

Comstock Holding Companies Reports 2020 Results

3/31/2021

Growth of Commercial Real Estate Asset Management Platform Producing Revenue and Earnings Growth
WASHINGTON and RESTON, Va., March 31, 2021 (GLOBE NEWSWIRE) -- On March 31, 2021, Comstock Holding Companies, Inc., (NASDAQ: CHCI) (the "Company"), announced financial results for the year ended December 31, 2020:

Highlights of 2020 year-end financial results:

- Net income increased by 133% to \$2.1 million in 2020, as compared to \$0.9 million in 2019.
- Total revenue increased by 13% to \$28.7 million in 2020, as compared to \$25.3 million in 2019.
- Revenue from asset management operations increased by 12% to \$21.9 million in 2020, as compared to \$19.6 million in 2019.
- Revenue from real estate services increased by 19% to \$6.8 million in 2020, compared to \$5.7 million in 2019.
- Operating income increased by 13% to \$2.6 million in 2020, as compared to \$2.3 million in 2019.
- As of December 31, 2020, cash and cash equivalents increased 100% to \$7.0 million as compared to \$3.5 million as of December 31, 2019.
- During 2020, the Company secured a \$10 million revolving capital line of credit at Prime Rate (currently 3.25%) plus 1% interest cost and utilized a portion of the new facility to retire 100% of the Company's \$5.7 million 10% corporate debt obligation, ending 2020 with a \$5.5 million outstanding balance of corporate debt obligations, as compared to \$7.0 million at year-end 2019.

Company 2020 highlights:

- During 2020, the Company expanded its Assets Under Management ("AUM"), which now includes over 3 million square feet of stabilized assets, including our most recent delivery of 318 additional apartments at

Loudoun Station, located at the terminus station of Metro's Silver Line in Ashburn, Virginia and the acquisition of an approximately 136,000 square foot Class A office building at Reston Station in Reston, Virginia, positioning the Company to proceed with plans to further expand its Reston Station mixed-use and transit-oriented development, which now covers approximately 37 acres.

- The Company completed the acquisition on behalf of affiliates of 4.7 acres from the Town of Herndon, Virginia, positioning the Company to proceed with development of a new mixed-use project pursuant to its third public-private partnership with local governmental bodies on properties proximate to Metro's Silver Line in the high growth Dulles Corridor.
- The Company formed a joint venture with an institutional partner to purchase a majority ownership stake in the 211,000 square foot Hartford Building located in the Clarendon section of Arlington County's premier mixed-use and transit-oriented employment corridor, the Rosslyn-Ballston Corridor.
- The Company sourced over \$180 million in debt related to its AUM in support its strategic plan to develop certain assets under management while also acquiring additional stabilized assets in select high growth mixed-use, and transit-oriented areas in the Washington, DC region.
- The Company secured approvals for development of the next phase of its Reston Station development, the Reston Row District, which will include more than 1.4 million square feet of mixed-use, transit-oriented development featuring Virginia's first JW Marriot luxury hotel with approximately 240 keys and 90 JW Marriott branded residences, as well as additional office, retail, and residential buildings.
- The Company's subsidiary, Comstock Commercial Management, LC, increased leasing of its office and retail portfolio to 79% overall, as a result of multiple new office leases in its Reston Station development, and multiple new retail leases in its Reston Station and Loudoun Station developments.
- The Company's subsidiary, Comstock Residential Management, LC, increased leasing occupancy of the stabilized BLVD Apartments properties in its portfolio to 89% overall, while commencing lease up of two new BLVD Apartments properties at its Loudoun Station development.
- The Company expanded its subsidiary, Park X Management, LC, with the opening of four new parking garages, adding more than 3,000 parking spaces to its managed portfolio, which now totals approximately 8,500 spaces.
- The Company was recognized as a 2020 Top Workplace by the Washington Post.

"The Covid-19 pandemic created many challenges for our industry in 2020. I am pleased to report that as a result of the commitment of our dedicated team of commercial real estate professionals, Comstock was able to generate growth in our top and bottom lines, most notably increasing our year over year net income by 133% while increasing revenues in all aspects of our operations," said Christopher Clemente, Chairman and CEO of Comstock Holding Companies Inc. "Our success in 2020 demonstrates the financial stability provided by our long-term asset

management agreements, the quality of our portfolio assets and the continued strong demand for our real estate and real estate related services.”

About Comstock Holding Companies, Inc.

Comstock Holding Companies, Inc. (“Comstock” or “CHCI”) is a developer, operator, and asset manager of mixed-use and transit-oriented development properties in the greater Washington, D.C. metropolitan area, where we focus primarily on select high-growth urban and transitioning “sub-urban” markets. We provide a broad range of real estate asset management services, including development and construction management services, leasing and property management services, debt and equity financing origination, and other real estate related services. Our customers primarily include private and institutional owners and investors in the real estate properties that we manage and various governmental bodies that have a vested interest in public-private partnerships responsible for the development of certain properties that we develop and manage. CHCI’s managed portfolio includes two of the largest transit-oriented, mixed-use developments in the Washington, D.C. area; Reston Station, a five 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, as well as other additional development assets. We also invest capital on behalf of our asset management clients and institutional real estate investors in office, retail, residential and mixed-use properties, generally retaining an economic interest for the Company and providing management services to those properties, thereby enabling the Company to increase its assets under management in order to realize competitive advantages of scale and enhance our overall returns. The Company also provides additional fee-based real estate services, including corporate planning, capital markets, brokerage, title insurance, design, and environmental consulting and engineering services, to properties in the Company’s managed portfolio and to other clients in the U.S. Mid-Atlantic Region.

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.

Christopher Guthrie, 703-230-1292

Chief Financial Officer

Source: Comstock Holding Companies, Inc.

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,032	\$ 3,511
Trade receivables, net	1,482	1,886
Trade receivables - related parties	3,598	3,644
Prepaid and other assets, net	242	274
Total current assets	<u>12,354</u>	<u>9,315</u>
Equity method investments at fair value	6,307	8,421
Fixed assets, net	266	278
Operating lease right-of-use assets	7,914	114
Goodwill	1,702	1,702
Intangible assets, net	36	103
TOTAL ASSETS	<u>\$ 28,579</u>	<u>\$ 19,933</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accrued personnel costs	\$ 2,442	\$ 2,916
Accounts payable	523	1,438
Accrued liabilities	964	166
Short term operating lease liabilities	569	—
Short term notes payable - due to affiliates, net of discount	—	5,706
Short term notes payable	5	77
Total current liabilities	<u>4,503</u>	<u>10,303</u>
Long term notes payable - due to affiliates	5,500	—
Long term notes payable, net of deferred financing charges	—	1,212
Long term operating lease liabilities, net of current portion	7,361	61
TOTAL LIABILITIES	<u>\$ 17,364</u>	<u>\$ 11,576</u>
Commitments and contingencies (Note 10)		
STOCKHOLDERS' EQUITY		
Series C preferred stock, \$0.01 par value, 20,000,000 shares authorized, 3,440,690 shares issued and outstanding with a liquidation preference of \$17,203 at December 31, 2020 and 2019	\$ 6,765	\$ 6,765
Class A common stock, \$0.01 par value, 59,779,750 shares authorized, 7,953,729 and 7,849,756 issued and 7,868,159 and 7,764,186 outstanding at December 31, 2020 and 2019, respectively	79	78
Class B common stock, \$0.01 par value, 220,250 shares authorized, issued and outstanding at December 31, 2020 and 2019	2	2
Additional paid-in capital	\$ 200,147	\$ 199,372
Treasury stock, at cost (85,570 shares Class A common stock)	(2,662)	(2,662)
Accumulated deficit	(193,116)	(195,198)
TOTAL EQUITY	<u>\$ 11,215</u>	<u>\$ 8,357</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 28,579</u>	<u>\$ 19,933</u>

COMSTOCK HOLDING COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except per share data)

	For the years ended December 31,	
	2020	2019
Revenue		
Asset management	\$ 21,923	\$ 19,605
Real estate services	6,803	5,712
Total revenue	<u>28,726</u>	<u>25,317</u>
Operating expenses		
Direct costs - asset management	18,445	16,561
Direct costs - real estate services	4,097	4,611
General and administrative	2,956	1,487
Sales and marketing	661	383
Operating income	<u>2,567</u>	<u>2,275</u>
Interest expense	(379)	(474)
Other income, net	112	225
Income before income tax expense	<u>2,300</u>	<u>2,026</u>
Income tax expense	(25)	(2)
Loss on equity method investments carried at fair value	(193)	(560)
Net income from continuing operations	2,082	1,464
Net loss from discontinued operations, net of tax	—	(571)
Net income	<u>\$ 2,082</u>	<u>\$ 893</u>
Income per share from continuing operations		
Basic net income per share	\$ 0.26	\$ 0.22
Diluted net income per share	\$ 0.24	\$ 0.22
Loss per share from discontinued operations		
Basic net loss per share	\$ —	\$ (0.09)
Diluted net loss per share	\$ —	\$ (0.09)
Income per share		
Basic net income per share	\$ 0.26	\$ 0.13
Diluted net income per share	\$ 0.24	\$ 0.13
Basic weighted average shares outstanding	8,056	6,617
Diluted weighted average shares outstanding	8,539	6,799

COMSTOCK

Source: Comstock Holding Companies, Inc.