

Comstock Holding Companies Reports Third Quarter 2019 Results

Transition to Commercial Real Estate and Asset Management Contributing to Revenue Growth and Improving Results

WASHINGTON and RESTON, Va., Nov. 14, 2019 (GLOBE NEWSWIRE) -- On November 14, 2019, Comstock Holding Companies, Inc., (NASDAQ: CHCI) (the "Company"), announced results for the three and nine months ended September 30, 2019:

Highlights from continuing operations of Third Quarter 2019, as compared to Third Quarter 2018:

- ▮ Total revenue of \$5.2 million, an increase of 52% as compared to \$3.4 million during the same period of the prior year.
- ▮ Asset management revenues of \$4.3 million, an increase of 57% compared to \$2.7 million during the same period of the prior year.
- ▮ Revenue from real estate services of \$0.9 million, an increase of 33% compared to \$0.7 million during the same period of the prior year.
- ▮ Operating income of \$0.3 million as compared to (\$0.1 million) during the same period of the prior year before accounting for non-cash charges related to Company's Long Term Compensation Plan.

Highlights from continuing operations of nine months ended September 30, 2019, as compared to nine months ended September 30, 2018:

- ▮ Total revenue of \$14.8 million, an increase of 46% as compared to \$10.1 million during the same period of the prior year.
- ▮ Asset management revenues of \$12.2 million, an increase of 44% as compared to \$8.5 million during the same period of the prior year.
- ▮ Revenue from real estate services of \$2.6 million, an increase of 56% as compared to \$1.7 million during the same period of the prior year.
- ▮ Operating income of \$1.05 million as compared to \$0.02 million during the same period of the prior year before accounting for non-cash charges related to Company's Long Term Compensation Plan.

Chairman and CEO, Christopher Clemente commented, "Comstock's improving results are driven by our 2018 transition away from the for-sale housing market in favor of commercial real estate development and asset management in a market that is benefiting from the economic growth in the Washington, DC region, most notably in the Northern Virginia area, fueled in part by the growing presence of technology companies, federal contractors, and professional service firms. During the 3rd quarter we continued to experience robust demand for office buildings we are developing and managing in Reston, Virginia, resulting in new leases with ICF, Rolls-Royce, Neustar, CertiPath, as well as our residential and retail properties in Reston and Ashburn, Virginia."

"As previously reported, the transition of our company is anchored by an Asset Management Agreement that provides new revenue sources including a cost-plus element that provides downside protection as well as additional revenue related to development, leasing, stabilization, and the overall performance of managed assets. I fully expect that we will continue to improve results as we advance the ongoing development of key assets included in our anchor portfolio of mixed-use and transit-oriented assets as we continue to focus on growing assets under management and expanding our real estate related service offerings in order to build long term value for all stakeholders."

About Comstock Holding Companies, Inc.

Comstock Holding Companies, Inc. ("CHCI") is a real estate development, asset management and real estate services company that has designed, developed, constructed and managed several thousand residential units and millions of square feet of residential and mixed-use projects throughout the Washington, D.C. metropolitan market since 1985. In 2018, CHCI announced its plan to wind-down its subsidiary for-sale homebuilding operation to focus exclusively on commercial real estate investment, development, asset management and real estate related services. Anchoring CHCI's transition is a long-term asset management agreement covering two of the largest transit-oriented, mixed-use developments in the Washington, D.C. area; Reston Station, a nearly 5 million square foot transit-oriented and mixed-use development in Reston, Virginia, and Loudoun Station, a nearly 2.5 million square foot transit-oriented, mixed-use development in Ashburn, Virginia, and additional development assets. Comstock has over 35 years experience in entitling, designing, developing, and managing a diverse range of properties including apartments, condominiums, mixed-use (residential and commercial) properties, large-scale commercial parking garages and infrastructure projects. CHCI also provides development supply chain services, including capital markets, real estate brokerage, environmental consulting and remediation services.

Comstock Holding Companies, Inc. is publicly traded on NASDAQ under the symbol CHCI. For more information, visit www.ComstockCompanies.com

Cautionary Statement Regarding Forward-Looking Statements

This release may include "forward-looking" statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by use of words such as "anticipate," "believe," "estimate," "may," "intend," "expect," "will," "should," "seeks" or other similar expressions. Forward-looking statements are based largely on our expectations and involve inherent risks and uncertainties, many of which are beyond our control. Any number of important factors could cause actual results to differ materially from those in the forward-looking statements. Additional information concerning important risk factors and uncertainties can be found under the heading "Risk Factors" in our latest Annual Report on Form 10-K, as filed with the Securities and Exchange Commission. Comstock specifically disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

Company:

Comstock Holding Companies, Inc.

Source: Comstock Holding Companies, Inc.

COMSTOCK HOLDING COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share and per share data)

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,598	\$ 854
Trade receivables	954	973
Trade receivables - related parties	2,487	2,950
Other assets	235	362
Current assets of discontinued operations	-	7,786
Total current assets	<u>5,274</u>	<u>12,925</u>
Equity method investments carried at fair value	8,603	—
Fixed assets, net	244	221
Goodwill	1,702	1,702
Intangible assets, net	120	170
Lease right-of-use assets	128	—
Long term assets of discontinued operations	—	20,082
TOTAL ASSETS	<u>\$ 16,071</u>	<u>\$ 35,100</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,396	\$ 2,776
Deferred revenue	—	1,875
Notes payable - due to affiliates, unsecured, net of discount	4,981	4,903
Current liabilities of discontinued operations	—	4,889
Total current liabilities	<u>7,377</u>	<u>14,443</u>
Notes payable - secured, net of deferred financing charges	750	922
Notes payable - unsecured, net of deferred financing charges	595	595
Lease liabilities	128	—
Long term liabilities of discontinued operations	—	12,510
TOTAL LIABILITIES	<u>8,850</u>	<u>28,470</u>
Commitments and contingencies		
STOCKHOLDERS' EQUITY		
Series C preferred stock \$0.01 par value, 20,000,000 and 3,000,000 shares authorized, 3,440,690 and 2,799,848 issued and outstanding and liquidation preference of \$17,203 and \$13,999 at September 30, 2019 and December 31, 2018, respectively	\$ 6,765	\$ 7,193
Class A common stock, \$0.01 par value, 59,779,750 and 11,038,071 shares authorized, 7,832,645 and 3,703,513 issued, and 7,747,075 and 3,617,943 outstanding at September 30, 2019 and December 31, 2018, respectively	78	37
Class B common stock, \$0.01 par value, 220,250 shares authorized, issued and outstanding at September 30, 2019 and December 31, 2018	2	2
Additional paid-in capital	198,184	180,673
Treasury stock, at cost (85,570 shares Class A common stock)	(2,662)	(2,662)
Accumulated deficit	(195,146)	(194,319)
TOTAL COMSTOCK HOLDING COMPANIES, INC. EQUITY (DEFICIT)	<u>7,221</u>	<u>(9,076)</u>
Non-controlling interests	—	15,706
TOTAL EQUITY	<u>7,221</u>	<u>6,630</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 16,071</u>	<u>\$ 35,100</u>

COMSTOCK HOLDING COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Revenues				
Revenue—asset management	\$ 4,293	\$ 2,730	\$ 12,178	\$ 8,481
Revenue—real estate services	947	711	2,573	1,652
Total revenue	5,240	3,441	14,751	10,133
Expenses				
operating expenses - asset management	3,710	2,458	10,541	7,605
operating expenses - real estate services	862	922	2,265	1,775
Sales and marketing	—	1	—	6
General and administrative	453	242	1,234	970
Operating income (loss)	215	(182)	711	(223)
Other income, net	—	36	16	117
Interest (expense)	(186)	(25)	(352)	(73)
(Loss) on equity method investments carried at fair value	(606)	—	(606)	—
(Loss) before income tax benefit	(577)	(171)	(231)	(179)
Income tax (benefit)	—	(445)	—	(940)
Net (loss) income from continuing operations	(577)	274	(231)	761
Net (loss) from discontinued operations, net of tax	(66)	(2,201)	(596)	(4,413)
Net (loss)	(643)	(1,927)	(827)	(3,652)
Income per share from continuing operations				
Basic net income per share	\$ (0.07)	\$ 0.07	\$ (0.04)	\$ 0.21
Diluted net income per share	\$ (0.07)	\$ 0.07	\$ (0.04)	\$ 0.20
Loss per share from discontinued operations				
Basic net loss per share	\$ (0.01)	\$ (0.59)	\$ (0.10)	\$ (1.20)
Diluted net loss per share	\$ (0.01)	\$ (0.55)	\$ (0.10)	\$ (1.15)
Basic weighted average shares outstanding	7,954	3,759	6,159	3,684
Diluted weighted average shares outstanding (continuing operations)	7,954	3,975	6,159	3,826
Diluted weighted average shares outstanding (discontinued operations)	7,954	3,975	6,159	3,826