



Investor Presentation

December 2017





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Use of Non-GAAP Financial Measures

This presentation includes the use of both GAAP and non-GAAP financial measures. Adjusted gross margin is a non-GAAP financial measure used by management as a supplemental measure in evaluating LGI Homes' operating performance. LGI Homes defines adjusted gross margin as gross margin less capitalized interest and adjustments resulting from the application of purchase accounting included in the cost of sales. Management believes this information is useful because it isolates the impact that capitalized interest and purchase accounting adjustments have on gross margin. However, because adjusted gross margin excludes capitalized interest and purchase accounting adjustments, which have real economic effects and could impact LGI Homes' results, the utility of adjusted gross margin as a measure of LGI Homes' operating performance may be limited. In addition, other companies may not calculate adjusted gross margin information in the same manner that LGI Homes does. Accordingly, adjusted gross margin information should be considered only as a supplement to gross margin information as a measure of LGI Homes' performance.

One of the Nation's Fastest Growing Homebuilders



Founded in 2003, LGI Homes (NASDAQ: LGIH) has delivered over 20,000 homes

Focus on entry level homebuyers

Profitable every year since inception

Proven ability to expand into new markets

Named 2016 Builder of the Year by Professional Builder

Focused on growth:

- 77 active communities in 19 markets across 10 states
 - 31% increase YoY in active communities
 - 97% increase in active communities since December 2014
- Own and control 37,063 lots
- 2016 annual revenue of \$838.3 million and closings of 4,163 homes
 - 33.0% increase YoY in annual home sales revenues
 - 22.3% increase YoY in annual home closings

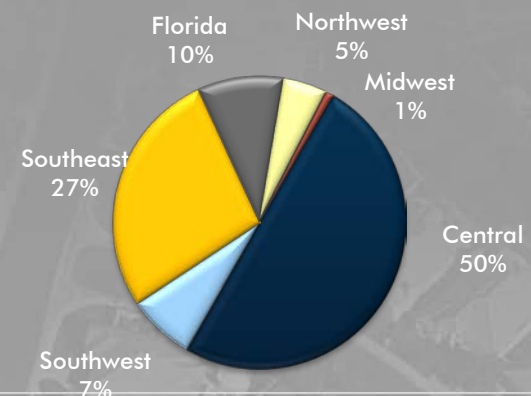
Source: Company, SEC filings as of 12/31/16 and 9/30/17



Attractive Markets with Favorable Growth Characteristics

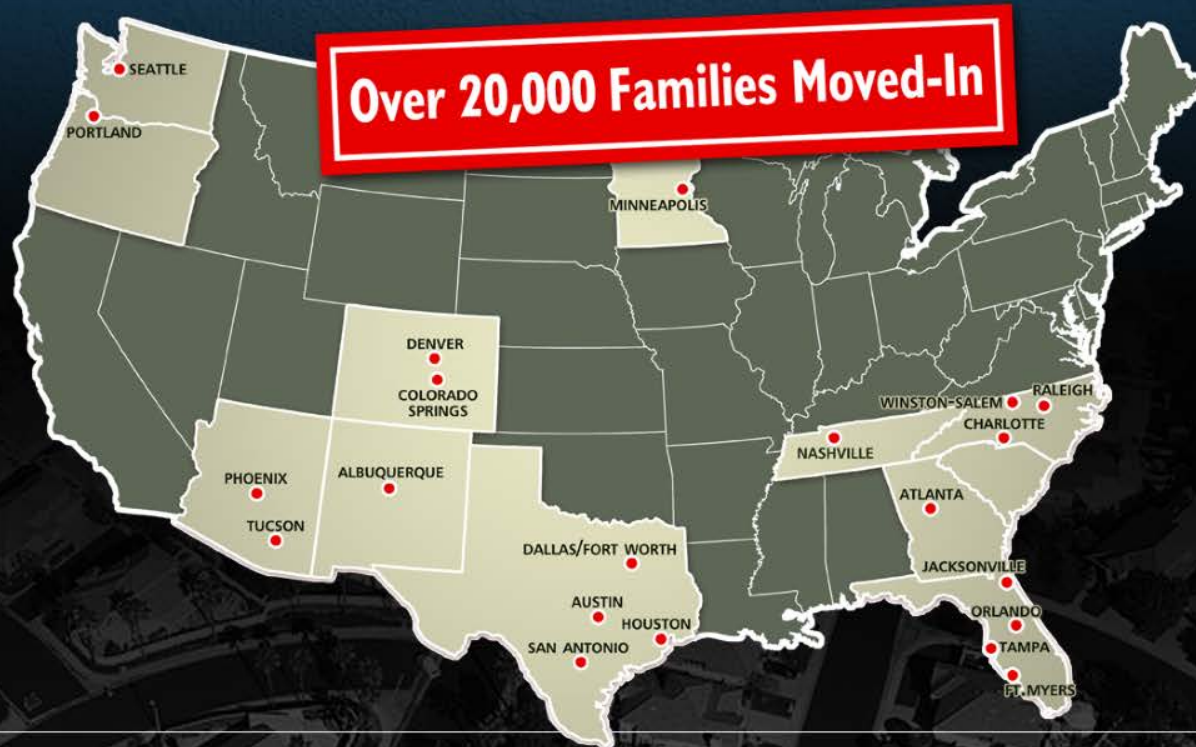


Holdings by Division:
Owned and Controlled Lots as of September 30, 2017





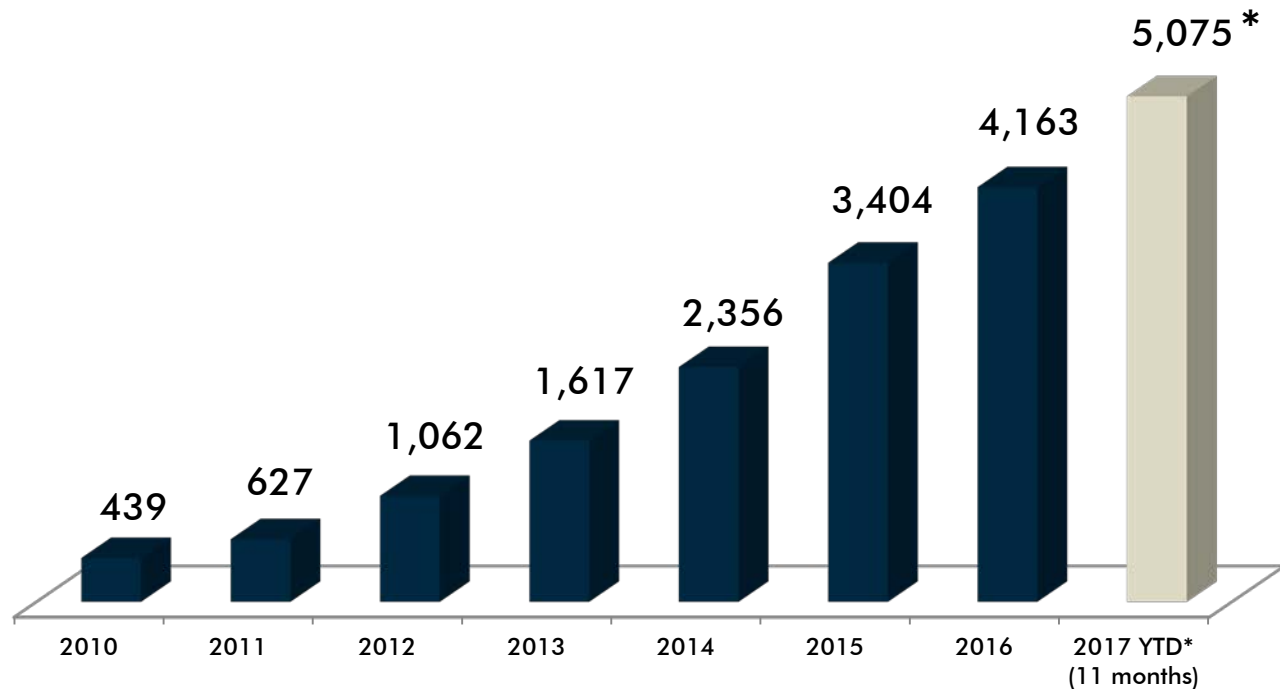
A History of Successful Expansion





Year-Over-Year Home Closings Growth

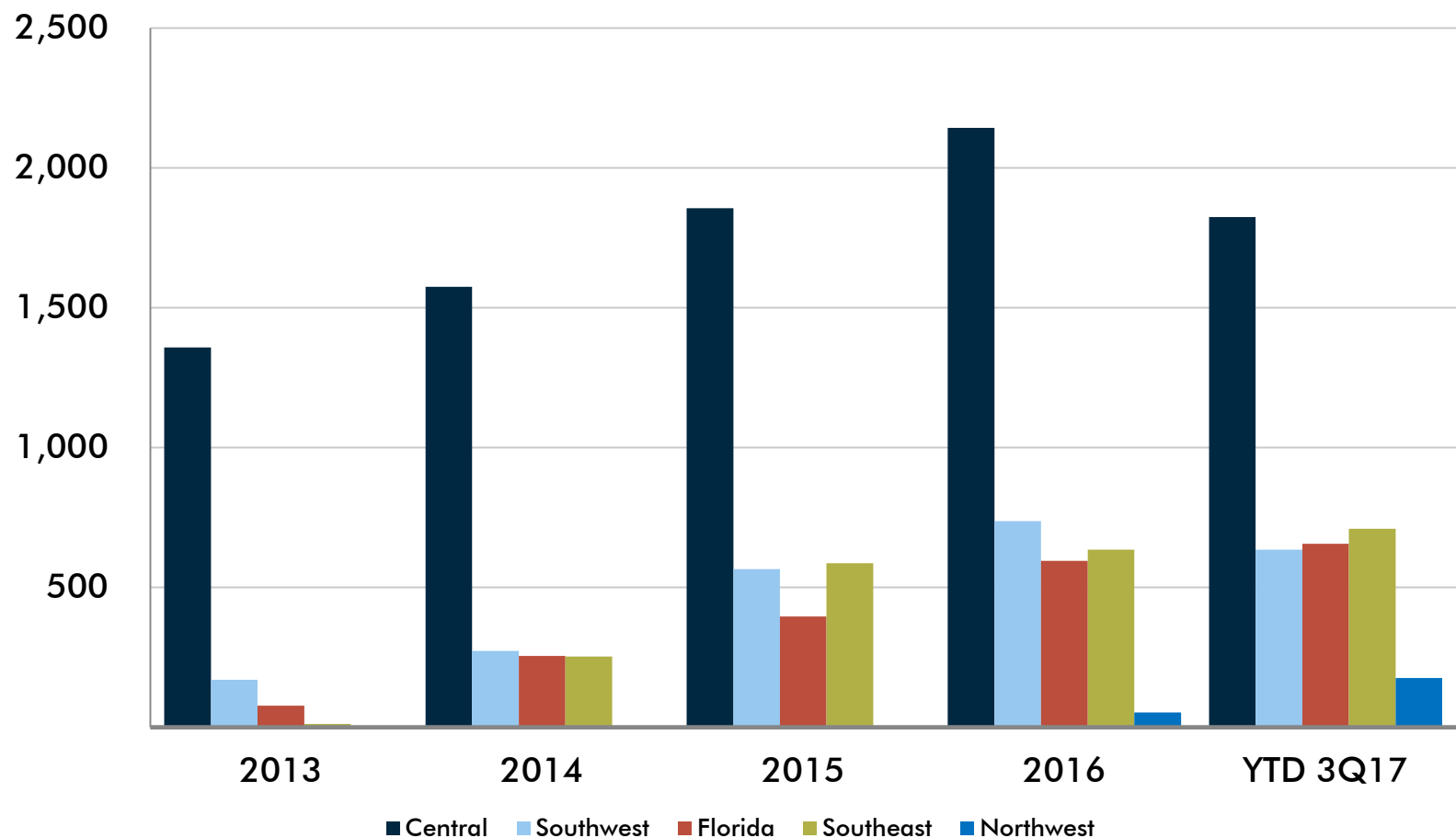
**Home
Closings
Per
Year**



Note: 2013 and prior home closings are pro forma figures, adjusted for the LGI/GTIS Joint Ventures not consolidated prior to LGI's IPO



Annual Home Closings by Division



Note: 2013 home closings are pro forma figures, adjusted for the LGI/GTIS Joint Ventures not consolidated prior to LGI's IPO



Unique and Proven Operating Model

We have demonstrated the ability to profitably take our model to new markets.





Differentiated Sales & Marketing Approach

- Unique & highly successful marketing system proven to convert renters into new homeowners
- Weekly distribution of approximately 400,000 direct mailings to renters within a 25-mile radius of our active communities
- Minimal reliance on realtors
- 2-5 Sales Representatives and one Sales Manager at each office
- Open 359 days a year
- Move-in ready inventory



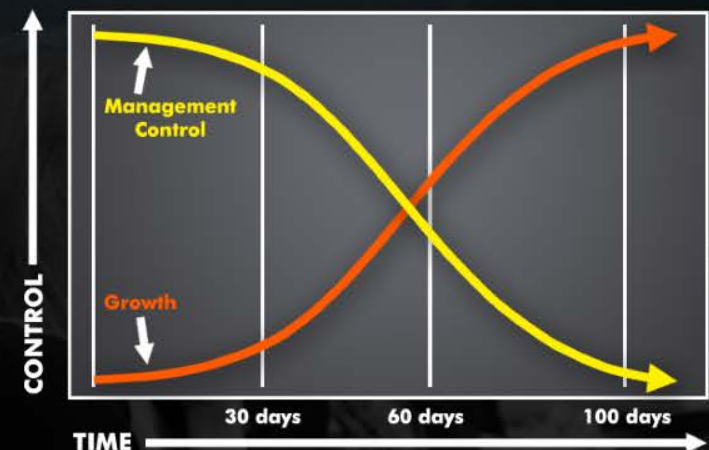
Commitment to Effective Training



- Comprehensive 100-day introductory training program
- Weekly training sessions held in each of our sales offices
- Weekly nationwide sales conference call
- Quarterly training retreats for upper level management
- Quarterly manager training retreats in each division



Overview of 100 Day Training Process



Flexible & Value-Oriented Land Acquisition Strategy



- We pursue a flexible land acquisition strategy of purchasing or optioning finished lots, at attractive prices, or purchasing raw land for residential development
 - Experienced in converting raw land into residential communities given our history as a successful land developer
- We target land that is away from city centers, but still close to major thoroughfares, retail districts and centers of business
 - Less competition when acquiring land leads to more attractive cost basis
 - Allows us to provide our potential homebuyers with homes at more affordable prices in locations with access to retail and employment centers
- Prior to land acquisition, we employ a comprehensive test marketing strategy to ensure consumer demand meets our requirements
- Ability to adapt to changing market conditions
 - We leverage our land development expertise where finished lots are scarce or expensive



Multiple Avenues for Continued Growth

Organic growth

- Expansion in existing markets
 - Favorable demographic and economic trends
 - Value oriented land acquisitions with proximity to major thoroughfares, retail and business centers
- Selectively expand into new markets
 - Target markets with favorable supply and demand dynamics
 - Markets with large and growing rental populations



Product expansion

- Increase product offerings with home deliveries at various price points to cater to local demand
- Customize sales and marketing efforts and allow expansion of target buyer group



Corporate acquisitions

- Ability to add scale through the acquisition of appropriately positioned homebuilders
- Immediate growth opportunity
- Acquired builder adopts LGI's proven operating model and shares best practices





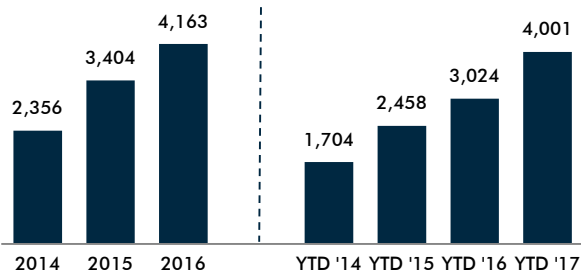
Financial Highlights



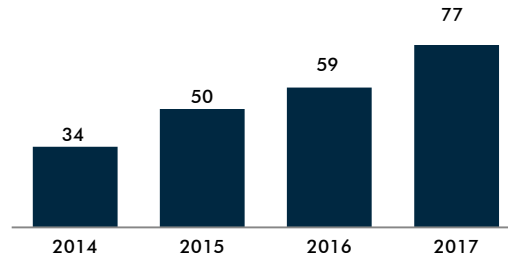


Significant Operating Momentum

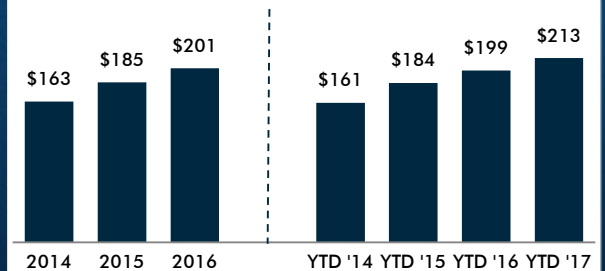
Home Closings



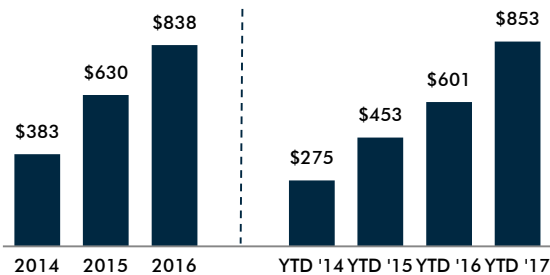
Active Selling Communities, as of September 30



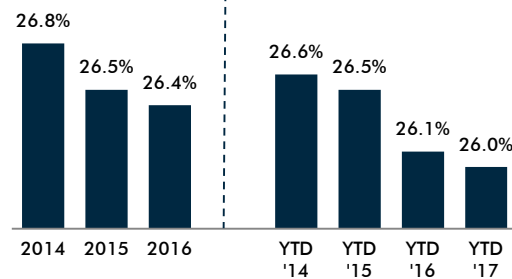
Average Home Sales Price (\$000s)



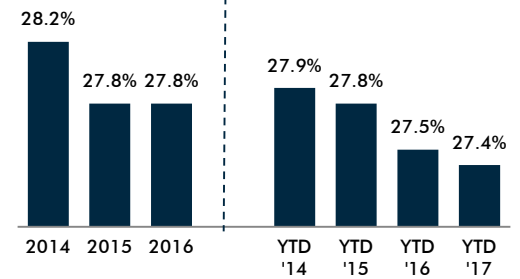
Total Revenue (\$ millions)



Gross Margin Percentage⁽¹⁾



Adjusted Gross Margin Percentage⁽¹⁾⁽²⁾



¹ Calculated as a percentage of home sales revenues

² Defined as gross margin adjusted for capitalized interest and adjustments resulting from the application of purchase accounting included in cost of sales. See appendix for a reconciliation of non-GAAP measures

Note: YTD represents results through September 30th of each respective year



Growth-Oriented Capital Structure

The Company has significant liquidity and access to capital markets to opportunistically fund its growth initiatives.

- \$600M revolving credit facility
- \$390M outstanding and \$203M available to borrow at 9/30/2017
- \$85M 4.25% convertible notes due Nov 2019

Consolidated Balance Sheet

| (\$ in thousands) | December 31, 2015 | December 31, 2016 | September 30, 2017 |
|---|----------------------|----------------------|-----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 37,568 | \$ 49,518 | \$ 47,968 |
| Accounts receivable | 17,325 | 17,055 | 32,716 |
| Real estate inventory | 531,228 | 717,681 | 902,568 |
| Other assets | <u>32,581</u> | <u>30,260</u> | <u>39,680</u> |
| Total assets | <u>\$ 618,702</u> | <u>\$ 814,514</u> | <u>\$ 1,022,932</u> |
| LIABILITIES | | | |
| Accounts payable and other liabilities | \$ 66,752 | \$ 58,830 | \$ 112,220 |
| Notes payable | <u>304,561</u> | <u>400,483</u> | <u>464,058</u> |
| Total liabilities | <u>371,313</u> | <u>459,313</u> | <u>576,278</u> |
| EQUITY | | | |
| Common stock | 213 | 223 | 227 |
| Additional paid-in capital | 175,575 | 208,346 | 222,129 |
| Retained earnings | 88,151 | 163,182 | 240,848 |
| Treasury stock, at cost | <u>(16,550)</u> | <u>(16,550)</u> | <u>(16,550)</u> |
| Total equity | <u>247,389</u> | <u>355,201</u> | <u>446,654</u> |
| Total liabilities and equity | <u>\$ 618,702</u> | <u>\$ 814,514</u> | <u>\$ 1,022,932</u> |
| Gross Debt to Capitalization ⁽¹⁾ | 55.2% | 53.0% | 51.0% |
| Net Debt to Capitalization ⁽²⁾ | 51.9% | 49.7% | 48.2% |

1 Calculated as a percentage of notes payable to total equity and notes payable.

2 Calculated as a percentage of notes payable less cash and cash equivalents ("net debt") to total equity and net debt.

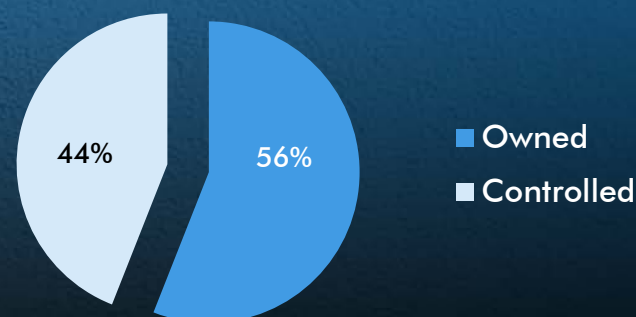


Land Position & Inventory Mix (as of 9/30/2017)

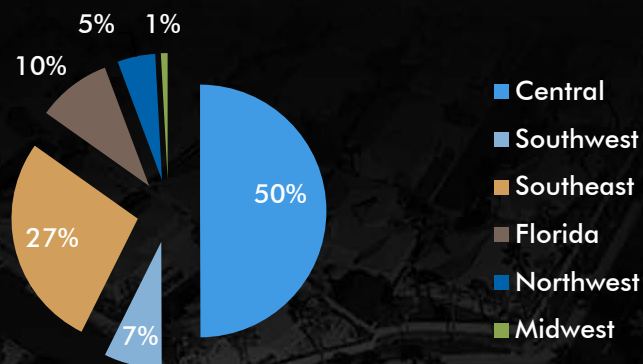
Highlights

- Total controlled lots of 37,063
- Purchase finished lots when available
- Target 3-5 year lot supply in each submarket

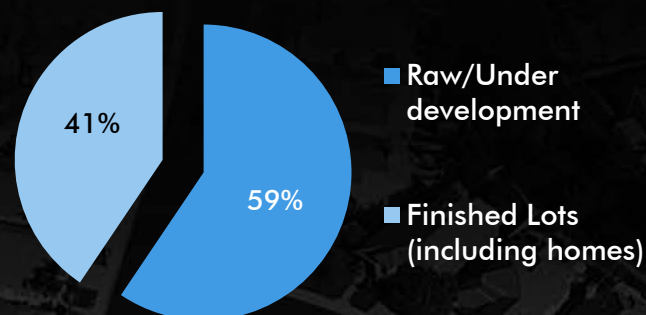
Owned vs. Optioned



Geographic Mix (owned and controlled lots)



Inventory Breakdown





Appendix





Adjusted Gross Margin Reconciliation

| | 12 months ended December 31, | | | | 9 months ended September 30, | | | |
|---|---------------------------------|------------------|------------------|--|---------------------------------|------------------|------------------|------------------|
| (\$ in thousands) | 2014 | 2015 | 2016 | | 2014 | 2015 | 2016 | 2017 |
| Home sales revenues | \$383,268 | \$630,236 | \$838,320 | | \$274,848 | \$453,472 | \$601,490 | \$852,985 |
| Cost of home sales | 280,481 | 463,304 | 616,707 | | 201,661 | 333,430 | 444,205 | 631,242 |
| Gross margin | \$102,787 | \$166,932 | \$221,613 | | \$73,187 | \$120,042 | \$157,285 | \$221,743 |
| Capitalized interest charged to cost of sales | 1,704 | 6,057 | 10,680 | | 1,147 | 4,376 | 7,431 | 11,548 |
| Purchase accounting adjustment ⁽¹⁾ | 3,620 | 2,131 | 485 | | 2,448 | 1,859 | 454 | 226 |
| Adjusted gross margin | \$108,111 | \$175,120 | \$232,778 | | \$76,782 | \$126,277 | \$165,170 | \$233,517 |
| Gross margin % ⁽²⁾ | 26.8% | 26.5% | 26.4% | | 26.6% | 26.5% | 26.1% | 26.0% |
| Adjusted gross margin % ⁽²⁾ | 28.2% | 27.8% | 27.8% | | 27.9% | 27.8% | 27.5% | 27.4% |

1 Adjustments result from the application of purchase accounting related to prior acquisitions and represent the amount of the fair value step-up adjustments for real estate inventory included in cost of sales

2 Calculated as a percentage of home sales revenues



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