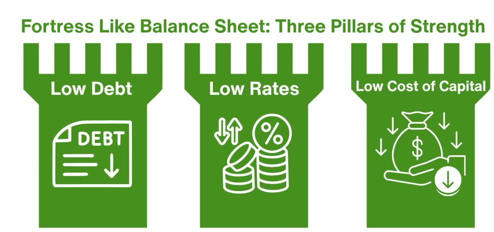
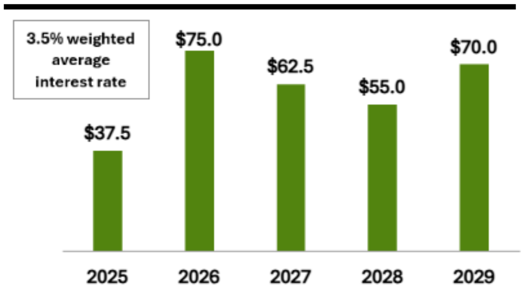


Figure (19): Senior Unsecured notes repayment schedule (millions)
Source: Company Reports



Financial Analysis

Future Performance and Revenue Sustainability

The team projects a of **5.08% compound annual growth rate** (CAGR) in revenue from 2026 to 2031 based on Green Brick Partners' projected growth of units sold in the **Central and Southeast regions (Figure 20)**. Revenue is primarily driven by **unit volume and Average Selling Price** (ASP), which are determined by comprehensive industry analysis and the projected economic expansion of operating regions. With a strategic shift toward spec homes and expansion into the Austin and Houston markets, some fluctuations in growth are expected. However, the year-over-year revenue growth rate is forecasted to remain positive. We forecast a 6.**01% CAGR in home deliveries**, with volume increasing from **3,972** units in **2025** to **5,637** units by **2031**. Over **80% of incremental growth** is expected to be driven by the Central region. This trajectory is supported by the continued scaling of **Trophy Signature Homes** and deeper penetration into the Austin and Houston markets. Furthermore, Green Brick's strong balance sheet and favorable long-term housing demand in the DFW metro area provide the financial and fundamental support required to achieve these delivery targets.

Figure (20): Revenue Increase year-over-year
Source: Company Reports. Team Analysis

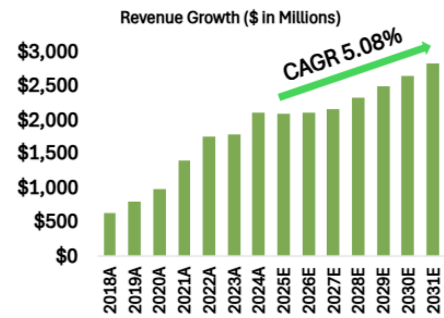
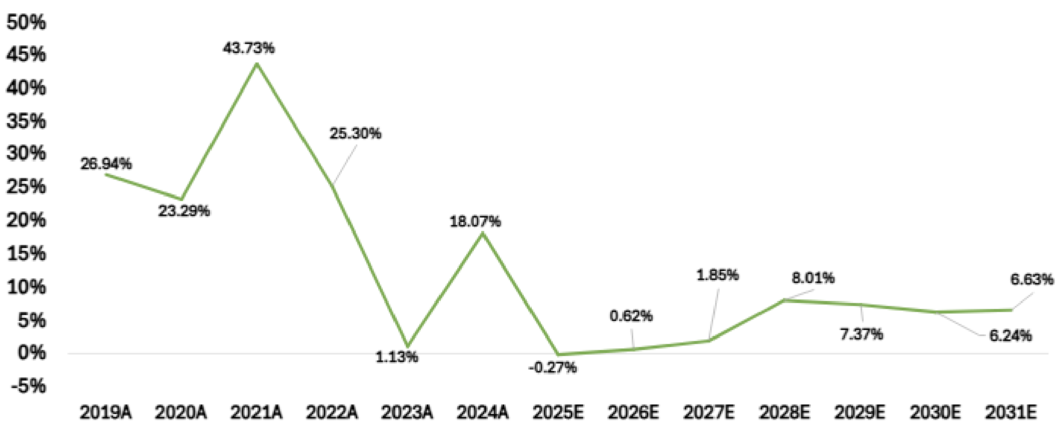


Figure (21):Enterprise Value to Equity Value Bridge *Source: Company Reports*



Historical Performance and Regional Analysis

Historically, Green Brick has demonstrated a volatile revenue growth rate over the years, ranging from **43.73%** in **2021** to **1.13%** in **2023**. Even so, the company has seen tremendous growth with total revenue starting at **$623 million in 2018** and reaching **$2.1 billion in 2024**. This performance is largely attributed to the aggressive scaling of the Trophy Signature Homes brand, which addresses the undersupply of attainable housing in the Dallas-Fort Worth (DFW) market. Currently, Trophy is the **sixth largest homebuilder by starts** in the DFW region and contributes 36% of total homebuilding revenue. The Central region, encompassing the DFW metroplex, remains the company's primary engine, accounting for 70% of total revenue. DFW is the optimal region for their primary market because it ranks **2nd in 2025 for employment growth** out of 12 of the highest population cities **(Figure 17).**

Land Development Strategy

Green Brick's decision to **self-develop land** and maintain a significant inventory (referred to as "land-intensive") on the balance sheet provides a structural margin advantage. This model supported the expansion of home deliveries from **655 units** in **2015** to **3,783 units** in **2024**. Trophy targets entry-level and move-up buyers with price points ranging from **$200,000 to $800,000**, offering a relative discount compared to higher-tier products. In contrast, legacy brands such as Southgate and Normandy Homes cater to established luxury buyers with prices ranging from **$400,000 to over $1.8 million**.

Projected Average Selling Price

In mid-2021, elevated housing demand pushed home prices materially higher as the COVID-19 pandemic began to subside. Since then, the **mortgage rate lock-in effect** has constrained supply. According to the Federal Reserve Bank of Atlanta's Home Ownership Affordability Monitor, **median household income has failed to keep pace with median home prices** in recent years, with housing costs consistently **exceeding the 30% of income threshold** commonly considered affordable **(Figure 22)**. Management views this affordability gap as a strategic opportunity to **increase spec and affordable housing** through Trophy. As a result, we project Green Brick's average nominal selling price to decline from **$527,000** in **2025** to **$480,000** in **2027**, reflecting a shift toward more affordable product offerings. We then expect average prices to gradually recover

Figure (22): Median Home Prices
Source: Federal Reserve Bank of Atlanta

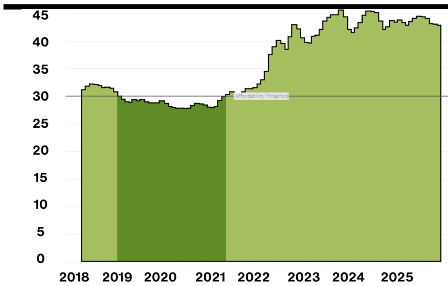


Figure (23): Gross Margin Competition Comparison
Source: Company Reports

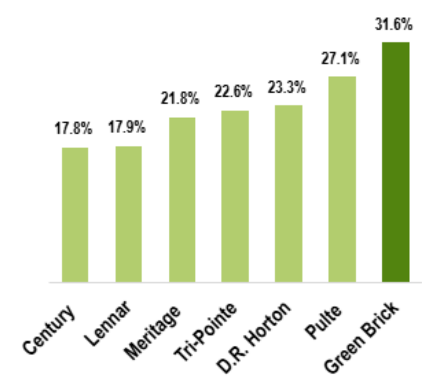
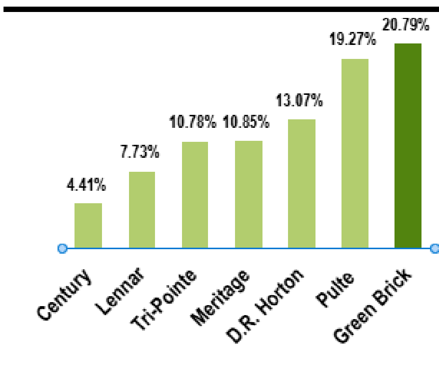


Figure (24): Operating Margin Competition Comparison
Source: Company Reports

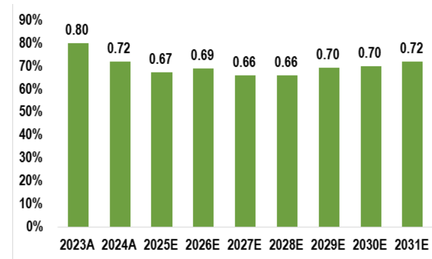


to approximately **$500,000** by **2031**, supported by normalization in affordability conditions following the conclusion of President Trump's housing affordability initiatives.

Profitability Metrics and Margin Outlook

Green Brick continues to maintain **industry-leading profitability** despite rising material costs and the competitive landscape of the residential construction industry. Green Brick's **gross margin is among the highest in its peer group**, measuring **31.6%** as of September 30, 2025, and **averaging 27.23%** over the past eight years (**Figure 23)**. As the company expands into more competitive markets, we expect increased pricing pressure and higher input costs to raise cost of revenue and drive **margin normalization**. Accordingly, we model gross margin compression of approximately **1% per year** until margins converge toward the **long-term average of 27.23%**, where we assume they stabilize. This assumption is supported by management commentary indicating that gross margins may not remain sustainably above 30% over the cycle. Total Gross Profit is forecasted to grow from **$703.5 million in 2024 to $767.3 million by 2031**, supported by a projected increase of **1,834 units sold** over the seven-year period.

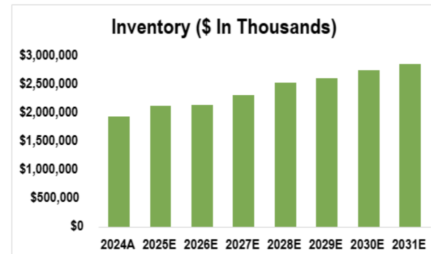
Figure (25): Inventory Turnover Ratio
Source: Company Reports, Team Analysis



Operating Margin Stability and Scaling

Unlike many industry peers, Green Brick utilizes a **land-intensive strategy** by maintaining and **self-developing an inventory of lots**. This **vertical integration** allows the company to capture the **margins that competitors typically lose** to **third-party developers** and option contracts, providing greater flexibility to support **stable profitability** even when faced with pricing constraints. Operating margins have remained **between 22% and 24%** over the past three years, reflecting management's successful control of selling, general, and administrative (SG&A) expenses during rapid scaling. In comparison, peers such as **Century Communities (4.41%)**, **Lennar (7.73%)**, and **Tri-Pointe (10.78%)** report significantly lower operating margins **(Figure 24)**. While expansion into new markets will require upfront spending on land acquisition, personnel, and marketing, the team forecasts that operating margins will **stabilize around 18%** as the company continues to operate efficiently.

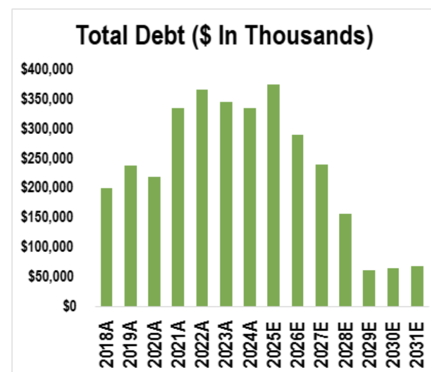
Figure (26): Increase in Inventory
Source: Company Reports, Team Analysis



Net Margins and Turnover Ratios

Green Brick's operational performance is further evidenced by a **net margin of 19.87% in 2024**, which exceeds the **peer range of 4% to 19%**. This efficiency is driven by a shift toward a spec-heavy production model that facilitates disciplined procurement and shorter construction cycles, as seen in the **3.4-month average cycle time** for the Trophy brand. This operational velocity is supported by an inventory turnover rate of **0.72x as of 2024** **(Figure 25)**. While this rate is projected to drop slightly during the Austin and Houston expansion, it is expected to return to **0.72x by 2031** as the company stabilizes following this growth phase.

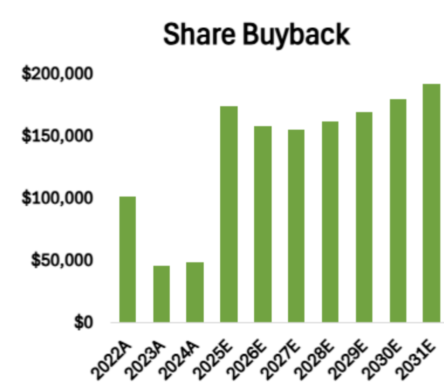
Figure (27): Total Debt
Source: Company Reports, Team Analysis



Working Capital Dynamics and Future Growth

Working capital requirements for Green Brick are expected to **scale in alignment** with expansion into Austin and Houston. The structure is primarily composed of inventory, including homes under construction and lots under development, and is offset by accounts payable and accrued expenses. **Inventory** is projected to grow from **$1.94 billion in 2024 to $2.88 billion by 2031** to support forecasted deliveries **(Figure 26)**. The company benefits significantly from rapid cycling, as most Trophy Signature homes are sold near completion. This provides a reliable source of short-term funding and reduces reliance on external credit, supporting an exceptionally low **debt-to-total capitalization ratio of 17.2% as of 2024**.

Figure (28): Share Buyback
Source: Company Reports, Team Analysis



Capital Structure and Debt Repayment

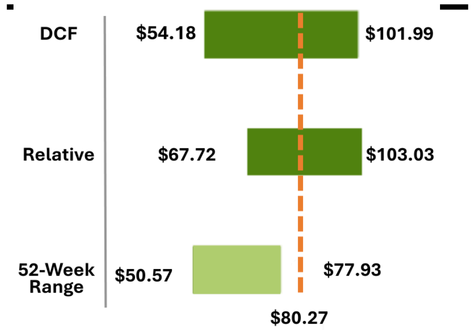
The company maintains a capital structure characterized by **high liquidity, low leverage, and strong debt servicing capabilities**. At the end of 2024, **total debt was $336.6 million**, offset by a **cash position of $158.7 million**. Primary debt consists of senior unsecured notes forecasted for repayment by 2029, featuring a **weighted average pre-tax cost of 4.83%**. Management prioritizes low debt levels, as evidenced by a **17.2% debt to capital ratio in 2024**, which is on the lower end of the peer range of **14% to 36%**. Green Brick **took on long-term debt in 2020** while **interest rates were low** to acquire its large land inventory. Management has signaled a move toward more moderate growth compared to previous years and currently has no plans to acquire additional builders, opting instead to **systematically pay down debt** **(Figure 27)**.

Capital Allocation Strategy and Shareholder Yield

Share repurchases serve as the primary mechanism for **returning capital to shareholders**, a strategy forecasted to accelerate during the forecast period. This reflects confidence in the **high velocity production model** and its ability to generate substantial free cash flow. Annual repurchases are projected to reach **$192.2 million by 2031** as newer markets mature and generate predictable cash flows **(Figure 28)**. This approach reflects management's confidence in the high velocity production model and its ability to generate substantial free cash flow from core homebuilding operations. By prioritizing buybacks over dividends, the company maintains greater financial flexibility while signaling that the leadership believes the stock is an attractive investment of corporate cash. The expansion of the buyback program is expected to provide a consistent tailwind to earnings per share (EPS) by reducing the total number of shares outstanding. This capital allocation strategy is particularly effective for Green Brick because the firm's self-development and rapid construction cycles create a highly cash-generative business profile. Regarding dividends, Green Brick does not currently pay a dividend on common stock, reflecting a disciplined focus on capital retention for reinvestment and buybacks. The company is forecasted to maintain a payout of 2.875 million annually, consistent with current management plans.

Our high margins are systemically built from our land advantage. We think they'll always be leading, they just may not always start with a three.

Figure (29): Valuation Football Field
Source: Team Analysis



Valuation

We issue a **BUY** recommendation for Green Brick Partners based on a comprehensive valuation analysis, including a Discounted Cash Flow (DCF) model and a relative valuation. Our analysis estimates Green Brick's intrinsic value at **$80.27**, representing a **14.59% upside** from the current price **(Figure 29).** We assign a **70% weight** to the DCF valuation and a **30% weight** to the relative valuation **(Figure 30).** These weights reflect our emphasis on the present value of projected future cash flows, while still accounting for relative pricing differences within the cyclical homebuilding industry.

DCF Valuation – 11% Upside

Our DCF model takes revenues and adjusts for cost of revenues, selling general and administrative (SG&A) costs, to calculate earnings before income and taxes (EBIT), which we then levered to calculate net operating profit after taxes (NOPAT). We expect revenue to grow at a **5.08%** compound annual growth rate (CAGR), cost of revenue to grow at a **6.17%** CAGR, SG&A to grow at **1.45%** CAGR. We then levered EBIT at the company's weighted average composite marginal tax rate of **24.04%**.

To arrive at unlevered free cash flow, we added back in depreciation and amortization, then subtracted capital expenditures and changes in net working capital (NWC). Both depreciation and amortization and capex are assumed to remain a **constant percentage of revenue** equal to the past three years' average to better reflect Green Brick's recent high growth. Inventory represents the largest component of net working capital (NWC) in the homebuilding industry, particularly for Green Brick, given its **land-intensive lot acquisition strategy**. We forecast inventory to grow rapidly in the first 3 years at a CAGR of at a 5.79% as the company expands into Houston and Austin. This rapid expansion decreases unlevered free cash flows in the early years **(Figure 31)**. In the final three years of the forecast, inventory grows at CAGR of **4.06%** and unlevered free cash flows recover.

WACC

WACC: All projected unlevered free cash flows were discounted at **13.25%**, representing Green Brick' weighted average cost of capital (WACC). This rate reflects the weighted average of the firm's **cost of equity**, **cost of debt**, and **cost of preferred stock**, with each component weighted according to its proportion of the company's total market value.

Cost of Equity: Green Brick's **14.52% cost of equity** was estimated using the **Capital Asset Pricing Model (CAPM)**, assuming a **risk-free rate of 4.25%**, an **equity risk premium of 5.08%**, and a **beta of 2.02**. The risk-free rate is based on the current 10-year U.S. Treasury yield, while the equity risk premium was calculated as the geometric mean of historical S&P 500 returns minus Treasury bond returns dating back to 1928. The company's 2.02 beta, sourced from Yahoo Finance, is meaningfully below the homebuilding industry's average levered beta of **3.05**, underscoring Green Brick's lower volatility and superior stability within the sector.

Cost of Debt: Green Brick's **3.61%** cost of debt was estimated by averaging the yield implied by management's fair value estimate of its senior notes with the interest rate on a recent loan from Flagstar Bank. This approach was chosen because it incorporates both internal debt valuation based on fair value and loan rates offered by an external source.

Figure (30): Cost of Capital Weight
Source: Team Analysis, Company Report

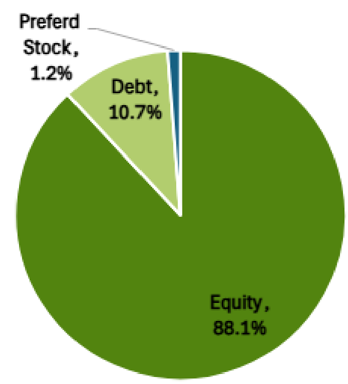


Figure (31): Projected unlevered free cash flow
Source: Team Analysis

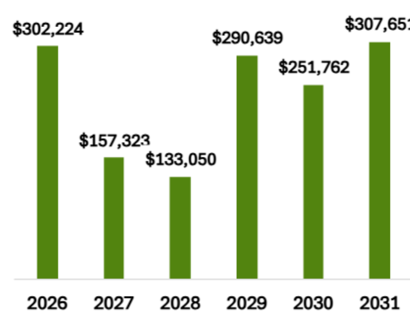
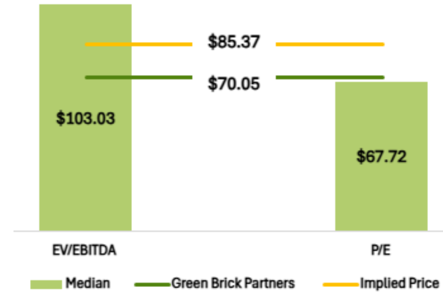


Figure (32): Cost of Equity Calculation
Source: Team Analysis

Cost of Preferred Stock: The cost of preferred stock was estimated by dividing the current market price of $22.22 by the dividend per share of $1.4375 to arrive at **6.47%.**



Terminal Growth

Green Brick's terminal growth rate was set at **3%**, reflecting a conservative long-term assumption. This rate is below the current risk-free rate and broadly consistent with historical U.S. nominal GDP growth, ensuring that the company's projected growth remains sustainable. We also assumed a terminal beta of **1.25** in our terminal WACC calculation, resulting in a **terminal WACC of 9.82%.**

Relative Valuation – 22% Upside

We conducted a relative valuation on Green Brick using **EV/EBITDA** and **P/E** multiples, assigning **equal weight** to both to account for their complementary strengths. This results in an implied target price of **$85.37** **(Figure 32)**

Multiples: **EV/EBITDA** is less sensitive to capital structure and accounting differences, allowing for a cleaner comparison of operating performance—particularly important when benchmarking Green Brick against more "land-light" peers with varying leverage levels and depreciation profiles. The **P/E** multiples incorporate market expectations for risk, growth, and future cash flows, making them a useful equity-focused valuation metric. The EV/EBITDA and P/E multiples yielded prices of **$103.03** and **$67.72**, respectively.

Companies: Green Brick was valued relative to **nine comparable peers** that are of similar size, have similar betas, inventory turnover ratios, ROICs, analyst expectations, and dividend and stock repurchase plans.

Sensitivity & Scenario Analysis

Sensitivity: We conducted sensitivity analyses on our target price by varying four key valuation drivers: a) terminal growth rate, b) WACC, c) gross margins, and d) revenue growth. Green Brick's $80.27 target price shows moderate sensitivity to changes in WACC and terminal growth, with a 2% change in WACC and a 1% change in terminal growth each impacting the target price by approximately **6.3%** **(Figure 33)**.

Similarly, a 5% change in gross margin assumptions and a 5% change in revenue growth each result in an approximate **7.2%** change in the target price. Overall, the analysis indicates that our valuation is robust, as reasonable variations in key assumptions produce relatively limited changes in estimated value, supporting our **BUY** recommendation **(Figure 34)**.

Scenario: We also constructed best-and worst-case scenarios by adjusting the same set of key valuation assumptions **(Figure 35)**. These scenarios reflect varying outcomes related to a) execution in the Austin and Houston market expansions, b) the growth trajectory of Trophy Signature Homes, and c) overall macroeconomic conditions. In the best-case scenario, we estimate a target price of **$97.28**, driven by stronger execution and a supportive macro environment, while the worst-case scenario yields a target price of **$63.81**, reflecting weaker expansion outcomes and less favorable economic conditions.

In addition, we conducted a **Monte Carlo simulation** with 10,000 iterations, simultaneously varying the same key valuation inputs used in our DCF base case **(Figure 36)**. The simulation produced an approximately **normal distribution of target prices**, centered around a **median value of $78.00**. The results indicate a **63% probability** that Green Brick' intrinsic value is at or above the current market price of $70.05, further reinforcing our **BUY** recommendation.

Figure (33): Sensitivity Analysis - WACC Terminal Growth
Source: Team Analysis

WACC \ Terminal Growth %	1.0%	0.5%	0.0%	-0.5%	-1.0%
-2.0%	92.0	88.2	85.0	82.2	79.8
-1.0%	89.2	85.6	82.6	79.9	77.6
0.0%	86.5	83.2	80.3	77.8	75.6
1.0%	84.1	80.8	78.1	75.7	73.7
2.0%	81.7	78.7	76.1	73.8	71.9

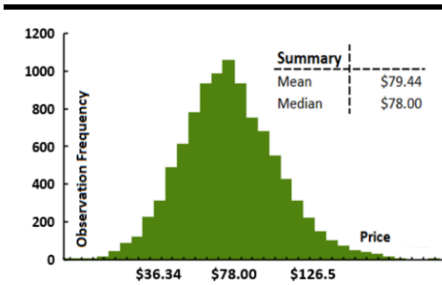
Figure (34): Sensitivity Analysis - Revenue Margins/Growth Margins
Source: Team Analysis

Revenue Growth \ Gross Margin %	5.0%	2.5%	0.0%	-2.5%	-5.0%
5.0%	91.3	88.5	85.7	82.9	80.0
2.5%	88.0	85.4	82.9	80.3	77.7
0.0%	84.9	82.6	80.3	78.0	75.7
-2.5%	82.1	80.0	77.9	75.8	73.8
-5.0%	79.5	77.6	75.8	73.9	72.0

Figure (35): Best & Worst Scenario Analysis
Source: Team Analysis, Company Reports

GREEN BRICK PARTNERS	Worst	Base	Best
Terminal Growth Rate	2.50%	3.00%	3.50%
Gross Margin	22.11%	28.11%	30.11%
Operating Margin	16.07%	19.07%	19.07%
WACC	13.25%	13.25%	13.25%
Upside / (Downside)	-8.91%	14.59%	38.88%

Figure (36): Monte Carlo Analysis
Source: Team Analysis, Company Reports

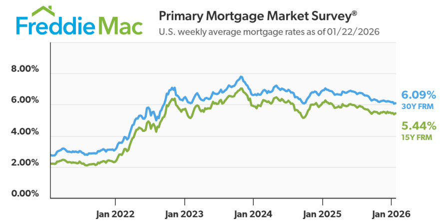


Investment Risk

Market Risks

Mortgage Rates: Unpredictable mortgage rates may weaken residential sales, decrease consumer confidence, and increase cancellations (**Figure 37**). First-time and entry-level buyers are more sensitive to increasing rates, affecting their ability to make the monthly payment. For example, a 1% increase in mortgage rates can increase monthly payments by $200 a month. **(Figure 38).** These changes can impact cancellation rates. Additionally, buyers under contract may fail to qualify at closing, increasing the backlog and the need for builders to offer buy-down mortgages.
Mitigation: Green Brick mitigates interest-rate risk through its diversified product offerings across multiple market segments, attracting both luxury-home and entry-level buyers. As a result, having homes in a higher-price segment can offset slower demand in lower-priced segments during periods of rising rates

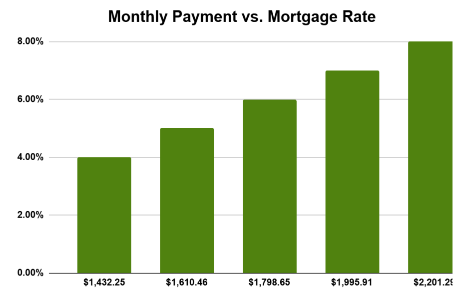
Figure (37): Interest Rate Over the Past 5 Years
Source: Federal Home Loan Mortgage Corporation



Geographic Concentration Risk

Green Brick divides its financials into two regions, Central and Southeast. The Central region includes Dallas-Fort Worth, Houston, and Austin. The Southeast region includes Atlanta, Georgia, and the Treasure Coast of Florida. Builder revenues in the Central region are significantly higher than that of the Southeast region **(Figure 39)**. There are 3,932 finished lots and 22,524 lots under development in the Central region, and only 790 finished lots and 1,670 lots under development in the Southeast area **(Figure 40).** Further increasing the risk, the Central region's revenue primarily comes from DFW. Austin and Houston only account for a small portion of the revenue.
Mitigation: To mitigate the risk associated with business being highly concentrated in the DFW area, Green Brick has expanded to Austin and Houston. As Green Brick invests more into these two cities, the concentration risk will decrease. Additionally the amount of undeveloped lots in the Southeast region signifies growth in the region as well.

Figure (38): Increase in monthly payments for every 1% increase in mortgage rate
Source: Team Analysis



Operational Risks

Land Ownership: Green Brick holds 86% of lots on their balance sheet. While this helps maintain a good debt-to-capital ratio, it exposes the company to risks. In a housing downturn or time of slow demand, owned lots may become harder to sell, increasing the likelihood of inventory write-downs. Additionally, holding land inventory results in carrying costs such as property taxes and insurance. These costs can put a strain on cash flows in a period of weaker demand. Owning a significant amount of land also reduces operational flexibility. Thus, Green Brick is less flexible in times of slow demand as compared to businesses using the land-light model.

Mitigation: The company mitigates land ownership and inventory risk through disciplined land acquisition strategies and careful underwriting of development projects. Green Brick acquires land in some of the most desirable infill locations, reducing the risk of inventory write-downs. Additionally, the investment grade balance sheet provides access to high-quality land opportunities without the high cost of capital.

Labor Force: Green Brick relies on third party contractors for land development and the construction of homes. Access to skilled workers impacts the timely execution and quality of the company's work. Additionally, the cost of construction workers has significantly increased. For instance, Texas and Florida are among the fastest-growing states with regard to average hourly earnings for construction workers and are more than double the national average growth rate **(Appendix 13).** New immigration policies could potentially impact the access to labor in the future. For example, Texas, Georgia and Florida are among the states that have the highest share of immigrant workers in the construction industry **(Appendix 14)**.

Mitigation: Because Green Brick is the third largest home builder in its primary market, DFW, subcontractors have consistent work and do not need to find other builders. Additionally, faster construction cycle times and efficient building strategies help maximize the existing labor force.

Figure (39): Home Builder Operations Revenues by Segment
Source: Team Analysis

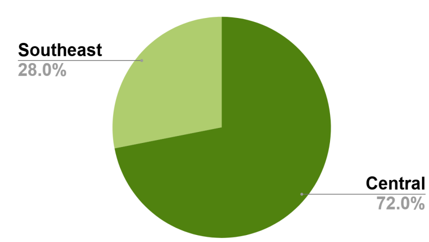
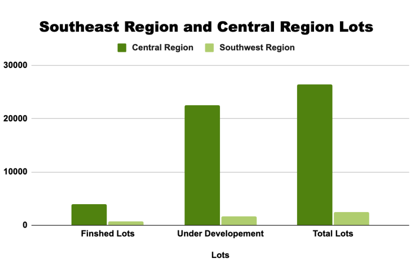


Figure (40): Lots in the Southeast Region Compared to the Central Region
Source: Team Analysis



Environmental, Social and Governance

Green Brick Partners is closely aligned with its core H.O.M.E. values—Honesty, Objectivity, Maturity, and Efficiency—which are embedded throughout its enterprise-wide risk management framework. This approach emphasizes ethical conduct, performance-based compensation, and sustainable operating practices. Supported by a strong governance structure, Green Brick demonstrates a clear commitment to accountability and long-term value creation.

Environmental – Maximizing Green Incentives

Sustainability Commitment: Green Brick integrates conservation-focused technologies across its developments, including LED lighting, spray foam insulation, double-pane windows, low-flow fixtures, tankless water heaters, and non-toxic or recycled materials. These initiatives improve long-term cost efficiency for homeowners and support Energy Star certification. However, further value creation opportunities remain, such as pursuing LEED certification, leveraging green-building incentives, and utilizing cost-saving programs available through NAHB membership.Resource Waste Minimization:

Sustainability is further reinforced through efficient construction practices, including the use of locally sourced and prefabricated materials to shorten build cycles and reduce waste. Off-site assembly lowers costs and excess materials, while supplier "take-back" programs ensure surplus resources are recycled or reused. Together, these initiatives reduce environmental impact and protect operating margins.Contractor Compliance:

Green Brick enforces a strict vendor code of conduct that prohibits environmentally hazardous practices and allows for audits and contract termination if standards are violated. This commitment strengthens ESG credibility and provides a strategic advantage in navigating complex permitting and zoning regulations.

Social – Leading Employer

Employee Wellbeing:Green Brick promotes employee engagement through recognition programs such as the Brett Winters Award, which includes a $10,000 bonus. The company also supports professional development through annual security training and tuition reimbursement. Despite its relatively young age, Green Brick maintains strong employee satisfaction ratings on Glassdoor, signaling a competitive workplace culture.

People-Oriented Culture: The company partners annually with charitable organizations, including Habitat for Humanity, and encourages enterprise-wide participation through paid volunteer days. Employee donations are matched up to $2,000 annually, reinforcing Green Brick's stakeholder-focused approach to long-term value creation.

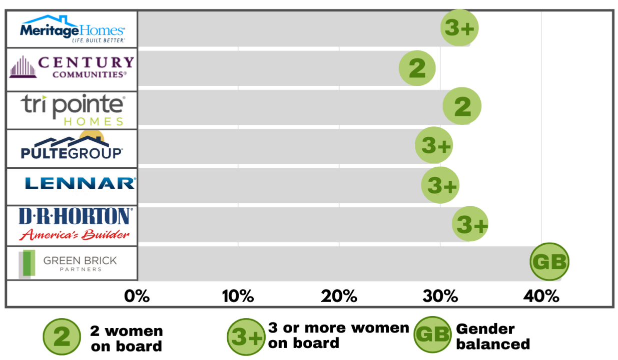
Governance

Board of Directors: Green Brick's seven-member board includes five independent directors and meets at least quarterly, with additional sessions as needed. Independent directors hold executive sessions led by a lead independent director. With 42% female representation, Green Brick stands out among peers for board diversity. Approximately 86% of directors have served since inception or before the 2015 IPO, providing deep institutional knowledge across finance, capital markets, and risk management

Enterprise Risk Management: The company employs a robust ERM framework with shared leadership between co-founders David Einhorn and James R. Brickman to balance authority. In addition to standard committees, Green Brick operates an insurance committee to oversee risks associated with its insurance subsidiary. The committee chair's insurance expertise enables proactive risk mitigation, particularly regarding rising insurance costs for homebuyers.

Shareholder–Agency Alignment: Founder ownership supports strong alignment between management and shareholders. David Einhorn holds a 23.4% combined stake, while CEO James R. Brickman owns 4.4%. Institutional investors hold 76.58% of outstanding shares, including BlackRock and Vanguard. This ownership structure tightly links management incentives to long-term performance.

Executive Compensation: Green Brick's compensation structure emphasizes performance-based pay tied to gross and net profit metrics, accounting for over 80% of CEO compensation. In 2024, independent consultants redesigned the equity-based LTIP effective in 2025 to improve market competitiveness and alignment with TSR. Shareholders strongly endorsed these changes, approving executive compensation with 98% support in 2023.



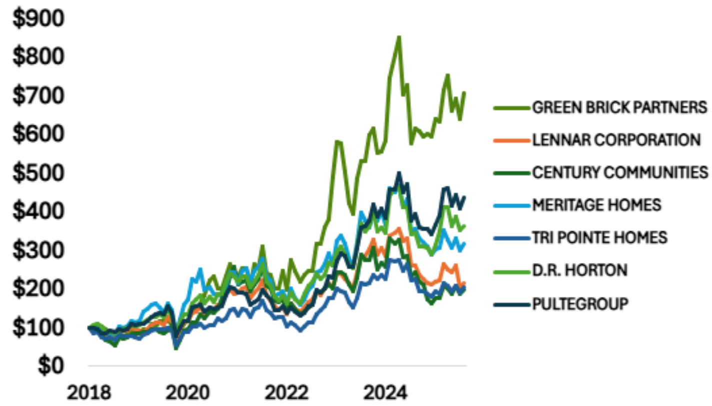
Appendix- Table of Contents

Appendix 1 - Acquisition Time & Ownership

Source: Team Analysis, Company Reports

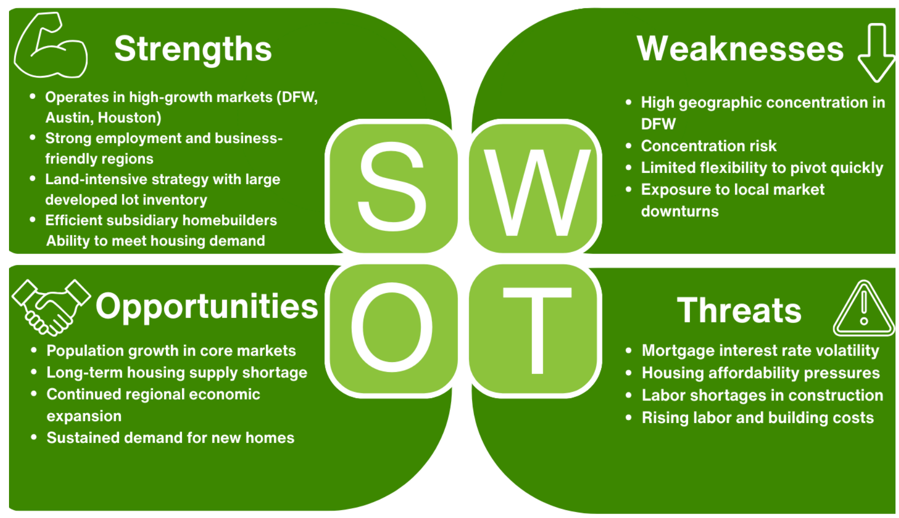
Appendix 2 - Monte Carlo Simulation Results

Source: National Home Builder Association



Appendix 3 - SWOT

Source: Team Analysis



Strengths: Green Brick Partners operates in high-growth markets such as Dallas–Fort Worth, Austin, and Houston, which benefit from strong employment growth, population inflows, and business-friendly policies. These conditions support sustained housing demand. The company's land-intensive strategy provides a large inventory of developed lots, allowing quicker responses to market demand and reducing development delays. In addition, its efficient subsidiary homebuilders enable scalable and cost-effective production across core markets.
Weaknesses: Green Brick faces concentration risk due to its heavy reliance on the Dallas–Fort Worth market, increasing exposure to localized economic or regulatory downturns. Its land-intensive strategy also limits operational flexibility, making it more difficult to adjust quickly during housing market downturns or sudden shifts in interest rates and demand.
Opportunities: Ongoing population growth and a long-term housing shortage, particularly in Texas, create strong demand for new homes. Green Brick's established presence and available lot inventory in high-growth markets position the company to benefit from continued household formation and regional economic expansion.
Threats: Rising and volatile mortgage interest rates threaten housing affordability and may reduce demand or increase cancellations. Labor shortages in construction markets further pressure costs, potentially compressing margins if higher expenses cannot be passed on to buyers.

Appendix 4 - DCF Model

Source: Team Analysis

	2025	2026E	2027E	2028E	2029E	2030E	2031E
Total revenues	$2,093,323	$2,106,233	$2,145,284	$2,317,224	$2,488,050	$2,643,324	$2,818,456
Total cost of revenues	$1,431,833	$1,474,363	$1,523,152	$1,668,401	$1,810,648	$1,923,646	$2,051,096
Total gross profit	**$661,490**	**$631,870**	**$622,132**	**$648,823**	**$677,403**	**$719,678**	**$767,360**
SG&A	$226,288	$203,491	$200,355	$208,951	$217,720	$231,308	$246,633
EBIT	**$435,202**	**$428,379**	**$421,777**	**$439,872**	**$459,682**	**$488,370**	**$520,727**
Theoretical Tax Expense	$100,265	$98,693	$97,172	$101,341	$105,905	$112,515	$119,969
NOPAT	**$334,937**	**$329,685**	**$324,605**	**$338,531**	**$353,777**	**$375,855**	**$400,758**
Plus: Depreciation	$3,953	$3,977	$4,051	$4,376	$4,698	$4,992	$5,322
Less: Capex	$5,312	$5,345	$5,444	$5,880	$6,314	$6,708	$7,152
Net Working Capital	$1,911,125	$1,937,219	$2,103,108	$2,307,085	$2,368,608	$2,490,985	$2,582,262
Less: Δ Working Capital	-$260,976	$26,094	$165,889	$203,976	$61,523	$122,378	$91,277
FCF (unlevered)	**$594,553**	**$302,224**	**$157,323**	**$133,050**	**$290,639**	**$251,762**	**$307,651**
Terminal Value							$4,655,394
Discount Factor	1.000	0.883	0.780	0.688	0.608	0.537	0.474
Present Value	**$594,553**	**$266,853**	**$122,653**	**$91,590**	**$176,656**	**$135,117**	**$2,351,859**

Enterprise Value	**$3,739,281**
Less: Value of Debt	$383,899
Less: Preferred Interests	$44,440
Less: Non-Controlling Interests	$27,788
Plus: Cash	$242,396
Shares Outstanding	45,152
Intrinsic Value	**$78.08**

Appendix 5 - Relative Valuation

Source: Team Analysis

U.S. Residential Homebuilders	Ticker	Market Cap ($Thousands)	EV/EBITDA Multiple	P/E GAAP Multiple
TAYLOR MORRISON HOMES	TMHC	$5,956,341	6.06x	7.41x
MERITAGE HOMES	MTH	$4,738,422	8.51x	9.34x
TRI POINTE HOMES	TPH	$2,866,549	7.27x	9.95x
CENTURY COMMUNITIES	CCS	$1,829,602	15.74x	9.34x
DREAM FINDERS HOMES	DFH	$1,705,759	8.42x	6.77x
LGI HOMES	LGIH	$1,156,494	24.02x	11.07x
BEAZER HOMES USA	BZH	$636,462	25.64x	15.72x
HOVNANIAN ENTERPRISES	HOV	$670,569	11.08x	15.55x
SMITH DOUGLAS HOMES	SDHC	$928,222	14.18x	14.40x
Average			*13.44x*	*11.06x*
Median			*11.08x*	*9.95x*
Implied GRBK Stock Price			**$103.03**	**$67.72**

Average Implied GRBK Price
$85.37

Appendix 6 - Cost of Equity Calculation

Source: Team Analysis

Risk-Free Rate	4.25%
Beta	2.02
Equity Risk Premium	5.08%
Cost of Equity	14.52%

Appendix 7 - Cost of Debt Calculation

Source: Team Analysis

YTM on Senior Notes	
Fair Value	$255,900
Weighted Average Coupon Rate	3.34%
Coupon Payment	8767.5
Weighted Average Maturity	3.15
Yield to Maturity	**4.21%**
Interest Rate on Flagstar Loan	**5.16%**
Pre-Tax Cost of Debt	**4.68%**
Marginal Tax Rate	23.04%
Cost of Debt	**3.61%**

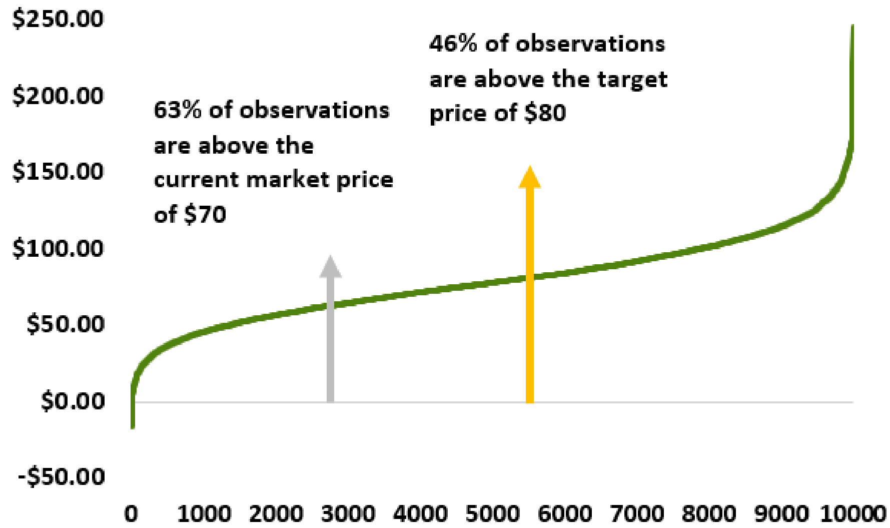
Appendix 8 - WACC Calculation

Source: Team Analysis

Equity – weight	88.07%
Debt – weight	10.69%
Prefered – weight	1.24%
Tax	23.04%
Cost of Equity	14.52%
Cost of Debt	4.68%
Cost of Preferred	6.47%
WACC	13.25%

Appendix 9 - Monte Carlo Simulation Results

Source: Team Analysis



Monte Carlo Statistics

Mean	$79.44
Median	$78.00
Standard Deviation	27.71
5th Percentile	$36.34
25th Percentile	$61.03
50th Percentile	**$78.00**
75th Percentile	$96.58
95th Percentile	$126.55

Appendix 10 - Regional Industry Spotlight

Source: Team Analysis

Dallas-Fort Worth (DFW): Texas' high desirability as a place to live is largely driven by its lack of a state income tax and relatively affordable housing compared to national averages In addition, homebuyers in Texas are approximately twice as likely as the national average to purchase newly built homes, according to Texas Realtors.

Houston: The Houston region benefits from a diverse, robust economy driven by high employment in critical sectors such as energy, healthcare, and manufacturing. Among the major Texas metropolitan areas, Houston experienced the largest increase in housing inventory, driven by building permit growth that outpaced other Texas cities. Increased supply reflects developers' confidence in long-term demand despite the short-term pressures on pricing incentives and absorption rates. For disciplined builders, heightened permit activity may present opportunities to capture market share as less efficient competitors face challenges managing higher inventory levels.

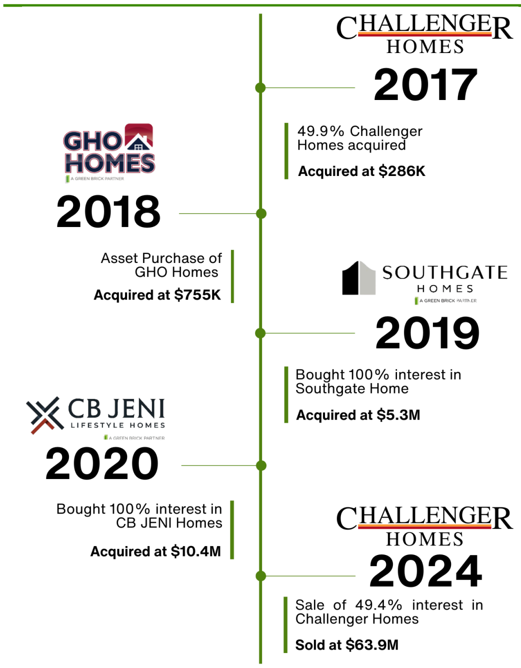
Austin: Austin is currently characterized as the largest buyers' market in the nation, with sellers outnumbering buyers by approximately 114% and the highest rate of price reductions among major Texas metros. This dynamic places increased pressure on homebuilders to offer stronger incentives in order to maintain inventory turnover. However, these conditions follow an extended period of heightened affordability constraints relative to peer markets. As a result, Austin's ongoing price correction should help restore affordability and support a recovery in housing demand over time.

Atlanta: Atlanta's relatively stringent regulatory environment underscores the importance of well-structured, long-term relationships with building partners and local authorities. The market also features a distinctive competitive landscape, with institutional investors accounting for approximately 25% of home purchases. These investors possess greater capital capacity than individual buyers, enabling them to pay higher prices and contribute to upward pressure on home values as they expand participation in the build-to-rent segment. Although this is a current dynamic of the Atlanta market, the Trump administration has discussed potential proceeding actions to ban institutional investors from the real estate market.

Florida: Florida presents intensified risk due to its greater exposure to natural disasters, which contributes to higher insurance premiums and ongoing maintenance costs. These factors impose elevated cost constraints on homebuilders operating in the region. However, Florida's appeal—driven by its scenic coastline, tropical climate, and lifestyle amenities—continues to attract buyers with higher discretionary income. Strong demand for luxury, higher-priced homes and premium features enables builders to achieve higher revenue potential and margin expansion that can offset the region's structural risks

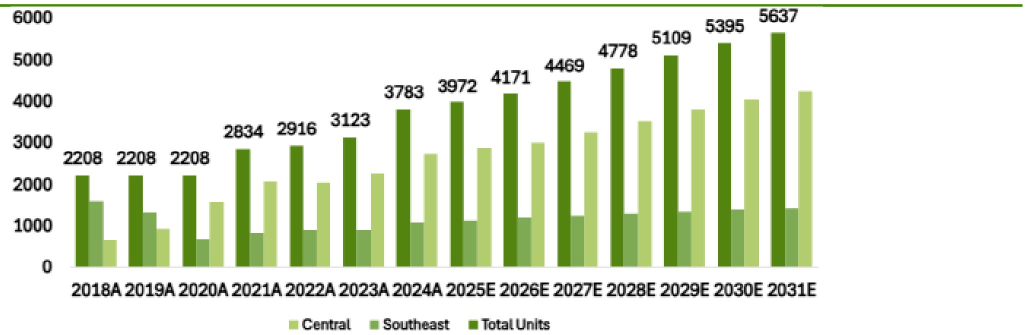
Appendix 11 - Acquisition Timeline

Source: Team Analysis



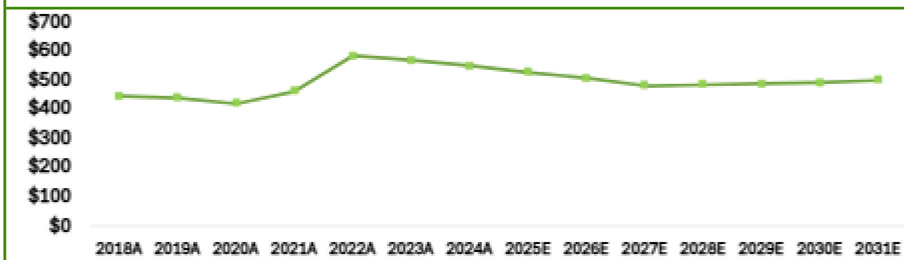
Appendix 12 - Units Delivered by Region

Source: Team Analysis



Appendix 13 - Average Home Selling Price

Source: Team Analysis



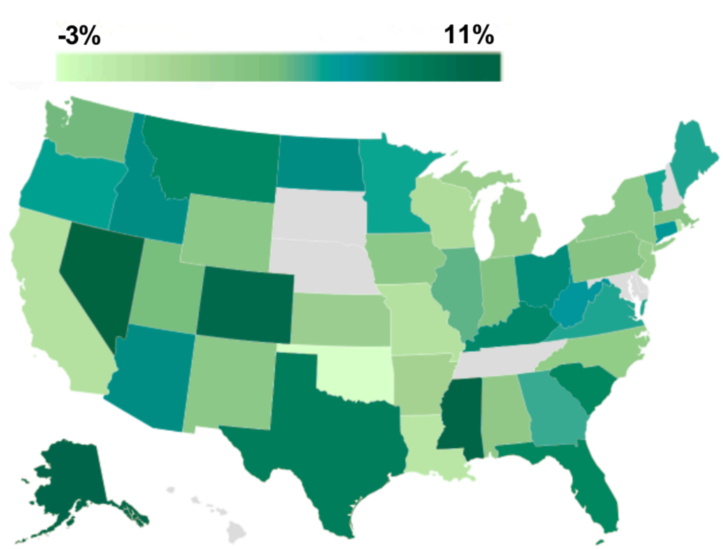
Appendix 14 - DuPont Analysis

Source: Team Analysis

	2031E	2030E	2029E	2028E	2027E	2026E	2025E	2024A	2023A	2022A	2021A	2020A	2019A	2018A
Dupont Analysis														
Gross Margin	27%	27%	27%	28%	29%	30%	32%	34%	31%	30%	26%	24%	21%	21%
EBITDA Margin	19%	19%	19%	19%	20%	21%	21%	25%	22%	23%	19%	15%	11%	14%
Net Profit Margin	14%	14%	14%	15%	15%	16%	16%	20%	17%	18%	15%	12%	8%	10%
Asset Turnover	0.89x	0.88x	0.86x	0.84x	0.82x	0.83x	0.88x	1.01x	1.00x	1.14x	1.16x	1.05x	0.95x	1.59x
Inventory Turnover	0.72x	0.70x	0.70x	0.66x	0.66x	0.69x	0.67x	0.72x	0.80x	0.87x	0.86x	0.88x	0.83x	0.74x
Return on Assets	12%	12%	12%	12%	12%	13%	13%	19%	16%	19%	14%	12%	7%	8%
Equity Mutlitplier	1.13x	1.13x	1.17x	1.22x	1.24x	1.30x	1.35x	1.36x	1.44x	1.53x	1.60x	1.52x	1.63x	1.61x
Return on Equity	14%	14%	14%	15%	15%	17%	19%	27%	25%	31%	27%	19%	13%	27%
Return on Invested Capital	15%	14%	15%	14%	15%	17%	17%	21%	20%	22%	17%	13%	9%	10%
Liquidity														
Current Ratio	8.23x	8.13x	8.30x	8.53x	8.98x	8.34x	7.40x	8.41x	8.28x	7.44x	7.50x	4.22x	3.28x	2.55x
Quick Ratio	0.70x	0.41x	0.54x	0.53x	0.80x	1.06x	0.83x	0.74x	1.07x	0.59x	0.71x	0.28x	0.23x	0.22x
Debt Ratios														
Debt to Equity	0.02x	0.02x	0.02x	0.07x	0.11x	0.15x	0.20x	0.20x	0.26x	0.33x	0.37x	0.33x	0.43x	0.41x
LT Debt / Cash flow from operations	0.00x	0.00x	0.00x	0.69x	1.18x	0.75x	1.47x	12.16x	1.58x	3.67x	-3.65x	3.15x	-3.15x	0.00x
Total Debt / Cash flow from operations	0.21x	0.24x	0.20x	1.09x	1.42x	0.93x	1.84x	13.69x	1.63x	4.03x	-3.66x	6.24x	-10.22x	-3.70x

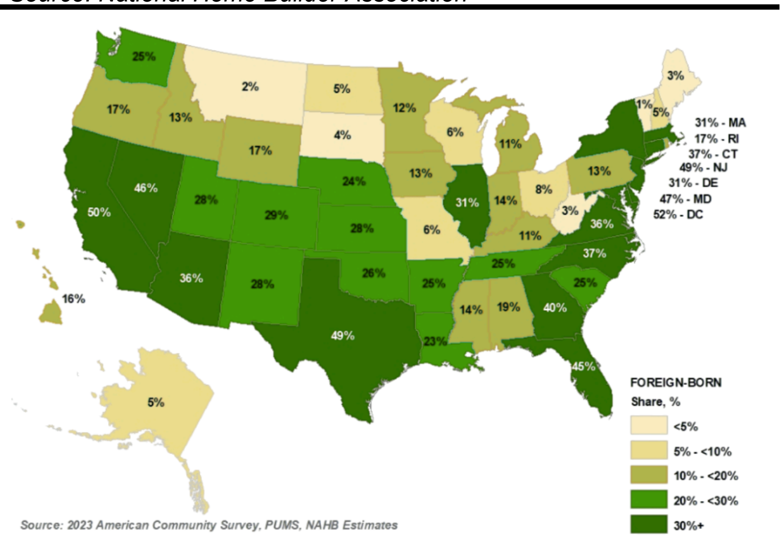
Appendix 15: Immigrants in Construction Trades

Source: National Home Builder Association



Appendix 16: Immigrants in Construction Trades

Source: National Home Builder Association



Appendix 17 - Income Statement

Source: Team Analysis

Consolidated Statements of Income - USD ($) shares in Thousands	2018A	2019A	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Residential Real Estate														
Total revenues	578,893	759,830	930,176	1,309,687	1,703,951	1,769,255	2,070,136	2,011,241	2,023,645	2,061,165	2,226,363	2,390,491	2,539,676	2,707,941
Total cost of revenues	457,151	597,884	705,866	964,364	1,196,914	1,223,079	1,370,888	1,360,660	1,369,051	1,493,907	1,613,641	1,732,598	1,840,726	1,962,682
Real Estate, Other														
Total revenues	44,754	31,830	45,845	93,189	53,842	8,455	28,807	82,082	82,588	84,119	90,861	97,559	103,648	110,515
Total cost of revenues	36,166	24,694	35,551	76,453	37,854	6,449	24,534	64,880	65,280	66,491	71,820	77,114	81,927	87,355
Grand Total Revenue	**623,647**	**791,660**	**976,021**	**1,402,876**	**1,757,793**	**1,777,710**	**2,098,943**	**2,093,323**	**2,106,233**	**2,145,284**	**2,317,224**	**2,488,050**	**2,643,324**	**2,818,456**
Grand Total Cost of Revenue	**493,317**	**622,578**	**741,417**	**1,040,817**	**1,234,768**	**1,229,528**	**1,395,422**	**1,431,833**	**1,474,363**	**1,523,152**	**1,668,401**	**1,810,648**	**1,923,646**	**2,051,096**
Total gross profit	**130,330**	**169,082**	**234,604**	**362,059**	**523,025**	**548,182**	**703,521**	**661,490**	**631,870**	**622,132**	**648,823**	**677,403**	**719,678**	**767,360**
Selling, general and administrative expenses	56,830	98,659	112,134	134,269	163,943	192,977	226,566	226,288	203,491	200,355	208,951	217,720	231,308	246,633
Fair Value, Liabilities Measured on Recurring Basis, Change in Unrealized Gain (Loss)	1,693	-	-	-	-	-	-	-	-	-	-	-	-	-
Business Combination, Contingent Consideration Agreements, Change in Amount of Contingent Consideration, Liability	1,693	4,906	368	-	-	-	-	-	-	-	-	-	-	-
Income (Loss) from Equity Method Investments	7,259	9,809	16,654	19,713	25,626	16,742	5,083	5,083	5,069	5,101	5,195	5,612	6,025	6,401
Other income, net	2,605	9,003	4,057	9,483	11,757	19,366	29,842	20,933	21,062	21,453	23,172	24,881	26,433	22,548
Income before income taxes	**81,671**	**84,329**	**142,813**	**256,986**	**396,465**	**391,313**	**511,880**	**435,202**	**428,379**	**421,777**	**439,872**	**459,682**	**488,370**	**520,727**
Income tax expense	17,136	20,027	25,016	52,605	82,468	84,638	94,725	100,265	98,693	97,172	101,341	105,905	112,515	119,969
Net income	**64,535**	**64,302**	**117,797**	**204,381**	**313,997**	**306,675**	**417,155**	**334,937**	**329,685**	**324,605**	**338,531**	**353,777**	**375,855**	**400,758**
Less: Net income attributable to noncontrolling interests	12,912	5,646	4,104	14,171	22,097	22,049	35,572	27,632	27,802	28,318	30,587	32,842	34,892	37,204
Net income attributable to Green Brick Partners, Inc.	51,623	58,656	113,693	190,210	291,900	284,626	381,583	307,305	301,883	296,287	307,943	320,935	340,964	363,554
Net income attributable to Green Brick Partners, Inc. per common share:														
Earnings Per Share, Basic	1.02	1.16	2.25	3.75	6.07	6.20	8.51	6.88	6.76	6.65	6.91	7.21	7.66	8.21
Earnings Per Share, Diluted	1.02	1.16	2.24	3.72	6.02	6.14	8.45	6.81	6.69	6.58	6.84	7.14	7.58	8.12
Weighted Average Number of Shares Outstanding, Diluted	50,751	50,530	50,568	51,060	47,987	45,917	44,839	44,671	44,668	44,565	44,572	44,482	44,493	44,305
Weighted Average Number of Shares Outstanding, Basic	50,652	50,636	50,795	50,700	47,648	45,446	44,508	45,152	45,149	45,046	45,053	44,963	44,974	44,786

Appendix 18 - Balance Sheet

Source: Team Analysis

Consolidated Balance Sheets - USD ($) $ in Thousands	2018A	2019A	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Assets														
Cash and cash equivalents	41,755	37,685	33,635	93,554	93,270	199,459	159,696	242,395	282,088	198,777	140,450	155,881	122,644	233,308
Accounts receivable	4,842	4,720	5,224	6,871	5,288	10,632	13,858	11,833	16,353	12,791	12,403	12,186	7,952	16,856
Inventory	668,961	753,567	844,635	1,203,743	1,422,680	1,533,223	1,937,732	2,124,247	2,136,758	2,307,805	2,527,881	2,605,248	2,748,066	2,848,745
Earnest money deposits	16,793	14,686	22,242	26,008	23,910	16,619	13,629	13,855	14,085	14,319	14,557	14,799	15,045	15,295
Total Current Assets	**732,351**	**810,658**	**905,736**	**1,330,176**	**1,545,148**	**1,759,933**	**2,124,915**	**2,392,330**	**2,449,284**	**2,533,691**	**2,695,291**	**2,788,114**	**2,893,707**	**3,114,204**
Investments in unconsolidated entities	20,269	30,294	46,443	55,616	74,224	84,654	60,582	65,000	70,000	75,000	80,000	85,000	90,000	95,000
Right-of-use assets - operating leases	-	3,462	-	4,596	3,458	7,255	7,242	4,876	4,906	4,997	5,398	5,796	6,158	6,566
Property and equipment, net	4,690	4,309	3,595	2,812	2,919	7,054	6,551	7,910	9,278	10,671	12,175	13,790	15,507	17,337
Deferred income tax assets, net	16,499	15,262	15,376	15,741	16,448	15,306	13,984	14,162	14,343	14,526	14,711	14,899	15,089	15,281
Intangible assets, net	856	707	622	537	452	367	282	197	112	27	-	-	-	-
Goodwill	680	680	680	680	680	680	680	680	680	680	680	680	680	680
Other assets	8,681	10,167	13,857	11,709	12,346	27,583	35,758	24,754	24,907	25,369	27,402	29,422	31,258	33,329
Total assets	**784,026**	**875,539**	**988,847**	**1,421,867**	**1,655,675**	**1,902,832**	**2,249,994**	**2,509,910**	**2,573,510**	**2,664,961**	**2,835,657**	**2,937,701**	**3,052,399**	**3,282,397**
Liabilities and stockholders' equity														
Accounts payable	26,091	30,044	24,521	45,682	51,804	54,321	59,746	61,545	63,373	65,470	71,714	77,828	82,685	88,163
Accrued expenses	29,201	24,656	40,416	61,351	91,281	96,457	110,068	109,933	98,858	97,334	101,510	105,771	112,372	119,817
Customer and builder deposits	31,978	23,954	38,131	64,610	29,112	43,148	37,068	67,330	67,746	69,002	74,532	80,027	85,021	90,654
Lease liabilities - operating leases	-	3,564	2,591	4,745	3,582	7,898	8,343	8,760	9,198	9,658	10,141	10,648	11,180	11,739
Borrowings on lines of credit, net	200,386	164,642	106,687	738	17,395	(2,328)	22,645	63,475	42,125	42,906	46,344	49,761	52,866	56,369
Notes payable	-	-	2,125	210	14,622	12,981	14,871	12,421	12,550	(2,261)	11,739	11,739	11,739	11,739
Total Current Liabilties	**287,656**	**246,860**	**214,471**	**177,336**	**207,796**	**212,477**	**252,741**	**323,464**	**293,850**	**282,109**	**315,981**	**335,773**	**355,863**	**378,481**
Senior Notes	-	73,406	111,056	335,446	335,825	336,207	299,090	299,243	236,894	199,516	99,612	-	-	-
Contigent consideration	2,207	5,267	368	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	**289,863**	**325,533**	**325,895**	**511,306**	**543,621**	**548,684**	**551,831**	**622,708**	**593,093**	**519,004**	**515,496**	**435,386**	**355,863**	**378,481**
Redeemable noncontrolling interest in equity of consolidated subsidiary	8,531	13,611	13,543	21,867	29,239	36,135	44,709	63,496	67,247	81,930	96,886	113,040	130,386	148,814
Green Brick Partners, Inc. stockholders' equity														
Preferred stock, $0.01 par value: 5,000,000 shares authorized	-	-	-	47,696	47,696	47,603	47,603	47,603	47,603	47,603	47,603	47,603	47,603	47,603
Common shares, $0.01 par value: 100,000,000 shares authorized;	507	509	511	512	460	450	444	444	444	443	443	442	442	441
Treasury stock at cost, 136,756 shares	(981)	(3,167)	3,167	3,167	-	-	-	-	-	-	-	-	-	-
Additional paid-in capital	291,299	290,799	293,242	289,641	259,410	255,614	244,653	248,486	248,486	248,488	248,487	248,488	248,488	248,489
Retained earnings	177,526	235,027	349,656	539,866	754,341	997,037	1,332,714	1,490,609	1,659,170	1,825,089	1,998,250	2,179,340	2,371,909	2,577,428
Total Green Brick Partners, Inc. stockholders' equity	**468,351**	**523,168**	**640,242**	**874,548**	**1,061,907**	**1,300,704**	**1,625,415**	**1,824,910**	**1,955,703**	**2,121,624**	**2,294,784**	**2,475,873**	**2,668,442**	**2,873,961**
Noncontrolling interests	17,281	13,227	9,167	14,146	20,908	17,309	28,039	27,788	24,714	24,334	25,378	26,443	28,093	29,954
Total stockholders' equity	**485,632**	**536,395**	**649,409**	**888,694**	**1,082,815**	**1,318,013**	**1,653,454**	**1,852,698**	**1,980,418**	**2,145,957**	**2,320,161**	**2,502,315**	**2,696,535**	**2,903,916**
Total liabilities and stockholders' equity	**784,026**	**875,539**	**988,847**	**1,421,867**	**1,655,675**	**1,902,832**	**2,249,994**	**2,509,911**	**2,573,510**	**2,664,961**	**2,835,657**	**2,937,701**	**3,052,399**	**3,282,397**

Appendix 19 - Cash Flow

Source: Team Analysis

Consolidated Statements of Cash Flows - USD ($) in Thousands	2018A	2019A	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Net Income	**64,535**	**64,302**	**117,797**	**204,381**	**313,997**	**306,675**	**417,155**	**334,937**	**329,685**	**324,605**	**338,531**	**353,777**	**375,855**	**400,758**
Adjustment to reconcile net income to net cash used in operating activities:														
Depreciation and Amortization Expense	2,943	3,079	3,666	2,744	2,367	3,545	4,879	3,953	3,977	4,051	4,376	4,698	4,992	5,322
Gain (Loss) on Disposition of Property Plant Equipment, Excluding Oil and Gas Property and Timber Property	-	-	36	150	(377)	207	74	-	-	-	-	-	-	-
Share-based Compensation	1,774	2,191	2,097	3,078	3,477	6,753	8,402	6,824	6,866	6,993	7,554	8,111	8,617	9,188
Business Combination, Contingent Consideration Arrangements, Change in Amount of Contingent Consideration, Liability	1,693	4,906	368	-	-	-	-	-	-	-	-	-	-	-
Income (Loss) from Equity Method Investments	(7,259)	(9,809)	(16,654)	(19,713)	(25,626)	(16,742)	(5,083)	(5,083)	(5,069)	(5,101)	(5,195)	(5,612)	(6,025)	(6,401)
Equity method investment, Realized Gain (Loss) on Disposal	-	-	-	-	-	-	(10,718)	-	-	-	-	-	-	
Allowances For Option Deposits And Pre-Acquisition Costs	663	884	1,513	223	966	64	284	503	506	515	557	598	635	677
Cash distributions of income from unconsolidated entity	4,623	5,084	10,936	10,548	11,483	11,859	7,670	4,516	4,504	4,532	4,616	4,986	5,353	5,687
Changes in operating assets and liabilities														
Decrease (increase) in accounts receivable	(3,029)	122	(504)	(1,647)	1,583	(5,344)	(3,226)	2,025	(4,520)	3,562	388	217	4,234	(8,904)
Increase in inventory	(129,291)	(83,970)	(90,345)	(358,270)	(217,598)	#######	(403,312)	(186,515)	(12,511)	(171,047)	(220,076)	(77,367)	(142,818)	(100,679)
Increase (decrease) in earnest money deposits	2,119	2,107	(9,069)	(3,772)	2,021	7,290	2,990	(226)	(230)	(234)	(238)	(242)	(246)	(250)
(Increase) decrease in other assets	(3,404)	(2,409)	(3,739)	2,054	(1,550)	(14,875)	(8,002)	11,004	(153)	(462)	(2,033)	(2,020)	(1,836)	(2,071)
Increase (decrease) in accounts payable	(483)	3,953	(5,523)	21,161	6,122	2,517	5,426	1,799	1,828	2,097	6,243	6,114	4,857	5,478
Increase (decrease) in accrued expenses	9,470	(4,384)	15,760	20,935	30,017	5,459	14,131	(135)	(11,075)	(1,523)	4,176	4,260	6,601	7,445
Payment for Contingent Consideration Liability, Operating Activities	-	(1,332)	(5,267)	(368)	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Contract with Customer, Liability	1,458	(8,024)	14,177	26,479	(35,498)	14,035	(6,079)	30,262	415	1,256	5,530	5,495	4,994	5,633
Net cash used in operating activities	**(54,188)**	**(23,300)**	**35,249**	**(92,017)**	**91,384**	**212,200**	**24,591**	**203,864**	**314,224**	**169,245**	**144,428**	**303,015**	**265,214**	**321,883**
Payments to Acquire Businesses, Net of Cash Acquired	(26,861.00)	-	-	-	-	-	-	-	-	-	-	-	-	
Cash flows from investing activities														
Proceeds from sale of investment in unconsolidated entity	-	-	-	-	-	-	63,960	-	-	-	-	-	-	-
Acquisition of investment in unconsolidated entity	(755)	(5,300)	(10,431)	(8,000)	(4,465)	(5,547)	(31,757)	-	-	-	-	-	-	-
Acquisition of property and equipment	(3,211)	(2,569)	(2,903)	(2,025)	(2,012)	(7,802)	(4,365)	(5,312)	(5,345)	(5,444)	(5,880)	(6,314)	(6,708)	(7,152)
Net cash (used in) provided by investing activities	**(30,827)**	**(7,869)**	**57,164**	**(2,033)**	**(6,477)**	**(13,349)**	**27,838**	**(5,312)**	**(5,345)**	**(5,444)**	**(5,880)**	**(6,314)**	**(6,708)**	**(7,152)**
Cash flows from financing activities														
Borrowings from lines of credit	165,000	224,000	354,500	749,800	420,000	22,000	106,000	75,324	62,553	15,368	34,378	3,416	3,503	20,834
Proceeds from Issuance of Senior Long-term Debt	-	75,000	37,500	225,000	-	-	-	-	-	-	-	-	-	-
Payments of Debt Issuance Costs	(870)	(1,974)	(527)	(2,901)	(829)	(638)	(841)	(757)	(606)	(484)	(388)	(310)	-	-
Proceeds (Repayments) from notes payable	(10,226)		2,124	209	14,412	(1,641)	1,890	(2,450)	129	(14,811)	14,000	-	-	-
Repayments of Senior Debt	-	-	-	-	-		(37,500)	(37,500)	(45,000)	(62,500)	(55,000)	(70,000)	-	-
Repayments of lines of credit	(70,000)	(260,000)	(412,500)	(855,800)	(402,000)	(42,000)	(81,000)	67,870	(96,195)	2,943	6,187	(9,210)	(77,454)	7,129
Payment for Contingent Consideration Liability, Financing Activities	-	(514)	-	-	-	-	-	-	-	-	-	-	-	
Withholdings of taxes from vesting of restricted stock awards	(412)	(544)	(592)	(834)	(1,074)	(1,977)	(11,337)	(17,417)	(15,825)	(15,581)	(16,249)	(16,981)	(18,041)	(19,236)
Payments for Repurchase of Common Stock	(981)	(2,186)	-	-	(101,463)	(45,777)	(48,428)	(174,167)	(158,249)	(155,810)	(162,495)	(169,813)	(180,411)	(192,364)
Payments of Dividends	-	-	-	-	(2,812)	(2,875)	(2,875)	(2,875)	(2,875)	(2,875)	(2,875)	(2,875)	(2,875)	(2,875)
Proceeds from Issuance of Preferred Stock and Preference Stock	-	-	-	47,696	-	-	-	-	-	-	-	-	-	-
Contributions from noncontrolling interests	5	3,600	400	-	-	-	-	-	-	-	-	-	-	-
Distributions to noncontrolling interests	(10,747)	(10,993)	(5,251)	(6,606)	(10,718)	(19,056)	(16,785)	(23,881)	(13,119)	(13,362)	(14,433)	(15,497)	(16,464)	(17,555)
Proceeds from (Payments for) Other Financing Activities	-	(527)	(1,505)	(106)	-	(1,840)	(2,637)	-	-	-	-	-	-	-
Net cash provided by financing activities	**71,769**	**25,862**	**(25,851)**	**156,458**	**(84,484)**	**(93,804)**	**(93,513)**	**(115,853)**	**(269,186)**	**(247,113)**	**(196,875)**	**(281,270)**	**(291,742)**	**(204,067)**
Beginning Cash and Restricted Cash	40,289	41,755	37,685	33,635	93,554	93,270	199,459	159,696	242,395	282,088	198,777	140,450	155,881	122,644
Net increase in cash and restricted cash	1,466	(4,070)	(4,050)	59,919	(284)	106,189	(39,763)	82,699	39,693	(83,312)	(58,327)	15,431	(33,236)	110,664
Ending Cash and restricted cash	41,755	37,685	33,635	93,554	93,270	199,459	159,696	242,395	282,088	198,777	140,450	155,881	122,644	233,308
Supplemental disclosure of cash flow information:														
Cash paid for taxes	4,611,000	14,313,000	20,541,000	47,288	85,445	90,535	-	-	-	-	-	-	-	-