Comstock

Comstock Reports Fiscal Year 2021 Results

- **Revenue increased 38% to $31.1 million in 2021 vs. $22.5 million in 2020**
- **Net income from continuing operations of $16.0 million vs. $2.1 million in 2020**
- **Adjusted EBITDA increased 68% to $5.8 million in 2021 vs. $3.4 million in 2020**
- **Continued expansion of managed portfolio through acquisition and investment in two mixed-use, transit-oriented, luxury high-rise apartment assets in Rockville, Md.**

RESTON, Va. — March 31, 2022 — Comstock Holding Companies, Inc. (Nasdaq: CHCI) ("Comstock") announced results today for its fiscal year ended December 31, 2021.

"Comstock's 2021 was highlighted by growth of assets under management, revenue, and earnings," said Christopher Clemente, Chairman and CEO. "The premium assets in our Anchor Portfolio continue to provide a foundation for positive top and bottom-line results. Our investments in newly acquired assets and expansion of third-party owned assets under management further enhance our ability to generate efficiencies of scale and drive revenue and earnings."

Key Performance Metrics[1]

	FY 2021		FY 2020	
Revenue	$	31,093	$	22,487
Income (loss) from operations	$	5,065	$	2,654
Net income (loss)	$	16,039	$	2,141
Adjusted EBITDA	$	5,798	$	3,445
Net income (loss) per share — diluted	$	1.76	$	0.25
Managed Portfolio - # of assets		34		27

Highlights

- Closed $312 million Blackstone refinance of developed Reston Station office towers (1900, 1902 and 1906 Reston Metro Plaza), generating net financing origination fees of ~$2.2 million.
- Simultaneously closed on $43 million DivcoWest preferred equity for 1900, 1902 and 1906 Reston Metro Plaza, generating $0.4 million of investment origination fees.
- Commenced phase 2 development on transit-oriented Reston Station; will include four new high-rise buildings consisting of more than 1.3 million square feet of office, residential, retail, entertainment, and hotel space set above a 1 million square foot commercial garage.

[1] All amounts represent continuing operations. Please see the included financial tables for a reconciliation of Adjusted EBITDA to the most directly comparable GAAP financial measure

- ~$11.3 million tax benefit from second quarter net operating loss valuation allowance release due to the reliability and predictability of the Company's asset-ligh, leverage-light business plan to generate earnings
- Expanded BLVD-branded residential portfolio through acquisition and investment in a 2 building, transit-oriented, luxury high-rise apartment complex consisting of 513 units, approximately 36,000 square feet of retail, and two commercial parking garages. The acquisition of BLVD Forty Four was completed in October 2021 and the acquisition of BLVD Ansel was completed in March 2022 and are the subject of a joint venture with Comstock Partners, LC, an affiliated privately-held company (CHCI co-investment of 5% equity in each property).
- Expanded ParkX operations by adding 5 new managed garages in 2021.
- Announced 85,000 square feet lease to Qualtrics (Nasdaq: XM) in 1906 Reston Metro Plaza, making the building 100% leased.
- Secured buyer to complete divestiture of Comstock Environmental Services line of business (deal finalized on March 31, 2022).

About Comstock

Comstock is a leading developer and manager of mixed-use and transit-oriented properties in the Washington, D.C. metropolitan area. As a vertically integrated and multi-faceted asset management and real estate services company, Comstock has designed, developed, constructed, acquired, and managed thousands of residential units and millions of square feet of commercial and mixed-use properties in since 1985, and has been selected by multiple jurisdictions as Master Developer of Public-Private Partnerships responsible for development of some of the largest transit-oriented developments in the Washington, DC region. Comstock provides a wide array of real estate-related services that include asset management, strategic capital markets advisory services, development and construction management, marketing and leasing services, office and retail property management, residential property management, and commercial garage management. Comstock is publicly traded on Nasdaq under the ticker symbol CHCI. For more information, please visit: 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.

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COMSTOCK HOLDING COMPANIES, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(Unaudited; In thousands, except per share data)

	December 31, 2021	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 15,823	$ 7,032
Accounts receivable	46	62
Accounts receivable - related parties	1,697	3,568
Prepaid expenses and other current assets	197	186
Current assets held for sale	2,313	1,477
Total current assets	20,076	12,325
Fixed assets, net	264	170
Investments in real estate ventures	4,702	6,307
Operating lease assets	7,245	7,914
Deferred income taxes, net	11,300	—
Other assets	15	29
Non-current assets held for sale	—	1,834
Total assets	$ 43,602	$ 28,579
Liabilities and Stockholders' Equity		
Current liabilities:		
Accrued personnel costs	$ 3,468	$ 2,333
Accounts payable and accrued liabilities	783	854
Current operating lease liabilities	616	569
Current loans payable	—	5
Current liabilities held for sale	1,194	742
Total current liabilities	6,061	4,503
Credit facility - due to affiliates	5,500	5,500
Operating lease liabilities	6,745	7,361
Total liabilities	18,306	17,364
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Series C preferred stock; $0.01 par value; aggregate liquidation preference of $17,203; 20,000 shares authorized; 3,441 issued and outstanding as of December 31, 2021 and 2020	6,765	6,765
Class A common stock; $0.01 par value; 59,780 shares authorized; 8,102 and 7,954 issued, and 8,016 and 7,868 outstanding as of December 31, 2021 and 2020, respectively	81	79
Class B common stock; $0.01 par value; 220 shares authorized, issued, and outstanding as of December 31, 2021 and 2020	2	2
Additional paid-in capital	200,617	200,147
Treasury stock, at cost (85,570 shares of Class A common stock)	(2,662)	(2,662)
Accumulated deficit	(179,507)	(193,116)
Total stockholders' equity	25,296	11,215
Total liabilities and stockholders' equity	$ 43,602	$ 28,579

COMSTOCK HOLDING COMPANIES, INC. AND SUBSIDIARIES
Consolidated Statements of Operations
(Unaudited; In thousands, except per share data)

	Year Ended December 31, 2021	Year Ended December 31, 2020
Revenue	$ 31,093	$ 22,487
Operating costs and expenses:		
Cost of revenue	24,649	18,445
Selling, general, and administrative	1,285	1,314
Depreciation and amortization	94	74
Total operating costs and expenses	26,028	19,833
Income (loss) from operations	5,065	2,654
Other income (expense)		
Interest expense	(235)	(344)
Gain (loss) on real estate ventures	(14)	(160)
Other income (expense), net	6	16
Income (loss) from continuing operations before income tax	4,822	2,166
Provision for (benefit from) income tax	(11,217)	25
Net income (loss) from continuing operations	16,039	2,141
Net income (loss) from discontinued operations, net of tax	(2,430)	(59)
Net income (loss)	$ 13,609	$ 2,082
Weighted-average common stock outstanding:		
Basic	8,213	8,056
Diluted	9,095	8,539
Net income (loss) per share:		
Basic - Continuing operations	$ 1.95	$ 0.27
Basic - Discontinued operations	(0.29)	(0.01)
Basic net income (loss) per share	$ 1.66	$ 0.26
Diluted - Continuing operations	$ 1.76	$ 0.25
Diluted - Discontinued operations	(0.26)	(0.01)
Diluted net income (loss) per share	$ 1.50	$ 0.24

COMSTOCK HOLDING COMPANIES, INC. AND SUBSIDIARIES
Non-GAAP Financial Measures
(Unaudited; In thousands)

Adjusted EBITDA

The following table presents a reconciliation of net income (loss) from continuing operations, the most directly comparable financial measure as measured in accordance with GAAP, to Adjusted EBITDA for each of the periods indicated:

	Year Ended December 31,	
	2021	2020
Net income (loss) from continuing operations	$ 16,039	$ 2,141
Interest expense, net	235	344
Income taxes	(11,217)	25
Depreciation and amortization	94	74
Stock-based compensation	633	701
Gain (loss) on equity method investments	14	160
Adjusted EBITDA	$ 5,798	$ 3,445

We define Adjusted EBITDA as net income (loss) from continuing operations, excluding the impact of interest expense (net of interest income), income taxes, depreciation and amortization, stock-based compensation, and gain (loss) on equity method investments.

We use Adjusted EBITDA to evaluate financial performance, analyze the underlying trends in our business and establish operational goals and forecasts that are used when allocating resources. We expect to compute Adjusted EBITDA consistently using the same methods each period.

We believe Adjusted EBITDA is a useful measure because it permits investors to better understand changes over comparative periods by providing financial results that are unaffected by certain non-cash items that are not considered by management to be indicative of our operational performance.
While we believe that Adjusted EBITDA is useful to investors when evaluating our business, it is not prepared and presented in accordance with GAAP, and therefore should be considered supplemental in nature. Adjusted EBITDA should not be considered in isolation, or as a substitute, for other financial performance measures presented in accordance with GAAP. Adjusted EBITDA may differ from similarly titled measures presented by other companies.