



April 17, 2017

Comstock Holding Companies Reports 2016 Results and Provides Preliminary Highlights for First Quarter 2017

WASHINGTON & RESTON, Va.--(BUSINESS WIRE)-- Comstock Holding Companies, Inc., (NASDAQ: CHCI), announced 2016 results and provided preliminary highlights on the first quarter 2017 performance:

2016 year-end financial results:

- | Backlog at year-end 2016 of 35 units valued at \$16.7 million, compared to 25 units valued at \$10.8 million at year-end 2015;
- | Unit deliveries of 94 units, generating homebuilding revenue of \$40.7 million in 2016, compared to 123 units generating \$60.1 million of revenue in 2015;
- | Net loss of \$(9.3) million, or \$(2.81) per diluted share in 2016, which includes an impairment charge of \$(1.7) million, or \$(0.51) per diluted share, compared to net loss of \$(4.6) million or \$(1.43) per diluted share in 2015, which includes an impairment charge of \$(2.8) million, or \$(0.86) per diluted share;
- | Controlled community count and open community count of 16 and 12, respectively, at year-end 2016 compared to 17 and 10, at year-end 2015.

2017 1st quarter preliminary highlights:

- | The Company began sales at two new projects, the Townes at Totten Mews in Washington, D.C. (priced from \$599,990) and the Towns at 1333 in Alexandria, Virginia (priced from \$899,990). These projects represent a continuation of the highly successful product line that the Company offered in its Hampshire's project in Washington, D.C. (sold out in 2015), and the Company's first project in the highly sought after location of old town Alexandria, and are expected to generate gross revenue of approximately \$40 million, with revenue beginning in the second quarter of 2017;
- | The Townes at Totten Mews and the Towns at 1333 represent the deployment of the capital raised through the Company's Comstock Investor X, L.C. 6% per annum preferred private placement offering of \$14.5 million. These projects are expected to begin generating revenue in 2017 and based on the favorable terms of the Comstock Investor X offering, the Company expects attractive margins to be generated by sales at these projects;
- | Backlog at March 31, 2017 of 44 units valued at \$23.9 million, including the first sale at the Towns at 1333, and the first 3 sales at the Townes at Totten Mews, compared to 38 units valued at \$16.3 million at March 31, 2016;
- | Unit deliveries of 25 units, generating homebuilding revenue of \$10.1 million in the three-month period ended March 31, 2017, compared to 22 units generating \$9.5 million of revenue for the same period in 2016;
- | Operating expenses for 2017 are projected to be lower than in any recent year, enhancing the Company's ability to protect and potentially enhance margins. For the year ended December 31, 2016, general and administrative expenses decreased \$1.8 million (25%) to \$5.6 million compared to \$7.4 million in 2015;
- | Efforts to reduce our cost-of-capital, such as the recent Comstock Investors X, L.C. private placement offering is expected to begin impacting the Company's earnings potential in the first quarter of 2017;
- | On March 22, 2017, the Company entered into a Share Exchange Agreement with the holders of the Company's Series B Non-Convertible Preferred Stock, pursuant to which the Company exchanged 772,210 shares of the Company's newly created Series C Non-Convertible Preferred Stock, par value \$0.01 per share and a stated liquidation value of \$5.00 per share, for all outstanding Series B Non-Convertible Preferred Stock, including accrued preferred dividends earned on the Series B Preferred Stock. The Series C Preferred Stock has a discretionary dividend feature, as opposed to the mandatory dividend feature in the Series B Preferred Stock.
- | On April 4, 2017, the Company completed the purchase of all Series C Preferred Stock held by Gregory Benson, the Company's former President and Chief Operating Officer, for \$88,619. The transaction resulted in the retirement of 193,052.50 shares of Series C Preferred Stock, with a stated liquidation value of \$965,263. This transaction results in improved flexibility for the Company in connection with recognition of costs associated with the remaining Series C Preferred Stock, which now are held solely by the Company's Chief Executive Officer, Christopher Clemente, and his family members;

- 1 On April 4, 2017, a group of insiders, including the Company's Chief Executive Officer, Christopher Clemente, several board members, and executive managers, completed the purchase of a significant portion of the Class A common stock, together with, all of the Class B common stock shares held by the Company's former President and Chief Operating Officer, Gregory Benson, who retired in 2015;
- 1 The Company expects to release financial results for the first quarter of 2017, on or before May 15, 2017.

Chairman and CEO, Christopher Clemente commented, "The volume of qualified traffic and demand for new homes has increased in the Washington, D.C. market. We believe this is due in part to the dramatic rise in the value of the stock market since the 2016 elections, as well as concerns about interest rates rising this year. Based on these conditions continuing, coupled with the impact of the subsequent events discussed in this press release, we expect 2017 may prove to be a positive year for Comstock. We believe that the significant steps we have taken to reduce operating costs over the last few years, recent steps we have taken to thoroughly re-evaluate the earnings potential of our current portfolio and generally improving market fundamentals in the Washington, D.C. market, position Comstock to generate earnings in near term future periods."

COMSTOCK COMMUNITIES NOW OPEN

Comstock currently has 10 communities open for sale in Virginia and Maryland, including townhomes, condominiums, single-family homes and villas priced from the high \$200s to the \$900s. For further details on the open communities, see the attached Pipeline Report as of December 31, 2016 and the Form 10-K filed by the company on April 17, 2017.

COMSTOCK COMMUNITIES COMING SOON

In addition to the 10 communities already open, Comstock has four communities in various stages of planning and development. The communities, located in Maryland and Virginia, include townhomes, single-family homes and condominium units to be priced from the lower \$300s. For further details on the communities in planning, see the attached Pipeline Report as of December 31, 2016 and the Form 10-K filed by the company on April 17, 2017.

About Comstock Holding Companies, Inc.

Comstock is a homebuilding and multi-faceted real estate development and services company that builds a wide range of housing products under its Comstock Homes brand through its wholly owned subsidiary, Comstock Homes of Washington, LC. Our track record of developing numerous successful new home communities and nearly 6,000 homes, together with our substantial experience in building a diverse range of products including apartments, single-family homes, townhomes, mid-rise condominiums, high-rise condominiums and mixed-use (residential and commercial) developments has positioned Comstock as a leading developer and homebuilder in the Washington, D.C. metropolitan area. Comstock is a publicly traded company, trading on NASDAQ under the symbol CHCI. For more information about Comstock or its new home communities, please visit www.comstockhomes.com.

Cautionary Statement Regarding Forward-Looking Statements

This release includes "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. You should not place undue reliance on any forward-looking statement, which speaks only as of the date made. Some factors which may affect the accuracy of the forward-looking statements apply generally to the real estate industry, while other factors apply directly to us. Any number of important factors which could cause actual results to differ materially from those in the forward-looking statements include, without limitation: completion of Comstock's financial accounting and review procedures; general economic and market conditions, including interest rate levels; our ability to service our debt; inherent risks in investment in real estate; our ability to compete in the markets in which we operate; economic risks in the markets in which we operate, including actions related to government spending; delays in governmental approvals and/or land development activity at our projects; regulatory actions; fluctuations in operating results; our anticipated growth strategies; shortages and increased costs of labor or building materials; the availability and cost of land in desirable areas; adverse weather conditions or natural disasters; our ability to raise debt and equity capital and grow our operations on a profitable basis; and our continuing relationships with affiliates. Additional information concerning these and other important risk and uncertainties can be found under the heading "Risk Factors" in our Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, for the fiscal year ended December 31, 2016. Our actual results could differ materially from those projected or suggested by the forward-looking statements. Comstock claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for all forward-looking statements contained herein. Comstock specifically disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

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

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
ASSETS		
Cash and cash equivalents	\$ 5,761	\$ 12,448
Restricted cash	1,238	2,566
Trade receivables	613	332
Real estate inventories	49,842	38,223
Fixed assets, net	255	394
Other assets, net	2,112	4,197
TOTAL ASSETS	<u>\$ 59,821</u>	<u>\$ 58,160</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued liabilities	\$ 7,721	\$ 7,638
Notes payable - secured by real estate inventories, net of deferred financing charges	26,927	24,692
Notes payable - due to affiliates, unsecured, net of discount and deferred financing charges	15,866	19,028
Notes payable - unsecured, net of deferred financing charges	911	1,361
Income taxes payable	19	-
TOTAL LIABILITIES	<u>51,444</u>	<u>52,719</u>
Commitments and contingencies (Note 14)		
STOCKHOLDERS' EQUITY (DEFICIT)		
Series B preferred stock, \$0.01 par value, 3,000,000 shares authorized, 841,848 and 772,210 shares issued and liquidation preference of \$4,209 and \$3,861 at December 31, 2016 and 2015, respectively		
	\$ 1,280	\$ 1,174
Class A common stock, \$0.01 par value, 11,038,071 shares authorized, 3,035,922 and 2,997,437 issued and outstanding, respectively		
	30	30
Class B common stock, \$0.01 par value, 390,500 shares authorized, issued and outstanding		
	4	4
Additional paid-in capital	176,251	175,963
Treasury stock, at cost (85,570 shares Class A common stock)	(2,662)	(2,662)
Accumulated deficit	(184,778)	(175,785)
TOTAL COMSTOCK HOLDING COMPANIES, INC. DEFICIT	<u>(9,875)</u>	<u>(1,276)</u>
Non-controlling interests	18,252	6,717
TOTAL EQUITY	<u>8,377</u>	<u>5,441</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 59,821</u>	<u>\$ 58,160</u>

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

	For the years ended December 31,	
	2016	2015
Revenues		
Revenue—homebuilding	\$ 40,696	\$ 60,132
Revenue—other	884	1,244
Total revenue	<u>41,580</u>	<u>61,376</u>

Expenses		
Cost of sales—homebuilding	38,236	51,583
Cost of sales—other	427	551
Impairment charges and recovery, net	1,703	2,765
Sales and marketing	1,606	2,076
General and administrative	5,586	7,410
Interest and real estate tax expense	886	547
Operating loss	(6,864)	(3,556)
Other income, net	157	861
Loss before income tax expense	(6,707)	(2,695)
Income tax (expense) benefit	(55)	732
Net loss	(6,762)	(1,963)
Net income attributable to non-controlling interests	2,231	2,604
Net loss attributable to Comstock Holding Companies, Inc.	(8,993)	(4,567)
Paid-in-kind dividends on Series B Preferred Stock	348	-
Net loss attributable to common stockholders	<u>\$ (9,341)</u>	<u>\$ (4,567)</u>
Basic loss per share	\$ (2.81)	\$ (1.43)
Diluted loss per share	\$ (2.81)	\$ (1.43)
Basic weighted average shares outstanding	3,321	3,198
Diluted weighted average shares outstanding	3,321	3,198

Pipeline Report as of December 31, 2016

Project	State	Product Type (1)	Estimated Units at Completion	Units Settled	Backlog (8)	Units Owned Unsold	Units Under Control (2)	Total Units Owned, Unsettled and Under Control	Average New Order Revenue Per Unit to Date (in 000's)
City Homes at the Hampshires	DC	SF	38	38	-	-	-	-	\$ 747
Townes at the Hampshires (3)	DC	TH	73	73	-	-	-	-	\$ 551
Estates at Falls Grove	VA	SF	19	18	-	1	-	1	\$ 546
Townes at Falls Grove	VA	TH	110	80	9	21	-	30	\$ 302
Townes at Shady Grove Metro	MD	TH	36	26	-	10	-	10	\$ 581
Townes at Shady Grove Metro (4)	MD	SF	3	3	-	-	-	-	\$ -
Momentum Shady Grove Metro (5)	MD	Condo	110	-	-	110	-	110	\$ -
Estates at Emerald Farms	MD	SF	84	78	5	1	-	6	\$ 431
Townes at Maxwell Square	MD	TH	45	45	-	-	-	-	\$ 421
Townes at Hallcrest	VA	TH	42	36	6	-	-	6	\$ 464
Estates at Leeland	VA	SF	24	5	5	14	-	19	\$ 461
Villas Preserve at Two Rivers 28'	MD	TH	6	5	-	1	-	1	\$ 458
Villas Preserve at Two Rivers 32'	MD	TH	10	9	-	1	-	1	\$ 506
Marrwood East (6)	VA	SF	35	1	8	26	-	34	\$ 638
Townes at Totten Mews (7)	DC	TH	40	-	1	39	-	40	\$ 650

The Towns at 1333	VA	TH	18	-	-	18	-	18	\$	-
The Woods at Spring Ridge	MD	SF	21	-	1	20	-	21	\$	645
Solomons Choice	MD	SF	56	-	-	-	56	56	\$	-
Townes at Richmond Station	VA	TH	104	-	-	-	104	104	\$	-
Condominiums at Richmond Station	VA	MF	54	-	-	-	54	54	\$	-
Total			928	417	35	262	214	511		

- (1) "SF" means single family home, "TH" means townhouse, "Condo" means condominium and "MF" means multi-family.
(2) Under land option purchase contract, not owned.
(3) 3 of these units are subject to statutory affordable dwelling unit program.
(4) Units are subject to statutory moderately priced dwelling unit program.
(5) 16 of these units are subject to statutory moderately priced dwelling unit program.
(6) 1 of these units is subject to statutory affordable dwelling unit program.
(7) 5 of these units are subject to statutory inclusionary zoning program.
(8) "Backlog" means we have an executed order with a buyer but the settlement did not occur prior to report date.

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