

Comstock Holding Companies Reports Third Quarter 2016 Results

WASHINGTON & RESTON, Va.--(BUSINESS WIRE)-- Comstock Holding Companies, Inc., (NASDAQ:CHCI), announced results for the three and nine month periods ended September 30, 2016:

Highlights of Third Quarter 2016:

- | Unit deliveries of 33, generating homebuilding revenue of \$12.9 million for the three months ended September 30, 2016 compared to unit deliveries of 24 generating \$12.0 million of homebuilding revenue for the same period in 2015;
- | Unit deliveries of 76, generating homebuilding revenue of \$32.1 million for the nine months ended September 30, 2016 compared to unit deliveries of 70 generating \$34.2 million of homebuilding revenue for the same period in 2015;
- | Controlled community count and open community count of 15 and 12, respectively, at September 30, 2016 compared to 19 and 10, respectively at September 30, 2015;
- | Comstock has begun development and sales of three new projects in Virginia, Maryland, and Washington, D.C. during recent months, which collectively represent more than \$52 million of potential future revenues;
- | During the Quarter, the Company completed its most recent private placement offering, Comstock Investors X, L.C., providing \$14.5 million of new capital at a fixed preferred return of 6%. This capital will be utilized in connection with the development of certain projects scheduled to begin generating revenue in 2017.
- | The Company recognized impairment recoveries of \$0.7 million, related to the recovery of previously written off land contract deposits, and write-offs of \$0.8 million, related to deposits and entitlement costs determined to be non-recoverable, in the three and nine-months ended September 30, 2016.

Chairman and CEO, Christopher Clemente commented, "Our effort to reduce operating costs over the past few years has substantially rationalized overhead expenses. During the three month period ended September 30, 2016, our fixed operating costs decreased \$0.6 million (33%) as compared to the same period in 2015 and for the nine months ending September 30, 2016, our fixed operating costs decreased \$1.5 million (27%) as compared to the same period in 2015. These efforts together with the lower cost of capital provided through recent private placement offerings, position Comstock to enhance results in future periods."

COMSTOCK COMMUNITIES NOW OPEN

Comstock currently has 12 communities open for sale in Virginia, Maryland, and Washington, D.C., priced from the high \$200s to the \$900s. For further details on the open communities, see the attached Pipeline Report as of September 30, 2016 and the Form 10-Q filed by the company on November 14, 2016 or visit www.ComstockHomes.com.

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 through its wholly owned subsidiary, Comstock Homes of Washington, LC. Our track record of developing numerous successful new home communities more than 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)

	September 30, 2016	December 31, 2015
	(unaudited)	
ASSETS		
Cash and cash equivalents	\$ 2,464	\$ 12,448
Restricted cash	2,556	2,566
Trade receivables	514	332
Real estate inventories	48,189	38,223
Fixed assets, net	282	394
Other assets, net	2,570	4,515
TOTAL ASSETS	\$ 56,575	\$ 58,478
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued liabilities	\$ 12,155	\$ 7,638
Notes payable - secured by real estate inventories	24,848	24,823
Notes payable - due to affiliates, unsecured, net of discount	15,763	19,028
Notes payable - unsecured	1,161	1,548
Income taxes payable	21	-
TOTAL LIABILITIES	53,948	53,037
Commitments and contingencies		
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred stock \$0.01 par value, 824,058 and 772,210 shares issued and liquidation preference of \$4,120 and \$3,861 at September 30, 2016 and December 31, 2015, respectively	\$ 1,252	\$ 1,174
Class A common stock, \$0.01 par value, 11,038,071 shares authorized, 3,028,225 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	176,078	175,963
Treasury stock, at cost (85,570 shares Class A common stock)	(2,662)	(2,662)
Accumulated deficit	(180,464)	(175,785)
TOTAL COMSTOCK HOLDING COMPANIES, INC. DEFICIT	(5,762)	(1,276)
Non-controlling interests	8,389	6,717
TOTAL EQUITY	2,627	5,441
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 56,575	\$ 58,478

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

Three Months Ended September		Nine Months Ended September	
30,	2015	30,	2015
2016	2015	2016	2015

	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenues				
Revenue—homebuilding	\$ 12,880	\$ 12,043	\$ 32,102	\$ 34,168
Revenue—other	223	245	685	1,001
Total revenue	<u>13,103</u>	<u>12,288</u>	<u>32,787</u>	<u>35,169</u>
Expenses				
Cost of sales—homebuilding	11,985	10,749	29,815	29,933
Cost of sales—other	85	103	329	456
Impairment charges and recovery, net	91	-	91	-
Sales and marketing	427	498	1,313	1,412
General and administrative	1,236	1,853	4,151	5,686
Interest and real estate tax expense	133	100	655	426
Operating loss	<u>(854)</u>	<u>(1,015)</u>	<u>(3,567)</u>	<u>(2,744)</u>
Other income, net	98	28	119	802
Loss before income tax expense	<u>(756)</u>	<u>(987)</u>	<u>(3,448)</u>	<u>(1,942)</u>
Income tax expense	-	(36)	(57)	(23)
Net loss	<u>(756)</u>	<u>(1,023)</u>	<u>(3,505)</u>	<u>(1,965)</u>
Net income attributable to non-controlling interests	290	68	1,174	877
Net loss attributable to Comstock Holding Companies, Inc.	<u>(1,046)</u>	<u>(1,091)</u>	<u>(4,679)</u>	<u>(2,842)</u>
Paid-in-kind dividends on Series B Preferred Stock	87	-	259	-
Net loss attributable to common stockholders	<u>\$ (1,133)</u>	<u>\$ (1,091)</u>	<u>\$ (4,938)</u>	<u>\$ (2,842)</u>
Basic net loss per share	\$ (0.34)	\$ (0.33)	\$ (1.49)	\$ (0.90)
Diluted net loss per share	\$ (0.34)	\$ (0.33)	\$ (1.49)	\$ (0.90)
Basic weighted average shares outstanding	3,326	3,284	3,317	3,166
Diluted weighted average shares outstanding	3,326	3,284	3,317	3,166

Pipeline Report as of September 30, 2016

Project	State	Product Type (1)	Estimated		Units Backlog (8)	Units		Total Units Owned, Unsettled and Under Control (2)	Average New Order Revenue Per Unit to Date
			Units at Completion	Units Settled		Owned	Units Under Control		
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	16	2	1	-	\$ 543	
Townes at Falls Grove	VA	TH	110	78	3	29	-	\$ 301	
Townes at Shady Grove Metro	MD	TH	36	26	-	10	-	\$ 626	
Townes at Shady Grove Metro (4)	MD	SF	3	3	-	-	-	\$ 199	
Momentum Shady Grove Metro (5)	MD	Condo	110	-	-	110	-	\$ -	
Estates at Emerald Farms	MD	SF	84	78	5	1	-	\$ 431	
Townes at Maxwell Square	MD	TH	45	45	-	-	-	\$ 421	
Townes at Hallcrest	VA	TH	42	27	13	2	-	\$ 463	
Estates at Leeland	VA	SF	24	2	8	14	-	\$ 460	
Villas Preserve at Two Rivers 28'	MD	TH	6	4	1	1	-	\$ 454	
Villas Preserve at Two Rivers 32'	MD	TH	10	9	1	-	-	\$ 507	
Marrwood East (7)	VA	SF	35	-	2	33	-	\$ 637	
Townes at Richmond Station	VA	TH	54	-	-	-	54	\$ -	
Richmond Station Multi-family	VA	MF	104	-	-	-	104	\$ -	
Townes at Totten Mews (6)	DC	TH	40	-	-	40	-	\$ -	
The Towns at 1333	VA	TH	18	-	-	18	-	\$ -	
The Woods at Spring Ridge	MD	SF	21	-	-	21	-	\$ -	
Total			872	399	35	280	158	473	

- (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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