



## Comstock Holding Companies Reports Third Quarter 2018 Results and Provides Update On Transition From For-Sale Homebuilding to Commercial Development and Asset Management

November 9, 2018

WASHINGTON and RESTON, Va., Nov. 09, 2018 (GLOBE NEWSWIRE) -- Comstock Holding Companies, Inc., (NASDAQ: CHCI), announced results for the three and nine months ended September 30, 2018:

### Highlights of Third Quarter 2018, as compared to Third Quarter 2017:

- Total revenue of \$14.9 million, as compared to \$13.8 million during the same period of the prior year.
- Revenue from asset management operations of \$2.7 million during the third quarter 2018, representing a new and recurring revenue stream that commenced in Q1-2018.
- Revenue from real estate services of \$0.7 million, compared to \$0.7 million during the same period of the prior year.
- G&A expense decreased 81% to \$0.2 million, compared to \$1.3 million during the same period of the prior year.
- Net loss attributable to common stockholders of (\$1.9) million, or (\$0.52) per diluted share, including impairment charges of \$1.4 million, as compared to net loss attributable to common stockholders of (\$1.5) million, or (\$0.45) per diluted share during the same period of the prior year.
- Homebuilding backlog represents forward revenue of \$19.1 million on 34 home sales as compared to \$16.4 million on 27 units one-year prior.
- Wind down of for-sale homebuilding operations continues to meet the Company's previously announced expectations that the wind-down will be substantially completed by year-end 2018.

### Highlights of nine months ended September 30, 2018, as compared to nine months ended September 30, 2017:

- Total revenue of \$38.0 million, as compared to \$34.6 million during the same period of the prior year.
- Revenue from asset management operations of \$8.5 million during the nine months ended September 30, 2018, representing a new and recurring revenue stream.
- Revenue from real estate services of \$1.8 million, compared to \$1.2 million during the same period of the prior year.
- G&A expense decreased 74% to \$1.0 million, compared to \$3.7 million during the same period of the prior year.
- Net loss attributable to common stockholders of (\$3.7) million, or (\$0.99) per diluted share, including impairment charges of \$2.1 million, as compared to net loss attributable to common stockholders of (\$0.8) million, or (\$0.25) per diluted share during the same period of the prior year.

### Update Regarding Comstock's Previously Announced Plans to Wind-Down its For-Sale Homebuilding Operation and Transition Operational Focus to Commercial Development and Asset Management

Comstock has either sold and delivered or secured contracts to sell substantially all of the for-sale home inventory that it held or planned to construct at the time it announced its plans to exit the for-sale homebuilding market earlier this year. The Company expects that by year-end 2018, its remaining inventory of for-sale homes that will carry over for delivery in 2019 will be approximately 28. Additionally, the Company has secured contracts to sell all of its inventory of for-sale building lots to regional builders. The Company is actively completing site development of this remaining building lot inventory and expects that by year-end 2018, the Company will begin actively delivering these backlog lots.

The assets under management covered by the asset management agreement will at full build out include more than 5 million square feet of investment-grade, mixed-use assets encompassing more than 2,500 multi-family rental units, Class A and Trophy office, retail and entertainment buildings, hotels, and parking garages located adjacent to Washington, DC Silver Line Metro Stations; representing an estimated value of \$2.5 to \$3.0 billion.

For further details about Comstock's remaining homebuilding inventory, its assets under management, and its pipeline of commercial development assets, please see the Form 10-Q filed by the Company on November 8, 2018, or visit [www.ComstockHolding.com](http://www.ComstockHolding.com)

Chairman and CEO, Christopher Clemente commented, "I am pleased to report that the transformation of Comstock's business platform away from on balance-sheet development of for-sale residential communities to a fee-for-service asset management and real estate service model is progressing better than expected. In the 7 months since announcing our new business strategy, we have been able to sell through substantially all of our inventory of for-sale product, expand assets under management, commence build-out of our robust asset management pipeline, increase revenue from environmental services, further reduce G&A costs, and significantly enhance Comstock's executive management team. As a result of the homebuilding impairments taken this period, we also believe the negative earning impacts from the wind down of the homebuilder are largely behind us. Our entire team is energized and excited about the future of Comstock and I look forward to reporting on our continued progress in the coming months.

The Company's latest investor relations presentation describing the strategic vision of the Company can be found at [www.ComstockHolding.com](http://www.ComstockHolding.com).

### About Reston Station

Strategically located mid-way between Tysons Corner and Dulles International Airport, Reston Station is among the largest mixed-use, transit-oriented developments in the Washington, DC area. Located at the terminus of Phase I of Metro's Silver Line, Reston Station is already home to more than 1,000 residents, numerous businesses, multiple retail establishments, and several restaurants. With millions of square feet of high quality, mixed-use buildings completed, stabilized, under construction, or fully entitled and positioned to continue the transformation of Reston's skyline above and around the Wiehle-Reston East Metro Station, the Reston Station neighborhood is quickly taking shape and becoming Fairfax County's urban focal point in the Dulles Corridor. For more information about Reston Station, please visit; [www.RestonStation.com](http://www.RestonStation.com)

#### **About Loudoun Station**

Located at the terminus station on Metro's Silver Line, minutes from Dulles International Airport, Loudoun Station represents Loudoun County's first (and currently its only) Metro-connected development. Located adjacent to Metro's Ashburn Station at the terminus of Phase II of Metro's Silver Line, Loudoun Station is already home to hundreds of residents, numerous businesses (including Loudoun County's Department of Economic Development), multiple retail establishments and entertainment venues, and several restaurants. With millions of square feet of high quality, mixed-use buildings completed, stabilized, under construction, or fully entitled and positioned to continue the transformation of the Dulles Corridor in eastern Loudoun County, the Loudoun Station neighborhood is quickly taking shape. The Loudoun Station neighborhood represents Loudoun County's beginning transformation into a transit connected community with direct connectivity to Dulles International Airport, Reston, Tysons and downtown Washington, DC. As Loudoun County's only transit connected neighborhood, Loudoun Station has become the new downtown of Loudoun County in the Dulles Corridor. For more information about Loudoun Station, please visit; [www.LoudounStation.com](http://www.LoudounStation.com)

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

Comstock Holding Companies, Inc. (CHCI) is a multi-faceted real estate development, asset management and real estate related services company that, since 1985, has designed, developed, constructed and managed several thousand residential units and millions of square feet of residential and mixed-use projects throughout the Washington, DC metropolitan market and in other key markets in the southeastern United States. In early 2018, CHCI transitioned its operating platform from being primarily focused on developing on-balance sheet, for-sale, homebuilding projects to being focused on commercial real estate development, asset management and real estate related services. As a result, CHCI began operating through two real estate focused platforms, CDS Asset Management ("CAM") and Comstock Real Estate Services ("CRES"). CAM provides real estate development, asset management, and property management services, while CRES provides development supply chain services, including commercial loan origination, real estate brokerage, and environmental consulting services in the Washington, DC metropolitan area and in New Jersey and Pennsylvania. Anchoring the transition of CHCI is a long-term asset management agreement covering two of the largest transit-oriented, mixed-use developments in the Washington, DC area; Reston Station, a 4+ million square foot transit-oriented, mixed-use development located in Reston, VA, and Loudoun Station, a 2.5 million square foot transit-oriented, mixed-use development in Ashburn, VA, as well as other mixed-use and urban development assets. Comstock's substantial experience in entitling, designing, developing, and managing a diverse range of properties including apartments, single-family homes, townhomes, mid-rise condominiums, high-rise condominiums and mixed-use (residential and commercial) properties, as well as large scale commercial parking garages and infrastructure projects, has positioned the Comstock organization as a premier developer and real estate related service provider in the mid-Atlantic Region. The Company is a publicly traded company, trading on NASDAQ under the symbol CHCI. For more information about CHCI or its businesses, please visit [www.ComstockCompanies.com](http://www.ComstockCompanies.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 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; the reliance of substantially all of our revenues derived from our provision of management services to a limited number of companies; the Asset Management Agreement and other agreements with clients are subject to termination; 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, 2017. 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.

#### **Company:**

Comstock Holding Companies, Inc.  
Christopher Guthrie, 703-230-1292  
Chief Financial Officer

Source: Comstock Holding Companies, Inc.

	September 30, 2018 (unaudited)	December 31, 2017
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,469	\$ 1,806
Restricted cash	1,248	1,141
Trade receivables	2,480	491
Trade receivables - related parties	1,571	145
Real estate inventories	27,035	44,711
Fixed assets, net	241	309
Goodwill	1,702	1,702
Intangible assets, net	187	237
Other assets	1,175	616
<b>TOTAL ASSETS</b>	<b>\$ 39,108</b>	<b>\$ 51,158</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Accounts payable and accrued liabilities	\$ 5,930	\$ 9,116
Deferred revenue	2,500	—
Notes payable - secured by real estate inventories, net of deferred financing charges	17,401	23,215
Notes payable - due to affiliates, unsecured, net of discount and deferred financing charges	4,869	14,893
Notes payable - unsecured, net of deferred financing charges	718	1,285
Income taxes payable	63	39
<b>TOTAL LIABILITIES</b>	<b>31,481</b>	<b>48,548</b>
Commitments and contingencies (Note 13)		
<b>STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Series C preferred stock \$0.01 par value, 3,000,000 shares authorized, 2,799,848 and 579,158 shares issued and outstanding and liquidation preference of \$13,999 and \$2,896, at September 30, 2018 and December 31, 2017, respectively		
	\$ 7,193	\$ 442
Class A common stock, \$0.01 par value, 11,038,071 shares authorized, 3,683,199 and 3,295,518 issued, and outstanding, respectively		
	37	33
Class B common stock, \$0.01 par value, 220,250 shares authorized, issued, and outstanding, respectively		
	2	2
Additional paid-in capital	180,683	177,612
Treasury stock, at cost (85,570 shares Class A common stock)	(2,662 )	(2,662 )
Accumulated deficit	(193,456 )	(189,803 )
<b>TOTAL COMSTOCK HOLDING COMPANIES, INC. DEFICIT</b>	<b>(8,203 )</b>	<b>(14,376 )</b>
Non-controlling interests	15,830	16,986
<b>TOTAL EQUITY</b>	<b>7,627</b>	<b>2,610</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 39,108</b>	<b>\$ 51,158</b>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
<b>Revenues</b>				
Revenue—homebuilding	\$ 11,497	\$ 13,076	\$ 27,767	\$ 33,375
Revenue—asset management	2,730	—	8,481	—
Revenue—real estate services	712	739	1,790	1,228
<b>Total revenue</b>	<b>14,939</b>	<b>13,815</b>	<b>38,038</b>	<b>34,603</b>
<b>Expenses</b>				
Cost of sales—homebuilding	11,722	12,482	28,760	30,804
Cost of sales—asset management	2,458	—	7,605	—
Cost of sales—real estate services	922	846	1,775	1,366
Impairment charges	1,354	—	2,128	—
Sales and marketing	281	401	709	1,122

General and administrative	242	1,263	970	3,735
Interest and real estate taxes	38	16	147	16
Operating loss	(2,078)	(1,193)	(4,056)	(2,440)
Other income, net	26	21	81	69
Loss before income tax benefit (expense)	(2,052)	(1,172)	(3,975)	(2,371)
Income tax benefit (expense)	438	(29)	916	(29)
Net loss	(1,614)	(1,201)	(3,059)	(2,400)
Net income (loss) attributable to non-controlling interests	314	309	594	(630)
Net loss attributable to Comstock Holding Companies, Inc.	(1,928)	(1,510)	(3,653)	(1,770)
Paid-in-kind dividends on Series B Preferred Stock	—	—	—	78
Extinguishment of Series B Preferred Stock	—	—	—	(1,011)
Net loss attributable to common stockholders	\$ (1,928)	\$ (1,510)	\$ (3,653)	\$ (837)
Basic and diluted net loss per share	\$ (0.52)	\$ (0.45)	\$ (0.99)	\$ (0.25)
Basic and diluted weighted average shares outstanding	3,743	3,374	3,708	3,299

#### Pipeline Report as of September 30, 2018

Project	State	Product Type (1)	Estimated Units at Completion	Units Settled	Backlog (9)	Units Owned Unsold	Units Under Control (2)	Total Units Owned, Unsettled and Under Control	Average New Order Revenue Per Unit to Date
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	19	—	—	—	—	\$ 545
Townes at Falls Grove	VA	TH	110	110	—	—	—	—	\$ 304
Townes at Shady Grove Metro	MD	TH	36	27	—	9	—	9	\$ 583
Townes at Shady Grove Metro (4)	MD	SF	3	3	—	—	—	—	\$ —
Momentum   Shady Grove Metro (5)	MD	Condo	110	110	—	—	—	—	\$ 26
Estates at Emerald Farms	MD	SF	84	84	—	—	—	—	\$ 426
Townes at Maxwell Square	MD	TH	45	45	—	—	—	—	\$ 421
Townes at Hallcrest	VA	TH	42	42	—	—	—	—	\$ 465
Estates at Leeland	VA	SF	24	19	4	1	—	5	\$ 336
Villas   Preserve at Two Rivers 28'	MD	TH	6	6	—	—	—	—	\$ 458
Villas   Preserve at Two Rivers 32'	MD	TH	10	10	—	—	—	—	\$ 504
Marrwood East (7)	VA	SF	35	33	1	1	—	2	\$ 645
Townes at Totten Mews (6)	DC	TH	40	13	23	4	—	27	\$ 582
The Towns at 1333	VA	TH	18	14	-	4	—	4	\$ 922
The Woods at Spring Ridge	MD	SF	21	7	6	8	—	14	\$ 681
Solomons Choice (8)	MD	SF	1	1	-	-	—	-	\$ 653
Townes at Richmond Station	VA	Lot Sale	104	—	—	104	—	104	\$ —
Condominiums at Richmond Station	VA	Lot Sale	54	—	—	54	—	54	\$ —
<b>Total</b>			<b>873</b>	<b>654</b>	<b>34</b>	<b>185</b>	<b>—</b>	<b>219</b>	

(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) 16 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) During the third quarter of 2018, the Company exited this project after settling 1 unit

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

# COMSTOCK

Source: Comstock Holding Companies, Inc.