

Comstock Holding Companies Announces Second Quarter 2015 Results

First-half 2015 revenue up 16% to \$22.9 million from \$19.8 million in same period 2014

Pipeline of controlled land inventory increases to 900 lots at June 30, 2015

Actions taken to regain compliance with NASDAQ listing requirements

WASHINGTON & RESTON, Va.--(BUSINESS WIRE)-- Comstock Holding Companies, Inc., (NASDAQ:CHCI), today announced financial results for the three and six months ended June 30, 2015.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Revenues				
Revenue—homebuilding	\$ 12,115	\$ 11,657	\$ 22,125	\$ 19,488
Revenue—other	449	143	756	266
Total revenue	12,564	11,800	22,881	19,754
Operating loss	(799)	(624)	(1,729)	(1,448)
Net loss	(274)	(669)	(942)	(1,512)
Net income attributable to non-controlling interests	534	995	809	1,731
Net loss attributable to Comstock Holding Companies, Inc.	\$ (808)	\$ (1,664)	\$ (1,751)	\$ (3,243)
Basic and diluted net loss per share	\$ (0.04)	\$ (0.08)	\$ (0.08)	\$ (0.15)
Supplemental data				
Unit deliveries	25	28	46	47
Backlog units	43	48	43	48
Backlog revenue	\$ 22,340	\$ 24,817	\$ 22,340	\$ 24,817
Controlled communities (1)	19	17	19	17
Open communities	10	6	10	6
Pipeline units under control (1)	900	866	900	866

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

Business Commentary

Chairman and CEO Christopher Clemente commented: "We are encouraged by continued year-over-year progress in operations, with revenues increasing 16% during the first six months of the year compared with the same period in 2014. In addition, the increase in the number of planned communities under control, as well as those currently active and selling, provides the platform we need to continue growth in 2016."

Clemente continued "As previously disclosed, we took steps during the quarter to ensure we regain compliance with NASDAQ's listing requirements, in a timely manner, including raising \$2 million in incremental equity and formally approving, but not yet implementing, the reverse split of our shares. Further expanding operational scale is critical to our restoring profitability. As such, we continue to focus on securing additional high-return for-sale homebuilding and multi-family rental projects for development while also continuing efforts to enhance overall operational efficiency. Although we are not satisfied with the pace of our progress, we remain committed to improving results and enhancing value for our shareholders."

COMSTOCK COMMUNITIES NOW OPEN

- City Homes at the Hampshires (Washington DC) -- single-family homes priced from the mid \$700s
- Townes at the Hampshires (Washington DC) -- townhomes priced from the low \$500s

- 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 mid \$400s
- Estates at Leeland, (Fredericksburg, VA, Stafford County) -- single-family homes priced from the mid \$300s
- The Villas at Two Rivers I (Odenton, MD, Anne Arundel County) - villas priced from the mid \$400s
- The Villas at Two Rivers II (Odenton, MD, Anne Arundel County) - villas priced from the mid \$400s

COMSTOCK COMMUNITIES COMING SOON

- The Estates at Stone Ridge (Loudoun County, VA) -- single-family homes priced from the low \$600s with construction and sales activity beginning in the fall of 2015
- The Estates at Popkins Lane (Alexandria, VA) -- single-family homes priced from the mid \$800s with construction and sales activity beginning in the fall of 2016

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, L.C. 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 residential 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, 2014. 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)

June 30, December 31,

	<u>2015</u>	<u>2014</u>
ASSETS	(unaudited)	
Cash and cash equivalents	\$ 6,152	\$ 7,498
Restricted cash	2,152	1,779
Trade receivables	954	110
Real estate inventories	47,058	40,889
Property, plant and equipment, net	478	395
Other assets	5,215	5,696
TOTAL ASSETS	<u>\$ 62,009</u>	<u>\$ 56,367</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued liabilities	\$ 9,466	\$ 8,538
Notes payable - secured by real estate inventories	29,298	28,379
Notes payable - due to affiliates, unsecured, net of discount	17,938	15,488
Notes payable - unsecured	1,806	2,064
Income taxes payable	-	43
TOTAL LIABILITIES	<u>58,508</u>	<u>54,512</u>
Commitments and contingencies	-	-
STOCKHOLDERS' EQUITY (DEFICIT)		
Class A common stock, \$0.01 par value, 77,266,500 shares authorized, 20,850,526 and 19,099,722 issued and outstanding, respectively	209	191
Class B common stock, \$0.01 par value, 2,733,500 shares authorized, issued and outstanding	27	27
Additional paid-in capital	172,751	171,452
Treasury stock, at cost (598,994 and 522,033 shares Class A common stock, respectively)	(2,662)	(2,583)
Accumulated deficit	(172,969)	(171,218)
TOTAL COMSTOCK HOLDING COMPANIES, INC. DEFICIT	<u>(2,644)</u>	<u>(2,131)</u>
Non-controlling interests	6,145	3,986
TOTAL EQUITY	<u>3,501</u>	<u>1,855</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 62,009</u>	<u>\$ 56,367</u>

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

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue—homebuilding	\$ 12,115	\$ 11,657	\$ 22,125	\$ 19,488
Revenue—other	449	143	756	266
Total revenue	<u>12,564</u>	<u>11,800</u>	<u>22,881</u>	<u>19,754</u>
Expenses				
Cost of sales—homebuilding	10,594	9,459	19,184	15,715
Cost of sales—other	188	85	353	178
Sales and marketing	489	559	914	1,097
General and administrative	1,936	2,318	3,833	4,207
Interest and real estate tax expense	156	3	326	5
Operating loss	(799)	(624)	(1,729)	(1,448)
Other income, net	582	12	774	67
Loss before income tax expense	(217)	(612)	(955)	(1,381)
Income tax (expense) benefit	(57)	(57)	13	(131)
Net loss	(274)	(669)	(942)	(1,512)
Net income attributable to non-controlling interests	534	995	809	1,731
Net loss attributable to Comstock Holding Companies, Inc.	<u>\$ (808)</u>	<u>\$ (1,664)</u>	<u>\$ (1,751)</u>	<u>\$ (3,243)</u>
Basic net loss per share	\$ (0.04)	\$ (0.08)	\$ (0.08)	\$ (0.15)

Diluted net loss per share	\$	(0.04)	\$	(0.08)	\$	(0.08)	\$	(0.15)
Basic weighted average shares outstanding		22,217		21,089		21,544		21,012
Diluted weighted average shares outstanding		22,217		21,089		21,544		21,012

Pipeline Report as of June 30, 2015

Project	State	Product Type (1)	Estimated		Units			Total Units	Average
			Units at Completion	Units Settled	Backlog (7)	Owned	Units Under Control (2)	Owned, Unsettled and Under Control	New Order Revenue Per Unit to Date
City Homes at the Hampshires	DC	SF	38	35	2	1	-	3	\$ 746
Townes at the Hampshires (3)	DC	TH	73	45	10	18	-	28	\$ 556
Estates at Falls Grove	VA	SF	19	3	8	8	-	16	\$ 537
Townes at Falls Grove	VA	TH	110	48	3	59	-	62	\$ 302
Townes at Shady Grove Metro	MD	TH	36	19	3	14	-	17	\$ 621
Townes at Shady Grove Metro (4)	MD	SF	3	-	-	3	-	3	\$ -
Momentum Shady Grove Metro (5)	MD	Condo	117	-	-	117	-	117	\$ -
Estates at Emerald Farms	MD	SF	84	78	-	6	-	6	\$ -
Townes at Maxwell Square	MD	TH	45	17	10	18	-	28	\$ 419
Townes at Hallcrest	VA	TH	42	1	3	38	-	41	\$ 487
Estates at Leeland	VA	SF	24	-	-	24	-	24	\$ -
Villas Preserve at Two Rivers 28'	MD	TH	66	-	2	4	60	66	\$ 464
Villas Preserve at Two Rivers 32'	MD	TH	54	-	2	4	48	54	\$ 542
Villas at New Design Road	MD	TH	78	-	-	-	78	78	\$ -
Estates at Popkins Lane	VA	SF	12	-	-	-	12	12	\$ -
Townes at Richmond Station	VA	TH	70	-	-	-	70	70	\$ -
Richmond Station Multi-family	VA	MF	103	-	-	-	103	103	\$ -
Townes at Totten Mews	VA	TH	37	-	-	-	37	37	\$ -
The Estates at Stone Ridge (6)	VA	SF	35	-	-	-	35	35	\$ -
River Creek Village	VA	SF	100	-	-	-	100	100	\$ -
Total			1,146	246	43	314	543	900	

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

(7) "Backlog" means we have an executed order with a buyer but the settlement did not occur prior to report date.

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