

## Comstock Homebuilding Companies, Inc. Reports Results for Three and Six Months Ended June 30, 2008

RESTON, VA, Aug 15, 2008 (MARKET WIRE via COMTEX News Network) -- Comstock Homebuilding Companies, Inc. (NASDAQ: CHCI) ("Comstock" or the "Company") today announced its unaudited results for three and six months ended June 30, 2008 as follows:

For the three months ended June 30, 2008, the Company reported a net loss of \$16.6 million or (\$1.00) per share basic and diluted on total revenue of \$12.0 million compared to a net loss of \$4.7 million or (\$0.29) per share basic and diluted on total revenue of \$114.3 million for the three months ended June 30, 2007. In connection with these results, the Company announced that it had elected to record a non-cash impairment and write-off charge of \$13.7 million for the three months ended June 30, 2008, compared to a \$7.5 million charge for the three months ended June 30, 2007.

For the six months ended June 30, 2008, the Company reported a net loss of \$10.1 million or (\$0.61) per share basic and diluted on total revenue of \$28.4 million, compared to a net loss of \$6.3 million or (\$0.40) per share basic and diluted on total revenue of \$161.0 million for the six months ended June 30, 2007. In connection with these results, the Company announced that it had elected to record a non-cash impairment and write-off charge of \$14.6 million for the six months ended June 30, 2008 as compared to an \$8.4 million charge for the six months ended June 30, 2007.

During the period, the Company continued to execute on its debt reduction initiative. Outstanding debt at June 30, 2008 was \$153.0 million (net of a \$4.2 million deferred gain on the restructuring of its senior unsecured notes); a reduction of \$5.3 million as compared to March 31, 2008, a reduction of \$18.2 million as compared to December 31, 2007, and a reduction of \$77.1 million as compared to June 30, 2007. The company's net debt-to-cap ratio at June 30, 2008 (adjusted for the deferred gain) was 73.5%.

For the six months ended June 30, 2008, the Company generated positive cash flow from operating activities of \$8.4 million as compared to \$64.1 million of positive cash flow from operating activities during the six months ended June 30, 2007.

The Company reported the following orders, cancellations and backlog by segment for the three and six months ended June 30, 2008:

### Three months ended

June 30, 2008 (dollars in 000s)	North			All
	DC Metro	Carolina	Georgia	Markets
Gross new orders	18	12	4	34
Cancellations	8	3	3	14
Net new orders	10	9	1	20
Gross new order revenue	\$ 5,971	\$ 3,502	\$ 1,395	\$ 10,868
Cancellation revenue	\$ 1,761	\$ 899	\$ 975	\$ 3,635
Net new order revenue	\$ 4,210	\$ 2,603	\$ 420	\$ 7,233
Backlog units	10	21	9	40
Backlog revenue	\$ 3,094	\$ 6,732	\$ 3,174	\$ 13,000
Average backlog revenue per unit	\$ 309	\$ 321	\$ 353	\$ 325

### Six months ended

June 30, 2008 (dollars in 000s)	North			All
	DC Metro	Carolina	Georgia	Markets
Gross new orders	42	30	13	85
Cancellations	12	11	7	30
Net new orders	30	19	6	55
Gross new order revenue	\$ 14,206	\$ 7,711	\$ 4,188	\$ 26,105
Cancellation revenue	\$ 3,140	\$ 3,625	\$ 1,930	\$ 8,695
Net new order revenue	\$ 11,066	\$ 4,086	\$ 2,258	\$ 17,410
Backlog units	10	21	9	40
Backlog revenue	\$ 3,094	\$ 6,732	\$ 3,174	\$ 13,000
Average backlog price	\$ 309	\$ 321	\$ 353	\$ 325

Additional results of the three months ended June 30, 2008 include:

- At June 30, 2008, the Company's reported shareholder equity was \$37.4 million or \$2.08 per share based on 17.9 million shares issued and outstanding.
- Cash on hand at June 30, 2008 was \$9.9 million, with receivables, representing settlement proceeds in transit, of \$0.1 million.
- Gross profit on all revenue was \$1.7 million, representing a gross margin of 14.5% on all revenue, compared to \$7.7 million or 6.7% for the three months ended June 30, 2007.
- Gross profit from homebuilding revenue was \$1.2 million representing a gross margin of 10.3%, compared to gross profit from homebuilding of \$7.4 million or 6.7% for the three months ended June 30, 2007.
- SG&A decreased by \$3.2 million or 39.0% to \$5.0 million, compared to \$8.2 million for the three months ended June 30, 2007. SG&A for the three months ended June 30, 2008 included \$0.6 million of interest and real estate taxes related to inactive projects, an increase of \$0.6 million compared to the three months ended June 30, 2007 when there were no inactive projects.
- Operating loss was (\$17.0) million or (141.9%) of total revenue, as compared to (\$7.9) million or (6.9%) of total revenue for the three months ended June 30, 2007.

Additional results of the six months ended June 30, 2008 include:

- Gross profit was \$4.2 million, representing a gross margin of 14.6% on all revenue, compared to \$14.0 million or 8.7% for the six months ended June 30, 2007. Gross profit from homebuilding was \$3.2 million representing a gross margin of 11.6%, compared to gross profit from homebuilding of \$13.6 million or 8.9% for the six months ended June 30, 2007.
- SG&A decreased by \$6.8 million or 41.5% to \$9.6 million, compared to \$16.4 million for the six months ended June 30, 2007. SG&A included \$1.4 million of interest and real estate taxes related to inactive projects, an increase of \$1.4 million compared to the six months ended June 30, 2007 when there were no inactive projects.
- Operating loss was (\$20.0) million or (70.4%) of total revenue, as compared to (\$10.8) million or (6.7%) of total revenue for the six months ended June 30, 2007.
- The Company recorded an \$8.4 million gain on the restructuring of its senior unsecured notes and deferred and additional \$4.4 million of gain to be recorded over the remaining five-year life of the notes.

At December 31, 2007, the Company established a \$29.9 million valuation allowance against its deferred tax asset. The Company is currently projecting a tax loss for 2008 after recognizing current year tax deductions associated with prior period impairments charges. As a result, an effective tax rate of zero was assumed in calculating the Company's current income tax expense for the three and six months ended June 30, 2008.

As previously reported, during the three months ended June 30, 2008 the Company retained FTI Consulting to act as an advisor in exploring and developing a plan of debt restructuring. The Company announced that it will delay holding an investor conference call until certain milestones in the process of renegotiating its debts have been achieved.

About Comstock Homebuilding Companies, Inc.

Established in 1985, Comstock Homebuilding Companies, Inc. is a publicly traded, diversified real estate development firm with a focus on affordably priced for-sale residential products. Comstock builds and markets single-family homes, townhouses, mid-rise condominiums, high-rise condominiums, mixed-use urban communities and active adult communities. The company currently markets its products under the Comstock Homes brand in the Washington, D.C.; Raleigh, North Carolina and Atlanta, Georgia metropolitan areas. Comstock Homebuilding Companies, Inc. trades on NASDAQ under the symbol CHCI. For more information on the Company or its projects, please visit [www.comstockhomebuilding.com](http://www.comstockhomebuilding.com).

## Cautionary Statement Regarding Forward-Looking Statements

This release contains "forward-looking" statements that are made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve known and unknown risks and uncertainties that may cause actual future results to differ materially from those projected or contemplated in the forward-looking statements. Additional information concerning these and other important risks and uncertainties can be found under the heading "Risk Factors" in the Company's most recent form 10-K, as filed with the Securities and Exchange Commission on March 24, 2008. Comstock specifically disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

### Comstock Homebuilding Companies, Inc.

	Three Months Ended, June 30,		Three Months Ended, June 30,	
Income Statement	2008	2007	2008	2007
Revenue - homebuilding	\$ 11,435	\$ 110,313	\$ 27,375	\$ 153,338
Revenue - other	568	3,987	1,004	7,685
Total revenue	12,003	114,300	28,379	161,023
Expenses				
Cost of sales - homebuilding	10,260	102,876	24,200	139,743
Cost of sales - other	--	3,680	28	7,304
Impairments and write-offs	13,746	7,492	14,577	8,383
Selling, general and administrative	5,029	8,151	9,575	16,376
Operating loss	(17,032)	(7,899)	(20,001)	(10,783)
Gain on troubled debt restructuring	--	--	(8,325)	--
Other income, net	(413)	(302)	(1,598)	(646)
Loss before minority interest	(16,619)	(7,597)	(10,078)	(10,137)
Minority interest	(1)	(3)	(3)	(5)
Total pre tax loss	(16,618)	(7,594)	(10,075)	(10,132)
Income taxes benefit	--	(2,926)	--	(3,796)
Net loss	\$ (16,618)	\$ (4,668)	\$ (10,075)	\$ (6,336)
Basic loss per share	\$ (1.00)	\$ (0.29)	\$ (0.61)	\$ (0.40)
Basic weighted average shares outstanding	16,541	16,095	16,502	15,992
Diluted loss per share	\$ (1.00)	\$ (0.29)	\$ (0.61)	\$ (0.40)
Diluted weighted average shares outstanding	16,541	16,095	16,502	15,992

### Comstock Homebuilding Companies, Inc.

Balance Sheet	June 30, 2008	December 31, 2007
<b>ASSETS</b>		
Cash and cash equivalent	\$ 9,939	\$ 6,822
Restricted cash	4,400	4,985
Receivables	118	370
Due from related parties	91	92
Real estate held for development and sale	186,512	203,860
Inventory not owned - variable interest entities	19,250	19,250
Property, plant and equipment, net	1,184	1,539
Other assets	2,817	22,058
TOTAL ASSETS	\$ 224,311	\$ 258,976
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Accounts payable and accrued liabilities	\$ 10,477	\$ 21,962
Obligations related to inventory not owned	19,050	19,050

Notes payable	144,006	141,214
Senior unsecured debt	13,182	30,000
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TOTAL LIABILITIES	186,715	212,226
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Commitments and contingencies (Note 10)		
Minority interest	228	231
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SHAREHOLDERS' EQUITY		
Class A common stock, \$0.01 par value, 77,266,500 shares authorized, 15,209,075 and 15,120,955 issued and outstanding, respectively	152	151
Class B common stock, \$0.01 par value, 2,733,500 shares authorized, 2,733,500 issued and outstanding	27	27
Additional paid-in capital	156,922	155,998
Treasury stock, at cost (391,400 Class A common stock)	(2,439)	(2,439)
Accumulated deficit	(117,294)	(107,219)
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TOTAL SHAREHOLDERS' EQUITY	37,368	46,519
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TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 224,311	\$ 258,976
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