

## Comstock Holds Initial Closing for Private Placement Offering

### *Comstock Growth Fund Open to Interested Accredited Investors*

RESTON, Va.--(BUSINESS WIRE)-- Comstock Holding Companies, Inc. (Nasdaq:[CHCI](#)) ("Comstock" or the "Company"), a homebuilding and multi-faceted real estate development and services company in the Washington, D.C. metropolitan area, today announced the initial closing of a private placement offering (the "Offering") by Comstock Growth Fund, L.C. ("CGF"), the latest in a series of private placement offerings sponsored by the Company to raise capital to fund its growth initiatives.

The initial closing on CGF is anchored by a \$10 million investment received from Comstock Development Services, L.C. ("CDS"), an entity that is wholly-owned by Christopher Clemente, Comstock's Chairman and Chief Executive Officer. CGF received additional commitments from members of Comstock's board of directors and management. CGF will seek to raise up to \$20 million in the aggregate, including the amounts invested by insiders.

The capital raised by CGF will be used to provide mezzanine financing to Comstock (the "CGF Loan"). Comstock will use the proceeds of the CGF Loan to refinance all, or a portion of, Comstock's prior private placements and project mezzanine loans, and to capitalize Comstock's expansion plans including its current and future development pipeline; and for general corporate purposes. Promptly upon the initial funding of the CGF Loan, Comstock redeemed all equity interests of Comstock Investors VII, L.C., one of two existing private placements.

The maximum amount available for borrowing by the Company under the CGF Loan is \$20 million. Comstock will pay CGF interest on the outstanding balance of the CGF Loan based on a floating rate of LIBOR plus 9.75% with a 10% floor and will pay CGF a loan origination fee of 1%. The Company is required to make principal curtailments annually in an amount equal to 10% of the average outstanding balance of the CGF Loan for the prior year. The CGF Loan has a three-year term. Comstock is the manager of CGF but does not have an ownership interest in CGF.

In connection with the private placement, the Company has agreed to issue warrants ("Warrants," and each a "Warrant") to purchase shares of the Company's Class A Common Stock (the "Class A Common Stock") to purchasers other than CDS who purchase an amount that equal or exceed a minimum investment amount of \$100,000. The Warrants represent the right to purchase an aggregate amount of between 500,000 to 1,000,000 shares of the Class A Common Stock, depending upon the investment amount of each purchaser.

Any Warrants issued to a purchaser who is a third-party accredited investor will have an initial exercise price (subject to certain restrictions as indicated on each Warrant) equal to the average of the closing price of the Class A Common Stock over the 20 trading days preceding the issuance of the Warrant.

Any Warrants issued to a purchaser who is a member of the Company's management or board of directors will have an initial exercise price representing a premium to the closing price of the Class A Common Stock on the day before the Warrant is issued in accordance with NASDAQ requirements.

Prospective accredited investors interested in the CGF Offering or Comstock should contact Stephen Trauner, Vice President-Investments at [strauner@comstockcompanies.com](mailto:strauner@comstockcompanies.com) or 703.230.1293. To participate in the Offering, an investor must be qualified as an "accredited investor" as defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended. Generally, individuals are considered "accredited investors" if they have (i) gross income (or joint gross income together with a spouse) in excess of \$200,000 (\$300,000 jointly) in each of the last two calendar years with the expectation of the same in the current year, or (ii) a net worth greater than \$1,000,000 (excluding their primary residence).

### **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 more than 5,500 homes, together with our substantial experience in building a diverse range of products including apartments, single-family homes, townhouses, mid-rise condominiums, high-rise condominiums and mixed-use (residential and commercial) developments, has positioned Comstock as a leading residential developer and homebuilder in the Washington, D.C. metropolitan area. Comstock Holding Companies, Inc. 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](http://www.comstockhomes.com).

## Cautionary Statement Regarding Forward-Looking Statements

This release contains "forward-looking" statements that are made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve known and unknown risks and uncertainties that may cause actual future results to differ materially from those projected or contemplated in the forward-looking statements including incurring substantial indebtedness with respect to projects, the diversion of management's attention and other negative consequences. Additional information concerning these and other important risks and uncertainties can be found under the heading "Risk Factors" in the Company's most recent 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.

### **Comstock Holding Companies, Inc.**

Steve Trauner, 703-230-1293

Vice President - Investments

or

### **Investor Relations**

LHA

Harriet Fried / Jody Burfening, 212-838-3777

[hfried@lhai.com](mailto:hfried@lhai.com)

Source: Comstock Holding Companies, Inc.

News Provided by Acquire Media