



Comstock Homebuilding Companies, Inc. Reports Results for Three and Six Months Ended June 30, 2010

August 13, 2010

RESTON, VA, Aug 13, 2010 (MARKETWIRE via COMTEX News Network) -- Comstock Homebuilding Companies, Inc. (NASDAQ: CHCI) ("Comstock" or the "Company"), a prominent real estate development and homebuilding firm in the Washington, D.C. area announced a net loss for its second quarter ended June 30, 2010 of \$1,843,000, \$.10 per diluted share. The net loss and diluted loss per share for the second quarter of 2010 decreased 93.4% and 93.7%, respectively, when compared to the second quarter of 2009. Total revenue for the second quarter of 2010 increased 146.2% to \$6.4 million from \$2.6 million for the comparable 2009 quarter.

For the six months ended June 30, 2010, the Company reported a net loss of \$2,735,000, \$.15 per diluted share. The net loss and diluted loss per share for the six months ended June 30, 2010 decreased 91.0% and 91.3%, respectively, when compared to the first half of 2009. Total revenue for the first half of 2010 increased 105.3% to \$15.6 million from \$7.6 million for the comparable 2009 quarter.

New orders, net of cancellations, in the second quarter of 2010 decreased 23.5% to 13 units, when compared to 17 units in the second quarter of 2009. There were zero cancellations in the second quarter of 2010 compared to 5 in the second quarter of 2009. New orders, net of cancellations, for the six months ended June 30, 2010 increased 6.9% to 31 units, when compared to 29 units for the six months ended June 30, 2009. There was 1 cancellation during the six months ended June 30, 2010 compared to 5 cancellations for the same period in 2009.

The number of units settled increased 200.0% to 18 units in the second quarter of 2010 as compared to 6 settlements during the comparable quarter in 2009. The number of units settled increased 142.9% to 34 units for the six months ended June 30, 2010 as compared to 14 settlements during the first half of 2009.

The Company ended the second quarter of 2010 without a backlog of homes sold but not settled, compared to a backlog of 18 units for the same period in 2009. The value of gross revenue applicable to the backlog units at the end of the second quarter in 2009 was \$4.1 million. Because unit sales in 2010 are being generated with completed inventory of units the time between sale and settlement tends to be a little as thirty days, thereby generating low backlog at period ends.

Homebuilding revenues for the three months ended June 30, 2010 totaled \$5.9 million, a 227.8% increase over the same period of 2009. Homebuilding revenues for the six months ended June 30, 2010 totaled \$11.6 million, a 96.6% increase over the same period of 2009. The gross margin on homebuilding decreased to 1.7% for the six months ended June 30, 2010, compared to 8.5% for the same period in 2009.

Other revenue for the three months ended June 30, 2010 totaled \$0.5 million, a 37.5% decrease from the same period of 2009. Rental income of \$0.5 million was generated during the three months ended June 30, 2010 as compared to \$0.8 million in the same period of 2009. Other revenue for the six months ended June 30, 2010 totaled \$4.0 million, a 150.0% increase from the same period of 2009. Rental income of \$1.0 million was generated during the six months ended June 30, 2010 as compared to \$1.5 million in the same period of 2009. The decrease in rental revenue primarily resulted from the Company's continued sale of inventory units, thereby reducing the number of units operated as rental units. Other revenue for the six months ended June 30, 2010 also includes \$2.8 million related to the sale of land at our Station View project.

During the six months ended June 30, 2010, the Company recognized other income related to settlements with vendors on trade payables of \$0.9 million, as compared to \$0.3 million of other income related to settlements with vendors on trade payables in the same period of 2009.

As of June 30, 2010 the Company's total debts were \$34.1 million, representing a decrease of \$33.5 million from December 31, 2009, and a decrease of \$61.3 million from one year earlier. In addition to the decrease in debt resulting from the restructuring of the Senior Note described below, the Company recorded an additional \$15.9 million decrease in Wachovia debt in connection with the deconsolidation of certain subsidiaries of which the Company is no longer the primary beneficiary.

Shareholder's equity as of June 30, 2010 increased to \$10.7 million, or \$0.58 per diluted share, from \$4.1 million, or \$0.23 per diluted share at December 31, 2009. The increase in shareholder's equity during the six months ended June 30, 2010 was in large part driven by the restructuring of the Company's Senior Subordinated Note ("Senior Note"), as reported on February 17, 2010. As a result of the restructuring of the Senior Note the principal balance due was reduced to \$4.5 million. Prior to the restructuring, the carrying value of the Senior Note debt was \$12.7 million. As reported by the Company on December 31, 2009, the Senior Note was acquired by Stonehenge Funding, LC, ("Stonehenge") an entity wholly owned by Comstock's Chief Executive Officer, Christopher Clemente. Subsequent to the purchase of the Senior Note by Stonehenge, Gregory Benson, the Company's Chief Operating Officer and a member of the Board of Directors, purchased a participating interest in the Senior Note. In accordance with the rules of accounting applicable to the restructuring of debt held by insiders, the \$7.7 million gain on the transaction was treated as a capital contribution to the Company and is not included in the calculation of net income for the six months ended June 30, 2010.

As previously reported, the Company has completed its Strategic Realignment Plan, reducing overall debt from a peak of approximately \$340 million in 2006 to approximately \$34.1 million as of June 30, 2010. Among the many benefits to the Company of successfully implementing its strategy to stabilize its business is the accumulation of significant loss carry forward provision, which the Company believes will enhance future operating cashflow due to reduced tax liabilities associated with potential future profitability.

"We continue to implement the final steps of our Strategic Realignment Plan and take steps to improve results in coming periods," said Christopher Clemente, Comstock's Chairman and Chief Executive Officer. "We believe this initiative has significantly stabilized the Company and will contribute to our ability to return Comstock to profitability on a regular basis in the near future."

About Comstock Homebuilding Companies, Inc.

Comstock is a multi-faceted real estate development company engaged in the development of for-sale residential and mixed use products. Our substantial experience in building a diverse range of products including single-family homes, townhouses, mid-rise condominiums, high-rise

condominiums and mixed-use (residential and commercial) developments has positioned Comstock as a prominent real estate developer and homebuilder in the Washington, D.C. market place. For more information please visit www.comstockhomebuilding.com.

Cautionary Statement

This release may contain "forward-looking" statements made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Additional information concerning these and other important risks and uncertainties can be found under the heading "Risk Factors" in the Company's Form 10-K as filed with the Securities and Exchange Commission on March 31, 2010. 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. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except per share data)

June 30, December 31,
2010 2009

ASSETS

Cash and cash equivalents	\$ 747	\$ 1,085
Restricted cash	3,132	3,249
Real estate held for development and sale	42,146	70,890
Property, plant and equipment, net	64	144
Other assets	1,906	1,963
TOTAL ASSETS	\$ 47,995	\$ 77,331

LIABILITIES AND SHAREHOLDERS' EQUITY

Accounts payable and accrued liabilities	\$ 3,214	\$ 5,579
Notes payable - secured by real estate held for development and sale	24,668	50,530
Notes payable - due to affiliates, unsecured	5,054	12,743
Notes payable - unsecured	4,391	4,346
TOTAL LIABILITIES	37,327	73,198

Commitments and contingencies (Note 8)

SHAREHOLDERS' EQUITY

Class A common stock, \$0.01 par value, 77,266,500 shares authorized, 16,078,478 and 15,608,438 issued and outstanding, respectively	161	156
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	165,747	157,418
Treasury stock, at cost (391,400 Class A common stock)	(2,439)	(2,439)
Accumulated deficit	(152,828)	(151,029)
TOTAL EQUITY	10,668	4,133

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

\$ 47,995 \$ 77,331

COMSTOCK HOMEBUILDING COMPANIES, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands, except per share data)

Three Months Ended Six Months Ended
June 30, June 30,

2010 2009 2010 2009

Revenues

Revenue - homebuilding	\$ 5,919	\$ 1,777	\$ 11,613	\$ 5,936
Revenue - other	509	829	3,955	1,626
Total revenue	6,428	2,606	15,568	7,562

Expenses

Cost of sales -				
homebuilding	5,673	1,287	11,364	5,448
Cost of sales - other	413	256	3,285	573
Impairments and write-offs	--	15,351	--	15,351
Selling, general and				
administrative	1,405	2,228	2,861	4,267
Interest, real estate taxes				
and indirect costs related				
to inactive projects	821	1,310	1,670	2,592
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Operating loss	(1,884)	(17,827)	(3,612)	(20,669)
Other (income) loss, net	(41)	87	(877)	(270)
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Loss from continuing operations				
before income taxes	(1,843)	(17,914)	(2,735)	(20,399)
Income taxes expense	--	--	--	1
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Loss from continuing operations	(1,843)	(17,914)	(2,735)	(20,400)
Discontinued operations:				
Loss from discontinued				
operations, net of taxes	--	(9,829)	--	(9,988)
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Net loss	\$ (1,843)	\$ (27,743)	\$ (2,735)	\$ (30,388)
	=====	=====	=====	=====
Basic loss per share				
Continuing operations	\$ (.10)	\$ (1.02)	\$ (.15)	\$ (1.16)
Discontinued operations	--	(.56)	--	(.57)
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Net loss per share	\$ (.10)	\$ (1.58)	\$ (.15)	\$ (1.73)
Diluted loss per share				
Continuing operations	\$ (.10)	\$ (1.02)	\$ (.15)	\$ (1.16)
Discontinued operations	--	(.56)	--	(.57)
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Net loss per share	\$ (.10)	\$ (1.58)	\$ (.15)	\$ (1.73)
Basic weighted average shares				
outstanding	18,365	17,554	18,231	17,554
	=====	=====	=====	=====
Diluted weighted average shares				
outstanding	18,365	17,554	18,231	17,554
	=====	=====	=====	=====

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