



Comstock Holding Companies Reports First Quarter 2016 Results

May 16, 2016

WASHINGTON & RESTON, Va.--(BUSINESS WIRE)-- Comstock Holding Companies, Inc., (NASDAQ:CHCI), announced results for the first quarter ended March 31, 2016:

Highlights of First Quarter 2016:

- Total revenue of \$9.7 million for the three months ended March 31, 2016 compared to \$10.3 million for the same period in 2015;
- Unit deliveries of 22, generating homebuilding revenue of \$9.5 million for the three months ended March 31, 2016 compared to unit deliveries of 21 generating \$10.0 million of homebuilding revenue for the same period in 2015;
- Backlog at March 31, 2016 of 38 units valued at \$16.3 million, compared to 27 units valued at \$14.3 million at March 31, 2015;
- Net loss of \$(1.8) million or \$(0.55) per diluted share for the three months ended March 31, 2016 compared to \$(0.9) million or \$(0.31) per diluted share in 2015;
- Controlled community count and open community count of 17 and 10, respectively, at March 31, 2016 compared to 19 and 10, respectively at March 31, 2015; and

Chairman and CEO, Christopher Clemente commented, "Our first quart results are in line with our expectations for early 2016. Our focus on reducing fixed operating expenses over the past two years has substantially rationalized overhead expenses. The result of our cost reduction efforts are expected to result in general and administrative costs for the full year 2016 that are at least 25% below 2015. We believe that our reduced cost structure coupled with increased backlog (38 units compared to 27 units at March 31, 2015) and increased scale made possible by what appears to be improving market conditions in the Washington, DC area is expected to contribute towards our effort to generate positive results in the near future."

	Three Months Ended March 31,	
	2016	2015
	(unaudited)	(unaudited)
Revenues		
Revenue—homebuilding	\$ 9,523	\$ 10,010
Revenue—other	183	307
Total revenue	9,706	10,317
Operating loss	(1,271)	(930)
Net loss	(1,288)	(668)
Net income attributable to non-controlling interests	436	275
Net loss attributable to Comstock Holding Companies, Inc.	(1,724)	(943)
Net loss applicable to common stockholders	\$ (1,810)	\$ (943)
Basic and diluted net loss per share	\$ (0.55)	\$ (0.31)
Supplemental data		
Unit deliveries	22	21
Backlog units	38	27
Backlog revenue	\$ 16,264	\$ 14,346
Controlled communities (1)	17	19
Open communities	10	9
Pipeline units under control (1)	513	925

(1) Includes communities and units under land option purchase contract, not owned.

COMSTOCK COMMUNITIES NOW OPEN

- Townes at Falls Grove (Manassas, VA, Prince William County) - townhome style condominiums priced from the high \$200s
- Townes at Shady Grove (Rockville, MD, Montgomery County) - townhomes, adjacent to the Metro, priced from the low

\$600s

- Townes at Maxwell Square (Frederick, MD, Frederick County) - townhomes in historic downtown Frederick priced from the high \$300s
- Townes at Hallcrest (Sterling, VA, Loudoun County) - townhomes priced from the mid \$400s
- Estates at Falls Grove (Manassas, VA, Prince William County) - single-family homes priced from the high \$400s
- Estates at Leeland (Fredericksburg, VA, Stafford County) - single-family homes priced from the mid \$300s
- Marrwood East (Loudoun County, VA) - single-family homes priced from the \$600s
- The Villas at Two Rivers I (Odenton, MD, Anne Arundel County) - villas priced from the low \$400s
- The Villas at Two Rivers II (Odenton, MD, Anne Arundel County) - villas priced from the low \$400s
- Estates at Emerald Farm (Frederick, MD, Frederick County) - single-family homes priced from the high \$300s

COMSTOCK COMMUNITIES COMING SOON

- Townes at Shady Grove - Phase II (Rockville, MD, Montgomery County) -- townhomes, adjacent to the Metro, priced from the low \$600s
- The Estates at Popkins Lane (Alexandria, VA) - single-family homes priced from the mid \$800s with construction activity beginning in late 2016 and sales activity beginning in winter of 2017
- Townes at Totten Mews (Washington, DC) - townhomes priced from the high \$500s with construction and sales activity beginning in mid 2016.
- The Townes at Richmond Station (Manassas, VA) - townhomes priced from the \$300s with construction activity beginning in late 2017 and sales activity in early 2018.
- Condos at Richmond Station (Manassas, VA) - condominiums priced from the high \$200s with construction activity beginning in late 2017 and sales activity in early 2018.

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 the 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, 2015. Our actual results could differ materially from these 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)

	March 31,	December 31,
	2016	2015
	(unaudited)	
ASSETS		
Cash and cash equivalents	\$ 4,613	\$ 12,448
Restricted cash	2,541	2,566
Trade receivables	790	332
Real estate inventories	35,370	38,223
Fixed assets, net	339	394
Other assets, net	4,771	4,515
TOTAL ASSETS	<u>\$ 48,424</u>	<u>\$ 58,478</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued liabilities	\$ 6,052	\$ 7,638
Notes payable - secured by real estate inventories	21,137	24,823
Notes payable - due to affiliates, unsecured, net of discount	17,025	19,028
Notes payable - unsecured	1,419	1,548
TOTAL LIABILITIES	<u>45,633</u>	<u>53,037</u>
Commitments and contingencies (Note 8)		
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred stock \$0.01 par value, 789,426 and 772,210 shares issued and liquidation preference of \$3,947 and \$3,861 at March 31, 2016 and December 31, 2015, respectively	\$ 1,200	\$ 1,174
Class A common stock, \$0.01 par value, 11,038,071 shares authorized, 3,012,360 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	175,975	175,963
Treasury stock, at cost (85,570 shares Class A common stock)	(2,662)	(2,662)
Accumulated deficit	(177,509)	(175,785)
TOTAL COMSTOCK HOLDING COMPANIES, INC. DEFICIT	(2,962)	(1,276)
Non-controlling interests	5,753	6,717
TOTAL EQUITY	<u>2,791</u>	<u>5,441</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 48,424</u>	<u>\$ 58,478</u>

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

	Three Months Ended March 31,	
	2016	2015
	(unaudited)	
Revenues		
Revenue—homebuilding	\$ 9,523	\$ 10,010
Revenue—other	183	307
Total revenue	<u>9,706</u>	<u>10,317</u>
Expenses		
Cost of sales—homebuilding	8,645	8,590
Cost of sales—other	91	165
Sales and marketing	483	425
General and administrative	1,542	1,897
Interest and real estate tax expense	216	170
Operating loss	(1,271)	(930)
Other income, net	8	192
Loss before income tax (expense) benefit	(1,263)	(738)
Income tax (expense) benefit	(25)	70
Net loss	<u>(1,288)</u>	<u>(668)</u>

Net income attributable to non-controlling interests	436	275
Net loss attributable to Comstock Holding Companies, Inc.	(1,724)	(943)
Paid-in-kind dividends on Series B Preferred Stock	86	-
Net loss applicable to common stockholders	<u>\$ (1,810)</u>	<u>\$ (943)</u>
Basic net loss per share	\$ (0.55)	\$ (0.31)
Diluted net loss per share	\$ (0.55)	\$ (0.31)
Basic weighted average shares outstanding	3,304	3,038
Diluted weighted average shares outstanding	3,304	3,038

Pipeline Report as of March 31, 2016

Project	State	Product Type (1)	Estimated		Units		Total Units		Average Revenue Per Unit to Date
			Units at Completion	Units Settled	Units Owned	Units Under Control (2)	Owned, Unsettled and Under Control	New Order	
City Homes at the Hampshires	DC	SF	38	37	-	1	-	1	\$ 746
Townes at the Hampshires (3)	DC	TH	73	73	-	-	-	-	\$ 551
Estates at Falls Grove	VA	SF	19	10	5	4	-	9	\$ 540
Townes at Falls Grove	VA	TH	110	60	8	42	-	50	\$ 301
Townes at Shady Grove Metro	MD	TH	36	26	-	10	-	10	\$ 626
Townes at Shady Grove Metro (4)	MD	SF	3	3	-	-	-	-	\$ 199
Momentum Shady Grove Metro (5)	MD	Condo	110	-	-	110	-	110	\$ -
Estates at Emerald Farms	MD	SF	84	78	2	4	-	6	\$ 411
Townes at Maxwell Square	MD	TH	45	38	6	1	-	7	\$ 420
Townes at Hallcrest	VA	TH	42	11	11	20	-	31	\$ 457
Estates at Leeland	VA	SF	24	-	3	21	-	24	\$ 451
Villas Preserve at Two Rivers 28'	MD	TH	10	3	1	4	5	10	\$ 445
Villas Preserve at Two Rivers 32'	MD	TH	10	6	2	4	4	10	\$ 505
Estates at Popkins Lane	VA	SF	12	-	-	-	12	12	\$ -
Townes at Richmond Station	VA	TH	54	-	-	-	54	54	\$ -
Richmond Station Multi-family	VA	MF	104	-	-	-	104	104	\$ -
Townes at Totten Mews (6)	DC	TH	40	-	-	-	40	40	\$ -
Marrwood East (7)	VA	SF	35	-	-	-	35	35	\$ -
Total			849	345	38	221	254	513	

(1) "SF" means single family home, "TH" means townhouse, "Condo" means condominium, "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; not considered a separate community.

(5) 18 of these units are subject to statutory moderately priced dwelling unit program.

(6) 5 of these units are subject to statutory affordable dwelling unit program.

(7) 1 of these units is subject to statutory affordable dwelling unit 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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