

## Comstock Holding Companies, Inc. Reports First Quarter 2014 Results

- 1Q homebuilding revenue totaled \$7.8 million on 19 deliveries
- Backlog doubles to 41 units valued at \$18.5 million compared to a year earlier
- Community count of 11 at quarter-end 2014 compared to 5 a year earlier

RESTON, Va.--(BUSINESS WIRE)-- Comstock Holding Companies, Inc. (NASDAQ:CHCI) ("Comstock" or the "Company"), a leading homebuilding and multi-faceted real estate development and services company focused on the Washington, D.C. metropolitan area, today announced results for the first quarter ended March 31, 2014.

Chairman and CEO Christopher Clemente commented, "As noted in our year-end press release on March 28, 2014, unusually harsh winter conditions delayed development and construction activities and impacted Comstock's deliveries and revenue for the first quarter. However, in spite of the weather conditions, sales during the first quarter of this year kept pace with the strong sales we experienced during the same period last year. Comstock generated 32 new orders valued at approximately \$14 million during the first quarter of this year compared to 33 sales valued at \$15.2 million during the same period last year. Sales during the first quarter of this year expanded our backlog as of quarter end to 41 units, valued at \$18.5 million, as compared to 21 units, valued at \$9.2 million, as of March 31, 2013. Our open community count stands at 11, up from five at the same time last year. Based on continued healthy activity in the market, a limited supply of existing homes listed for sale, and our expanded pipeline of building lots, we believe Comstock is well positioned to capitalize on the favorable market trends in the Washington, D.C. region."

### First Quarter 2014 Financial Results

Net new orders of homes totaled 32 for the three months ended March 31, 2014 compared to 33 in the same period last year. Backlog totaled 41 units (representing \$18.5 million in revenue) as of March 31, 2014 compared to 21 units (representing \$9.2 million in revenue) as of March 31, 2013. Average backlog price increased to \$452,000 from \$439,000 in the same period last year.

Total revenue for the first quarter of 2014 totaled \$8.0 million (\$7.8 million from 19 home settlements) compared to \$11.6 million for the 2013 first quarter (\$11.4 million from 21 home settlements). The Company reported a consolidated net loss of \$0.8 million for the first quarter of 2014 compared to net income of \$1.1 million for the 2013 period. In the first quarter of 2014, net loss attributable to Comstock Holding Companies totaled \$1.6 million, or \$0.08 per diluted share, compared to net income of \$0.7 million, or \$0.03 per diluted share, in the prior-year period. The 2013 period included the reversal of a \$0.7 million impairment charge reflecting increased sales activity at the Company's Eclipse project in Arlington, VA.

### 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, 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](http://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: 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, 2013. 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.

### **Exhibit 1**

#### **Settled Revenue by Community**

##### **Three Months Ended March 31, 2014 (000's)**

Community	Settled	Settled Revenue
Villas as Eastgate	1	\$ 351
City Homes at the Hampshires	2	1,480
Townes at the Hampshires	6	3,063
Townes at Falls Grove	10	2,937
<b>Total</b>	<b>19</b>	<b>\$ 7,831</b>

### **Exhibit 2**

#### **Backlog by Community**

##### **Three Months Ended March 31, 2014 (000's)**

Community	Backlog Units	Backlog Revenue
Villas at Eastgate	10	\$ 3,964
City Homes at the Hampshires	1	747
Townes at the Hampshires	6	3,343
Townes at Falls Grove	11	3,317
Townes at Maxwell Square	4	1,635
Townes at Shady Grove Metro	9	5,524
<b>Total</b>	<b>41</b>	<b>\$ 18,530</b>

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

	<b>March 31, 2014</b>	<b>December 31, 2013</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 7,363	\$ 11,895
Restricted cash	2,764	2,458
Trade receivables	523	346
Real estate inventories	41,075	39,843
Property, plant and equipment, net	223	243
Other assets	2,162	2,094
<b>TOTAL ASSETS</b>	<b>\$ 54,110</b>	<b>\$ 56,879</b>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Accounts payable and accrued liabilities	\$ 7,139	\$ 7,506
Notes payable - secured by real estate inventories	23,481	22,701
Notes payable - due to affiliates, unsecured	4,575	4,687
Notes payable - unsecured	2,451	2,580
Income taxes payable	144	346
<b>TOTAL LIABILITIES</b>	<b>37,790</b>	<b>37,820</b>
Commitments and contingencies (Note 8)	-	-
<b>STOCKHOLDERS' EQUITY</b>		
Class A common stock, \$0.01 par value, 77,266,500 shares authorized, 18,780,754 and 18,629,638 issued and outstanding, respectively	188	186
Class B common stock, \$0.01 par value, 2,733,500 shares authorized, issued and outstanding	27	27
Additional paid-in capital	171,030	170,811
Treasury stock, at cost (426,633 shares Class A common stock)	(2,480)	(2,480)
Accumulated deficit	(165,958)	(164,379)
<b>TOTAL COMSTOCK HOLDING COMPANIES, INC. EQUITY</b>	<b>2,807</b>	<b>4,165</b>
Non-controlling interest	13,513	14,894
<b>TOTAL EQUITY</b>	<b>16,320</b>	<b>19,059</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 54,110</b>	<b>\$ 56,879</b>

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

	<b>For the three months ended March 31,</b>	
	<b>2014</b>	<b>2013</b>
Revenues		
Revenue—homebuilding	\$ 7,831	\$ 11,396
Revenue—other	123	161
<b>Total revenue</b>	<b>7,954</b>	<b>11,557</b>
Expenses		
Cost of sales—homebuilding	6,256	8,796
Cost of sales—other	93	221
Impairment reversal	-	(722)
Sales and marketing	538	446
General and administrative	1,889	1,555
Interest, real estate taxes and indirect costs related to inactive projects	2	226
<b>Operating (loss) income</b>	<b>(824)</b>	<b>1,035</b>
Other income, net	55	27
Loss (income) before income tax expense	(769)	1,062
Income tax expense	(74)	-
Net (loss) income	(843)	1,062
Less: Net income attributable to non-controlling interests	736	339
Net (loss) income attributable to Comstock Holding Companies, Inc.	<b>\$ (1,579)</b>	<b>\$ 723</b>
Basic net (loss) income per share	\$ (0.08)	\$ 0.04
Diluted net (loss) income per share	\$ (0.08)	\$ 0.03
Basic weighted average shares outstanding	20,935	20,524
Diluted weighted average shares outstanding	20,935	21,717

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

	<b>Three Months Ended March 31,</b>	
	<b>2014</b>	<b>2013</b>
Cash flows from operating activities:		
Net (loss) income	\$ (843)	\$ 1,062
Adjustment to reconcile net (loss) income to net cash used in operating activities		
Amortization of loan discount and deferred financing fees	69	166
Depreciation expense	24	11
Provision for bad debt	-	7
Undistributed earnings from unconsolidated joint venture	34	-
Impairment reversal	-	(722)
Amortization of stock compensation	134	171
Changes in operating assets and liabilities:		
Restricted cash	(199)	(104)
Trade receivables	(177)	(76)
Real estate inventories	(1,216)	3,160
Other assets	(171)	(148)
Accrued interest	194	107
Accounts payable and accrued liabilities	(238)	445
Income taxes payable	(202)	-
Net cash (used in) provided by operating activities	(2,591)	4,079
Cash flows from investing activities:		
Investment in unconsolidated joint venture	-	-
Purchase of property, plant and equipment	(4)	(26)
Restricted cash	(107)	-
Proceeds from sale of Cascades Apartments - operating real estate, net	-	274
Net cash (used in) provided by investing activities	(111)	248
Cash flows from financing activities:		
Proceeds from notes payable	5,405	9,301
Payments on notes payable	(5,060)	(14,744)
Loan financing costs	-	(83)
Distributions to non-controlling interests	(2,117)	-
Contributions from non-controlling interests	-	6,995
Proceeds from exercise of stock options	-	-
Taxes paid related to net share settlement of equity awards	(58)	-
Net cash (used in) provided by financing activities	(1,830)	1,469
Net (decrease) increase in cash and cash equivalents	(4,532)	5,796
Cash and cash equivalents, beginning of period	11,895	3,539
Cash and cash equivalents, end of period	\$ 7,363	\$ 9,335
Supplemental disclosure for non-cash activity:		
Interest paid, net of interest capitalized	\$ (263)	\$ (30)
Increase in class A common stock par value in connection with vesting and issuance of stock		
compensation	\$ 2	\$ 6
Accrued liability settled through issuance of stock	\$ 129	\$ -

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or

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