

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2022

or

TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 1-32375

Comstock Holding Companies, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

20-1164345
(I.R.S. Employer
Identification No.)

1900 Reston Metro Plaza, 10th Floor
Reston, Virginia 20190
(703) 230-1985

(Address, including zip code, and telephone number, including area code, of principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--|----------------------|---|
| Class A Common Stock, \$0.01 par value | CHCI | NASDAQ Capital Market |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|-------------------------|-------------------------------------|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer | <input checked="" type="checkbox"/> | Smaller reporting company | <input checked="" type="checkbox"/> |
| | | Emerging growth company | <input type="checkbox"/> |

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of July 31, 2022, 9,343,894 shares of Class A common stock, par value \$0.01 per share, and 220,250 shares of Class B common stock, par value \$0.01 per share, of the registrant were outstanding.

COMSTOCK HOLDING COMPANIES, INC.
Form 10-Q
For the Quarter Ended June 30, 2022

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PART I – FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

COMSTOCK HOLDING COMPANIES, INC.
Consolidated Balance Sheets
(Unaudited; in thousands, except per share data)

| | June 30, 2022 | December 31, 2021 |
|--|------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 8,427 | \$ 15,823 |
| Accounts receivable | 826 | 46 |
| Accounts receivable - related parties | 2,933 | 1,697 |
| Prepaid expenses and other current assets | 490 | 197 |
| Current assets held for sale | — | 2,313 |
| Total current assets | 12,676 | 20,076 |
| Fixed assets, net | 379 | 264 |
| Intangible assets | 144 | — |
| Leasehold improvements, net | 133 | — |
| Investments in real estate ventures | 7,455 | 4,702 |
| Operating lease assets | 6,985 | 7,245 |
| Deferred income taxes, net | 11,427 | 11,300 |
| Other assets | 26 | 15 |
| Total assets | \$ 39,225 | \$ 43,602 |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accrued personnel costs | \$ 2,206 | \$ 3,468 |
| Accounts payable and accrued liabilities | 649 | 783 |
| Current operating lease liabilities | 679 | 616 |
| Current credit facility - due to affiliates | 5,500 | — |
| Current liabilities held for sale | — | 1,194 |
| Total current liabilities | 9,034 | 6,061 |
| Credit facility - due to affiliates | — | 5,500 |
| Operating lease liabilities | 6,570 | 6,745 |
| Total liabilities | 15,604 | 18,306 |
| Commitments and contingencies (Note 8) | | |
| Stockholders' equity: | | |
| Series C preferred stock; \$0.01 par value; 20,000 shares authorized; none issued and outstanding as of June 30, 2022; 3,441 issued and outstanding as of December 31, 2021 | — | 6,765 |
| Class A common stock; \$0.01 par value; 59,780 shares authorized; 9,298 issued and 9,213 outstanding as of June 30, 2022; 8,102 issued and 8,017 outstanding as of December 31, 2021 | 93 | 81 |
| Class B common stock; \$0.01 par value; 220 shares authorized, issued, and outstanding as of June 30, 2022 and December 31, 2021 | 2 | 2 |
| Additional paid-in capital | 201,198 | 200,617 |
| Treasury stock, at cost (86 shares of Class A common stock) | (2,662) | (2,662) |
| Accumulated deficit | (175,010) | (179,507) |
| Total stockholders' equity | 23,621 | 25,296 |
| Total liabilities and stockholders' equity | \$ 39,225 | \$ 43,602 |

See accompanying Notes to Consolidated Financial Statements.

COMSTOCK HOLDING COMPANIES, INC.
Consolidated Statements of Operations
(Unaudited; in thousands, except per share data)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|-----------|---------------------------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| Revenue | \$ 8,467 | \$ 6,324 | \$ 17,198 | \$ 13,164 |
| Operating costs and expenses: | | | | |
| Cost of revenue | 6,831 | 5,502 | 13,766 | 11,580 |
| Selling, general, and administrative | 469 | 308 | 856 | 607 |
| Depreciation and amortization | 50 | 22 | 94 | 42 |
| Total operating costs and expenses | 7,350 | 5,832 | 14,716 | 12,229 |
| Income (loss) from operations | 1,117 | 492 | 2,482 | 935 |
| Other income (expense): | | | | |
| Interest expense | (69) | (58) | (128) | (116) |
| Gain (loss) on real estate ventures | 17 | (100) | 269 | (94) |
| Other income (expense), net | 1 | (1) | 1 | — |
| Income (loss) from continuing operations before income tax | 1,066 | 333 | 2,624 | 725 |
| Provision for (benefit from) income tax | 352 | (11,316) | (104) | (11,314) |
| Net income (loss) from continuing operations | 714 | 11,649 | 2,728 | 12,039 |
| Net income (loss) from discontinued operations, net of tax | (10) | (444) | (277) | (587) |
| Net income (loss) | \$ 704 | \$ 11,205 | \$ 2,451 | \$ 11,452 |
| Impact of Series C preferred stock redemption | 2,046 | — | 2,046 | — |
| Net income (loss) attributable to common shareholders | \$ 2,750 | \$ 11,205 | \$ 4,497 | \$ 11,452 |
| Weighted-average common stock outstanding: | | | | |
| Basic | 8,599 | 8,215 | 8,470 | 8,191 |
| Diluted | 9,157 | 9,061 | 9,033 | 9,014 |
| Net income (loss) per share: | | | | |
| Basic - Continuing operations | \$ 0.32 | \$ 1.42 | \$ 0.56 | \$ 1.47 |
| Basic - Discontinued operations | — | (0.05) | (0.03) | (0.07) |
| Basic net income (loss) per share | \$ 0.32 | \$ 1.37 | \$ 0.53 | \$ 1.40 |
| Diluted - Continuing operations | \$ 0.30 | \$ 1.29 | \$ 0.53 | \$ 1.34 |
| Diluted - Discontinued operations | — | (0.05) | (0.03) | (0.07) |
| Diluted net income (loss) per share | \$ 0.30 | \$ 1.24 | \$ 0.50 | \$ 1.27 |

See accompanying Notes to Consolidated Financial Statements.

COMSTOCK HOLDING COMPANIES, INC.
Consolidated Statements of Changes in Stockholders' Equity
(Unaudited; in thousands)

| | Series C Preferred Stock | | Class A Common Stock | | Class B Common Stock | | APIC | Treasury stock | Accumulated deficit | Total |
|--|-----------------------------|-----------------|-------------------------|--------------|-------------------------|-------------|-------------------|-------------------|------------------------|------------------|
| | Shares | Amount | Shares | Amount | Shares | Amount | | | | |
| Three and Six Months Ended June 30, 2022 | | | | | | | | | | |
| Balance as of December 31, 2021 | 3,441 | \$ 6,765 | 8,102 | \$ 81 | 220 | \$ 2 | \$ 200,617 | \$ (2,662) | \$ (179,507) | \$ 25,296 |
| Issuance of common stock, net of shares withheld for taxes | — | — | 130 | 1 | — | — | (298) | — | — | (297) |
| Stock-based compensation | — | — | — | — | — | — | 142 | — | — | 142 |
| Net income (loss) | — | — | — | — | — | — | — | — | 1,747 | 1,747 |
| Balance as of March 31, 2022 | 3,441 | \$ 6,765 | 8,232 | \$ 82 | 220 | \$ 2 | \$ 200,461 | \$ (2,662) | \$ (177,760) | \$ 26,888 |
| Issuance of common stock, net of shares withheld for taxes | — | — | 66 | 1 | — | — | (191) | — | — | (190) |
| Redemption of Series C preferred stock | (3,441) | (6,765) | 1,000 | 10 | — | — | 708 | — | 2,046 | (4,001) |
| Stock-based compensation | — | — | — | — | — | — | 220 | — | — | 220 |
| Net income (loss) | — | — | — | — | — | — | — | — | 704 | 704 |
| Balance as of June 30, 2022 | <u>—</u> | <u>\$ —</u> | <u>9,298</u> | <u>\$ 93</u> | <u>220</u> | <u>\$ 2</u> | <u>\$ 201,198</u> | <u>\$ (2,662)</u> | <u>\$ (175,010)</u> | <u>\$ 23,621</u> |
| Three and Six Months Ended June 30, 2021 | | | | | | | | | | |
| Balance as of December 31, 2020 | 3,441 | \$ 6,765 | 7,953 | \$ 79 | 220 | \$ 2 | \$ 200,147 | \$ (2,662) | \$ (193,116) | \$ 11,215 |
| Issuance of common stock, net of shares withheld for taxes | — | — | 105 | 2 | — | — | (189) | — | — | (187) |
| Stock-based compensation | — | — | — | — | — | — | 183 | — | — | 183 |
| Net income (loss) | — | — | — | — | — | — | — | — | 247 | 247 |
| Balance as of March 31, 2021 | 3,441 | \$ 6,765 | 8,058 | \$ 81 | 220 | \$ 2 | \$ 200,141 | \$ (2,662) | \$ (192,869) | \$ 11,458 |
| Issuance of common stock, net of shares withheld for taxes | — | — | 36 | — | — | — | (59) | — | — | (59) |
| Stock-based compensation | — | — | — | — | — | — | 180 | — | — | 180 |
| Net income (loss) | — | — | — | — | — | — | — | — | 11,205 | 11,205 |
| Balance as of June 30, 2021 | <u>3,441</u> | <u>\$ 6,765</u> | <u>8,094</u> | <u>\$ 81</u> | <u>220</u> | <u>\$ 2</u> | <u>\$ 200,262</u> | <u>\$ (2,662)</u> | <u>\$ (181,664)</u> | <u>\$ 22,784</u> |

See accompanying Notes to Consolidated Financial Statements

COMSTOCK HOLDING COMPANIES, INC.
Consolidated Statements of Cash Flows
(Unaudited; in thousands)

| | Six Months Ended June 30, | |
|---|---------------------------|-----------|
| | 2022 | 2021 |
| Operating Activities - Continuing Operations | | |
| Net income (loss) from continuing operations | \$ 2,728 | \$ 12,039 |
| Adjustments to reconcile net income (loss) from continuing operations to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 94 | 42 |
| Stock-based compensation | 417 | 306 |
| (Gain) loss on real estate ventures | (269) | 94 |
| Deferred income taxes | (104) | (11,310) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (1,896) | 566 |
| Prepaid expenses and other current assets | (295) | (32) |
| Accrued personnel costs | (1,262) | (759) |
| Accounts payable and accrued liabilities | (133) | (175) |
| Other assets and liabilities | 130 | 51 |
| Net cash provided by (used in) operating activities | (590) | 822 |
| Investing Activities - Continuing Operations | | |
| Investments in real estate ventures | (2,684) | — |
| Proceeds from sale of CES | 1,016 | — |
| Distributions from real estate ventures | 88 | 2,543 |
| Purchase of fixed assets/leasehold improvements/intangibles | (487) | (60) |
| Net cash provided by (used in) investing activities | (2,067) | 2,483 |
| Financing Activities - Continuing Operations | | |
| Loan proceeds | — | 120 |
| Loan payments | — | (77) |
| Redemption of Series C preferred stock | (4,000) | — |
| Payment of taxes related to the net share settlement of equity awards | (488) | (211) |
| Net cash provided by (used in) financing activities | (4,488) | (168) |
| Discontinued Operations | | |
| Operating cash flows, net | (224) | 92 |
| Investing cash flows, net | — | (36) |
| Financing cash flows, net | (27) | (20) |
| Net cash provided by (used in) discontinued operations | (251) | 36 |
| Net increase (decrease) in cash and cash equivalents | (7,396) | 3,173 |
| Cash and cash equivalents, beginning of period | 15,823 | 7,032 |
| Cash and cash equivalents, end of period | \$ 8,427 | \$ 10,205 |
| Supplemental Cash Flow Information | | |
| Cash paid for interest | \$ 128 | \$ 116 |
| Supplemental Disclosure of Non-Cash Investing and Financing Activities | | |
| Issuance of Series A common stock to redeem Series C preferred stock | \$ 4,230 | \$ — |
| Right of use assets and lease liabilities at commencement | 209 | — |
| PPP loan forgiven | — | 1,954 |
| Accrued liability settled through issuance of common stock | — | 14 |

See accompanying Notes to Consolidated Financial Statements.

COMSTOCK HOLDING COMPANIES, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited; in thousands except per share data or otherwise indicated)

1. Company Overview

Comstock Holding Companies, Inc. ("Comstock" or the "Company"), founded in 1985 and incorporated in the state of Delaware in 2004, is a leading developer and manager of mixed-use and transit-oriented properties in the Washington, D.C. metropolitan area. As a vertically integrated and multi-faceted asset management and real estate services company, Comstock has designed, developed, constructed, acquired, and managed thousands of residential units and millions of square feet of commercial and mixed-use properties.

On March 31, 2022, the Company completed the sale of its wholly-owned subsidiary Comstock Environmental Services, LLC ("CES") to August Mack Environmental, Inc. ("August Mack") for approximately \$1.4 million of total consideration, composed of \$1.0 million in cash and \$0.4 million held in escrow that is subject to net working capital and other adjustments, as set forth in the executed Asset Purchase Agreement with August Mack. For additional information, see Note 3.

On June 13, 2022, the Company completed two separate significant transactions: the first one with CP Real Estate Services, LC ("CPRES"), an entity owned by Christopher Clemente, Comstock's Chief Executive Officer, to redeem all outstanding Series C preferred stock at a discount to carrying value; and the second, the execution of a new asset management agreement with Comstock Partners, LC ("CP"), an entity that is controlled and wholly-owned by Mr. Clemente and certain family members, thereby replacing the previous asset management agreement with CPRES. For additional information, see Notes 10 and 14, respectively.

The Company operates through four primarily real estate-focused subsidiaries – CHCI Asset Management, LC ("CAM"); CHCI Residential Management, LC; CHCI Commercial Management, LC; and Park X Management, LC.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial information and the requirements of the U.S. Securities and Exchange Commission (the "SEC"). As permitted, certain information and footnote disclosures have been condensed or omitted. Intercompany balances and transactions have been eliminated and certain prior period amounts have been reclassified to conform to current period presentation.

In management's opinion, the financial statements include all normal and recurring adjustments that are considered necessary for the fair presentation of the Company's financial position and operating results. The results of operations presented in these interim condensed consolidated financial statements are unaudited and are not necessarily indicative of the results to be expected for the full fiscal year.

These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto contained in the Company's fiscal year 2021 Annual Report on Form 10-K for the year ended December 31, 2021 (the "2021 Annual Report") filed with the SEC on March 31, 2022. The consolidated balance sheet as of December 31, 2021 was derived from the audited financial statements contained in the 2021 Annual Report.

The Company has reflected CES as a discontinued operation in its consolidated statements of operations for all periods presented. Unless otherwise noted, all amounts and disclosures throughout these Notes to Consolidated Financial Statements relate to the Company's continuing operations. For additional information, see Note 3.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Significant items subject to such estimates, include, but are not limited to, the valuation of equity method investments and the valuation of deferred tax assets. Assumptions made in the development of these estimates contemplate the macroeconomic landscape and the Company's anticipated results, however actual results may differ materially from these estimates.

Recent Accounting Pronouncements - Adopted

None.

Recent Accounting Pronouncements - Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, “Financial Instruments—Credit Losses: Measurement of Credit Losses on Financial Instruments.” This guidance is intended to introduce a revised approach to the recognition and measurement of credit losses, emphasizing an updated model based on current expected credit losses (“CECL”) rather than incurred losses. The standard will become effective for the Company for financial statement periods beginning after December 15, 2022, and early adoption is permitted. The Company is currently evaluating the impact this guidance will have on its financial statements and related disclosures.

3. Discontinued Operations

On March 31, 2022, the Company completed the sale of its wholly-owned subsidiary CES to August Mack in accordance with the Asset Purchase Agreement for approximately \$1.4 million of total consideration, composed of \$1.0 million in cash and \$0.4 million of cash held in escrow that is subject to net working capital and other adjustments. The Company executed this divestiture to enhance its focus and pursue continued growth initiatives for its core asset management business.

The following table reconciles major line items constituting pretax income (loss) from discontinued operations to net income (loss) from discontinued operations as presented in the consolidated statements of operations (in thousands):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|-----------------|---------------------------|-----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Revenue | \$ — | \$ 2,626 | \$ 1,460 | \$ 4,103 |
| Cost of revenue | — | (1,958) | (1,560) | (3,045) |
| Selling, general, and administrative | (22) | (755) | (349) | (1,259) |
| Depreciation and amortization | — | (31) | — | (60) |
| Other income (expense) | (1) | (1) | 149 | (1) |
| Goodwill impairment | — | (325) | — | (325) |
| Pre-tax income (loss) from continuing operations | (23) | (444) | (300) | (587) |
| Provision for (benefit from) income tax | (13) | — | (23) | — |
| Net income (loss) from discontinued operations | <u>\$ (10)</u> | <u>\$ (444)</u> | <u>\$ (277)</u> | <u>\$ (587)</u> |

The Company recognized an estimated gain of \$0.2 million on the divestiture of CES, calculated by comparing the purchase price to the carrying value of the net assets sold in the transaction as of March 31, 2022. This gain on sale is reflected in other income (expense) in the above table and does not include the impact of \$0.4 million of transaction costs that are included in selling, general, and administrative expense. These amounts may be adjusted in future periods as ongoing changes to the net working capital and transaction costs related to the sale are finalized.

The following table reconciles the carrying amounts of major classes of assets and liabilities of discontinued operations to total assets and liabilities of discontinued operations that were classified as held for sale in the consolidated balance sheet as of December 31, 2021 (in thousands):

| Carrying amounts of major classes of assets held for sale: | |
|---|-----------------|
| Accounts receivable | \$ 2,075 |
| Prepaid expenses and other current assets | 129 |
| Total current assets | 2,204 |
| Fixed assets, net | 106 |
| Intangible assets, net | 3 |
| Total assets | <u>\$ 2,313</u> |

| Carrying amounts of major classes of liabilities held for sale: | |
|--|-----------------|
| Accrued personnel costs | \$ 153 |
| Accounts payable and accrued liabilities | 1,015 |
| Loans payable | 26 |
| Total liabilities | <u>\$ 1,194</u> |

4. Intangible Assets

On May 6, 2022, the Company purchased the rights to the www.comstock.com domain name for \$0.1 million. The Company has recorded the domain name purchase as an indefinite-lived intangible asset on its consolidated balance sheets that will be tested annually for impairment.

5. Investments in Real Estate Ventures

The Company's material unconsolidated investments in real estate ventures are recorded on the consolidated balance sheets at fair value. The following table summarizes the fair value of these investments (in thousands):

| Description | June 30, 2022 | December 31, 2021 |
|--------------------|--------------------------|------------------------------|
| Investors X | \$ 1,387 | \$ 1,484 |
| The Hartford | 1,201 | 1,211 |
| BLVD Forty Four | 2,259 | 2,007 |
| BLVD Ansel | 2,608 | — |
| Total | <u>\$ 7,455</u> | <u>\$ 4,702</u> |

Investors X

On April 30, 2019, the Company entered into a Master Transfer agreement with CPRES which entitled the Company to priority distribution of residual cash flow from its Class B membership interest in Comstock Investors X, L.C. ("Investors X"), an unconsolidated variable interest entity that owns the Company's residual homebuilding operations. As of June 30, 2022, the residual cash flow primarily relates to anticipated returns of cash backing outstanding letters of credit and cash collateral posted for land development work performed by subsidiaries owned by Investors X. The cash will be released as bond release work associated with these projects is completed. In addition, a subsidiary of Investors X is undergoing a re-zoning of land from commercial to residential and the Company will be entitled to 50% of the profit from the anticipated residential lot sales after re-zoning and land development work is completed. Expected future cash flows include contractually fixed revenues and expenses, as well as estimates for future revenues and expenses where contracts do not currently exist. These estimates are based on prior experience as well as comparable, third-party data. See Note 14 for further information.

The Hartford

In December 2019, the Company entered into a joint venture with CP to acquire a Class-A office building adjacent to Clarendon Station on Metro's Orange Line in Arlington County's premier transit-oriented office market, the Rosslyn-Ballston Corridor. Built in 2003, the 211,000 square foot mixed-use Leadership in Energy and Environmental Design ("LEED") GOLD building is approximately 76% leased to multiple high-quality tenants. In February 2020, the Company arranged for DivcoWest to purchase a majority ownership stake in the Hartford Building and secured a \$87 million loan facility from MetLife. As part of the transaction, the Company entered into asset management and property management agreements to manage the property. Fair

value is determined using an income approach and sales comparable approach models. As of June 30, 2022, the Company's ownership interest in the Hartford was 2.5%. See Note 14 for further information.

BLVD Forty Four

In October 2021, the Company entered into a joint venture with CP to acquire BLVD Forty Four, a 15-story, luxury high-rise apartment building located one block from the Rockville Metro Station and in the heart of the I-270 Technology and Life Science Corridor in Montgomery County. Built in 2015, the 263-unit mixed use property includes approximately 16,000 square feet of retail and a commercial parking garage. In connection with the transaction, the Company received an acquisition fee and will also receive investment related income and incentive fees in connection with its equity interest in the asset. The Company also provides asset, residential, retail and parking property management services for the property in exchange for market rate fees. Fair value is determined using an income approach and sales comparable approach models. As of June 30, 2022, the Company's ownership interest in BLVD Forty Four was 5%. See Note 14 for further information.

BLVD Ansel

In March 2022, the Company entered into a joint venture with CP to acquire BLVD Ansel, an 18-story, luxury high-rise apartment building with 250 units located adjacent to BLVD Forty Four in Rockville, Maryland. In connection with the transaction, the Company received an acquisition fee and is entitled to receive investment related income and incentive fees in connection with its equity interest in the asset. The Company will also provide asset, residential, retail and parking property management services for the property in exchange for market rate fees. Fair value is determined using an income approach and sales comparable approach models. As of June 30, 2022, the Company's ownership interest in BLVD Forty Ansel was 5%. See Note 14 for further information.

The following table below summarizes the activity of the Company's unconsolidated investments in real estate ventures that are reported at fair value (in thousands):

| | | |
|---------------------------------|----|--------------|
| Balance as of December 31, 2021 | \$ | 4,702 |
| Investments | | 2,684 |
| Distributions | | (88) |
| Change in fair value | | 157 |
| Balance as of June 30, 2022 | \$ | <u>7,455</u> |

Other Investments

In addition, the Company has a joint venture with Superior Title Services, Inc. ("STS") to provide title insurance to its clients. The Company records this co-investment using the equity method of accounting and adjusts the carrying value of the investment for its proportionate share of net income and distributions. The carrying value of the STS investment is recorded in "other assets" on the Company's consolidated statement of balance sheets. The Company's proportionate share of STS net income and distributions are recorded in gain (loss) on real estate ventures in the consolidated statements of operations. For the three and six months ended June 30, 2022, the Company's proportionate gains from STS earnings were immaterial and \$0.1 million, respectively. For the three and six months ended June 30 2021, the Company's proportionate gains from STS earnings were immaterial.

6. Leases

The Company has operating leases for office space leased in various buildings for its own use. The Company's leases have remaining terms ranging from 5 to 10 years. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Lease costs related to the Company's operating leases are primarily reflected in "cost of revenue" in the consolidated statements of operations, as they are a reimbursable cost under the 2022 Asset Management Agreement (see Note 14 for further information).

The following table summarizes operating lease costs, by type (in thousands):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|-----------------------------|-----------------------------|--------|---------------------------|--------|
| | 2022 | 2021 | 2022 | 2021 |
| Operating lease costs | | | | |
| Fixed lease costs | \$ 254 | \$ 249 | \$ 508 | \$ 497 |
| Variable lease costs | \$ 98 | \$ 88 | 176 | 163 |
| Total operating lease costs | \$ 352 | \$ 337 | \$ 684 | \$ 660 |

The following table presents supplemental cash flow information related to the Company's operating leases (in thousands):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|--------|---------------------------|--------|
| | 2022 | 2021 | 2022 | 2021 |
| Cash paid for lease liabilities: | | | | |
| Operating cash flows from operating leases | \$ 342 | \$ 311 | \$ 653 | \$ 609 |

As of June 30, 2022, the Company's operating leases had a weighted-average remaining lease term of 6.67 years and a weighted-average discount rate of 4.25%.

The following table summarizes future lease payments (in thousands):

| Year Ending December 31, | Operating Leases |
|-----------------------------|------------------|
| 2022 | \$ 483 |
| 2023 | 985 |
| 2024 | 1,008 |
| 2025 | 1,031 |
| 2026 | 1,054 |
| Thereafter | 4,091 |
| Total future lease payments | 8,652 |
| Imputed interest | (1,403) |
| Total lease liabilities | \$ 7,249 |

The Company does not have any leases which have not yet commenced as of June 30, 2022.

7. Debt

Credit Facility - Due to Affiliates

On March 19, 2020, the Company entered into a Revolving Capital Line of Credit Agreement with CPRES, pursuant to which the Company secured a \$10.0 million capital line of credit (the "Credit Facility"). Under the terms, the Credit Facility provides for an initial variable interest rate of the Wall Street Journal Prime Rate plus 1.00% per annum on advances made under the Credit Facility, payable monthly in arrears. The Credit Facility also allows for interim draws that carry a maturity date of 12 months from the initial date of the disbursement unless a longer initial term is agreed to by CPRES. On March 27, 2020, the Company borrowed \$5.5 million under the Credit Facility and signed an unsecured promissory note to repay principal and interest borrowed by the April 30, 2023 maturity date.

As of June 30, 2022 and December 31, 2021, the outstanding balance on the Credit Facility was \$5.5 million. The effective interest rate as of June 30, 2022 and December 31, 2021 was 5.75% and 4.25%, respectively.

8. Commitments and Contingencies

The Company maintains certain non-cancelable operating leases that contain various renewal options. See Note 6 for further information on the Company's operating lease commitments.

The Company is subject to litigation from time to time in the ordinary course of business; however, the Company does not expect the results, if any, to have a material adverse impact on its results of operations, financial position or liquidity. The Company

records a contingent liability when it is both probable that a liability has been incurred and the amount can be reasonably estimated. The Company expenses legal defense costs as they are incurred.

9. Fair Value Disclosures

As of June 30, 2022, the carrying amount of cash and cash equivalents, accounts receivable, prepaid and other current assets, accounts payable and accrued liabilities approximated fair value because of the short-term nature of these instruments.

As of June 30, 2022, based upon unobservable market rates (Level 3), the fair value of the Company's floating rate debt was estimated to approximate carrying value.

As of June 30, 2022, the Company had certain equity method investments in real estate ventures that it elected to record at fair value using significant unobservable inputs (Level 3). For further information on these investments, see Note 5.

The Company may also value its non-financial assets and liabilities, including items such as long-lived assets, at fair value on a non-recurring basis if it is determined that impairment has occurred. Such fair value measurements typically use significant unobservable inputs (Level 3), unless a quoted market price (Level 1) or quoted prices for similar instruments, quoted prices for identical or similar instruments in inactive markets, or amounts derived from valuation models (Level 2) are available.

10. Stockholders' Equity

Common Stock

The Company's certificate of incorporation authorizes the issuance of Class A common stock and Class B common stock, each with a par value of \$0.01 per share. Holders of Class A common stock and Class B common stock are entitled to dividends when, as and if, declared by the Company's board of directors, subject to the rights of the holders of all classes of stock outstanding having priority rights to dividends. Holders of Class A common stock are entitled to one vote per share and holders of Class B common stock are entitled to fifteen votes per share. Shares of our Class B common stock are convertible into an equivalent number of shares of our Class A common stock and generally convert into shares of our Class A common stock upon transfer. As of June 30, 2022, the Company had not declared any dividends.

Preferred Stock

On June 13, 2022, the Company entered into a Share Exchange and Purchase Agreement ("SEPA") with CPRES, pursuant to which the Company acquired from CPRES all outstanding shares of its non-convertible and non-redeemable Series C preferred stock for (i) 1.0 million shares of the Company's Class A common stock, valued at the consolidated closing bid price of the Class A shares on Nasdaq on the business day immediately preceding the entry into the SEPA, and (ii) \$4.0 million in cash. The SEPA was unanimously approved by the independent directors of the Company. Upon completion of the transaction, all of the shares of Series C preferred stock were immediately cancelled and fully retired.

At the time of the transaction, the total carrying value of the Series C preferred stock (including the related additional paid-in capital) was \$10.3 million. The share exchange was accounted for as a redemption, therefore the \$2.0 million difference between the carrying value and the \$8.3 million fair value of the consideration paid upon redemption was added to net income for the three and six months ended June 30, 2022 to arrive at income available to common stockholders and calculate net income (loss) per share (see Note 13 for further information).

Stock-based Compensation

On February 12, 2019, the Company approved the 2019 Omnibus Incentive Plan (the "2019 Plan"), which replaced the 2004 Long-Term Compensation Plan (the "2004 Plan"). The 2019 Plan provides for the issuance of stock options, stock appreciation rights ("SARs"), restricted stock, restricted stock units, dividend equivalents, performance awards, and stock or other stock-based awards. The 2019 Plan mandates that all lapsed, forfeited, expired, terminated, cancelled and withheld shares, including those from the predecessor plan, be returned to the 2019 Plan and made available for issuance. The 2019 Plan originally authorized 2.5 million shares of the Company's Class A common stock for issuance. As of June 30, 2022, there were 1.5 million shares of Class A common stock available for issuance under the 2019 Plan.

During the three and six months ended June 30, 2022, the Company recorded stock-based compensation expense of \$0.2 million and \$0.4 million, respectively. During the three and six months ended June 30, 2021, the Company recorded stock-based compensation expense of \$0.1 million and \$0.3 million, respectively. Stock-based compensation costs are included in selling,

general, and administrative expense on the Company's consolidated statements of operations. As of June 30, 2022, there was \$1.0 million of total unrecognized stock-based compensation.

Restricted Stock Units

Restricted stock unit ("RSU") awards granted to employees are subject to continued employment and generally vest in four annual installments over the four years period following the grant dates. The Company also grants certain RSU awards to management that contain additional vesting conditions tied directly to a defined performance metric for the Company ("PSUs"). The actual number of PSUs that will vest can range from 60% to 120% of the original grant target amount, depending upon actual Company performance below or above the established performance metric targets. The Company estimates performance in relation to the defined targets when calculating the related stock-based compensation expense.

The following table summarizes all restricted stock unit activity (in thousands, except per share data):

| | RSUs Outstanding | Weighted-Average Grant Date Fair Value |
|---------------------------------|---------------------|---|
| Balance as of December 31, 2021 | 847 | \$ 2.28 |
| Granted | 219 | 4.63 |
| Released | (223) | 2.64 |
| Canceled/Forfeited | (133) | 2.38 |
| Balance as of June 30, 2022 | 710 | \$ 2.97 |

Stock Options

Non-qualified stock options generally expire 10 years after the grant date and, except under certain conditions, the options are subject to continued employment and vest in four annual installments over the four-year period following the grant dates.

The following table summarizes all stock option activity (in thousands, except per share data and time periods):

| | Options Outstanding | Weighted- Average Exercise Price | Weighted- Average Remaining Contractual Term (Years) | Aggregate Intrinsic Value |
|---------------------------------|------------------------|---|--|---------------------------------|
| Balance as of December 31, 2021 | 397 | \$ 2.89 | 5.7 | \$ 998 |
| Granted | — | — | | |
| Exercised | (119) | 1.87 | | |
| Canceled/Forfeited | (3) | 2.24 | | |
| Expired | (60) | 3.97 | | |
| Balance as of June 30, 2022 | 215 | \$ 3.19 | 5.0 | \$ 429 |
| Exercisable as of June 30, 2022 | 209 | \$ 3.23 | 4.0 | \$ 413 |

11. Revenue

All of the Company's revenue for the three and six months ended June 30, 2022 and 2021 was generated in the United States. The following tables summarize the Company's revenue by line of business, customer type, and contract type (in thousands):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|------------------------------------|-----------------------------|----------|---------------------------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| Revenue by Line of Business | | | | |
| Asset management | \$ 5,538 | \$ 4,257 | \$ 11,535 | \$ 9,150 |
| Property management | 2,192 | 1,712 | 4,323 | 3,342 |
| Parking management | 737 | 355 | 1,340 | 672 |
| Total revenue | \$ 8,467 | \$ 6,324 | \$ 17,198 | \$ 13,164 |

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---------------------------------|-----------------------------|-----------------|---------------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Revenue by Customer Type | | | | |
| Related party | \$ 8,287 | \$ 6,268 | \$ 16,928 | \$ 13,093 |
| Commercial | 180 | 56 | 270 | 71 |
| Total revenue | <u>\$ 8,467</u> | <u>\$ 6,324</u> | <u>\$ 17,198</u> | <u>\$ 13,164</u> |
| | | | | |
| | Three Months Ended June 30, | | Six Months Ended June 30, | |
| | 2022 | 2021 | 2022 | 2021 |
| Revenue by Contract Type | | | | |
| Fixed-price | \$ 1,652 | \$ 873 | \$ 3,539 | \$ 1,688 |
| Cost-plus | 4,586 | 3,925 | 9,356 | 8,215 |
| Time and material | 2,229 | 1,526 | 4,303 | 3,261 |
| Total revenue | <u>\$ 8,467</u> | <u>\$ 6,324</u> | <u>\$ 17,198</u> | <u>\$ 13,164</u> |

12. Income Taxes

For interim periods, we recognize an income tax provision (benefit) based on our estimated annual effective tax rate expected for the entire fiscal year. The interim annual estimated effective tax rate is based on the statutory tax rates then in effect, as adjusted for estimated changes in temporary and estimated permanent differences, and excludes certain discrete items whose tax effect, when material, is recognized in the interim period in which they occur. These changes in temporary differences, permanent differences, and discrete items result in variances to the effective tax rate from period to period. We also have elected to exclude the impacts from significant pre-tax, non-recognized subsequent events from our interim estimated annual effective rate until the period in which they occur.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Prior to 2021, the Company had recorded valuation allowances for certain tax attributes and deferred tax assets due the existence of sufficient uncertainty regarding the future realization of those deferred tax assets through future taxable income. In June 2021, based on its recent financial performance and current forecasts of future operating results, the Company determined that it was more likely than not that a portion of the deferred tax assets related to its net operating loss carryforwards would be utilized in future periods.

For the three months ended June 30, 2022 and 2021, the Company recognized a tax provision of \$0.4 million and a tax benefit of \$11.3 million, respectively. For the six months ended June 30, 2022 and 2021, the Company recognized tax benefits of \$0.1 million and \$11.3 million, respectively. The recognized tax benefits from these periods were due to the tax impact of deferred tax asset valuation allowance releases in the period. These recognized tax benefits were supported by the Company's recent trend of positive net income from continuing operations and expectation that current operations will continue to generate future taxable income.

13. Net Income (Loss) Per Share

The following table sets forth the calculation of basic and diluted net income (loss) per share (in thousands, except per share data):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|-----------|---------------------------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| Numerator: | | | | |
| Net income (loss) from continuing operations - Basic and Diluted | \$ 714 | \$ 11,649 | \$ 2,728 | \$ 12,039 |
| Impact of Series C preferred stock redemption | 2,046 | — | 2,046 | — |
| Net income (loss) from continuing operations attributable to common stockholders - Basic and Diluted | 2,760 | 11,649 | 4,774 | 12,039 |
| Net income (loss) from discontinued operations - Basic and Diluted | (10) | (444) | (277) | (587) |
| Net income (loss) attributable to common shareholders - Basic and Diluted | \$ 2,750 | \$ 11,205 | \$ 4,497 | \$ 11,452 |
| Denominator: | | | | |
| Weighted-average common shares outstanding - Basic | 8,599 | 8,215 | 8,470 | 8,191 |
| Effect of common share equivalents | 558 | 846 | 563 | 823 |
| Weighted-average common shares outstanding - Diluted | 9,157 | 9,061 | 9,033 | 9,014 |
| Net income (loss) per share: | | | | |
| Basic - Continuing operations | \$ 0.32 | \$ 1.42 | \$ 0.56 | \$ 1.47 |
| Basic - Discontinued operations | — | (0.05) | (0.03) | (0.07) |
| Basic net income (loss) per share | \$ 0.32 | \$ 1.37 | \$ 0.53 | \$ 1.40 |
| Diluted - Continuing operations | \$ 0.30 | \$ 1.29 | \$ 0.53 | \$ 1.34 |
| Diluted - Discontinued operations | — | (0.05) | (0.03) | (0.07) |
| Diluted net income (loss) per share | \$ 0.30 | \$ 1.24 | \$ 0.50 | \$ 1.27 |

The following common share equivalents have been excluded from the computation of diluted net income (loss) per share because their effect was anti-dilutive (in thousands):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|------------------------|-----------------------------|------|---------------------------|------|
| | 2022 | 2021 | 2022 | 2021 |
| Restricted stock units | — | — | — | — |
| Stock options | 29 | 33 | 28 | 39 |
| Warrants | 82 | 89 | 79 | 116 |

14. Related Party Transactions

Asset Management Agreements

On June 13, 2022, CHCI Asset Management, L.C. ("CAM"), an entity wholly owned by the Company, entered into a new master asset management agreement with CP (the "2022 AMA") that superseded in its entirety the previous asset management agreement between CAM and CPRES dated April 30, 2019 (the "2019 AMA"). Entry into the 2022 AMA was unanimously approved by the independent directors of the Company.

Consistent with the structure of the 2019 AMA, the 2022 AMA engages CAM to manage and administer CP's commercial real estate portfolio (the "Anchor Portfolio") and the day to-day operations of CP and each property-owning subsidiary of CP (collectively, the "CP Entities"). CAM will provide investment advisory, development, and asset management services necessary to build out, stabilize and manage the Anchor Portfolio, which currently consists primarily of two of the larger transit-oriented, mixed-use developments located on Washington D.C. Metro's Silver Line (Reston Station and Loudoun Station) that are owned by CP Entities and ultimately controlled by Mr. Clemente.

Pursuant to the fee structures set forth in both the 2022 AMA and 2019 AMA, CAM is entitled to receive an annual payment equal to the greater of the "Cost-Plus Fee" or the "Market Rate Fee". The Cost-Plus Fee is equal to the sum of (i) the

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comprehensive costs incurred by or for providing services to the Anchor Portfolio, (ii) the costs and expenses of the Company related to maintaining the listing of its shares on a securities exchange and complying with regulatory and reporting obligations of a public company, and (iii) a fixed annual payment of \$1.0 million. The Market Rate Fee calculation is defined in the respective asset management agreements as the sum of the fees detailed in the following table:

| Description | 2022 AMA | 2019 AMA |
|----------------------------------|---|---|
| Asset Management Fee | 2.5% of Anchor Portfolio revenue | 2.5% of Anchor Portfolio revenue |
| Entitlement Fee | 15% of total re-zoning costs | Encompassed in Development and Construction Fee |
| Development and Construction Fee | 5% of development costs (excluding previously charged Entitlement Fees) | 4% of development costs |
| Property Management Fee | 1% of Anchor Portfolio revenue | 1% of Anchor Portfolio revenue |
| Acquisition Fee | 1% on first \$50 million of purchase price; 0.5% above \$50 million | 0.5% of purchase price |
| Disposition Fee | 1% on first \$50 million of sale price; 0.5% above \$50 million | 0.5% of sale price |

In addition to the annual payment of either the Market Rate Fee or the Cost-Plus Fee, CAM is also entitled on an annual basis to receive certain supplemental fees, as detailed for the respective asset management agreements in the following table:

| Description | 2022 AMA | 2019 AMA |
|----------------------------|---|--|
| Incentive Fee | When receiving Market Rate Fee: On a mark-to-market basis, equal to 20% of the imputed profit of certain real estate assets comprising the Anchor Portfolio for which a Triggering Event ¹ has occurred, after calculating a compounding preferred return of 8% on CP invested capital (the "Market Incentive Fee") When receiving the Cost-Plus Fee: On a mark-to-market basis, an incentive fee equal to 10% of the imputed profit of certain real estate assets comprising the Anchor Portfolio for which a Triggering Event ¹ has occurred, after calculating a compounding preferred return of 8% on CP invested capital (the "Base Incentive Fee") | 10% of the free cash flow of each of the real estate assets comprising the Anchor Portfolio after calculating a compounding preferred return of 8% on CPRES invested capital |
| Investment Origination Fee | 1% of raised capital | 1% of raised capital |
| Leasing Fee | \$1/per sqft. for new leases and \$0.50/per sqft. for lease renewals | \$1/per sqft. for new leases and \$0.50/ per sqft. for lease renewals |
| Loan Origination Fee | 1% of any Financing Transaction or other commercially reasonable and mutually agreed upon fee | 1% of any Financing Transaction or other commercially reasonable and mutually agreed upon fee |

¹ Triggering events determined annually as defined in the agreement, but generally as each managed asset is leased and stabilized.

The 2022 AMA will terminate on January 1, 2035 ("Initial Term"), and will automatically renew for successive additional one year terms (each an "Extension Term") unless CP delivers written notice of non-renewal of the 2022 AMA at least 180 days prior to the termination date of the Initial Term or any Extension Term. Twenty-four months after the effective date of the 2022 AMA, CP is entitled to terminate the 2022 AMA without cause upon 180 days advance written notice to CAM. In the event of such a termination and in addition to the payment of any accrued annual fees due and payable as of the termination date under the 2022 AMA, CP is required to pay a termination fee equal to two times the Cost-Plus Fee or Market Rate Fee paid to CAM for the calendar year immediately preceding the termination.

Residential, Commercial, and Parking Property Management Agreements

The Company entered into separate residential property management agreements with properties owned by CP Entities under which the Company receives fees to manage and operate the properties, including tenant communications, leasing of apartment

units, rent collections, building maintenance and day-to-day operations, engagement and supervision of contractors and vendors providing services for the buildings, and budget preparation and oversight.

The Company entered into separate commercial property and parking management agreements with several properties owned by CP Entities under which the Company receives fees to manage and operate the office and retail portions of the properties, including tenant communications, rent collections, building maintenance and day-to-day operations, engagement and supervision of contractors and vendors providing services for the buildings, and budget preparation and oversight. These property management agreements each have initial terms of one year with successive, automatic one-year renewal terms. The Company generally receives base management fees under these agreements based upon a percentage of gross rental revenues for the portions of the buildings being managed in addition to reimbursement of specified expenses, including employment expenses of personnel employed by the Company in the management and operation of each property.

Construction Management Agreements

The Company has construction management agreements with properties owned by CP Entities under which the Company receives fees to provide certain construction management and supervision services, including construction supervision and management of the buildout of certain tenant premises. The Company receives a flat construction management fee for each engagement under a work authorization based upon the construction management or supervision fee set forth in the applicable tenant's lease, which fee is generally 1% to 4% of the total costs (or total hard costs) of construction of the tenant's improvements in its premises, or as otherwise agreed to by the parties.

Lease Procurement Agreements

The Company has lease procurement agreements with properties owned by CP Entities under which the Company receives certain leasing fees in connection with the procurement of new leases for such properties where external brokers are not involved. Such leasing fees are supplemental to the fees generated from the AMA and above-referenced management agreements.

Business Management Agreements

On April 30, 2019, CAM entered into a Business Management Agreement with Investors X, whereby CAM provides Investors X with asset and professional services related to the wind down of the Company's divested homebuilding operations and the continuation of services related to the Company's divested land development activities. The aggregate fee payable to CAM from Investors X under the Business Management Agreement is \$0.94 million payable in 15 quarterly installments of \$0.06 million each.

On July 1, 2019, CAM entered into a Business Management Agreement (the "BC Management Agreement") with CPRES, whereby CAM provides CPRES with professional management and consultation services, including, without limitation, consultation on land development and real estate transactions, for a residential community located in Monteverde, Florida. The initial term of the BC Management Agreement expired on December 31, 2020, subject to automatic, successive one (1) year extensions, unless sooner terminated in accordance with the terms of the BC Management Agreement. The current term of the BC Management Agreement expires on December 31, 2022. The BC Management Agreement provides that CPRES will pay CAM an annual management fee equal to \$0.34 million, payable in equal monthly installments during the term commencing on July 1, 2019, and will reimburse CAM for certain expenses.

The Hartford

In December 2019, the Company made an investment related to the purchase of the Hartford, a stabilized commercial office building located at 3101 Wilson Boulevard in the Clarendon area of Arlington County, Virginia. In conjunction with the investment, the Company entered into an operating agreement with CP to form Comstock 3101 Wilson, LC, to purchase the Hartford. Pursuant to the Operating Agreement, the Company held a minority membership interest of the Hartford and the remaining membership interests of the Hartford are held by CP.

In February 2020, the Company, CP and DWF VI 3101 Wilson Member, LLC ("DWF"), an unaffiliated, third party, equity investor in the Hartford, entered into a limited liability company agreement (the "DWC Operating Agreement") to form DWC 3101 Wilson Venture, LLC ("DWC") to, among other things, acquire, own and hold all interests in the Hartford. In furtherance thereof, on February 7, 2020, the Original Operating Agreement was amended and restated (the "A&R Operating Agreement") to memorialize the Company's and CP's assignment of 100% of its membership interests in the Hartford to DWC. As a result thereof, DWC is the sole member of the Hartford Owner. The Company and CP, respectively, hold minority membership interests in, and DWF holds the majority membership interest in, DWC. See Note 5 for further information.

BLVD Forty Four/BLVD Ansel

In October 2021 and March 2022, the Company entered into joint ventures with CP to acquire BLVD Forty Four and BLVD Ansel, respectively, two adjacent mixed-use luxury high-rise apartment buildings located near the Rockville Metro Station in Montgomery County, Md. The Company considers BLVD Forty Four and BLVD Ansel to be variable interest entities upon which it exercises significant influence; however, considering key factors such as the Company's ownership interest and participation in policy-making decisions by majority equity holders, the Company concluded that it does not have a controlling financial interest in either property. See Note 5 for further information.

Corporate Leases

On November 1, 2020, the Company relocated its corporate headquarters to a new office space pursuant to a ten-year lease agreement with an affiliate controlled and owned by Christopher Clemente, its Chief Executive Officer, and his family as landlords. See Note 6 for further information.

On January 1, 2022, ParkX Management, LC, a subsidiary of the Company, entered into a five-year lease agreement for its parking operations monitoring center with an affiliate controlled and owned by Christopher Clemente, its Chief Executive Officer, and his family as landlords. See Note 6 for further information.

Series C Preferred Stock Redemption

On June 13, 2022, the Company entered into the SEPA with CPRES, pursuant to which the Company acquired from CPRES all outstanding shares of its non-convertible and non-redeemable Series C preferred stock. See Note 10 for further information.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our Consolidated Financial Statements and the notes thereto and Management's Discussion and Analysis included in our 2021 Annual Report on Form 10-K and our Condensed Consolidated Financial Statements and the notes thereto included elsewhere in this document. Unless otherwise indicated, references to "2022" refer to the three or six months ended June 30, 2022 and references to "2021" refer to the three or six months ended June 30, 2021. The following discussion may contain forward-looking statements that reflect our plans and expectations. Our actual results could differ materially from those anticipated by these forward-looking statements. We do not undertake, and specifically disclaim, any obligation to update any forward-looking statements to reflect the occurrence of events or circumstances after the date of such statements except as required by law.

Overview

We are a leading developer and manager of mixed-use and transit-oriented properties in the Washington, D.C. metropolitan area. As a vertically integrated and multi-faceted asset management and real estate services company, we have designed, developed, constructed, acquired, and managed thousands of residential units and millions of square feet of commercial and mixed-use properties in since 1985.

We provide a broad range of asset management and real estate services, including services related to the acquisition, development, and operation of real estate assets. Our customers and partners are composed primarily of private and institutional owners, investors in commercial, residential, and mixed-use real estate, and various governmental bodies seeking to leverage the potential of public-private partnerships.

Our revenue is primarily generated by fees from the asset management and real estate services that we provide. In addition, we invest capital both on our own account and on behalf of clients and institutional investors seeking above average risk-adjusted returns. These strategic real estate investments tend to focus on office, retail, residential and mixed-use properties in which we generally retain an economic interest while also providing property management and other real estate services.

Our managed portfolio is currently composed of 40 operating assets, including 15 commercial assets totaling approximately 2.2 million square feet, 6 multifamily assets totaling 1,636 units, and 19 commercial garages with over 13,000 parking spaces. Included in our managed portfolio are Reston Station and Loudoun Station, two of the largest transit-oriented, mixed-use developments in the Washington, D.C. metropolitan area. The following tables provide a high-level summary of our managed portfolio:

| Anchor Portfolio | |
|-------------------------|--|
| Reston Station | Mixed-use development on Metro's Silver Line (Phase I); strategically located between Tyson's Corner, Va. and Dulles International Airport |
| Loudoun Station | Mixed-use development on Metro's Silver Line (Phase II); first Metro-connected development in Loudoun County, Va. |
| Herndon Station | Mixed-use development in the historic downtown portion of Herndon, Va.; focus of public-private partnership with Town of Herndon |

| Investments/Assets Under Management | |
|--|--|
| The Hartford Building | Joint venture; 211,000 square foot mixed-use building on Metro's Orange Line in Arlington, Va. |
| BLVD Forty Four | Joint venture; 15-story, luxury high-rise apartment building near Rockville Metro Station in Montgomery County, Md.; adjacent to BLVD Ansel |
| BLVD Ansel | Joint venture; 18-story, luxury high-rise apartment building near Rockville Metro Station in Montgomery County, Md.; adjacent to BLVD Forty Four |
| International Gateway | Various real-estate services provided for two privately-owned mixed-use buildings located in Tyson's Corner, Va. |
| Investors X | Investment in company that owns residual homebuilding operations |

Additionally, we have the following assets under construction: (i) one commercial asset totaling approximately 330,000 square feet, (ii) one multifamily asset with 415 units and (iii) one hotel/condominium asset with 240 keys and 95 condos. Our development pipeline consists of 13 assets consisting of approximately 1.5 million square feet of additional planned commercial development, approximately 2,600 multifamily units and one hotel asset that will include 140 keys.

Substantially all the properties included in our managed portfolio are covered by long-term, full-service asset management agreements encompassing all aspects of design, development, construction, and operations management relating to the subject properties. The services we provide pursuant to the asset management agreements covering our managed portfolio vary by property and client.

Anchoring our asset management services platform is a long-term full service asset management agreement with an affiliated company owned by our Chief Executive Officer, Christopher Clemente (the "2022 AMA"). The 2022 AMA encompasses the majority of the properties we currently manage, including Reston Station and Loudoun Station, two of the flagship properties that comprise our Anchor Portfolio. See Note 14 in the Notes to Consolidated Financial Statements for additional information.

CES Divestiture

On March 31, 2022, we completed the sale of Comstock Environmental Services, LLC ("CES"), a subsidiary of Comstock, to August Mack Environmental, Inc. ("August Mack") in accordance with the Asset Purchase Agreement for approximately \$1.4 million of total consideration, composed of \$1.0 million in cash and \$0.4 million of cash held in escrow that is subject to net working capital and other adjustments. We executed this divestiture to enhance its focus pursue continued future growth initiatives for its core asset management business.

We have reflected CES as a discontinued operation in its consolidated statements of operations for all periods presented. Unless otherwise noted, all amounts and disclosures relate to our continuing operations. See Note 3 in the Notes to Consolidated Financial Statements for additional information.

Series C Preferred Stock Redemption

On June 13, 2022, we entered into a Share Exchange and Purchase Agreement ("SEPA") with CP Real Estate Services, LC ("CPRES"), an entity owned by Mr. Clemente, to redeem all outstanding Series C preferred stock for (i) 1,000,000 shares of the Company's Class A common stock, par value \$0.01 per share and (ii) \$4.0 million in cash. The Series A common stock was valued at the consolidated closing bid price of Comstock shares on Nasdaq on the business day immediately preceding the entry into the SEPA. The \$8.3 million fair value of the consideration paid upon redemption was less than the \$10.3 million carrying value of the Series C preferred stock at the time of the transaction. This \$2.0 million discount compared to the carrying value was added to net income for the three and six months ended June 30, 2022 to arrive at income available to common stockholders and calculate net income (loss) per share. See Note 10 in the Notes to Consolidated Financial Statements for additional information.

COVID-19 Update

We continue to monitor the ongoing impact of the COVID-19 pandemic, including the effects of recent notable variants of the virus. While we have not experienced a significant impact on our business resulting from COVID-19 to date, future developments may have a negative impact on our results of operations and financial condition. The health and safety of our employees, customers, and the communities in which we operate remains our top priority. Although the long-term impact of the COVID-19 pandemic on the commercial real estate market in the greater Washington, D.C. area remains uncertain, we believe that our Anchor Portfolio is well positioned to withstand any future potential negative impacts of the COVID-19 pandemic.

Outlook

Our management team is committed to executing our goal to provide exceptional experiences to those we do business with while maximizing shareholder value. We believe that we are properly staffed for current market conditions and the foreseeable future and feel that we will maintain the ability to manage risk and pursue opportunities for additional growth as market conditions warrant. Our real estate development and asset management operations are primarily focused on the greater Washington, D.C. area, where we believe our 35-plus years of experience provides us with the best opportunity to continue developing, managing, and investing in high-quality real estate assets and capitalizing on positive growth trends.

Results of Operations

The following tables set forth consolidated statement of operations data for the periods presented (in thousands):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|-----------|---------------------------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| Revenue | \$ 8,467 | \$ 6,324 | \$ 17,198 | \$ 13,164 |
| Operating costs and expenses: | | | | |
| Cost of revenue | 6,831 | 5,502 | 13,766 | 11,580 |
| Selling, general, and administrative | 469 | 308 | 856 | 607 |
| Depreciation and amortization | 50 | 22 | 94 | 42 |
| Total operating costs and expenses | 7,350 | 5,832 | 14,716 | 12,229 |
| Income (loss) from operations | 1,117 | 492 | 2,482 | 935 |
| Other income (expense): | | | | |
| Interest expense | (69) | (58) | (128) | (116) |
| Gain (loss) on real estate ventures | 17 | (100) | 269 | (94) |
| Other income | 1 | (1) | 1 | — |
| Income (loss) from continuing operations before income tax | 1,066 | 333 | 2,624 | 725 |
| Provision for (benefit from) income tax | 352 | (11,316) | (104) | (11,314) |
| Net income (loss) from continuing operations | 714 | 11,649 | 2,728 | 12,039 |
| Net income (loss) from discontinued operations | (10) | (444) | (277) | (587) |
| Net income (loss) | 704 | 11,205 | 2,451 | 11,452 |
| Impact of Series C preferred stock redemption | 2,046 | — | 2,046 | — |
| Net income (loss) attributable to common shareholders | \$ 2,750 | \$ 11,205 | \$ 4,497 | \$ 11,452 |

Comparison of the Three Months Ended June 30, 2022 and June 30, 2021

Revenue

The following table summarizes revenue by line of business (in thousands):

| | Three Months Ended June 30, | | | | Change | |
|---------------------|-----------------------------|---------|----------|---------|----------|---------|
| | 2022 | | 2021 | | \$ | % |
| | Amount | % | Amount | % | | |
| Asset management | \$ 5,538 | 65.4 % | \$ 4,257 | 67.3 % | \$ 1,281 | 30.1 % |
| Property management | 2,192 | 25.9 % | 1,712 | 27.1 % | 480 | 28.0 % |
| Parking management | 737 | 8.7 % | 355 | 5.6 % | 382 | 107.6 % |
| Total revenue | \$ 8,467 | 100.0 % | \$ 6,324 | 100.0 % | \$ 2,143 | 33.9 % |

Revenue increased 33.9% in 2022. The \$2.1 million comparative increase was primarily driven by the growth and improved performance of our managed portfolio, which included 7 additional properties in 2022 and produced \$0.7 million of additional asset management fees and a \$0.6 million increase in reimbursable staffing charges. Also contributing to the comparative growth was a \$0.5 million increase in leasing fees.

Operating costs and expenses

The following table summarizes operating costs and expenses (in thousands):

| | Three Months Ended June 30, | | Change | |
|--------------------------------------|-----------------------------|----------|----------|---------|
| | 2022 | 2021 | \$ | % |
| Cost of revenue | \$ 6,831 | \$ 5,502 | \$ 1,329 | 24.2 % |
| Selling, general, and administrative | 469 | 308 | 161 | 52.3 % |
| Depreciation and amortization | 50 | 22 | 28 | 127.3 % |
| Total operating costs and expenses | \$ 7,350 | \$ 5,832 | \$ 1,518 | 26.0 % |

Operating costs and expenses increased 26.0% in 2022. The \$1.5 million comparative increase was primarily due to a \$1.3 million increase in personnel expenses stemming from market and merit-based compensation increases along with increases in our headcount.

Other income (expense)

The following table summarizes other income (expense) (in thousands):

| | Three Months Ended June 30, | | Change | |
|-------------------------------------|-----------------------------|----------|---------|----------|
| | 2022 | 2021 | \$ | % |
| Interest expense | \$ (69) | \$ (58) | \$ (11) | 19.0 % |
| Gain (loss) on real estate ventures | 17 | (100) | 117 | (117.0)% |
| Other income | 1 | (1) | 2 | (200.0)% |
| Total other income (expense) | \$ (51) | \$ (159) | \$ 108 | (67.9)% |

Other income (expense) increased \$0.1 million in 2022, primarily driven by higher overall mark-to-market valuations of the fixed-rate debt associated with our equity method investments in the current period as well as the impact of a loss on our Investors X investment in 2021 that was driven by lower expected cash flows in the prior period valuation.

Income tax

Provision for income tax was \$0.4 million in 2022, compared to an tax benefit of \$11.3 million in 2021. The large year-over-year change was primarily driven by a higher release of deferred tax asset valuation allowances in 2021. All recognized tax benefits stemming from valuation allowance releases are supported by our recent trend of positive net income from continuing operations and our current expectation that our operations will continue to generate future taxable income.

Comparison of the Six Months Ended June 30, 2022 and June 30, 2021

Revenue

The following table summarizes revenue by line of business (in thousands):

| | Six Months Ended June 30, | | | | Change | |
|---------------------|---------------------------|---------|-----------|---------|----------|--------|
| | 2022 | | 2021 | | \$ | % |
| | Amount | % | Amount | % | | |
| Asset management | \$ 11,535 | 67.1 % | \$ 9,150 | 69.5 % | \$ 2,385 | 26.1 % |
| Property management | 4,323 | 25.1 % | 3,342 | 25.4 % | 981 | 29.4 % |
| Parking management | 1,340 | 7.8 % | 672 | 5.1 % | 668 | 99.4 % |
| Total revenue | \$ 17,198 | 100.0 % | \$ 13,164 | 100.0 % | \$ 4,034 | 30.6 % |

Revenue increased 30.6% in 2022. The \$4.0 million comparative increase was primarily driven by the growth and improved performance of our managed portfolio, which included 7 additional properties in 2022 and produced \$1.2 million of additional asset management fees and a \$1.1 million increase in reimbursable staffing charges. Also contributing to the comparative growth were \$0.8 million of additional leasing fees and a \$0.5 million increase in acquisition fee income.

Operating costs and expenses

The following table summarizes operating costs and expenses (in thousands):

| | Six Months Ended June 30, | | Change | |
|--------------------------------------|---------------------------|-----------|----------|---------|
| | 2022 | 2021 | \$ | % |
| Cost of revenue | \$ 13,766 | \$ 11,580 | \$ 2,186 | 18.9 % |
| Selling, general, and administrative | 856 | 607 | 249 | 41.0 % |
| Depreciation and amortization | 94 | 42 | 52 | 123.8 % |
| Total operating costs and expenses | \$ 14,716 | \$ 12,229 | \$ 2,487 | 20.3 % |

Operating costs and expenses increased 20.3% in 2022. The \$2.5 million comparative increase was primarily due to a \$2.4 million increase in personnel expenses stemming from market and merit-based compensation increases along with increases in our headcount.

Other income (expense)

The following table summarizes other income (expense) (in thousands):

| | <u>Six Months Ended June 30,</u> | | <u>Change</u> | |
|-------------------------------------|----------------------------------|-----------------|---------------|-----------------|
| | <u>2022</u> | <u>2021</u> | <u>\$</u> | <u>%</u> |
| Interest expense | \$ (128) | \$ (116) | \$ (12) | 10.3 % |
| Gain (loss) on real estate ventures | 269 | (94) | 363 | (386.2)% |
| Other income | 1 | — | 1 | N/M |
| Total other income (expense) | <u>\$ 142</u> | <u>\$ (210)</u> | <u>\$ 352</u> | <u>(167.6)%</u> |

Other income (expense) increased \$0.4 million in 2022, primarily driven by higher mark-to-market valuations of the fixed-rate debt associated our equity method investments in the current period as well as additional gains on the performance of our title insurance joint venture with Superior Title Services, Inc., driven by higher volume as compared to the prior period. Also contributing to the increase was the impact of a loss on our Investors X investment in 2021 that was driven by lower expected cash flows in the prior period valuation.

Income taxes

Benefit from income tax was \$0.1 million in 2022, compared to a tax benefit of \$11.3 million in 2021. The large year-over-year change was primarily driven by a higher release of deferred tax asset valuation allowances in 2021. All recognized tax benefits stemming from valuation allowance releases are supported by our recent trend of positive net income from continuing operations and our current expectation that our operations will continue to generate future taxable income.

Non-GAAP Financial Measures

To provide investors with additional information regarding our financial results, we prepare certain financial measures that are not calculated in accordance with generally accepted accounting principles in the United States (“GAAP”), specifically Adjusted EBITDA.

We define Adjusted EBITDA as net income (loss) from continuing operations, excluding the impact of interest expense (net of interest income), income taxes, depreciation and amortization, stock-based compensation, and gain (loss) on equity method investments.

We use Adjusted EBITDA to evaluate financial performance, analyze the underlying trends in our business and establish operational goals and forecasts that are used when allocating resources. We expect to compute Adjusted EBITDA consistently using the same methods each period.

We believe Adjusted EBITDA is a useful measure because it permits investors to better understand changes over comparative periods by providing financial results that are unaffected by certain non-cash items that are not considered by management to be indicative of our operational performance.

While we believe that Adjusted EBITDA is useful to investors when evaluating our business, it is not prepared and presented in accordance with GAAP, and therefore should be considered supplemental in nature. Adjusted EBITDA should not be considered in isolation, or as a substitute, for other financial performance measures presented in accordance with GAAP. Adjusted EBITDA may differ from similarly titled measures presented by other companies.

The following table presents a reconciliation of net income (loss) from continuing operations, the most directly comparable financial measure as measured in accordance with GAAP, to Adjusted EBITDA (in thousands):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|-----------|---------------------------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| Net income (loss) from continuing operations | \$ 714 | \$ 11,649 | \$ 2,728 | \$ 12,039 |
| Interest expense | 69 | 58 | 128 | 116 |
| Income taxes | 352 | (11,316) | (104) | (11,314) |
| Depreciation and amortization | 50 | 22 | 94 | 42 |
| Stock-based compensation | 220 | 154 | 417 | 306 |
| (Gain) loss on real estate ventures | (17) | 100 | (269) | 94 |
| Adjusted EBITDA | \$ 1,388 | \$ 667 | \$ 2,994 | \$ 1,283 |

Liquidity and Capital Resources

Liquidity is defined as the current amount of readily available cash and the ability to generate adequate amounts of cash to meet the current needs for cash. We assess our liquidity in terms of our cash and cash equivalents on hand and the ability to generate cash to fund our operating activities.

Our principal sources of liquidity as of June 30, 2022 were our cash and cash equivalents of \$8.4 million and our \$4.5 million of available borrowings on our credit facility.

Significant factors which could affect future liquidity include the adequacy of available lines of credit, cash flows generated from operating activities, working capital management and investments.

Our primary capital needs are for working capital obligations and other general corporate purposes, including investments and capital expenditures. Our primary sources of working capital are cash from operations and distributions from investments in real estate ventures. We have historically financed our operations with internally generated funds and borrowings from our credit facilities. The outstanding balance of \$5.5 million on our credit facility is scheduled to mature in April 2023, at which point we plan to extend the life of the facility or pay down the outstanding balance in full. For further information on our debt, see Note 7 in the Notes to Consolidated Financial Statements.

We believe we currently have adequate liquidity and availability of capital to fund our present operations and meet our commitments on our existing debt.

Cash Flows

The following table summarizes our cash flows for the periods indicated (in thousands):

| | Six Months Ended June 30, | |
|---|---------------------------|----------|
| | 2022 | 2021 |
| Continuing operations | | |
| Net cash provided by (used in) operating activities | \$ (590) | \$ 822 |
| Net cash provided by (used in) investing activities | (2,067) | 2,483 |
| Net cash provided by (used in) financing activities | (4,488) | (168) |
| Total net increase (decrease) in cash - continuing operations | (7,145) | 3,137 |
| Discontinued operations, net | (251) | 36 |
| Net increase (decrease) in cash and cash equivalents | \$ (7,396) | \$ 3,173 |

Operating Activities

Net operating activity cash decreased \$1.4 million in 2022, primarily driven by a \$3.1 million incremental cash outflow stemming from changes to our net working capital, partially offset by a \$1.7 million increase in net income from continuing operations after adjustments for non-cash items. The net working capital impact included decreased accounts receivable and accrued personnel costs.

Investing Activities

Net cash used investing activities was \$2.1 million in 2022, compared to \$2.5 million provided by investing activities in 2021. The net \$4.6 million change was primarily driven by our \$2.7 million real estate investment in BLVD Ansel and a \$2.5 million decrease in distributions from real estate investments, partially offset by \$1.0 million in proceeds received from the CES divestiture.

Financing Activities

Net cash used in financing activities increased by \$4.3 million in 2022, primarily driven by a \$4.0 million cash payment made in connection with the early redemption of our Series C preferred stock.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not Applicable.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of June 30, 2022, management, including the CEO and CFO, performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act")).

Based on that evaluation, management, including the CEO and CFO, concluded that as of June 30, 2022, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. We maintain a system of internal control over financial reporting that is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States.

Changes in Internal Control over Financial Reporting

There have been no material changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three or six months ended June 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls

In designing and evaluating the disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs. We do not expect that our disclosure controls and internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met, therefore internal control over financial reporting may not prevent or detect misstatements.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

Information regarding legal proceedings is incorporated by reference from Note 8 in the Notes to Condensed Consolidated Financial Statements included in Part I of this Quarterly Report on Form 10-Q.

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Item 6. Exhibits

| Exhibit Number | Description | Incorporated by Reference | | |
|----------------|--|---------------------------|---------|-------------------|
| | | Form | Exhibit | Filing Date |
| 3.1 | Amended and Restated Certificate of Incorporation | 10-Q | 3.1 | November 16, 2015 |
| 3.2 | Amended and Restated Bylaws | 10-K | 3.2 | March 31, 2005 |
| 3.3 | Certificate of Elimination of the Series A Junior Participating Preferred Stock of the Company filed with the Secretary of State of the State of Delaware on March 26, 2015 | 8-K | 3.1 | March 27, 2015 |
| 3.4 | Certificate of Designation of Series A Junior Participating Preferred Stock of the Company filed with the Secretary of State of the State of Delaware on March 26, 2015 | 8-K | 3.2 | March 27, 2015 |
| 3.5 | Certificate of Designation of Series B Non-Convertible Preferred Stock of the Company filed with the Secretary of State of the State of Delaware on December 29, 2015 | 8-K | 3.1 | January 4, 2016 |
| 3.6 | Certificate of Designation of Series C Non-Convertible Preferred Stock of Comstock Holding Companies, Inc., filed with the Secretary of the State of Delaware on March 22, 2017 | 8-K | 3.1 | March 28, 2017 |
| 3.7 | Certificate of Amendment of Certificate of Designation of Series C Non-Convertible Preferred Stock of Comstock Holding Companies, Inc. filed with the Secretary of State of the State of Delaware on February 15, 2019 | 8-K | 3.2 | February 19, 2019 |
| 3.8 | Certificate of Amendment of Amended and Restated Certificate of Incorporation of Comstock Holding Companies, Inc. | 8-K | 3.1 | February 19, 2019 |
| 4.1 | Specimen Stock Certificate | S-1 | 4.1 | August 13, 2004 |
| 10.1* | Master Asset Management Agreement between Comstock Partners, LC and CHCI Asset Management, LC, dated June 13, 2022 | | | |
| 10.2* | Share Exchange and Purchase Agreement between Comstock Holding Companies, Inc. and CP Real Estate Services, L.C., dated June 13, 2022 | | | |
| 31.1* | Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | | | |
| 31.2* | Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | | | |
| 32.1‡ | Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | | | |
| 101.INS* | Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. | | | |
| 101.SCH* | Inline XBRL Taxonomy Extension Schema Document | | | |
| 101.CAL* | Inline XBRL Taxonomy Extension Calculation Linkbase Document | | | |
| 101.DEF* | Inline XBRL Taxonomy Extension Definition Linkbase Document | | | |
| 101.LAB* | Inline XBRL Taxonomy Extension Label Linkbase Document | | | |
| 101.PRE* | Inline XBRL Taxonomy Extension Presentation Linkbase Document | | | |
| 104* | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) | | | |

* Filed herewith
‡ Furnished herewith

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Pursuant to Rule 405 of Regulation S-T, the following interactive data files formatted in Inline Extensible Business Reporting Language (iXBRL) are attached as Exhibit 101 to this Quarterly Report on Form 10-Q:

- (i) the Consolidated Balance Sheets as of June 30, 2022 and December 31, 2021;
- (ii) the Consolidated Statements of Operations for the three and six months ended June 30, 2022 and 2021;
- (iii) the Consolidated Statements of Changes in Stockholders' Equity for the three and six months ended June 30, 2022 and 2021;
- (iv) the Consolidated Statements of Cash Flows for the six months ended June 30, 2022 and 2021; and
- (v) the Notes to Condensed Consolidated Financial Statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMSTOCK HOLDING COMPANIES, INC.

Date: August 15, 2022

By: /s/ CHRISTOPHER CLEMENTE
Christopher Clemente
Chairman and Chief Executive Officer

Date: August 15, 2022

By: /s/ CHRISTOPHER GUTHRIE
Christopher Guthrie
Chief Financial Officer

MASTER ASSET MANAGEMENT AGREEMENT

among

Comstock Partners, LC

and

CHCI Asset Management, LC

Effective as of
June 13, 2022

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This MASTER ASSET MANAGEMENT AGREEMENT (“*Agreement*”) is entered into on this 13th day of June 2022 (the “*Effective Date*”), among Comstock Partners, LC, a Virginia limited liability company (“*CP*”) and CHCI Asset Management, L.C., a Virginia limited liability company (the “*Manager*”).

W I T N E S S E T H:

WHEREAS, the Manager is a subsidiary of Comstock Holding Companies, Inc., a Delaware corporation (“*CHCI*”), and has experience in acquiring, entitling, designing, developing, constructing and managing real estate assets; and

WHEREAS, CP and certain affiliated entities control a mixed-use real estate portfolio and development pipeline, and CP desires to engage the Manager to provide development and asset management services necessary to build out, stabilize and manage its portfolio;

WHEREAS, the Manager was subject to an earlier master asset management agreement with an Affiliate of CP dated April 30, 2019 which is no longer of any force or effect and has been fully superseded by this Agreement;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements contained herein, the parties hereto, intending to be legally bound, hereby agree as follows:

Section 1. Definitions.

(a) The following terms shall have the respective meanings set forth below in this Section 1(a):

“*Acquisition and Development Expenses*” means any and all expenses incurred by CP or the Manager or any of their respective Affiliates in connection with the selection, evaluation, acquisition, origination, entitlement, development, and construction of any Real Estate Asset or making of any Investment, whether or not acquired or funded, including legal fees and expenses, travel and communications expenses, property inspection expenses, third party brokerage or finder’s fees, costs of appraisals, nonrefundable deposits or option payments on property not acquired, accounting fees and expenses, title insurance premiums and expenses, survey expenses, closing costs and the costs of performing due diligence, but excluding fees made to Manager or its Affiliates as part of this Agreement.

“*Acquisition Fee*” shall mean in connection with a purchase or other acquisition of a Real Estate Asset (other than a roll-over of an existing Investment into another Investment related to substantially the same underlying Real Estate Asset), a fee equal to one half of one

percent (0.5%) of the purchase price of such Real Estate Asset (or its appraised or agreed upon value if it is subject to a ground lease or joint venture arrangement) over the Base Transaction Threshold and one percent (1.0%) of the purchase price of such Real Estate Asset under the Base Transaction Threshold, offset against any Loan Origination Fees paid to the Manager or its Affiliate as part of the same transaction.

"Affiliate" means, with respect to a specified Person, (i) any Person directly or indirectly controlling, controlled by, or under common control with such specified Person, (ii) any general partner or manager of such specified Person, or (iii) any Person for which such specified Person acts as a general partner or manager. For purposes of this definition, the terms "controlled", "controlled by", or "under common control with" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting securities or membership interests, pursuant to an operating agreement, contract or credit arrangement, as trustee or executor, or otherwise. The Manager and CP shall not be deemed to be Affiliates of each other for the purposes of this Agreement.

"Agreement" has the meaning set forth in the Recitals.

"Annual Business Plan and Budget" means the detailed business objectives of the CP Entities with regard to their Real Estate Assets, including pro forma and actual development and construction cost estimates, schedule estimates, stabilization plans, operating budgets as well as information regarding conditional objectives, such as changes to land use entitlements or zoning and development objectives, as such objectives are established by CP from time to time.

"Annual Fee" means the amount of One Million and No/100ths Dollars \$1,000,000.

"Asset Management Fee" means two and one half percent (2.5%) of Revenues, calculated annually on a full calendar year or any other commercially reasonable market rate fee mutually agreeable to the parties hereto.

"Assets Under Development Triggering Event" means with respect to a Real Estate Asset under development and not yet placed into service, at the election of the Manager and consent of CP, not to be unreasonably withheld, the Base Incentive Fee or Market Incentive Fee will be realized either (i) thirty-six (36) months after receipt of a certificate of occupancy, or (ii) the period of time in which a ninety percent (90%) occupancy rate has been achieved if the asset under development is a multifamily asset, or (iii) the period of time in which a eighty-five percent (85%) leased rate has been achieved if the asset under development is a commercial asset, or (iv) the period of time in which a seventy-five percent (75%) daily occupancy rate has been achieved if the asset under development is a hotel asset, or (vi) concurrent with the closing of a refinancing of a Real Estate Asset, or (vii) upon a sale of the Real Estate Asset.

"Bankruptcy Event" means, with respect to any Person, (i) the filing by such Person of a voluntary petition seeking liquidation, reorganization, arrangement or readjustment, in any form, of its debts under Title 11 of the United States Code or any other U.S. federal or state or foreign insolvency law, or such Person's filing an answer consenting to or acquiescing in any such petition, (ii) the making by such Person of any assignment for the benefit of its creditors, (iii) the expiration of 60 days after the filing of an involuntary petition under Title 11 of the United States Code, an application for the appointment of a receiver for a material portion of the assets of such Person, or an involuntary petition seeking liquidation, reorganization, arrangement or readjustment of its debts under any other U.S. federal or state or foreign insolvency law, provided that the same shall not have been vacated, set aside or stayed within such 60-day period, or (iv) the entry against such Person of a final and non-appealable order for relief under any bankruptcy, insolvency or similar law now or hereinafter in effect.

"Base Transaction Threshold" means an amount in excess of Fifty Million Dollars (\$50,000,000).

"Base Costs" means the costs of the Staffing Requirements as agreed to by the Manager and CP on no less than an annual basis which, for the initial purposes hereof, shall be equal to (i) all estimated employment expenses related to personnel employed by the Manager for Real Estate Assets in accordance with the Annual Business Plan and Budget, including salaries, bonuses, wages, payroll taxes and the costs of employee benefit plans, or (ii) the actual employment expenses related to personnel employed by the Manager that are dedicated to providing services to CP Entities hereunder, and (iii) all items referenced in Section 8 (b), provided, that, Base Costs shall not include any interest, dividend or principal obligations of CHCI and its Affiliates as of the Effective Date, unless expressly set forth in the Annual Business Plan and Budget approved by the Manager and CDS.

"Base Incentive Fee" means on a Mark to Market Basis, the incentive compensation fee paid upon a Operating Assets Triggering Event or an Assets Under Development Triggering Event; calculated on a one time basis with respect to a CP Entity holding a Real Estate Asset subject to this Agreement in an amount calculated in arrears, not less than zero, equal to (i) ten percent (10%) of the imputed profit of the Real Estate Asset as if a Capital Event Transaction has occurred; after calculating a compounding preferred return of eight percent (8%) per annum on the Invested Capital in each CP Entity less the Land Payoff Allocation as shown on Exhibit B.

"Board" means the board of directors of CHCI, and shall be deemed to include any duly appointed and constituted committee of the Board with respect to each and every act that under the Governing Instruments or applicable law may be taken with the approval of a duly appointed and constituted committee of the Board, and references herein to the Board shall be deemed to include references to each such committee.

“*Business Day*” means any day except a Saturday, a Sunday or a day on which banking institutions in New York, New York are not required to be open.

“*Capital Event Transaction*” means a Fair Market Value sale, refinancing or capital markets transaction involving a sale or recapitalization of a Real Estate Asset.

“*CP Entity*” means CP and each Affiliate of CP holding Real Estate Assets which are the subject of a Subsidiary Agreement.

“*CP Indemnified Party*” has the meaning set forth in Section 9(b).

“*Change of Control*” means a change in the direct or indirect (i) beneficial ownership of more than 50% of the combined voting power of the Manager’s or CHCI’s then outstanding equity interests, or (ii) power to direct or cause the direction of the management and policies of the Manager or CHCI, whether through the ownership of voting securities, by contract or credit arrangement, as trustee or otherwise. For the avoidance of doubt, a change in ownership from a Person to a Person that is or benefits a spouse, child, or grandchild shall not constitute a Change of Control.

“*Claim*” has the meaning set forth in Section 9(c).

“*Code*” means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto, and reference to any provision of the Code shall mean such provision as in effect from time to time, as the same may be amended, and any successor provision thereto, as interpreted by any applicable regulations as in effect from time to time.

“*Common Stock*” means the Common Stock, par value \$0.01 per share, of CHCI.

“*Confidential Information*” has the meaning set forth in Section 6(a).

“*Cost Plus Fee*” has the meaning set forth in Section 7(b).

“*Disposition Fee*” shall mean in connection with Capital Transaction Event of a Real Estate Asset (other than a roll-over of an existing Investment into another Investment related to substantially the same underlying Real Estate Asset), a fee equal to one half of one percent (0.5%) of the sales price of such Real Estate Asset (or its appraised or agreed upon value if it is subject to a ground lease or joint venture arrangement) over the Base Transaction Threshold and one percent (1.0%) of the sales price of such Real Estate Asset under the Base Transaction Threshold.

“*Effective Date*” has the meaning set forth at the head of this Agreement.

“Entitlement Fee” means an entitlement fee to the Manager or its Affiliates as compensation for services rendered in connection with the rezoning and/or entitlement of the Real Estate Assets and/or the supervision of any non-Affiliates that are engaged by the Manager to provide such services unless at the discretion of Manager, the rezoning and entitlement work is encompassed as part of the development budget and subject to the Development and Construction Management Fee. A CP Entity shall pay the Entitlement Fee to the Manager in an amount equal to fifteen percent (15.0%) of the total estimated cost of the contract services provided for legal, engineering, architectural and other real estate related services necessary to obtain governmental approvals of Real Estate Assets or any other commercially reasonable market rate fee mutually agreeable to the parties hereto, but excluding the Entitlement Fee. For purposes of calculation of timing of payment of the Entitlement Fee, it shall be deemed to be payable on a pro rata basis to the Manager; commencing on the first day of the month following the date of the first submission to a governmental authority seeking approval of a Real Estate Asset, and concluding upon the projected issuance of the land development or construction permit for such Real Estate Asset, or upon any other commercially acceptable construction means and method mutually agreed upon by the Manager and CP.

“Development and Construction Management Fee” means a development and construction management fee to the Manager or its Affiliates as compensation for services rendered in connection with the development and construction of the Real Estate Assets and/or the supervision of any non-Affiliates that are engaged by the Manager to provide such services. A CP Entity shall pay the Development and Construction Management Fee to the Manager in an amount equal to five percent (5.0%) of the total cost of the Real Estate Asset under development or any other commercially reasonable market rate fee mutually agreeable to the parties hereto. For purposes of calculation of the fee, costs shall be deemed to include all projected costs of development, including all soft costs (including but not limited to construction contingencies, proffers, legal, architectural and engineering expenses, unaffiliated brokerage fees, taxes and interest carry, but excluding rezoning and entitlement expenses to the extent they were previously charged as part of a separate Entitlement Fee) and all hard costs (development, construction) of the to be developed Real Estate Asset, but excluding the Development and Construction Management Fee. For purposes of calculation of timing of payment of the Development and Construction Management Fee, it shall be deemed to be payable on a pro rata basis to the Manager; commencing on the first day of the month following the date the first permit allowing for land development or construction of a Real Estate Asset is received by CP Entity and concluding upon the projected issuance of the occupancy permit for such Real Estate Asset, or upon any other commercially acceptable construction means and method mutually agreed upon by the Manager and CP.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“*Fair Market Value*” means with respect to a Real Estate Asset, the fair market value set forth on the financial statements of the CP Entity owning a Real Estate Asset; provided however, in the event of a disagreement over Fair Market Value, each of CP and the Manager shall commission an independent MAI certified appraisal, to be completed within eight weeks of the party making the request, which shall average the “As Is” values of a Real Estate Asset unless the final “As Is” values of the MAI certified appraisals differ by more than five percent, then in such event, each of the appraisers shall appoint a third independent appraiser to complete a MAI certified appraisal whose “As Is” value shall be conclusively binding upon CP and the Manager.

“*Fees Payable Upon Termination*” means an amount equal to two times (i) all earned but unpaid fees due under Section 7(b) or (c) and all expenses due under Section 8 as of the Termination Date; and (ii) the aggregate amount paid to the Manager or its affiliates and assignees as compensation under Section 7(b) or (c) for the calendar year immediately prior to the Termination Date, but excluding any Supplemental Fees paid under Section 7(e).

“*Financing Transaction*” means any transaction with respect to an Investment in which one or more CP Entities incurs or assumes any mortgage or other indebtedness, including any line of credit, purchase money, refinance or similar financing transaction involving the creation of any commercial mortgage-backed security or mezzanine financing but excluding any financing transaction fully guaranteed by an individual Person with a direct or indirect ownership interest in a CP Entity.

“*Fund Management Structure*” means the formation of a called capital or similar fund structure utilized by Manager, CHCI, or their Affiliates to make additional or supplemental Investments on behalf of CP, or its Affiliates, such structure at all times to be in compliance with the Investment Company Act.

“*GAAP*” means United States generally accepted accounting principles, consistently applied.

“*Governing Instruments*” means, with regard to any entity, the articles of incorporation or certificate of incorporation and by-laws in the case of a corporation, the articles of organization, certificate of formation and operating or limited liability company agreement in the case of a limited liability company, the declaration of trust or other comparable trust instrument in the case of a trust, or similar governing documents in the case of another type of entity, in each case, as the same may be amended from time to time.

“*Indemnified Party*” has the meaning set forth in Section 9(b).

“*Independent Director*” means a member of the Board who is “independent” in accordance with the CHCI’s Governing Instruments and the rules of NASDAQ.

“Invested Capital” means the amount of cash Investment in a Real Estate Asset owned by a CP Entity subject to this Agreement as set forth on the capital account balance on the books and records of the CP Entity owning such Real Estate Asset.

“Investment” means any investment by any CP Entity, directly or indirectly, in Real Estate Assets or any other asset.

“Investment Company Act” means the Investment Company Act of 1940, as amended.

“Investment Origination Fee” means with respect to any Investment, including an Investment in a Real Estate Related Loan, a fee equal to one percent (1.0%) of the amount of such Investment or any other commercially reasonable market rate fee mutually agreeable to the parties hereto. The Investment Origination Fee shall be payable at the closing of an Investment on the funded amount of the Investment, but exclusive of the Investment Origination Fee or any other capital advisory origination fees; provided however, notwithstanding anything to the contrary in this Agreement, the Investment Origination Fee shall only apply to Invested Capital directly or indirectly provided by a third party with no affiliation to a CP Entity or its Affiliate.

“Investment Transaction” means any long term ground lease, purchase, acquisition, contribution, exchange, sale or disposition, merger or interest exchange that results in the acquisition or disposition of, or other transaction involving, an Investment.

“Joint Venture” means the joint venture or partnership or other similar arrangement (other than between or among any CP Entities) in which a CP Entity is a co-venturer, member, partner or other equity holder, which is established to own Investments.

“Leases” has the meaning set forth in Section 14(b)(ii).

“Leasing Fee” means a commission to Manager with respect to a lease for a retail and commercial Real Estate Asset equal to one dollar per square foot (\$1.00/sf) for a new lease, including lease expansions on a renewal, and one-half of one dollar per square foot (\$.50/sf) for a lease renewal. For transactions in which there are lease cost savings to a CP Entity on outside broker commissions due to internally generated leases, the Manager or its Affiliate shall be entitled to a mutually agreeable and market rate split of lease cost savings; the terms related thereto shall be documented and payable pursuant to a separate agreement.

“Loan Origination Fee” means with respect to any Financing Transaction, a fee equal to one percent (1.0%) of the maximum committed amount that may be advanced over the full term of such Financing Transaction, but exclusive of lender origination fees, or in the alternative, a commercially reasonable and mutually agreed upon fee between the Manager and a CP Entity

with respect to such Financing Transaction. The Loan Origination Fee shall be payable at the closing of a Financing Transaction.

“*Losses*” has the meaning set forth in Section 9(a).

“*Manager*” has the meaning set forth at the head of this Agreement and shall include any permitted successor in interest thereto.

“*Manager Indemnified Party*” has the meaning set forth in Section 9(a).

“*Manager Permitted Disclosure Parties*” has the meaning set forth in Section 6(a).

“*Mark to Market Basis*” means for each Real Estate Asset for which an Operating Asset Triggering Event or a Asset Under Development Triggering Event has occurred that entitles the Manager to a Base Incentive Fee or a Market Incentive Fee, the calculation of the Fair Market Value of such Real Estate Asset at its then current Fair Market Value as if a Capital Event Transaction has occurred even though the CP Entity holding such Real Estate Asset has not entered into a Capital Event Transaction.

“*Market Incentive Fee*” means on a Mark to Market Basis, the incentive compensation fee paid upon an Operating Asset Triggering Event or an asset Under Development Triggering Event and calculated on a one time basis with respect to a CP Entity holding a Real Estate Asset subject to this Agreement in an amount calculated in arrears, not less than zero, equal to (i) twenty percent (20%) of the imputed profit of the Real Estate Asset as if a Capital Event Transaction has occurred; after calculating a compounding preferred return of eight percent (8%) per annum on the Invested Capital less the Land Payoff Allocation as shown on Exhibit B.

“*Name Rights*” means intellectual property rights and assets relating to the name of CP, any CP Entity or any of their Affiliates, and to any other marks owned or licensed by any of them, and all rights, interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing, however arising, pursuant to the laws of any jurisdiction throughout the world, whether registered or unregistered, including any and all: (i) trademarks, service marks, trade names, brand names, logos, trade dress, design rights and other similar designations of source, sponsorship, association or origin, together with the goodwill connected with the use of and symbolized by, and all registrations, applications and renewals for, any of the foregoing; (ii) internet domain names, whether or not trademarks, registered in any top-level domain by any authorized private registrar or governmental authority, web addresses, web pages, websites and related content, accounts with Twitter, Facebook and other social media companies and the content found thereon and related thereto, and URLs; (iii) royalties, fees, income, payments and other proceeds now or hereafter due or payable with respect to any and all of the

foregoing; and (iv) all rights to any actions of any nature available or being pursued by CP, any Affiliate or their agent, to the extent related to the foregoing, whether accruing before, on or after the date hereof, including all rights to and claims for damages, restitution and injunctive relief for infringement, dilution, misappropriation, violation, misuse, breach or default, with the right but no obligation to sue for such legal and equitable relief, and to collect, or otherwise recover, any such damages.

“*Notice*” has the meaning set forth in Section 16(a).

“*NASDAQ*” means the National Association of Securities Dealers Automated Quotations exchange, or any other U.S. national securities exchange upon which CHCI’s Common Stock shall be listed for trading.

“*Operating Assets Triggering Event*” means with respect an already in service, operating Real Estate Asset, at the election of the Manager and consent of CP, not to be unreasonably withheld, the Base Incentive Fee or Market Incentive Fee will be realized as indicated on the schedule attached hereto as Exhibit B.

“*Person*” or “*person*” means any natural person, corporation, partnership, association, limited liability company, estate, trust or joint venture, any federal, state, county or municipal government or any bureau, department or agency thereof, or any other legal entity.

“*Property Management Fee*” means one percent (1%) of Revenues, calculated annually on the basis of a full calendar year or any other commercially reasonable market rate fee mutually agreeable to the parties hereto.

“*Public Company Costs*” means all costs of maintaining a listing on a securities exchange, including the cash compensation and expenses of the directors and the cost of liability insurance to indemnify the Manager and its officers and the directors; corporate franchise taxes; mandatory legal, tax and accounting expenses attributable to being publicly traded; all costs of preparing and filing required reports with the SEC; the costs payable by CHCI to any transfer agent and registrar in connection with the listing and/or trading of CHCI securities on any exchange; the fees payable by CHCI to any such exchange in connection with its listing; costs of preparing, printing and mailing annual reports to its stockholders and proxy materials with respect to any meeting of stockholders of CHCI; salary, benefits and other direct cash compensation and expenses of corporate executives of CHCI and any other ancillary costs that may be reasonably related to being a publicly traded company as may be agreed to by the Manager and CP from time to time.

“*Real Estate Assets*” means all Real Property and all lender, participant or similar interests in all Real Estate Related Loans (as applicable), in which any CP Entity holds an

interest, whether directly, through one or more subsidiaries or Affiliates, through a Joint Venture, or otherwise.

“*Real Estate Assets Schedule*” means the schedule attached hereto as Exhibit A that identifies the Real Estate Assets subject to this Agreement, such schedule being intended to be amended and supplemented from time to time.

“*Real Estate Related Loans*” means all types of real estate related debt obligations, including mezzanine loans, bridge loans, convertible mortgages, wraparound mortgage loans, construction mortgage loans, loans on leasehold interests and participations in such loans.

“*Real Property*” means fee and leasehold interests (and options) in real property, including (i) land only, (ii) land and the buildings located thereon, (iii) buildings only, and (iv) any other asset designated as Real Property by CP.

“*REIT*” means real estate investment trust or similarly structured entities from time to time that make Investments in income producing assets.

“*Regulation FD*” means Regulation FD as promulgated by the SEC.

“*Revenues*” mean all gross rental revenue from all sources associated with the Real Property, including but not limited to residential, office, retail and mixed-use properties.

“*SEC*” means the United States Securities and Exchange Commission.

“*Securities Act*” means the Securities Act of 1933, as amended.

“*Staffing Requirements*” means all personnel reasonably required to deliver services in accordance with this Agreement to the CP Entities and the Real Estate Assets as set forth in the Annual Business Plan and Budget, whether related to each individual Real Estate Asset or on a collective basis.

“*Subsidiary Agreement*” means any written or oral agreement pursuant to which Manager provides or causes to be provided certain services, procured hereunder, to a CP Entity with respect to Real Estate Assets.

“*Tenant Improvement Fees*” means with respect to any Real Estate Asset, a commercially reasonable and mutually agreed upon fee between the Manager or its Affiliates and a CP Entity with respect to services provided for commercial or retail tenant fit out and improvements or similarly related service fees related to Real Estate Assets from time to time. The Tenant Improvement Fees and the terms related thereto shall be payable pursuant to a separate agreement.

“*Term*” has the meaning set forth in Section 12(a).

“*Termination Date*” means the effective date of termination of the Agreement whether established pursuant to a Termination without Cause Notice, a Termination for Cause Notice, or any other provision hereof.

“*Termination for Cause*” has the meaning set forth in Section 13(a).

“*Termination for Cause Notice*” has the meaning set forth in Section 13(a).

“*Termination without Cause*” has the meaning set forth in Section 12(b).

“*Termination without Cause Notice*” has the meaning set forth in Section 12(b).

“*Termination Notice*” means a Termination without Cause Notice, a Termination for Cause Notice or any other notice of termination of this Agreement.

(b) As used herein, accounting terms relating to any CP Entity not defined in Section 1(a), and accounting terms partly defined in Section 1(a), to the extent not defined, shall have the respective meanings given to them under GAAP.

(c) As used herein, “calendar quarters” shall mean the periods from January 1 to March 31, April 1 to June 30, July 1 to September 30 and October 1 to December 31 of the applicable year.

(d) The words “hereof”, “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section references are to this Agreement unless otherwise specified

(e) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(f) The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation.”

(g) A reference to any gender shall be deemed to be a reference to all genders.

Section 2 Appointment and Duties of the Manager.

(a) CP hereby appoints the Manager to manage and administer the Investments and the day-to-day operations of the CP Entities and its Real Estate Assets, subject at all times to the terms and conditions set forth in this Agreement. The Manager will use commercially reasonable

efforts to provide the services contemplated hereunder and otherwise to perform each of its duties set forth herein, provided that funds are made or caused to be made available by CP as set forth in Section 8. CP shall not appoint any other Person except the Manager to perform the duties and carry out the responsibilities of the Manager described herein, except as may otherwise be permitted by this Agreement.

(b) The Manager, in performance of its duties hereunder, at all times will act in a manner that is consistent with the provisions of the Governing Instruments of each CP Entity, and will use commercially reasonable efforts to perform its duties hereunder, including to present to CP potential investment opportunities and to manage CP's business affairs in conformity with the investment parameters and other policies that are established by CP. The Manager hereby acknowledges and agrees that any proposed changes to CP's investment strategy shall require the prior written approval of CP. CP shall notify the Manager promptly of any amended, restated or supplemented investment strategies from time to time.

(c) The Manager will be responsible for the day-to-day operations of the CP Entities and will perform (or cause to be performed) such services and activities relating to their respective Investments and Real Estate Assets, as may be appropriate, which may include:

(i) (A) proposing modifications to the investment strategy of CP, (B) periodically reviewing the CP Investment portfolio for compliance with its investment strategy and reporting its findings to CP, (C) periodically reviewing and reporting to CP regarding the diversification of the CP Investment portfolio and the financing strategies, and (D) conducting or overseeing the provision of the services and activities set forth in this Agreement;

(ii) investigating, analyzing, selecting, conducting due diligence with respect to, negotiating the terms and conditions of (including negotiating the forms of definitive agreements), arranging financing for and recommending to CP, possible Investment Transactions consistent with CP's investment strategy;

(iii) with respect to prospective Investment Transactions and Financing Transactions, conducting negotiations (including negotiation of definitive agreements) with sellers, purchasers, prospective Joint Venture or merger candidates, lenders and other financing sources and their respective agents and representatives, and, if applicable, closing the Investment Transactions and Financing Transactions as may be approved by CP;

(iv) effecting any private placement of interests in Investments, as may be approved by CP;

(v) delivering to and maintaining on behalf of CP copies of all appraisals or marketing reports obtained in connection with the Real Estate Assets as may be desired or required by CP;

(vi) negotiating, within the discretionary limits and authority granted by CP in this Agreement, repurchase agreements, agreements relating to borrowings under programs established by the U.S. Government and other agreements and instruments required to conduct the business of the CP Entities;

(vii) engaging and supervising Affiliates of the Manager and independent contractors approved by CP that provide investment banking, securities brokerage, equity capital, mortgage brokerage, real estate brokerage services, other financial services, due diligence services, underwriting review services, legal and accounting services, professional services, including engineering and architectural services, and all other services (including transfer agent and registrar services) as may be required relating to the Real Estate Assets, CP Entities' operations, Investments, Investment Transactions or Financing Transactions;

(viii) reserved;

(ix) as directed by CP, coordinating and managing operations of any Joint Venture or co-investment interests held by the CP Entities and conducting all matters with the Joint Venture or co-investment partners;

(x) providing executive, management, and administrative personnel, office space and office services required in rendering services hereunder;

(xi) negotiating leases and service contracts in connection with the Investments and administering the day-to-day operations and performing and supervising the performance of such other administrative functions, including the collection of revenues and the payment of debts and obligations, and maintenance of appropriate computer services to perform such functions;

(xii) as directed by CP, communicating with the holders of any equity or debt of CP as required to satisfy the reporting and other requirements of any governmental body or agency or trading market and to maintain effective relations with such holders;

(xiii) evaluating and recommending hedging strategies and, as directed by CP, engaging in hedging activities within the discretionary limits and authority specifically granted by CP within its investment strategy;

(xiv) providing counsel regarding CP or its Affiliate's potential qualification as a REIT and, if implemented, thereafter monitoring compliance with the various REIT qualification tests and related rules set out in the Code and Treasury Regulations, and using commercially reasonable efforts to cause the applicable CP Entities to continue to qualify for taxation as a REIT;

(xv) providing counsel regarding exemptions from the status of an investment company required to register under the Investment Company Act, monitoring compliance with the requirements for maintaining such exemption and using commercially reasonable efforts to cause the applicable CP Entities to maintain such exemption;

(xvi) furnishing reports and statistical and economic research regarding Investments and potential Investments, as well as disclosing any potential conflicts of interest involving the Manager or any of its Affiliates not already disclosed in public filings made pursuant to SEC regulations;

(xvii) monitoring the performance of the Investments and providing periodic reports with respect thereto, including comparative information with respect to such operating performance and budgeted or projected operating results;

(xviii) providing advice with respect to equity and debt capitalization and financing strategies related to the Investments;

(xix) assisting the CP Entities to retain qualified accountants and legal counsel, as applicable, to advise in developing appropriate accounting procedures and systems, internal controls and other compliance procedures, to provide sound tax and legal advice and to conduct annual compliance reviews with respect thereto;

(xx) assisting the CP Entities in qualifying to do business in all applicable jurisdictions and to obtain and maintain all appropriate licenses;

(xxi) assisting the CP Entities in complying with all laws and regulatory requirements applicable to their business activities, including preparing or causing to be prepared all financial statements required under applicable regulations and contractual undertakings and maintaining reports and documents to the extent required by applicable law;

(xxii) assisting the CP Entities in taking all necessary action to make required tax filings and reports in accordance with the Code;

(xxiii) handling and resolving all claims, disputes or controversies (including all litigation, arbitration, settlement or other proceedings or negotiations) in which a CP Entity may

be involved, or to which any CP Entity or Real Estate Asset or other interest may be subject, arising out of the CP Entity's day-to-day operations (other than with the Manager or its Affiliates), subject to such limitations or parameters as may be imposed from time to time by CP;

(xxiv) using commercially reasonable efforts to cause expenses incurred on behalf of any CP Entity to be commercially reasonable or usual and customary and within any budgeted parameters or expense guidelines proposed by the Manager and approved by CP from time to time;

(xxv) advising on the appropriateness of leverage ratios, cash positions and long-term capital reserves;

(xxvi) providing portfolio management services;

(xxvii) arranging marketing materials, advertising, industry group activities (such as conference participations and industry organization memberships) and other promotional efforts designed to promote CP Entities' businesses;

(xxviii) performing such other services as may be required from time to time for management and other activities relating to CP assets and business as reasonably requested by CP or as the Manager shall deem appropriate under the particular circumstances; and

(xxix) providing or causing to be provided all due diligence, design, development, construction management, property management, asset management, analytical, accounting, financial, legal, and other services necessary for the development and operation of the Real Estate Assets.

(d) The Manager may retain, for and on behalf of CP, such Persons as the Manager deems necessary or advisable for the provision of services referred to in Section 8 in connection with the management and operation of CP.

(e) The Manager shall refrain from any action that, in its sole judgment made in good faith, (i) is not in compliance with the investment strategy of CP, (ii) would adversely and materially affect the qualification of a CP Entity as an entity excluded from investment company status under the Investment Company Act, or (iii) would conflict with or violate (A) any law, rule or regulation of any governmental body or agency having jurisdiction over any CP Entity, or (B) any applicable Governing Instruments. The Manager may proceed with taking an action described above if expressly instructed to do so by CP. Notwithstanding the foregoing, neither the Manager nor any of its Affiliates shall be liable to any CP Entity, any Joint Venture, or the members or other holders of equity interests in any CP Entity, for any act or omission by the Manager or any of its Affiliates, except as provided in Section 9. In performing its duties under

this Section 2, the Manager shall be entitled to rely reasonably on qualified experts and professionals (including accountants, legal counsel and other professional service providers).

(f) Without limiting any other reporting requirement, Manager shall notify CP of all contemplated Investment Transactions not less than 30 days prior to the anticipated date of completion of the transaction. The Manager shall seek and obtain CP prior approval of any Investment Transaction, regardless of whether it meets the investment strategy of CP. In all transactions requiring approval by CP, the Manager will deliver to CP all documents and other information reasonably required to evaluate properly the proposed transaction.

(g) CP will take or cause all actions reasonably required to permit and enable the Manager to carry out its duties and obligations under this Agreement, including all steps reasonably necessary to allow the Manager and its Affiliates to make any filing required to be made under the Securities Act, Exchange Act, NASDAQ regulations, the Code or other applicable law, rule or regulation in a timely manner. CP will use commercially reasonable efforts to make available to the Manager all resources, information and materials reasonably requested by the Manager to enable the Manager to satisfy its legal obligations hereunder.

(h) As frequently as the Manager may deem necessary or advisable, or at the direction of CP, the Manager shall prepare (or cause to be prepared) reports and other information relating to any proposed Investment.

(i) The Manager shall prepare (or cause to be prepared) all reports, financial or otherwise, reasonably required by CP in order for the CP Entities to comply with their respective Governing Instruments or lender requirements or as otherwise reasonably requested by CP, including an annual audit or review of any CP Entity consolidated financial statements by a nationally recognized independent accounting firm.

(j) The Manager shall prepare (or cause to be prepared) regular reports for CP to enable it to review CP Entity acquisitions, Investment portfolio composition and characteristics, credit quality, performance and compliance with the investment strategy and policies approved by it from time to time.

(k) Officers, employees and agents of the Manager and its Affiliates may serve as directors, officers, agents, nominees or signatories for any CP Entity, but only to the extent permitted by their respective Governing Instruments, or by any resolutions duly adopted by the CP Entity. When executing documents or otherwise acting in such capacities for any CP Entity, such Persons shall indicate they are executing or acting on behalf of such CP Entity. Without limiting the foregoing, while this Agreement is in effect, the Manager will establish an executive management team and such other positions, along with appropriate support personnel, to provide

the management services to be provided by the Manager to the CP Entities hereunder, who shall devote such of their time to the management of the Investments and consideration of the investment strategy and policies and day-to-day operations of the CP Entities, as may be necessary and appropriate, commensurate with the level of activity of CP from time to time.

(l) The Manager, if directed by CP and at CP's expense, shall obtain and maintain reasonable and customary "errors and omissions" insurance coverage and other customary insurance coverage in respect to its obligations and activities under, or pursuant to, this Agreement, naming the CP Entities as additional insureds.

(m) The Manager shall provide such internal audit, compliance and control services as may be required for the Manager and its Affiliates to comply with applicable law (including the Securities Act and Exchange Act), regulations (including SEC regulations) and the rules and requirements of NASDAQ and as otherwise reasonably requested by CP from time to time.

(n) If required by applicable statute in the performance of this Agreement, the Manager shall maintain any required registration of the Manager or any Affiliate with the SEC under the Investment Advisers Act of 1940, as amended, or with any state securities authority in any state in which the Manager or its Affiliate is required to be registered as an investment advisor under applicable state securities laws. The Manager does not currently expect such a registration is required.

Section 3 Affiliates and Contractual Relationship.

The Manager and the CP Entities conduct their business in and through a number of business units and Affiliates. The Manager and CP shall use commercially reasonable efforts to require the Persons and Affiliates who are affected by this Agreement to enter into such additional contractual arrangements, including Subsidiary Agreements (which Manager shall join in from time to time upon CP's written request), as may be reasonably necessary to provide the services contemplated hereunder, and to document appropriately the fees charged therefor. The Manager and CP shall provide each other with such further assurances as may be reasonably required by each other and third parties from time to time. Additionally, the Manager, CP, and their Affiliates, shall provide such further assurances to third parties, including but not limited to their auditors and legal counsel, as may be reasonably requested from time to time.

Section 4 Additional Activities of the Manager.

(a) Subject to Section 4(c), nothing in this Agreement shall prevent the Manager, any of its Affiliates or any of their respective officers, directors or employees, from engaging in other businesses or from rendering services of any kind to any other Person, regardless of whether the investment objectives or policies of any such other Person are similar to those of CP; provided,

however, that the Manager shall devote sufficient resources to discharge its obligations under this Agreement.

(b) While information and recommendations supplied to CP shall, in the Manager's good faith judgment, be appropriate under the circumstances and in light of the investment objectives and policies of CP, they may be different from the information and recommendations supplied by the Manager or any Affiliate of the Manager to others. CP shall be entitled to equitable treatment under the circumstances in receiving information, recommendations and any other services, but CP recognizes that CP is not entitled to receive preferential treatment as compared with the treatment given by the Manager or any Affiliate of the Manager to others.

(c) The Manager shall report to CP and to the Board any condition or circumstance, existing or anticipated, of which it has knowledge, which creates or could create a conflict of interest between the Manager's obligations to CP and its obligations to or its interest in any other Person, including its Affiliates. If the Manager or any of its Affiliates sponsored any other investment program with similar investment objectives to CP that has investment funds available at the same time as CP or engages in any activity that could be considered in potential competition with CP, the Manager shall inform the Board of the method to be applied by the Manager in allocating investment opportunities among CP and competing investment entities and shall provide regular updates to the Board of the investment opportunities provided by the Manager to competing programs in order for the Board (including the Independent Directors) to evaluate that the Manager is allocating such opportunities in accordance with such method. All such evaluation will be conducted in accordance with CHCI's existing Corporate Opportunity, Code of Conduct policies and applicable laws and regulations governing related party transactions, as may be amended from time to time. Any executive officer of the Manager or any Affiliate holding an interest in CP shall adhere to process set forth in this Section 4(c).

Section 5 Bank Accounts.

The Manager, at the direction of CP, may establish and maintain one or more separate bank accounts in the name of one or more CP Entities, and may collect and deposit funds into and disburse funds from any such account or accounts, under such policies, terms and conditions as CP may establish, provided that no funds shall be commingled with the funds of the Manager or its Affiliates. The Manager shall from time to time render appropriate accountings of such collections and payments to CP and, upon request, shall provide information regarding such account to CP's auditors.

Section 6 Records; Confidentiality.

(a) The Manager shall maintain appropriate books of accounts and records relating to services performed hereunder, and such books of account and records shall be accessible for inspection by representatives of CP at any time during normal business hours. The Manager shall keep confidential any and all non-public information, written or oral, obtained by it in connection with the services rendered hereunder ("*Confidential Information*") and shall not use Confidential Information except in furtherance of its duties under this Agreement, nor disclose Confidential Information, in whole or in part, to any Person other than (i) to Manager's Affiliates and the officers, directors, employees, agents, representatives or advisors of the Manager or its Affiliates who need to know such Confidential Information for the purpose of rendering services hereunder, (ii) to appraisers, financing sources, tax advisors, legal counsel and other consultants in the ordinary course of business undertaken on behalf of a CP Entity (clauses (i) and (ii) above, collectively, "*Manager Permitted Disclosure Parties*"), (iii) in connection with any governmental or regulatory filings of the Manager or its Affiliates, or filings with the NASDAQ or other applicable securities market, (iv) in presentations or other disclosures to CP investors (subject to compliance with Regulation FD), (v) to governmental officials having jurisdiction over CP Entities, (vi) as required by law or legal process to which the Manager or any Person to whom disclosure is permitted hereunder is a party, or (vii) with the written consent of CP. The Manager will inform each of its Manager Permitted Disclosure Parties of the non-public nature of the Confidential Information and shall advise such Persons to treat such Confidential Information in accordance with the terms hereof.

(b) Nothing herein shall prevent any Manager Permitted Disclosure Party from disclosing Confidential Information (i) upon the order of any court or administrative agency having jurisdiction, (ii) upon the request or demand of, or pursuant to any law or regulation to, any regulatory agency or authority having jurisdiction, or (iii) to the extent reasonably required, to its legal counsel or independent auditors; provided, however, that with respect to clauses (i) and (ii) above, it is agreed that, so long as not legally prohibited, the Manager will provide CP with prompt written notice of such order, request or demand so that CP may seek, at its sole expense, an appropriate protective order and/or waive any Manager Permitted Disclosure Party's compliance with the provisions of this Agreement. If, failing the entry of a protective order or the receipt of a waiver hereunder, the Manager is required to disclose Confidential Information, the Manager Permitted Disclosure Party may disclose only that portion of such information that is legally required without liability hereunder; provided further, however, that the Manager Permitted Disclosure Party agrees to exercise commercially reasonable efforts to obtain reliable assurance that confidential treatment will be accorded such information.

(c) Notwithstanding anything herein to the contrary, the following types of Confidential Information shall be deemed to be excluded from provisions hereof: (i) any

Confidential Information that is available to the public from a source other than the Manager or its Affiliates; (ii) any Confidential Information that is released in writing by any of the CP Entities to the public (except to the extent exempt under, and in compliance with, Regulation FD) or to persons who are not under similar obligation of confidentiality to any of the CP Entities; and (iii) any Confidential Information that is obtained by the Manager from a third party which, to the Manager's knowledge, does not constitute a breach by such third party of an obligation of confidence with respect to the Confidential Information disclosed.

(d) The provisions of this Section 6 shall survive the expiration or earlier termination of this Agreement for a period of two years thereafter, provided that the Manager will maintain trade secrets of CP identified in writing as trade secrets, and which in fact constitute trade secrets, for a period of five years, unless a court of competent jurisdiction determines in a final non-appealable ruling that a lesser period should apply.

Section 7 Compensation.

(a) Deposit. Manager and CP agree and acknowledge no deposit is required to be posted pursuant to this Agreement.

(b) Cost Plus Fee Structure.

(i) During the initial Term of this Agreement, the Manager shall be entitled to receive, per annum and prorated for partial years, an asset management fee in an aggregate amount equal to the greater of; the sum of (A) its Base Costs, *plus* (B) the Public Company Costs, to the extent the same are not allocated to other subsidiaries or operating divisions of CHCI, *plus* (C), the Annual Fee (such aggregate amount, the "*Cost Plus Fee*") or the Market Rate Fee described in Section 7(c) below. Commencing with the Effective Date, CP shall remit to the Manager the Cost Plus Fee, which shall generally be payable in monthly installments but in no event shall be made less frequently than quarterly. A true-up of Base Costs and Public Company Costs shall be conducted on an annual basis to adjust for and reconcile variances between the Annual Business Plan and Budget and amounts paid directly by CP to adjust for the actual Base Costs and Public Company Costs.

(ii) The Manager shall provide CP with its annual Staffing Requirements plan no later than thirty (30) days prior to the end of each calendar year to establish the Base Costs for the subsequent calendar year.

(c) Market Rate Fee Structure.

During the term of this Agreement and no later than sixty (60) days after the end of each calendar year, the Manager shall provide to CP line item calculations for the prior year of each of

(A) the Asset Management Fee, (B) the Entitlement Fee, (C) the Development and Construction Management Fee, (D) the Property Management Fee, (E) the Acquisition Fee, and (F) the Disposition Fee, (the aggregate of all such amounts; the "*Market Rate Fee*"); prorated for partial years in the event of a termination of this Agreement. If the Market Rate Fee calculation exceeds the amount of the Cost Plus Fee for any calendar year, CP shall remit to Manager no later than sixty (60) days after the receipt of Manager's calculation submittal the difference between the amount of the Market Rate Fee and the Cost Plus Fee, including any previously unremitted quarterly installments of the Cost Plus Fee and the difference between the Market Incentive Fee and any Base Incentive Fees previously remitted. For Real Estate Assets for which the Manager earns a Development and Construction Management Fee, previously remitted Entitlement Fees shall be deducted from the Development and Construction Management Fee on a pro-rata basis.

(d) Modifications to Fee Structure. The Manager and CP acknowledge and agree that market rate fee structures may vary from time to time based on a variety of factors, including the types of assets under management, the valuation of assets under management, the institutional investors or venture partners associated with such assets, the incentive or carried interest fees associated with certain assets and the number of assets under management. The Manager and CP acknowledge that the desire for modifications to the Agreement will likely arise prior to the expiration of the Term and, in such a circumstance, the parties agree to negotiate in good faith for mutually agreeable modifications to the Cost Plus Fee, Market Rate Fee or the Supplemental Fee structure or in the event the parties agree in the future to make Investments in accordance with a Fund Management Structure, the parties agree a modification addendum to this Agreement or a full amendment and restatement of this Agreement will be required to memorialize fundamental compensation structure and regulatory compliance requirements.

(e) Supplemental Fees. In addition to the fees earned in accordance with Section 7(b) and (c) hereof, the Manager shall be entitled to receive on an annual basis either the Base Incentive Fee or the Market Incentive Fee for Real Estate Assets set forth on the Real Estate Schedule; payable in cash upon an Operating Asset Triggering Event or an Asset Under Development Triggering Event, but in no event later than the timeframes set forth in Section 7(c) above; and any Investment Origination Fees, Leasing Fees, Loan Origination Fees, and Tenant Improvement Fees, as earned on a transaction by transaction basis (the "*Supplemental Fees*").

(f) Deferral of Fees. With respect to the Market Rate Fees set forth in Sections 7(c)(A)-(F), the Supplemental Fees, the Base Incentive Fee, or the Market Incentive Fee (the "*Deferrable Fees*"), the Manager, on behalf of itself and its Affiliates, and its and their respective successors and assigns, may defer all or a portion of the Deferrable Fees with respect to all or any portion of the Real Estate Assets, as determined by the Manager (any fees so deferred, "*Deferred Fees*") but only with the mutual written agreement and consent of CP. Upon a

Capital Event Transaction with respect to any Real Estate Asset or upon Termination without Cause, all such Deferred Fees shall immediately become due and payable.

(g) Annual Aggregate Fee Reconciliation. Notwithstanding anything to the contrary in this Section 7, in any calendar year in which the Manager is not otherwise entitled to receive the Market Rate Fee in accordance with Section 7(C), the Manager shall nevertheless be entitled to the greater of (i) the Cost Plus Fee and the Supplemental Fees, including the Base Incentive Fee, or (ii) the Market Rate Fees and the Supplemental Fees, including the Market Incentive Fee.

Section 8 Expenses and Allocations of the Manager and CP.

(a) The Manager shall be responsible for payment of all expenses related to personnel of the Manager and its Affiliates who provide services to CP Entities pursuant to this Agreement, including salaries, bonus and other wages, payroll taxes, the cost of employee benefit plans of such personnel, and costs of insurance with respect to such personnel. For the avoidance of doubt, the costs of CHCI's equity incentive plans in which any person referred to above participates shall be payable by Manager under this Section 8(a). Notwithstanding the foregoing, the parties hereto acknowledge and agree that on an annual basis, up to fifty percent (50%) of the Base Incentive Fee or Market Incentive Fee calculation set forth herein may be paid or allocated by the Manager, or its Affiliate, to eligible participants of its executive management team in accordance with its long-term equity incentive compensation programs. In the event of non-renewal or a future termination of this Agreement for any reason; at the election of CP, eligible participants of the Manager, or its Affiliates, shall either (i) receive a final reconciliation and payment of the Base Incentive Fee or Market Incentive Fee as if a Capital Event Transaction sale of each CP Entity holding a Real Estate Asset had occurred as of the date of termination, or (ii) receive the continued payment of the Base Incentive Fee or Market Incentive Fee calculated in accordance with and as if the Agreement were still in effect from the Effective Date hereof. The parties will consult with their compensation and tax consultants to provide for and document the most efficient structure to recognize the Base Incentive Fee or Market Incentive Fee allocation for the Manager, or its Affiliates, long term equity incentive program and any amendments to this Agreement to reflect the same shall not be considered a material amendment to this Agreement.

(b) CP shall pay (or cause to be paid) all the costs and expenses of each CP Entity and shall reimburse the Manager or its Affiliates for expenses of the Manager and its Affiliates reasonably incurred on behalf of any CP Entity in accordance with this Agreement, excepting only those expenses that are specifically the responsibility of the Manager pursuant to Section 8(a). Without limiting the generality of the foregoing, the following costs and expenses

of the CP Entities shall be paid (or caused to be paid) by CP and shall not be paid by the Manager or Affiliates of the Manager:

(i) Acquisition and Development Expenses incurred in connection with Investments and the Real Estate Assets;

(ii) Reserved.

(iii) expenses in connection with any Financing Transaction and other costs incident to the acquisition, disposition and financing of the Investments;

(iv) costs of legal, tax, accounting, consulting, auditing, business or construction management and other similar services rendered for the benefit of CP by providers retained by the Manager, or, if provided by the Manager's Affiliates or personnel, in amounts (or rates, as applicable) approved in advance by CP which shall be reasonably comparable in costs to outside third party professionals or consultants engaged to perform such services pursuant to agreements negotiated on an arm's-length basis;

(v) Reserved.

(vi) expenses connected with communications to owners or investors of any CP Entity and other bookkeeping and clerical work necessary in maintaining relations with such owners or investors and in complying with the continuous reporting and other requirements of governmental bodies or agencies;

(vii) costs associated with any computer software or hardware, electronic equipment or purchased information technology services from third-party vendors that is used for the benefit of CP Entities;

(viii) travel and other out-of-pocket expenses incurred by managers, officers, personnel and agents of the Manager in connection with the purchase, financing, refinancing, operation, sale or other disposition of an Investment or in connection with any Financing Transaction, except as may otherwise be agreed to by the Manager and CP, or their Affiliates, in separate written agreements;

(ix) costs and expenses incurred with respect to market information systems and publications, research publications and materials obtained for the benefit of CP Entities;

(x) the costs of maintaining compliance by CP Entities with all federal, state and local rules and regulations or any other regulatory agency;

(xi) all taxes, and license fees due from CP Entities;

(xii) all insurance costs incurred in connection with the operation of CP Entities' business except for the costs attributable to the professional errors and omissions liability insurance that the Manager elects to carry for itself and its personnel;

(xiii) costs and expenses incurred in contracting with third-parties related to Investments and the Real Estate Assets;

(xiv) all other costs and expenses relating to CP Entities' business and investment operations, including the costs and expenses of owning, protecting, maintaining, developing and disposing of Investments, including appraisal, reporting, audit, tax and legal fees;

(xv) expenses relating to any offices or facilities, including equipment leases, disaster backup recovery sites and facilities, maintained for CP Entities or Investments;

(xvi) any judgment, award or amount paid in settlement of pending or threatened proceedings, including any costs of defense (whether civil, criminal or otherwise) against any CP Entity, or against any trustee, director, partner, member or officer of such CP Entity in his capacity as such for which such CP Entity is required to indemnify such trustee, director, partner, member or officer pursuant to the applicable Governing Instruments or any agreement or other instrument, or by any court or governmental agency; and

(xvii) all other expenses actually incurred by the Manager for or on behalf of a CP Entity (except as otherwise specified herein) which are reasonably necessary or advisable for the performance by the Manager of its duties and functions under this Agreement.

(c) Costs and expenses incurred by the Manager on behalf of CP shall be reimbursed monthly to the Manager or as may be otherwise agreed to by the parties from time to time. The Manager shall prepare and deliver to CP a written statement in reasonable detail documenting the costs and expenses incurred by the Manager on behalf of CP during each month, together with such supporting documentation reasonably requested by CP, within 30 days after the end of each month. CP shall pay all amounts payable to the Manager pursuant to this Section 8(c) within thirty (30) days after the receipt of the written statement without demand, deduction, offset or delay. Cost and expense reimbursement to the Manager shall be subject to adjustment at the end of each calendar year and in connection with the findings of any audit or review that CP may require. The provisions of this Section 8 shall survive the expiration or earlier termination of this Agreement to the extent such expenses have previously been incurred or are incurred in connection with such expiration or termination.

Section 9 Limits of the Manager's Responsibility; Indemnification.

(a) The Manager, its Affiliates and their respective directors, officers, employees, partners, members, stockholders, other equity holders agents and representatives (each, a "*Manager Indemnified Party*"), will not be liable to any CP Entity or any of the stockholders, partners, members or other holders of equity interests of any CP Entity for any acts or omissions by any Manager Indemnified Party performed in accordance with and pursuant to this Agreement, except by reason of any act or omission constituting bad faith, willful misconduct or gross negligence on the part of such Manager Indemnified Party. CP shall, to the fullest lawful extent, reimburse, indemnify and hold harmless each Manager Indemnified Party, of and from any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (including reasonable attorneys' fees and costs of investigation) (collectively "*Losses*") in respect of or arising from any acts or omissions of such Manager Indemnified Party performed in good faith under this Agreement and not constituting bad faith, willful misconduct or gross negligence on the part of such Manager Indemnified Party. In addition, CP shall advance funds to a Manager Indemnified Party for legal fees and other costs and expenses incurred as a result of any claim, suit, action or proceeding for which indemnification is being sought, provided that such Manager Indemnified Party undertakes to repay the advanced funds to CP, together with the applicable legal rate of interest thereon, in cases in which such Manager Indemnified Party is found pursuant to a final and non-appealable order or judgment not to be entitled to indemnification.

(b) The Manager shall, to the fullest lawful extent, reimburse, indemnify and hold harmless each CP Entity, and their respective directors, officers, employees, partners, members, stockholders, other equity holders agents and representatives (each, a "*CP Indemnified Party*") of and from any and all Losses in respect of or arising from (i) any acts or omissions constituting bad faith, willful misconduct or gross negligence on the part of a Manager Indemnified Party, or (ii) any claims by the Manager's employees relating to the terms and conditions of their employment by the Manager. Except as otherwise expressly provided herein, the Manager assumes no responsibility under this Agreement other than to render in good faith the services to be provided by the Manager hereunder. A Manager Indemnified Party and a CP Indemnified Party are each sometimes hereinafter referred to as an "*Indemnified Party*."

(c) In case any such claim, suit, action or proceeding (a "*Claim*") is brought against any Indemnified Party in respect of which indemnification may be sought by such Indemnified Party pursuant hereto, the Indemnified Party shall give prompt written notice thereof to the indemnifying party, which notice shall include all documents and information in the possession of or under the control of such Indemnified Party reasonably necessary for the evaluation and/or defense of such Claim and shall specifically state that indemnification for such Claim is being sought under this Section 9; provided, however, that the failure of the Indemnified Party to so

notify the indemnifying party shall not limit or affect such Indemnified Party's rights except to the extent that the indemnifying party is actually prejudiced thereby. Upon receipt of such notice of Claim (together with such documents and information from such Indemnified Party), the indemnifying party shall, at its sole cost and expense, in good faith defend any such Claim with counsel reasonably satisfactory to such Indemnified Party, which counsel may, without limiting the rights of such Indemnified Party pursuant to the next succeeding sentence of this Section, also represent the indemnifying party in such investigation, action or proceeding. In the alternative, such Indemnified Party may elect to conduct the defense of the Claim, if (i) such Indemnified Party reasonably determines that the conduct of its defense by the indemnifying party could be materially prejudicial to its interests, (ii) the indemnifying party refuses to assume such defense (or fails to give written notice to the Indemnified Party within ten days of receipt of a notice of Claim that the indemnifying party assumes such defense), or (iii) the indemnifying party shall have failed, in such Indemnified Party's reasonable judgment, to defend the Claim in good faith. The indemnifying party may settle any Claim against such Indemnified Party without such Indemnified Party's consent, provided (A) such settlement is without any Losses whatsoever to such Indemnified Party, (B) the settlement does not include or require any admission of liability or culpability by such Indemnified Party, (C) the indemnifying party obtains an effective written release of liability for such Indemnified Party from the party to the Claim with whom such settlement is being made, which release must be reasonably acceptable to such Indemnified Party, and a dismissal with prejudice with respect to all claims made by the party against such Indemnified Party in connection with such Claim, and (D) such settlement does not provide for any equitable relief. The applicable Indemnified Party shall reasonably cooperate with the indemnifying party, at the indemnifying party's sole cost and expense, in connection with the defense or settlement of any Claim in accordance with the terms hereof. If such Indemnified Party is entitled pursuant to this Section 9 to elect to defend such Claim by counsel of its own choosing and so elects, then the indemnifying party shall be responsible for any good faith settlement of such Claim entered into by such Indemnified Party. Except as provided in the immediately preceding sentence, no Indemnified Party may pay or settle any Claim and seek reimbursement therefor under this Section 9.

(d) The provisions of this Section 9 shall survive the expiration or earlier termination of this Agreement.

Section 10 No Joint Venture.

The parties to this Agreement are not partners or joint venturers with each other and nothing herein shall be construed to make them partners or joint venturers or impose any liability as such on either of them.

Section 11 Assignments.

(a) Assignments by the Manager. This Agreement shall be terminable upon written notice without payment of the Fees Accrued Upon Termination in the event of its assignment, in whole or in part, by the Manager, unless such assignment has been consented to in writing by CP. Any such permitted assignment shall bind the assignee under this Agreement in the same manner as the Manager is bound, and the Manager shall be liable to CP for all acts or omissions of the assignee under any such assignment to the same extent had such delegation not occurred. In addition, the assignee shall execute and deliver to CP a counterpart of this Agreement naming such assignee as the Manager. Notwithstanding the foregoing, the Manager may, upon written notice but without the approval of CP, (A) assign this Agreement to an Affiliate of the Manager, and (B) delegate to one or more of its Affiliates the performance of any of its responsibilities hereunder so long as it remains liable for any such Affiliate's performance to the same extent as had such delegation not occurred, in each case so long as assignment or delegation does not require CP approval under the Investment Company Act (but if such approval is required, CP shall not unreasonably withhold, condition or delay its consent). Nothing contained in this Agreement shall preclude any pledge, hypothecation, assignment or other transfer of any amounts payable to the Manager under this Agreement.

(b) Assignments by CP. This Agreement shall not be assigned by CP without the prior written consent of the Manager (which shall not be unreasonably withheld conditioned or delayed), except in the case of assignment by CP to an Affiliate or other organization which is a successor (by merger, consolidation, purchase of assets, or other transaction) to CP, in which case such successor organization shall be bound under this Agreement and by the terms of such assignment in the same manner as CP is bound under this Agreement.

Section 12 Term; Renewal; Termination without Cause.

(a) This Agreement shall become effective as of the Effective Date and shall continue in operation, unless terminated in accordance with the terms of this Agreement, until 11:59 p.m. (Washington DC time) on January 1, 2035 (the "*Term*"); and shall automatically be deemed renewed for additional one-year periods thereafter unless notice of non-renewal is provided as required herein.

(b) Notwithstanding any other provision of this Agreement to the contrary, CP may, twenty-four months after the Effective Date of this Agreement, terminate this Agreement for convenience effective upon written notice to the Manager (the "*Termination without Cause Notice*") which termination shall be effective at 11:59 p.m. (Washington D.C. time) on the day that is 180 days after the date of written notice (any such termination, a "*Termination without Cause*"). In the event of a Termination without Cause, CP shall pay the Manager the Fees

Payable Upon Termination on or before the Termination Date. Notwithstanding the foregoing, CP may terminate this Agreement for cause pursuant to Section 13(a) even after a delivery of a Termination without Cause Notice and, in such case, the only fees due to the Manager under this Agreement shall be those set forth in Section 13(a) of this Agreement.

(c) Reserved.

(d) Subject to Section 13(b), the Manager may unilaterally terminate this Agreement upon no less than 180 days' prior written notice to CP informing CP of the Manager's intention to discontinue performance of services pursuant to this Agreement, in which event, CP shall pay any accrued fees then due and payable under Section 7 of the Agreement or expenses then due under Section 8 of the Agreement through the Termination Date.

(e) Except as set forth in this Section 12, a termination of this Agreement pursuant to this Section 12 shall be without any further liability or obligation of any party to the others under this Agreement, except those provisions which expressly survive, as provided in Sections 6, 8, 9, 15 and 16.

(f) CP may give its written notice of non-renewal of the Agreement no less than 180 days prior to the expiration of the Term or any annual extension thereof, whereupon this Agreement shall not thereafter be renewed and extended and this Agreement shall terminate effective as of the date last day of the Term or annual extension.

(g) The Manager shall cooperate reasonably with CP in executing an orderly transition of the management of the day-to-day operations of the CP Entities and Real Estate Assets to a new manager.

Section 13 Termination for Cause; Termination by Manager.

(a) Except for a Bankruptcy Event of the Manager or an Affiliate for which termination shall be deemed automatic as of the date of filing at the option of CP, CP may terminate this Agreement for cause ("*Termination for Cause*") effective upon 30 days' prior written notice to the Manager (a "*Termination for Cause Notice*") upon the occurrence of:

(i) a reasonably articulated written determination by CP that there has occurred a breach by the Manager, its agents or its assignees of any material provision of this Agreement that had a material adverse effect on the business, operations or financial condition of any CP Entity or any Real Estate Asset, and such breach continued for a period of 60 days after written notice thereof specifying such breach and requesting that the same be remedied in such 60-day period (or 90 days after written notice of such breach if the Manager took steps to cure such breach within 60 days of the written notice);

- (ii) the dissolution of the Manager;
- (iii) a Change of Control with respect to the Manager or CHCI; or
- (iv) (A) a reasonably articulated written determination by CP that the Manager or an Affiliate has committed fraud, the Manager or an Affiliate has misappropriated funds or the Manager has otherwise acted, or failed to act, in a manner constituting bad faith, willful misconduct, gross negligence or reckless disregard in the performance of its duties under this Agreement, and (B) which act of fraud, misappropriation or other act or failure to act described in clause (A) of this Section 13(a)(iv) has had a material adverse effect on the business, operations or financial condition of any CP Entity or any Real Estate Asset.

In the event of a Termination for Cause, CP shall pay any accrued fees then due and payable under Section 7 of the Agreement or fees, expenses or allocations then due under Section 8 of the Agreement through the Termination Date.

(b) The Manager may terminate this Agreement (or this Agreement shall terminate automatically, as applicable) if (i) CP shall have assigned this Agreement without consent of the Manager other than as permitted by Section 11(b), (ii) the CP Entities sell all of the Real Estate Assets to unrelated third-parties, or (iii) there is a reasonably articulated written determination by the Manager that CP has defaulted in the performance or observance of any material term, condition or covenant contained in this Agreement and such default continued for a period of 60 days after written notice thereof to CP from the Manager specifying such default and requesting that the same be remedied in such 60-day period (or 90 days after written notice of such breach if CP took steps to cure such breach within 60 days of the written notice). Such termination will be effective (A) automatically at 11:59 p.m. (Washington D.C. Time) on the 30th day following the closing or occurrence of a transaction of the type referred to in clause (i) or (ii), above in this Section 13(b), or (B) upon 30 days' prior written notice of termination to CP from the Manager if the termination is made pursuant to clause (iii) above in this Section 13(b).

Prior to the closing or occurrence of any transaction of the type referred to in clause (i) or (ii) above in this Section 13(b), CP shall give the Manager 30 days' prior notice and shall provide adequate assurance to the Manager for the payment of the Fees Accrued Upon Termination (assuming a Termination Date at the end of the 30th day after the closing or occurrence thereof) concurrently with the closing or occurrence of any such transaction. In such event, payment of the Fees Accrued Upon Termination shall be made by CP to the Manager at, and concurrently with, the closing or occurrence of a transaction of the type referred to in clause (i) or (ii) above in this Section 13(b). In the case of clause (iii) above in this Section 13(b), CP shall be required to pay to the Manager the Fees Accrued Upon Termination upon the Termination Date.

Section 14 Action Upon Termination.

(a) From and after the Termination Date, the Manager shall not be entitled to compensation for further services hereunder. Upon any termination, the Manager shall forthwith:

(i) after deducting any accrued compensation and reimbursement for its expenses to which it is then entitled, pay over to each CP Entity all money collected and held for the account of such CP Entity pursuant to this Agreement;

(ii) deliver to CP a full accounting, including a statement showing all payments collected by it and a statement of all money held by it, covering the period following the date of the last accounting furnished to CP with respect to the CP Entities;

(iii) deliver to CP all property and documents of the CP Entities then in the custody of the Manager; and

(iv) cooperate with the CP Entities to provide an orderly management transition.

(b) Notwithstanding anything in this Agreement to the contrary:

(i) On the Termination Date, the Manager shall repay or cause to be repaid to CP, or its Affiliates, the then-outstanding principal balance and any accrued and unpaid interest or dividend thereon of any note, line of credit facility or preferred security made or issued by CHCI or its Affiliates and held by CP or its Affiliates.

(ii) On the Termination Date, the Manager shall transfer to CP or its designee, and CP or such designee shall assume, all rights, obligations and liabilities of the Manager under any outstanding leases for office space or furniture, fixtures and equipment of which the Manager or an Affiliate may then be a party, whether as lessee, sublessor, obligor or guarantor, and that relate solely to the business of any CP Entity (the "*Leases*"). From and after the time of such assumption, the Manager shall have no rights or privileges with respect to the Leases and shall immediately transfer possession of such office space and furniture, fixtures and equipment to CP, with both the Manager and CP specifically acknowledging and agreeing that there needs to be an orderly transfer of computer and similar electronic equipment that may then be leased in order not to damage or corrupt any electronic data of Manager or any CP Entity; provided, that CP shall indemnify and hold harmless the Manager to the fullest extent permitted by law for claims arising under or with respect to any Leases so transferred or attempted to be transferred to CP under this Section 14(b)(ii).

(iii) On the Termination Date, the Manager shall execute such documents as reasonably requested by CP, verifying ownership of all Name Rights and assigning any license or use rights of Manager or its Affiliates to CP or its designee; and

(iv) Following delivery of a Termination Notice for any reason (x) CP may contact the employees of Manager and its Affiliates who have provided services for the benefit of CP for the purpose of seeking to hire such employees commencing immediately following the Termination Date, (y) the Manager will make such employees available to CP for purposes of clause (x) of this paragraph during normal business hours so long as such access does not disrupt the ongoing business activities of the Manager, and (z) to the extent permitted by law, the Manager will provide CP with the compensation and employment personnel records of such employees. Toward this end, CP and the Manager acknowledge and agree that there is significant value to CP to be allowed to contact such employees of CP and its affiliates prior to the Termination Date in order to, *inter alia*, promote an orderly transition of management, know-how, systems and expertise related to CP assets, business and operations. In no event, however, shall CP interfere with the Manager's obligations and responsibilities to perform its duties under this Agreement through the Termination Date.

Section 15. Release of Monies or Custodial Property.

The Manager agrees that any money or other property of the CP Entities (which, for the purposes of this Section 15, shall be deemed to include any and all of their respective Affiliates and subsidiaries, if any) held by the Manager shall be held by the Manager as custodian, and the Manager's records shall be appropriately and clearly marked to reflect the ownership of such money or other property by the CP Entity. Upon the receipt by the Manager of a written request signed by a duly authorized officer of CP requesting the Manager to release to CP any money or other property then held by the Manager for the account of a CP Entity under this Agreement, the Manager shall release such money or other property or within a reasonable period of time, but in no event later than 10 days following such request. Upon delivery of such money or other property to CP, the Manager shall not be liable to the CP Entity, or any of its members or owners for any acts or omissions by CP in connection with the money or other property released to CP in accordance with this Section 16. CP shall indemnify the Manager Indemnified Parties against any and all Losses which arise in connection with the Manager's proper release of such money or other property to CP in accordance with the terms of this Section 15. Indemnification pursuant to this provision shall be in addition to any right of the Manager Indemnified Parties to indemnification under Section 9.

Section 16 Miscellaneous.

(a) Notices. All notices, requests, communications and demands (each a “*Notice*”) to, with or upon any of the respective parties shall be in writing and sent by (i) personal delivery, (ii) reputable overnight courier, (iii) electronic transmission (provided that such Notice also is sent contemporaneously by another method provided for in this Section 16(a)), or (iv) registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below (or to such other address as may be hereafter notified by the respective parties hereto in accordance with this Section 16(a)):

Manager: CHCI Asset Management, LC
1900 Reston Metro Plaza, 10th Floor
Reston, Virginia 20190
Attn: Chief Financial Officer

with a copy to: c/o Comstock Holding Companies, Inc.
1900 Reston Metro Plaza , 10th Floor
Reston, Virginia 20190
Attn: General Counsel

CP: Comstock Partners, LC
1900 Reston Metro Plaza, 10th Floor
Reston, Virginia 20190
Attn: Christopher Clemente

with a copy to: Comstock Partners, LC
1900 Reston Metro Plaza , 10th Floor
Reston, Virginia 20190
Attn: Executive Administrator

Any Notice sent as aforesaid shall be deemed given and effective upon actual receipt (or refusal of receipt).

(b) Binding Nature of Agreement; Successors and Assigns; No Third Party Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and permitted assigns. Except as provided in this Agreement with respect to indemnification of Indemnified Parties hereunder and the rights of the Persons referenced in Section 8(a), nothing in this Agreement shall confer any rights upon any Person other than the parties hereto and their respective heirs, legal representatives, successors and permitted assigns.

(c) Integration. This Agreement contains the entire agreement and understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. The express terms hereof control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof.

(d) Amendments. This Agreement, and the terms hereof, may only be amended or supplemented pursuant to an instrument in writing executed by the parties hereto, unless such amendments or supplements are permitted pursuant to the express terms of this Agreement.

(e) FORUM. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE COMMONWEALTH OF VIRGINIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. EACH OF THE PARTIES HERETO IRREVOCABLY SUBMITS TO BINDING ARBITRATION AND SUCH PROCEEDINGS SHALL BE CONDUCTED BY THE MCCAMMON GROUP, LTD., OR SUCH SIMILAR BODY AS MAY BE AGREED TO BY THE PARTIES, ACCORDING TO ITS STANDARD ARBITRATION RULES GOVERNING AT THE TIME ONE OF THE PARTIES INITIATES A CLAIM.

(f) No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of a party hereto, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

(g) Costs and Expenses. Each party hereto shall bear its own costs and expenses (including the fees and disbursements of counsel and accountants) incurred in connection with the negotiations and preparation of this Agreement, and all matters incident thereto. If any party hereto initiates any legal action arising out of or in connection with this Agreement, the prevailing party shall be entitled to recover from the other party all reasonable attorneys' fees, expert witness fees and expenses incurred by the prevailing party in connection therewith.

(h) Further Assurances; Conflicts of Interest. Each party acknowledges the inherent nature of real and potential conflicts of interest in the negotiation and administration of agreements for related party transactions. The parties hereto shall provide such further assurances to the other as may be required from time to time to satisfy the legal requirements imposed on the Manager or its Affiliates by applicable law and their internal policies, as the same may be adopted or amended from time to time.

(i) Section Headings; Plurals. The Section and subsection headings in this Agreement are for convenience in reference only and shall not be deemed to alter or affect the interpretation of any provisions hereof. All references to the singular shall include the plural, and all references to the plural shall include the singular.

(j) Counterparts. This Agreement may be executed (including by electronic transmission) with counterpart signature pages or in any number of separate counterparts, and all of which taken together shall be deemed to constitute one and the same instrument.

(k) Severability; Survival. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The representations, warranties, covenants, agreements and indemnifications made pursuant to this Agreement shall survive its termination or non-renewal.

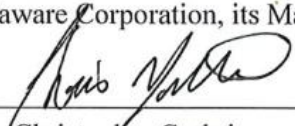
[Signature pages follow]

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement as of the date first written above.

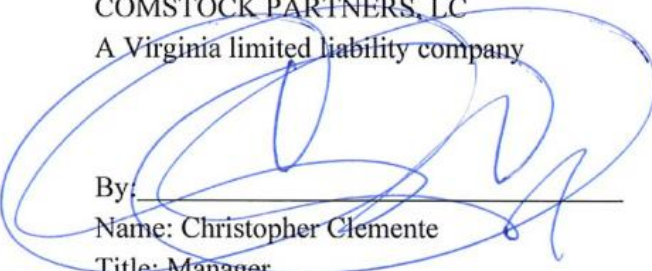
CHCI ASSET MANAGEMENT, LC
A Virginia limited liability company

By: COMSTOCK HOLDING COMPANIES, INC.
A Delaware Corporation, its Manager

APPR
BY
LEGAL

By: 
Name: Christopher Guthrie
Title: Chief Financial Officer

COMSTOCK PARTNERS, LC
A Virginia limited liability company

By: 
Name: Christopher Clemente
Title: Manager

CHCI joins in this Agreement for the purpose of acknowledging its obligation, under Section 14(b)(i), upon the Termination Date, to repay or cause to be repaid to CP, or its Affiliates, the then-outstanding principal balance and any accrued and unpaid interest or dividend thereon of any note, line of credit facility or preferred security made or issued by CHCI or its Affiliates and held by CP or to its Affiliates.

COMSTOCK HOLDING COMPANIES, INC.
A Delaware Corporation, its Manager

LAG
LEGAL

By: 
Name: Christopher Guthrie
Title: Chief Financial Officer

Exhibit A

| Exhibit A to 2022 AMA Comstock Partners Real Estate Assets Schedule As of May 31, 2022 | | |
|--|---|--------------|
| CP Entity | Real Estate Asset | Asset Status |
| CLS Phase 1, LC | BLVD Commons (BLVD Loudoun - Phase I) | Operating |
| CRS RB4 Holdings, LC | BLVD Reston Station (BLVD Reston) | Operating |
| CRS Commerce Center, LC | CMC III, IV, V, VI and United Bank (Commerce Metro Center) | Operating |
| CRS Commerce Center VI, LC | | |
| CRS Commerce Center UB, LC | | |
| 11465 SH I, LC | 11465 (1886 Metro Center Dr) | Operating |
| Comstock Reston Station Holdings, LC | CRSH - Retail | Operating |
| CRS Plaza I, LLC | OB1 (1900 Reston Metro Plaza) | Operating |
| CRS Plaza II, LLC | OB2 (1902 Reston Metro Plaza) | Operating |
| CRS Plaza III, LLC | OB3 (1906 Reston Metro Plaza) | Operating |
| CLS Phase II, LC | BLVD Gramercy East & Flats (BLVD Loudoun - Phase II) | Operating |
| CLS Bldg C, LC | CLS Bldg C (43777 Central Station) | Operating |
| CLS Parking, LC | Loudoun Metro Garage (772 Marquis Square) | Operating |
| Comstock Herndon Ventures, LC | Herndon (Herndon Downtown) | Development |
| CRS Sunset Hills, LC | Reston Row (One Reston Row) (BLVD Reston Row) (Two Reston Row) | Development |
| CLS Phase III, LC | CLS Phase III (BLVD Gramercy West) | Development |
| CRS Hotel Holdings, LC | Reston Row (JW Marriott Hotel and Condos) | Development |
| TBD | CMC Development (One Commerce) CMC Development (Extended Stay Hotel) CMC Development (Commerce District Phase II) | Development |
| CLS BLDG K, LC | CLS Bldg K (One Gramercy) | Development |
| 11465 SH I, LC | Reston West (BLVD West) | Development |
| TBD | Loudoun Phase IV | Development |
| CRS Midline I, LC | Midline Reston Station (Midline District) | Development |
| Comstock 1891 Metro Center, LC | Maximus Reston Station (1891 Metro Center Dr) | Development |

SHARE EXCHANGE AND PURCHASE AGREEMENT

THIS SHARE EXCHANGE AND PURCHASE AGREEMENT (the “*Agreement*”), is made effective as of June 13, 2022 by and among Comstock Holding Companies, Inc., a Delaware corporation (the “*Company*”), and CP Real Estate Services, L.C. formerly known as Comstock Development Services, L.C., a Virginia limited liability company (“*CPRES*”).

RECITALS:

WHEREAS, CPRES received Three Million Four Hundred Forty Thousand Six Hundred and Eighty Nine (3,440,690) shares of the Company’s Series C Non-Convertible Preferred Stock, par value \$0.01 per share, (the “*Series C Shares*”) from the Company as the result of prior investment transactions;

WHEREAS, the Company is entering into a modified master asset management agreement with Comstock Partners, LC (“*CP*”) as of the date hereof (the “*Asset Management Agreement*”);

WHEREAS, CPRES is wholly owned by Christopher D. Clemente, the Chief Executive Officer of the Company and the managing member of CP; and

WHEREAS, to aid in the acceleration, growth and competitiveness of the Company’s asset management business, (i) CPRES desires to exchange its Series C Shares for the Class A Exchange Shares (as defined below) upon the terms and conditions set forth herein, and (ii) the Company desires to exchange the Series C Shares held by CPRES in exchange for the Class A Exchange Shares upon the terms and conditions set forth herein.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, and for other good and valuable consideration; the receipt and adequacy of which are hereby acknowledged, the Company and CPRES agree as follows:

ARTICLE I DEFINITIONS

1.1 Definitions. For purposes of this Agreement, the following terms have the meanings set forth below.

“*Agreement*” shall have the meaning ascribed to it in the Preamble.

“*Asset Management Agreement*” shall have the meaning ascribed to it in the Preamble.

“*Class A Exchange Shares*” means 1,000,000 newly issued Class A Shares.

“*Class A Shares*” means the Company’s Class A Common Stock, par value \$0.01 per share.

“*Company*” shall have the meaning ascribed to it in the Preamble but shall not include any subsidiaries and affiliates unless expressly referenced in this Agreement.

“*CPRES*” shall have the meaning ascribed to it in the Preamble.

“*Escrow Agent*” means Stewart Title and Escrow or any alternative escrow agent approved by the Company and CPRES.

“*Purchase Price*” means Four Million and NO/100ths Dollars (\$4,000,000).

“*Series C Shares*” shall have the meaning ascribed to it in the Preamble.

1.2 Other Defined Terms. Other capitalized terms used in this Agreement which are not defined in this ARTICLE I shall have the meanings granted to them elsewhere in this Agreement. In the event there is a defined term not specifically defined in this Agreement, it shall have the meaning set forth in the Asset Management Agreement.

ARTICLE II **EXCHANGE OF SHARES AND PURCHASE PRICE TRANSACTION; CLOSING**

2.1 The Exchange. Subject to the terms and conditions of this Agreement, on the Closing Date, the Company and CPRES shall undertake the following:

2.1.1 CPRES Exchange.

CPRES shall assign, transfer and deliver to the Company all of its right, title, interest in and to the Series C Shares as set forth on Schedule 1 free and clear of any liens, pledges, encumbrances, charges, restrictions or known claims of any kind, nature, or description (“*Liens*”) (except for those created by this Agreement and other than restrictions under applicable federal, state and other securities laws).

2.1.2 Company Exchange.

In consideration for the exchange of the Series C Shares with the Class A Exchange Shares, the Company shall (i) issue to CPRES the Class A Exchange Shares as set forth on Schedule 1 upon surrender by CPRES of the certificate or certificates representing the Series C Shares (or in lieu thereof, the delivery of an affidavit of lost security in the customary form) accompanied by a stock power endorsed in blank, and (ii) pay the Purchase Price via wire transfer pursuant to the wire instructions provided by CPRES.

2.2 Valuation.

(a) The Class A Exchange Shares will be valued by taking the consolidated closing bid price of the Class A Shares on Nasdaq on the day immediately preceding the entry into this Agreement.

(b) The Series C Shares have a face value of \$5.00 per share for a total stated value equal to Seventeen Million Two Hundred Thirty Thousand Four Hundred Forty Five Dollars (\$17,230,445) (the “Redemption Value”).

(c) CPRES and the Company acknowledge that the Class A Exchange Shares and the Purchase Price represent a discount to the Stated Value of the Series C Shares. CPRES acknowledges and agrees that the receipt of the Purchase Price and Class A Exchange Shares represents the full consideration to be paid for the Series C Shares.

2.3 Time and Place of Closing.

The closing of the transactions set forth in this Agreement shall be held at 10:00 a.m. at the offices of (i) the Escrow Agent, (ii) the Company at 1900 Reston Metro Plaza, 10th Floor, Reston, Virginia 20190, on June 13, 2022, or (iii) on such other date, time or place as shall be mutually agreed upon by the Company and CPRES (the “Closing Date”); provided however, that the Closing Date shall be automatically extended if required to satisfy the provisions of this Agreement.

ARTICLE III **REPRESENTATIONS AND WARRANTIES**

3.1 General Statement. All representations and warranties set forth herein or in any exhibit, certificate or other document delivered by a party hereto to any other party pursuant to this Agreement shall survive the Closing (and none shall merge into any instrument of conveyance), regardless of any investigation or lack of investigation by any of the parties to this Agreement. No specific representation or warranty shall limit the generality or applicability of a more general representation or warranty.

3.2 Representations and Warranties of CPRES. CPRES represents and warrants to the Company as follows:

3.2.1 Organization, Existence and Good Standing. CPRES is a limited liability company duly organized, validly existing and in good standing under the laws of the Commonwealth of Virginia. CPRES was formerly known as Comstock Development Services, LC and it has effected a name change in compliance with all regulatory requirements of the Commonwealth of Virginia

3.2.2 Power and Authority. CPRES has the power and authority to execute, deliver and perform this Agreement and each of the documents and instruments required to be entered into by it pursuant to this Agreement, and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by it of this Agreement and each of the documents and instruments required to be entered into by it pursuant to this Agreement, and the consummation of the transactions contemplated hereby and thereby, have been duly and validly authorized by all necessary limited liability company action and such authorization has not been withdrawn or amended in any manner.

3.2.3 Enforceability. This Agreement constitutes a legal, valid and binding obligation of CPRES (assuming that this Agreement has been, and each of the documents and

instruments required to be entered into by CPRES pursuant to this Agreement will be, duly and validly authorized, executed and delivered by the other persons party thereto), enforceable against CPRES in accordance with their respective terms, except that (a) such enforcement may be subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws, now or hereafter in effect, affecting creditors' rights generally, and (b) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

3.2.4 Consents. No consent, approval or authorization of, or designation, declaration or filing with, any governmental authority or notice, approval, consent waiver or authorization from any third party is required on the part of CPRES with respect to CPRES' execution, delivery or performance of its obligations under this Agreement or the consummation of the transactions contemplated hereby, except for any consent, approvals, authorizations, designations, declarations, waivers or filings, the absence of which would not have a material adverse effect on CPRES.

3.2.5 Ownership. CPRES is the sole record holder and beneficial owner of the Series C Shares. CPRES owns the Series C Shares free and clear of all liens. There are no outstanding rights, options, warrants, conversion rights, repurchase rights, agreements, arrangements, calls, commitments or rights of any kind that obligate CPRES to sell the Series C Shares or any securities or obligations convertible or exchangeable into or exercisable for, or giving any person a right to subscribe for or acquire the Series C Shares.

3.2.6 Access to Information; Advice. CPRES (either alone or together with its advisors) has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the transactions contemplated hereby. CPRES has had the opportunity to discuss the transactions contemplated hereby with the management of the Company and has had the opportunity to obtain such information pertaining to the Company as has been requested. CPRES has received all information that it believes is necessary or appropriate in connection the transactions contemplated hereby. CPRES is an informed and sophisticated party and has engaged, to the extent CPRES deems appropriate, expert advisors experienced in the evaluation of transactions of the type contemplated hereby. CPRES acknowledges that it has not relied upon any express or implied representations or warranties of any nature made by or on behalf of the Company, whether or not any such representations, warranties or statements were made in writing or orally, except as expressly set forth for the benefit of CPRES in this Agreement. CPRES is relying solely upon the advice of its own legal, tax and financial advisers with respect to the tax and other legal aspects of this Agreement.

3.2.7 Exemption from Registration. Neither CPRES nor any of its affiliates nor any person acting on behalf of or for the benefit of any of the forgoing, has paid or given, or agreed to pay or give, directly or indirectly, any commission or other remuneration (within the meaning of Section 3(a)(9) of the Securities Act of 1933, as amended (the "*Securities Act*"), and the rules and regulations promulgated thereunder) for soliciting the transactions contemplated hereby. CPRES also understands that the Class A Exchange Shares are being offered and issued pursuant to an exemption from the registration requirements of the Securities Act, under Section 3(a)(9), Section 4(a)(2) of the Securities Act and/or Regulation D promulgated under the

Securities Act.

3.2.8 Accredited Investor; No Registration. CPRES represents that it is an “accredited investor” within the meaning of Rule 501(a) of the Securities Act. CPRES understands that the Class A Exchange Shares have not been registered under the Securities Act or any other applicable securities laws. CPRES understands that the Class A Exchange Shares may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act and any other applicable securities laws or pursuant to an exemption therefrom, and in each case in compliance with the conditions set forth in this Agreement.

3.3 Representations and Warranties of the Company. The Company represents and warrants to CPRES, as follows:

3.3.1 Organization, Existence and Good Standing. The Company is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware.

3.3.2 Foreign Good Standing. The Company has qualified as a foreign corporation, and is in good standing, under the laws of all jurisdictions where the nature of its business or the nature or location of its assets requires such qualification.

3.3.3 Power and Authority. The Company has all necessary corporate power and authority to carry on its business as such business is now being conducted. The Company has the corporate power and authority to execute, deliver and perform this Agreement and each of the documents and instruments required to be entered into by it pursuant to this Agreement, and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by the Company of this Agreement and each of the documents and instruments required to be entered into by it pursuant to this Agreement, and the consummation by the Company of the transactions contemplated hereby and thereby, have been duly and validly authorized by all necessary corporate action and such authorization has not been withdrawn or amended in any manner.

3.3.4 Enforceability. This Agreement constitutes a legal, valid and binding obligation of the Company (assuming that this Agreement has been, and each of the documents and instruments required to be entered into by the Company pursuant to this Agreement will be, duly and validly authorized, executed and delivered by the other persons party thereto), enforceable against the Company in accordance with their respective terms, except that (a) such enforcement may be subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws, now or hereafter in effect, affecting creditors’ rights generally, and (b) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

3.3.5 Consents. No consent, approval or authorization of, or designation, declaration or filing with, any governmental authority or notice, approval, consent waiver or

authorization from any third party is required on the part of the Company with respect to the Company's execution, delivery or performance of its obligations under this Agreement or the consummation of the transactions contemplated hereby, except for any consent, approvals, authorizations, designations, declarations, waivers or filings, the absence of which would not have a material adverse effect on the Company taken as a whole.

3.3.6 Capitalization of the Company.

The authorized capital stock of the Company consists of the following: (i) 59,779,750 shares of Class A common stock, par value \$0.01 per share, of which 8,199,678 are issued and outstanding, (ii) 220,250 shares of Class B common stock, par value \$0.01 per share, of which 220,250 are issued and outstanding, (iii) 20,000,000 shares of preferred stock, par value \$0.01 per share, of which 3,440,960 of the Company's Series C Non Convertible Preferred Stock are issued and outstanding. The Company shall reserve for issuance and as of the Closing will have sufficient authorized Class A Shares to issue the Class A Exchange Shares.

3.3.7 SEC Requirements. The Company shall file at its expense all of the forms required to complete or disclose the transactions contemplated by this Agreement with the Securities and Exchange Commission, provided that CPRES shall provide any necessary information as required by CPRES.

3.3.8 Exemption from Registration. Neither the Company nor any of its affiliates nor any person acting on behalf of or for the benefit of any of the forgoing, has paid or given, or agreed to pay or give, directly or indirectly, any commission or other remuneration (within the meaning of Section 3(a)(9) of the Securities Act and the rules and regulations promulgated thereunder) for soliciting the transactions contemplated hereby.

ARTICLE IV **CONDITIONS TO CLOSING**

4.1 Conditions to the Company's Obligations. The obligation of the Company to close the transactions contemplated hereby is subject to the fulfillment of the following conditions on or prior to the Closing Date:

4.1.1 The representations and warranties made by CPRES shall be true, correct and complete in all material respects.

4.1.2 CPRES shall have delivered to the Company or the Escrow Agent all of the documents required by Sections 5.3 .

4.2 Conditions to CPRES's Obligations. The obligation of CPRES to close the transactions contemplated hereby is subject to the fulfillment of the following conditions on or prior to the Closing Date:

4.2.1 The representations and warranties made by the Company shall be true, correct and complete in all material respects.

4.2.2 The Company shall have delivered to CPRES or the Escrow Agent all of the documents required by Section 5.2.

ARTICLE V
CLOSING AND DEFAULT

5.1 Delivery of Documents. At the Closing, the parties shall deliver the documents, and shall perform the acts, which are set forth in this ARTICLE V.

5.2 Company's Deliveries at Closing. The Company shall execute and/or deliver to Escrow Agent and/or CPRES all of the following:

5.2.1 at the option of CPRES, a stock certificate evidencing the Class A Exchange Shares or its registration in book entry form, designated in the name of CPRES;

5.2.2 a closing certificate executed by an executive officer of the Company, pursuant to which the Company certifies to CPRES that: (a) the Company's representations and warranties are true, correct and complete as of the Closing Date; and (b) all covenants required by the terms hereof to be performed by the Company on or before the Closing Date, to the extent not waived by CPRES, have been so performed; and

5.2.3 without limitation by specific enumeration of the foregoing, all documents reasonably required to be executed and delivered by the Company or actions to be taken by the Company pursuant to this Agreement.

5.3 CPRES's Deliveries at Closing. CPRES shall execute and/or deliver to the Company all of the following:

5.3.1 a certificate evidencing the Series C Shares (or in lieu thereof, the delivery of an affidavit of lost security in customary form) accompanied by a stock power endorsed in blank;

5.3.2 a closing certificate executed by the manager of CPRES, pursuant to which CPRES certifies to the Company that: (a) CPRES's representations and warranties are true, correct and complete as of the Closing Date; and (b) all covenants required by the terms hereof to be performed by CPRES on or before the Closing Date, to the extent not waived by the Company, have been so performed;

5.3.3 without limitation by specific enumeration of the foregoing, all documents reasonably required to be executed and delivered or actions to be taken by CPRES pursuant to this Agreement, including without limitation, all agreements required to be executed and delivered by CPRES or actions to be taken by CPRES pursuant to Section 2.1; and

5.3.4 without limitation by specific enumeration of the foregoing, all other documents reasonably required from CPRES to consummate the transactions contemplated hereby shall be timely delivered.

ARTICLE VI
POST-CLOSING AGREEMENTS

6.1 Further Assurances. Post-Closing, the parties shall execute such further documents, and perform such further acts, as may be necessary to comply with the terms of this Agreement and consummate the transactions contemplated hereby.

ARTICLE VII
TERMINATION

7.1 Termination. This Agreement may be terminated and the transactions contemplated by this Agreement may be abandoned at any time prior to the Closing:

7.1.1 by mutual written consent of the Company and CPRES; or

7.1.2 by either the Company or CPRES in writing, if the Closing has not occurred on or before July 30, 2022, unless the failure of the Closing to occur is the result of a breach of this Agreement by the party seeking to terminate this Agreement;

7.2 by either the Company or CPRES (but only so long as such party, as applicable, is not in material breach of its obligations under this Agreement) in writing, if a material breach of any provision of this Agreement that has been committed by the other party would cause the failure of any condition to Closing for the benefit of the non-breaching party and such breach is not subsequently waived by the non-breaching party or capable of being cured or is not cured within three business days after the breaching party receives written notice from the non-breaching party that the non-breaching party intends to terminate this Agreement pursuant to this Section 7.2; or

7.3 by either the Company or CPRES in writing, if there shall be any order, injunction or decree of any governmental authority which prohibits or restrains the parties from consummating the transactions contemplated hereby, and such order, injunction or decree shall have become final and non-appealable; provided that prior to termination under this Section 7.3, the party seeking to terminate this Agreement shall have used best efforts to have such order, injunction or decree vacated.

ARTICLE VIII
INDEMNIFICATION

8.1 Indemnification Obligations. The parties hereto shall jointly but not severally indemnify, save and hold each other harmless against and from any and all costs, expenses, losses, damages, claims and liabilities sustained or incurred by the other party, as a result of, or arising out of or by virtue of:

8.1.1 any inaccuracy in or breach of any representation and warranty made by a party to the other party herein or in any certificate or closing document delivered in connection herewith; and

8.1.2 the breach by a party or a failure by a party to comply with, any of the covenants or obligations set forth in this Agreement to be performed by the other party (including their obligations under this ARTICLE VIII).

ARTICLE IX
MISCELLANEOUS PROVISIONS

9.1 Notices. All notices required or permitted to be given hereunder shall be in writing and may be delivered by hand, electronic mail, by nationally recognized private courier, or by United States mail. Notices delivered by mail shall be deemed given three business days after being deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested. Notices delivered by hand, by electronic mail, or by nationally recognized private courier shall be deemed given on the first business day following receipt. All notices shall be addressed as follows:

If to the Company:

Comstock Holding Companies, Inc.
1900 Reston Metro Plaza
10th Floor
Reston, Virginia 20190
Attention: Chief Financial Officer
e-mail: cguthrie@comstockcompanies.com

with a copy to:

Comstock Holding Companies, Inc.
1900 Reston Metro Plaza
10th Floor
Reston, Virginia 20190
Attention: General Counsel
e-mail: jthompson@comstockcompanies.com

If to CPRES :

CP Real Estate Services, LC
1900 Reston Metro Plaza
10th Floor
Reston, Virginia 20190
Attention: Managing Member
e-mail: cclemente@comstockcompanies.com

and/or to such other respective addresses and/or addressees as may be designated by notice given in accordance with this Agreement.

9.2 Entire Agreement. This Agreement, together with the instruments and other documents to be delivered by the parties pursuant to the provisions hereof constitute the entire agreement between the parties and shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and permitted assigns. Each preamble and recital shall be considered incorporated into this Agreement.

9.3 Non-Waiver. The failure in any one or more instances of a party to insist upon performance of any of the terms, covenants or conditions of this Agreement, to exercise any right or privilege in this Agreement conferred, or the waiver by said party of any breach of any of the terms, covenants or conditions of this Agreement, shall not be construed as a subsequent waiver of any such terms, covenants, conditions, rights or privileges, but the same shall continue and remain in full force and effect as if no such forbearance or waiver had occurred. No waiver shall be effective unless it is in writing and signed by an authorized representative of the waiving party.

9.4 Counterparts. This Agreement may be executed in multiple counterparts and by facsimile, each of which shall be deemed to be an original, and all such counterparts shall constitute but one instrument.

9.5 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable Law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, and, for purposes of such jurisdiction, such provision or portion thereof shall be struck from the remainder of this Agreement, which shall remain in full force and effect. This Agreement shall be reformed, construed and enforced in such jurisdiction so as to best give effect to the intent of the parties under this Agreement.

9.6 Applicable Law. This Agreement shall be governed and controlled as to validity, enforcement, interpretation, construction, effect and in all other respects by the internal Laws of the Commonwealth of Virginia applicable to contracts made in that state, without giving effect to any choice of law or conflict of law provision or rule that would cause the application of the Laws of any jurisdiction other than the Commonwealth of Virginia.

9.7 Binding Effect; Benefit. This Agreement shall inure to the benefit of and be binding upon the parties hereto, and their successors and permitted assigns. Nothing in this Agreement, express or implied, shall confer on any person other than the parties hereto, and their respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, including third party beneficiary rights.

9.8 Assignability. The Company or CPRES may assign its rights under this Agreement to an affiliate or a wholly-owned subsidiary without the permission of any other party to this Agreement.

9.9 Rule of Construction. The parties acknowledge and agree that each has negotiated and reviewed the terms of this Agreement, assisted by such legal counsel as they desired, and has contributed to its revisions. The parties further agree that the rule of

construction that any ambiguities are resolved against the drafting party will be subordinated to the principle that the terms and provisions of this Agreement will be construed fairly as to all parties and not in favor of or against any party.

9.10 Waiver of Trial by Jury. EACH OF THE PARTIES HERETO WAIVES THE RIGHT TO A JURY TRIAL IN CONNECTION WITH ANY LAWSUIT, ACTION OR PROCEEDING SEEKING ENFORCEMENT OF SUCH PARTY'S RIGHTS UNDER THIS AGREEMENT.

9.11 Consent to Jurisdiction. This Agreement has been executed and delivered in and shall be deemed to have been made in the Commonwealth of Virginia. The parties hereto each agree to the exclusive jurisdiction of the Circuit Court of Fairfax County, Virginia, with respect to any claim or cause of action arising under or relating to this Agreement, and waives personal service of any and all process upon it, and consents that all services of process be made by registered or certified mail, return receipt requested, directed to it at its address as set forth in Section 9.1, and service so made shall be deemed to be completed when received. The parties hereto each waive any objection based on forum non conveniens and waive any objection to venue of any action instituted hereunder. Nothing in this Section shall affect the right of any party to serve legal process in any other manner permitted by law.

9.12 Amendments. This Agreement shall not be modified or amended except pursuant to an instrument in writing executed and delivered on behalf of each of the parties hereto.

9.13 Headings. The headings contained in this Agreement are for convenience of reference only and shall not affect the meaning or interpretation of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

[signatures on following page]

COMPANY:

COMSTOCK HOLDING COMPANIES, INC.

By: _____
Name: Christopher Guthrie
Title: Chief Financial Officer

CPRES:

CP Real Estate Services, LC

By: _____
Name: Christopher D. Clemente
Title: Managing Member

Schedule I
Exchange Shares and Purchase Price

| Consideration Type | Delivered to CPRES Pursuant to Article II | Delivered to the Company Pursuant to Article II |
|---------------------------|--|--|
| Class A Exchange Shares | 1,000,000 | |
| Series C Shares | | 3,440,690 |
| Purchase Price | \$4,000,000 | |

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a),
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Christopher Clemente, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Comstock Holding Companies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 15, 2022

/s/ CHRISTOPHER CLEMENTE

Christopher Clemente
Chairman and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a),
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Christopher Guthrie, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Comstock Holding Companies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 15, 2022

/s/ CHRISTOPHER GUTHRIE

Christopher Guthrie
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of Comstock Holding Companies, Inc. (the "Company") for the quarter ended June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of Christopher Clemente, Chairman and Chief Executive Officer of the Company, and Christopher Guthrie, Chief Financial Officer of the Company, certifies, to his best knowledge and belief, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 15, 2022

/s/ CHRISTOPHER CLEMENTE

Christopher Clemente
Chairman and Chief Executive Officer

Date: August 15, 2022

/s/ CHRISTOPHER GUTHRIE

Christopher Guthrie
Chief Financial Officer

The foregoing certifications are not deemed filed with the Securities and Exchange Commission for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.