Comstock Holding Companies, Inc. (CHCI)

Board of Directors Policy on Institutional Venture Platform

Adopted: March 11, 2026; Effective Date: March 11, 2026

I. Purpose

This policy establishes the framework for Comstock Holding Companies, Inc. ("CHCI" or the "Company") to operate its Institutional Venture Platform (the "Platform"). The Platform is designed to facilitate the acquisition and management of Stabilized Value-Add and Core Apartment Communities and/or commercial assets in partnership with institutional investors, leveraging the Company's expertise in real estate development, acquisition, asset management and property management.

The primary objectives are to generate additional stable revenue streams through transaction fees, property management fees, and performance-based promotes while minimizing the Company's direct equity exposure and maximizing its return on invested capital ("ROIC"). Management believes opportunities exist to acquire assets at below replacement costs that are high quality buildings in mixed use neighborhoods proximate to mass transit in the mid-Atlantic region and high growth areas in the southeastern United States.

The company's objective is to leverage its reputation for being a developer and asset manager of high-quality mixed-use assets to significantly increase its managed portfolio of residential and commercial assets in a strategic manner during the coming years to drive revenue and earnings growth that will enhance Comstock's market share and market cap. This policy aligns with applicable laws, regulations, and Nasdaq listing requirements.

The Board of Directors (the "Board") shall oversee the implementation of this policy, with authority delegated to the Company's management team to execute transactions consistent with the guidelines herein. Any material deviations from this policy must be approved by the Board or a designated committee thereof.

II. Investment Focus

The Platform shall focus exclusively on the acquisition of Stabilized Value-Add and Core Apartment Communities and/or commercial assets in mixed use neighborhoods proximate to mass transit in the mid-Atlantic region and high growth areas in the southeastern United States as detailed below. For purposes of this policy:

Residential Properties

- "Stabilized Core Apartment Communities" are defined as multifamily residential properties that have achieved approximately a 90% occupancy with demonstrated ability

to generate consistent cash flow trends and attractive ROIC while accounting for customary capital expenditure requirements and routine maintenance costs.

- "Stabilized Value-Add Apartment Communities" are defined as multifamily residential properties that have achieved approximately a 85% occupancy with identifiable opportunities to increase revenue and cashflow through such actions such as; correcting operational deficiencies, rebranding and market repositioning, light or moderate upgrades and/or renovations, or capital stack enhancements.
- The "U.S. Mid-Atlantic Region" includes the states of Maryland, Virginia, Delaware, Pennsylvania, New Jersey, West Virginia, and the District of Columbia, while the southeastern United States includes North Carolina, South Carolina, Georgia, and Florida, with a preference for markets demonstrating strong demographic growth, employment stability, and residential rental demand.

Commercial Properties

- "Stabilized Value-Add Commercial Properties" are defined as office/retail properties that have a minimum of 50% occupancy with identifiable opportunities to increase revenue and cashflow through such actions such as; re-tenanting, correcting operational deficiencies, rebranding and market repositioning, upgrades and/or renovations, or capital stack enhancements.
- The "U.S. Mid-Atlantic Region" includes the states of Maryland, Virginia, West Virginia, and the District of Columbia, while the southeastern United States includes North Carolina, South Carolina, Georgia, and Florida, with a preference for markets demonstrating strong demographic growth, employment stability, and demand for such properties.

Investments outside this geographic focus or in non-stabilized assets (e.g., development projects, and assets to be purchased at construction completion but prior to lease up and stabilization) are prohibited under the Platform unless separately approved by the Board.

III. Investment Criteria

All acquisitions under the Platform shall meet the following criteria unless otherwise approved by the Board of Directors:

1. **Asset Quality**: Properties must be Class A or B+ multifamily apartments with modern amenities, well-maintained infrastructure, and a proven track record of tenant retention. Due diligence shall include comprehensive reviews of financial performance, physical condition, environmental assessments, and market analysis.
2. **Financial Metrics**:

- Projected internal rate of return (IRR) for the investment period should exceed 10% net of fees, based on conservative assumptions for rental growth, occupancy, and operating expenses, and exit pricing.
- Debt financing, if utilized, shall not exceed 70% loan-to-value (LTV) at acquisition, with fixed or hedged interest rates to mitigate risk.
- Cash flow projections must demonstrate positive net operating income (NOI) sufficient to cover debt service (if applicable) with a minimum debt service coverage ratio of approximately (DSCR) 1.25x.

3. **ESG Integration**:
    - **Environmental**: Properties may undergo assessments for energy efficiency, water conservation, waste management, and flood zone vulnerability. Preference shall be given to properties with existing or potential certifications such as LEED, ENERGY STAR, or equivalent green building standards.
    - **Social**: Evaluations shall consider community impact, including access to public transportation, proximity to employment centers, and affordability components (e.g., inclusion of workforce housing units). Properties must demonstrate consistent compliance or ability to promptly, upon acquisition, be brought into compliance with fair housing laws, and tenant health and safety standards.
    - **Governance**: Due diligence must assess property-level governance, including transparent management practices, anti-corruption measures, and alignment with ethical standards.

Property Due Diligence Details: Due diligence will focus on a quantitative evaluation based on historical and future performance, location of the asset, capital expenditure requirements, legislative requirements, and other relevant criteria, with a strong preference of avoiding rent-controlled properties.

The Company will prepare due diligence data, review third-party reports, and may benchmark certain prospective assets against multifamily peer groups (e.g., Garden, Mid-Rise, High-rise, mixed-use Multi-Family in the U.S. as applicable). Properties not meeting the threshold may be reconsidered with a remediation plan approved by the Board.

Risk Assessment: If requested by the Board, investments must undergo a risk evaluation that may include sensitivity analysis for economic downturns, interest rate fluctuations and regional market shifts. Properties in high-risk flood zones or areas prone to natural disasters shall be avoided unless adequately mitigated through insurance or other measures.

Sustainability and Compliance: All acquisitions must comply with federal, state, and local regulations, including fair housing laws, environmental standards, and ESG reporting requirements.

The Company's management shall prepare a detailed investment memorandum for each proposed acquisition which must be reviewed and approved by the Management's Investment Committee prior to commitment.

IV. Partnership Requirements

Acquisitions under the Platform shall be structured as joint ventures or similar partnerships with institutional investors (e.g., pension funds, insurance companies, real estate investment trusts, high net worth family offices, or sovereign wealth funds). Key requirements include:

1. **Equity Contribution**: Institutional partners would ideally contribute a minimum of 90% of the equity portion of the capital stack required for each acquisition. The Company may contribute up to 10% of the equity. In cases where the equity partner provides less than 90% of the equity, the Company shall secure additional third party investments to ensure no more than 10% of the equity is provided by the Company.
2. **Partner Selection**: Partners must have a demonstrated track record in real estate investments, strong financial stability, and alignment with the Company's standards.
3. **Governance**: Joint venture agreements shall provide the Company with operational control over property management and decision-making authority on day-to-day matters, subject to major decision veto rights of equity partners (e.g., sale, refinance, or major capital expenditures).
4. **Exit Strategy**: Agreements must include provisions for orderly exits, such as rights of first offer/refusal, buy-sell mechanisms, or forced sales after the hold period.

V. Fees and Compensation Structure

The Company shall receive market-rate compensation for its role in sourcing, acquiring, and managing assets under the Platform, structured as follows:

1. **Transaction Fees**: A market-rate acquisition fee, typically 1-2% of the total transaction value, payable at closing for services including deal sourcing, due diligence, and negotiation.
2. **Property Management Fees**: Ongoing annual fees, typically 3-4% of gross rental revenues, for providing property management services, including leasing, maintenance, tenant relations, and financial reporting.
3. **Promote Feature**: A market-rate promoted interest (or "promote"), typically structured as a disproportionate share of profits above a predefined hurdle rate (e.g., 8-10% IRR to investors). The promote shall be payable based on the performance of the asset during the hold period, calculated upon realization events such as sale, refinance, or distribution of excess cash flows. The promote structure must incentivize long-term value creation and align interests with institutional partners.

The Company shall not receive any hidden or undisclosed compensation.

VI. Hold Period

The typical hold period for assets acquired under the Platform shall be 5-10 years, during which the Company will manage the property to optimize performance, NOI growth and asset value. Early dispositions (before 5 years) may be considered only in exceptional circumstances, such as favorable market conditions or strategic portfolio adjustments, and must be approved by the Board, subject to applicable Major Decisions as defined in the relevant partnership agreements, if applicable. Extensions beyond 10 years require partner consent and Board approval, with a focus on maximizing returns.

During the hold period, regular performance reporting to partners shall include quarterly financial statements, annual budgets, updates on key metrics such as occupancy and rental rates.

VII. Risk Management and Compliance

1. **Diversification**: The Platform shall aim for portfolio diversification across submarkets within the approved geographic areas to mitigate concentration risk. Any assets located outside of the U.S. Mid-Atlantic Region or the southeastern U. S. shall require Board approval.
2. **Insurance and Liability**: Adequate insurance coverage shall be maintained for all properties, including property, liability, directors & officer's insurance, and coverage for environmental related risks such as environmental liabilities.
3. **Conflicts of Interest**: Any potential conflicts (e.g., Company affiliates providing services) must be disclosed and approved by independent Board members.
4. **Related Party Transactions**: Any and all Related Party Transactions (e.g., Company affiliates providing equity, loan guarantees, etc) must be approved by independent Board members and disclosed to applicable Institutional partners.
5. **Monitoring and Review**: The Board shall review the Platform's performance annually.
6. **Regulatory Compliance**: All activities shall comply with SEC regulations, Nasdaq rules, and other applicable laws, including anti-money laundering (AML) and know-your-customer (KYC) requirements for partners.

VIII. Approval and Amendments

This policy may be reviewed and approved by the Board at least annually. Amendments require a majority vote of the Board. Management shall report to the Board on all Platform activities at each regular Board meeting.