

# COMSTOCK

**Comstock Holding Companies, Inc.**  
**NASDAQ: CHCI**

**New Business Model**  
**March 2018**



# Comstock Holding Companies, Inc.

## DISCLAIMER

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. Additional information concerning important risks 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, 2016. 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.

## INVESTMENT OVERVIEW

- The commercial and residential capabilities of the Comstock organization are now combined under one public company: Comstock Holding Companies Inc. (NASDAQ: CHCI)
- This combination leverages the diverse capabilities and relationships developed over 30+ years by Comstock Homes (homebuilding subsidiary) and Comstock Partners (private commercial development firm)
- CHCI will operate primarily 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
  - CRES provides development supply chain services through vertically integrated operations focused on capital market services, CRE mortgage brokerage, environmental consulting and design services
- CHCI will be service focused, transitioning business from primary reliance upon revenue generated by production oriented, for-sale homebuilding (with balance sheet risk) to Commercial Real Estate (“CRE”) development services, including asset management and development of investment-grade, mixed-use and transit-oriented real estate assets in markets with demonstrated demand and high barriers to entry
- An anchor Asset Management Agreement (“AMA”) provides reliable source of revenue and cashflow, positioning CHCI to enhance bottom line results, while providing platform for growth (see 8k for details)
- CHCI’s consolidated management team has significant expertise and a proven track record of successfully completing countless developments encompassing thousands of residential units and millions of square feet of mixed-use buildings, as well as providing environmental remediation and design services related to variety of real estate assets
- CHCI’s tax asset (approximately \$150m of available NOLs) will shelter virtually all near term taxable income

# Comstock Holding Companies, Inc.

## FINANCIAL STABILITY AND SUPPORT

- The revenue shift from being primarily dependent on for-sale, production homebuilding, to a fee-for service model will enhance profitability and balance sheet stability
- Anchoring transition will be a long term (5-year initial term) Asset Management Agreement between CHCI and privately held entities that own two of the largest transit-oriented, mixed-use developments in the Washington, DC metropolitan area; along with other mixed-use development assets:
  - Reston Station, located at the terminus of Phase I of the Metro's Silver Line in the Dulles Corridor, being developed partly through a public-private partnership with Fairfax County, will encompass approximately 3 million square feet of mixed-use, transit-oriented development, and represent approximately \$1.5B of Assets Under Management ("AUM") at build out
  - Loudoun Station, located at the terminus of Phase II of Metro's Silver Line will encompass approximately 2 million square feet of mixed-use and transit-oriented development, part of which is subject of a public-private partnership with Loudoun County, and represents approximately \$1.0B of AUM at build out
  - Herndon Downtown Redevelopment, located in the historic downtown of Herndon, VA is being developed through a public-private partnership with the Town of Herndon, and will encompass approximately 0.5 million square feet of mixed-use, urban development
- Approximately 1.5 million square feet of total 5.5 million square foot development pipeline is complete, while approximately 4 million square feet is in various stages of entitlement, development, and construction
- Ownership of the anchor assets includes CHCI's CEO and largest individual shareholder, a prominent high net worth (HNW) family office, and Daito Trust, one of the largest publicly traded Japanese developers and managers of multi-family assets - relationship with Comstock represents Daito's entry into U.S. market
- Entry into anchor Asset Management Agreement ("AMA") is central to strategic plan to transform CHCI from homebuilding to commercial development, asset management and real estate services platform – see 8k for details

# Comstock Holding Companies, Inc.

## PURSUING GROWTH OF OPERATING PLATFORMS

- CAM will pursue expansion of its Asset Management business through:
  - Build out and stabilization of the initial ~5.5 million square feet of strategically positioned CRE assets
  - Development of new AUM relationships, leveraging Comstock's reputation as a premier developer of a wide variety of real estate products, including transit-oriented and mixed-use developments
  - Development of portfolio related to existing public-private partnerships at Reston Station (Fairfax County), Loudoun Station (Loudoun County), and Herndon Downtown Redevelopment (Town of Herndon) and through development of additional relationships with regional municipalities
  - Strategic partnerships focused on opportunistic real estate acquisition, development, and asset management opportunities
- CRES will pursue expansion of its CRE Services business through:
  - Services provided by CRES in connection with the development and stabilization of the ~5.5 million square feet of strategically positioned CRE assets covered by the initial AUM relationship
  - Development of new service based relationships, leveraging Comstock's significant experience in project design and entitlement services, development and construction management, environmental remediation, property management, commercial mortgage brokerage and CRE related services
  - Opportunistic and strategic, value-add partnerships and/or acquisitions
- CHCI will utilize its significant tax asset, approximately \$150 million NOL, to shelter income generated through its new business model

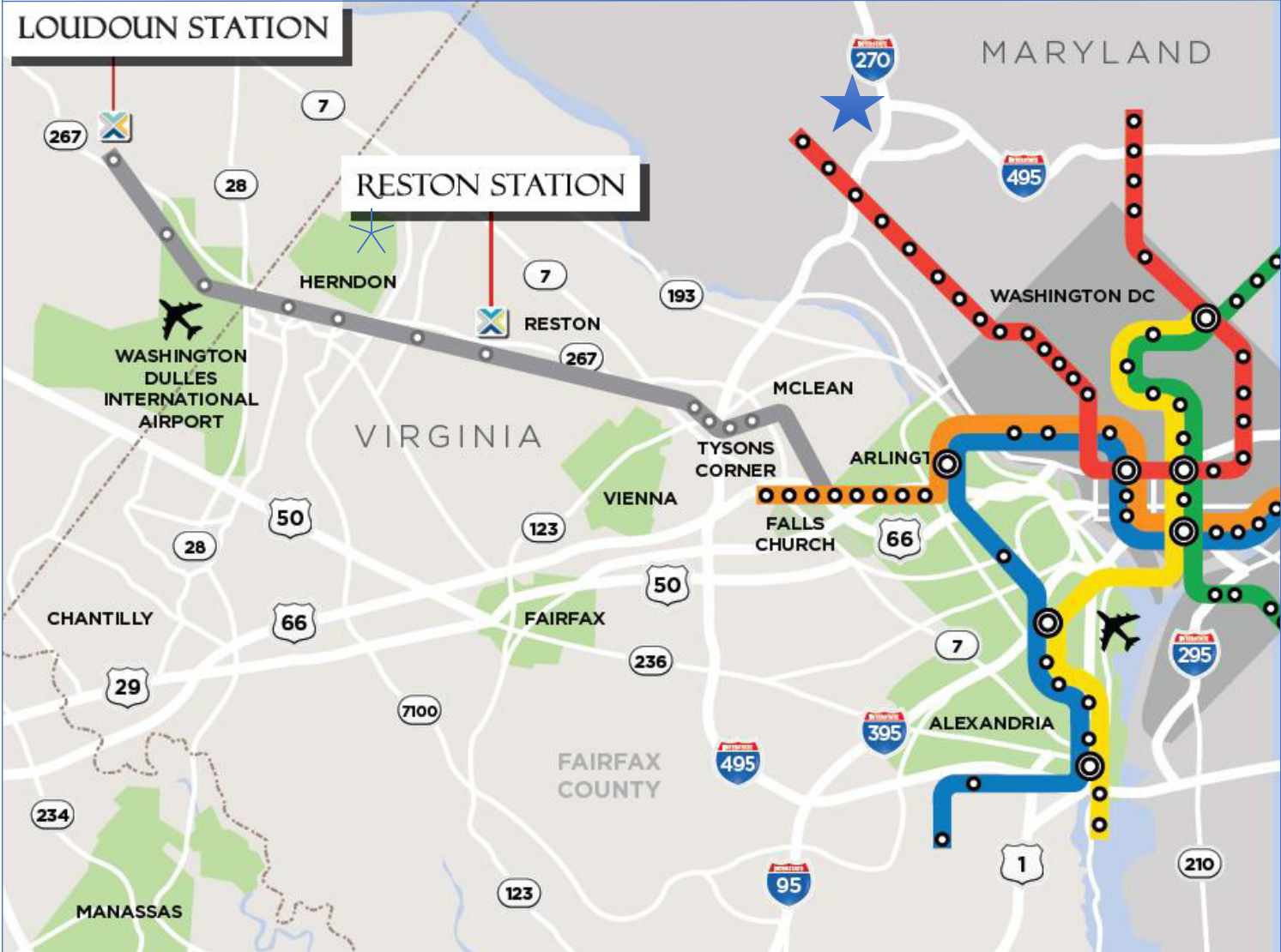
# Comstock Holding Companies, Inc.

## INVESTMENT MERITS

- CHCI's new focus on commercial development, asset management, and provision of complementary real estate related services provides predictable revenue streams and cash flow
- Transitioning away from for-sale homebuilding as primary revenue source will rapidly de-lever CHCI's existing balance sheet, while the new low-leverage business model will significantly enhance financial stability and performance
- CHCI's new strategy and business plan is anchored by a long-term asset management agreement that provides base-line cash flow and platform for growth
- Management team has significant experience in CRE development and P3 space and has strategically added talent to expand its demonstrated competencies, enhancing the overall value proposition and supporting CHCI's new business plan
- Assets Under Management ("AUM") covered by anchor Asset Management Agreement will, at full build out, include more than 5.5 million square feet of investment-grade, mixed-use, transit-oriented assets
  - Existing public-private partnerships with three municipalities demonstrates high regard for Comstock's CRE development capabilities and differentiates Comstock from many of its CRE focused peers
  - Initial AUM encompasses more than 2,500 multi-family rental units, Class A and Trophy office, retail and entertainment buildings, hotels, and commercial parking garages, and represents an estimated AUM value of \$2.5 to \$3.0 Billion at build-out
- Significant cross-ownership of CHCI and anchor AUM portfolio enhances alignment of all stakeholders, including management team, ownership of AUM portfolio properties, and shareholders

# Comstock Holding Companies, Inc.

## KEY ASSETS UNDER MANAGEMENT - LOCATIONS



Momentum @ Shady Grove Metro  
Herndon Redevelopment



Loudoun Station  
Reston Station

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## KEY DEVELOPMENTS

### **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 region. 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 more than 1 million square feet of completed and stabilized buildings, more than 2 million square feet of additional development in various stages of entitlement, development and construction, and a 3,500-space underground parking garage and transit facility adjacent to the Wiehle Reston-East Metro Station, the Reston Station neighborhood is taking shape and quickly becoming one of Fairfax County's urban focal points 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. Loudoun Station has approximately 700,000 square feet of mixed-use development completed, including hundreds of rental apartments, approximately 150,000 square feet of retail, restaurants, and entertainment venues, 50,000 square feet of Class-A office, and a 1,500-space commuter parking garage. More than 2 million square feet of additional development is slated for Loudoun Station. Located adjacent to Metro's Ashburn Station (opening 2020), the Loudoun Station neighborhood represents Loudoun County's beginning transformation into a transit connected community with direct connectivity to Dulles International Airport, Reston, Tysons Corner and downtown Washington, DC. As Loudoun County's first and currently its only transit connected neighborhood, Loudoun Station has a unique status in the Dulles Corridor and in Loudoun County. For more information about Loudoun Station, please visit; [www.LoudounStation.com](http://www.LoudounStation.com)



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## KEY TAKEAWAYS

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