

## Comstock Homebuilding Companies, Inc. Reports Results for the Three and Nine Months Ending September 30, 2007

RESTON, VA, Nov 09, 2007 (MARKET WIRE via COMTEX News Network) -- Comstock Homebuilding Companies, Inc. (NASDAQ: CHCI) ("Comstock" or the "Company") today announced financial results for the three and nine months ended September 30, 2007.

For the three months ended September 30, 2007 the Company reported a net loss of \$42.5 million or (\$2.63) per share basic and diluted on total revenue of \$52.0 million as compared to a net loss of \$5.8 million or (\$0.36) per share basic and diluted on revenue of \$35.3 million for the three months ended September 30, 2006. In connection with these results the Company announced that it had elected to record non-cash impairment charges of \$61.4 million and option related write-offs of \$7.6 million for the three months ended September 30, 2007 as compared to total non-cash charges of \$1.8 million for the three months ended September 30, 2006.

For the nine months ended September 30, 2007 the Company reported a net loss of \$48.8 million or (\$3.04) per share basic and diluted on total revenue of \$213.0 million as compared to a net loss of \$11.6 million or (\$0.78) per share basic and diluted on revenue of \$122.6 million for the nine months ended September 30, 2006. In connection with these results the Company announced that it had elected to record non-cash impairment and write-off charges of \$77.4 million for the nine months ended September 30, 2007 as compared to charges of \$14.7 million for the nine months ended September 30, 2006.

At September 30, 2007 the Company's reported book value was approximately \$80.8 million or \$4.54 per share based on 17.8 million shares issued and outstanding. The Company noted that during the three months ended September 30, 2007 it reduced its debt by \$28.5 million to \$201.6 million as compared to June 30, 2007, by \$93.8 million as compared to December 31, 2006 and by \$138.7 million as compared to September 30, 2006. The company's net debt-to-cap ratio at September 30, 2007 was 68.3%, an increase of 7.8 percentage points as compared to June 30, 2007. The Company indicated that it had received all necessary waivers from its lenders regarding the violation of certain of its tangible net worth covenants as a result of the impairment charges. The Company believes that at September 30, 2007 it is in compliance with all other financial covenants of its debt.

"Current market conditions remain weak," said Christopher Clemente, Chairman and Chief Executive Officer. "However, we continue to generate new orders and current period cancellations have been trending lower. The vast majority of cancellations reported during the third quarter were cancellations of contracts written in 2005 or 2006 and represent purchaser defaults as the final building was completed. Non-Eclipse cancellations were approximately 10% of new orders during the period. Now that we have substantially completed the Eclipse we expect our cancellation rates to be much lower."

"We do not expect market conditions to improve markedly in the near term," Clemente continued. "Although our Gold Rush Days marketing campaign has generated increased new orders, the lack of consumer confidence in housing continues to negatively impact pricing. Nonetheless, we believe we are positioned for improved operating results in future periods."

The Company will hold an investor conference call hosted by Christopher Clemente, Chairman and Chief Executive Officer, and Bruce Labovitz, Chief Financial Officer, to discuss financial results for the third quarter ended September 30, 2007. The call will be held on Monday, November 12, 2007 at 1:00 p.m. Eastern Time. This investor call will be available via live webcast on the Comstock Homebuilding Companies' website at [www.comstockhomebuilding.com](http://www.comstockhomebuilding.com) in the "Investor Relations" section. To participate by telephone, the dial-in number is 866-542-4237 and the access code is 3238679. Investors are advised to join at least five minutes prior to the call to register. The call will be archived for seven days: from 6:45 p.m. Monday, November 12, 2007, until 11:59 p.m. Monday, November 19, 2007. To retrieve the archived call by telephone, the dial-in number is 866-542-4237 and the access code is 3238679.

### Selected Highlights of Financial Results - Three months ended September 30, 2007:

- The Company reported a net loss of \$42.5 million or (\$2.63) per share basic and diluted on weighted average shares outstanding of 16.2 million as compared to a net loss of \$5.8 million or (\$0.36) per share basic and diluted on 15.8 million weighted average shares outstanding for the three months ended September 30, 2006;
- On a pro-forma basis, before impairment and write-off charges, the Company's results would have been a net loss of \$0.3 million or (\$0.02) per share basic and diluted as compared to a net loss of \$4.7 million or (\$0.29) per share basic and diluted for the three months ended September 30, 2006;

- Total revenue was \$52.0 million compared to \$35.3 million for the three months ended September 30, 2006. Revenue from homebuilding increased \$17.4 million or 57.2% to \$47.8 million, as compared to \$30.4 million of revenue derived from homebuilding for the three months ended September 30, 2006;
- The Company delivered 141 new homes at an average per unit revenue of approximately \$339,000 as compared to 110 new homes at an average per unit revenue of \$276,000 for the three months ended September 30, 2006;
- Gross profit from homebuilding before impairment and write-off charges was \$6.0 million representing a 12.6% gross margin as compared to \$2.1 million before impairment and write-off charges for the three months ended September 30, 2006 representing a gross margin from homebuilding of 6.8%;
- Gross new order revenue was \$24.5 million on 81 gross new orders including for average new order revenue of \$303,000 as compared to \$36.9 million of gross new order revenue on 127 new orders for an average of \$291,000 per gross new order for the three months ended September 30, 2006;
- Backlog at September 30, 2007 was \$32.8 million on 100 sold units as compared to \$211.3 million on 550 units at September 30, 2006. Backlog does not include \$14.5 million of backlog revenue related to the sale of the retail complex at the Company's Eclipse project;
- As a result of softening market conditions and project repositioning in the Company's markets, the Company elected to record \$69.0 million of non-cash impairment and write-off charges as compared to \$1.8 for the three months ended September 30, 2006.

#### Selected Highlights of Financial Results - Nine months ended September 30, 2007:

- The Company reported a net loss of \$48.8 million or (\$3.04) per share basic and diluted on weighted average shares outstanding of 16.0 million as compared to a net loss of \$11.6 million or (\$0.78) per share basic and diluted on 14.9 million weighted average shares outstanding for the nine months ended September 30, 2006;
- On a pro-forma basis, before impairments and write-offs, the Company's results would have been a net loss of \$1.4 million or (\$0.09) per share basic and diluted as compared to a net loss of \$2.7 million or (\$0.18) per share basic and diluted for the nine months ended September 30, 2006;
- Total revenue was \$213.0 million compared to \$122.6 million for the nine months ended September 30, 2006. Revenue from homebuilding increased \$84.0 million or 71.7% to \$201.1 million, as compared to \$117.1 million of revenue derived from homebuilding for the nine months ended September 30, 2006;
- The Company delivered 777 new homes including 316 units at its Bellemeade project at an average per unit revenue of approximately \$259,000 as compared to 387 new homes at an average per unit revenue of \$303,000 for the nine months ended September 30, 2006. Net of the Bellemeade units the Company's average revenue per delivery was \$333,000;
- Gross profit from homebuilding before impairment and write-off charges, was \$19.6 million representing a 9.8% gross margin from homebuilding as compared to \$20.3 million for the nine months ended September 30, 2006 representing a gross margin from homebuilding of 17.4%. Net of the Bellemeade units the Company's gross margin from homebuilding was 12.8%;
- Gross new order revenue was \$166.7 million on 717 gross new orders including 316 units at Bellemeade for average gross new order revenue of \$232,000 as compared to \$177.5 million of gross new order revenue on 586 gross new orders for an average of \$303,000 per new order for the nine months ended September 30, 2006. Net of the Bellemeade units the Company's average gross new order revenue was \$297,000;
- Backlog at September 30, 2007 was \$32.8 million on 100 sold units as compared to \$211.3 million on 550 units at September 30, 2006. Backlog does not include \$14.5 million of backlog revenue related to the sale of the retail complex at the Company's Eclipse project;
- As a result of softening market conditions and project repositioning in the Company's markets, the Company elected to record \$77.4 million of non-cash impairment and write-off charges as compared to \$14.7 million for the nine months ended September 30, 2006.

About Comstock Homebuilding Companies, Inc.

Established in 1985, Comstock Homebuilding Companies is a diversified real estate development firm with a focus on

moderately 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 develops mixed-use, urban communities and active-adult communities under the Comstock Communities brand. Comstock Homebuilding Companies Inc. trades on Nasdaq under the symbol CHCI. For more information on the Company or its projects please visit <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. Statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "may," "will," "expects," "projects," "anticipates," "estimates," "believes," "intends," "plans," "should," "seeks," and similar expressions, including statements related to Comstock's expected future financial results and anticipated growth in the Washington, D.C. housing market, are forward-looking statements. 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. These risks and uncertainties include, but are not limited to, economic, market and competitive conditions affecting Comstock and its operations and products, risks and uncertainties relating to the market for real estate generally and in the areas where Comstock has projects, the availability and price of land suitable for development, materials prices, labor costs, interest rates, Comstock's ability to service its significant debt obligations, fluctuations in operating results, anticipated growth strategies, continuing relationships with affiliates, environmental factors, government regulations, the impact of adverse weather conditions or natural disasters and acts of war or terrorism. Additional information concerning these and other important risks and uncertainties can be found under the heading "Risk Factors" in the prospectus from Comstock's initial public offering, as filed with the Securities and Exchange Commission on December 15, 2004. Comstock specifically disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

|   | September 30,<br>2007 | December 31,<br>2006 |
|---|-----------------------|----------------------|
|   | -----                 | -----                |
| <b>ASSETS</b>   |                       |                      |
| Cash and cash equivalents   | \$ 8,814              | \$ 21,263            |
| Restricted cash   | 6,527                 | 12,326               |
| Receivables   | 629                   | 4,555                |
| Due from related parties  | 162                   | 4,053                |
| Real estate held for development and sale   | 240,835               | 405,144              |
| Inventory not owned - variable interest entities  | 19,496                | 43,234               |
| Property, plant and equipment   | 2,096                 | 2,723                |
| Investment in real estate partnership   | 0                     | (171)                |
| Deferred income tax   | 34,494                | 10,188               |
| Other assets  | 18,443                | 14,114               |
|   | -----                 | -----                |
| <b>TOTAL ASSETS</b>   | <b>331,496</b>        | <b>517,429</b>       |
|   | =====                 | =====                |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>   |                       |                      |
| Accounts payable and accrued liabilities  | 29,462                | 55,680               |
| Due to related parties  | -                     | 1,140                |
| Obligations related to inventory not owned  | 19,287                | 40,950               |
| Notes payable   | 171,559               | 265,403              |
| Senior unsecured debt   | 30,000                | 30,000               |
|   | -----                 | -----                |
| <b>TOTAL LIABILITIES</b>  | <b>250,308</b>        | <b>393,173</b>       |
|   | -----                 | -----                |
| Commitments and contingencies (Note 12)   |                       |                      |
| Minority interest   | 361                   | 371                  |
|   | -----                 | -----                |
| <b>SHAREHOLDERS' EQUITY</b>   |                       |                      |
| Class A common stock, \$0.01 par value,<br>77,266,500 shares authorized, 15,081,777 and |                       |                      |

|   |            |            |
|---|------------|------------|
| 14,129,081 issued and outstanding,<br>respectively  | 151        | 141        |
| Class B common stock, \$0.01 par value,<br>2,733,500 shares authorized, 2,733,500<br>issued and outstanding | 27         | 27         |
| Additional paid-in capital  | 151,602    | 147,528    |
| Treasury stock, at cost (391,400 Class A<br>common stock)   | (2,439)    | (2,439)    |
| (Accumulated deficit)   | (68,513)   | (21,372)   |
|   | -----      | -----      |
| TOTAL SHAREHOLDERS' EQUITY  | 80,828     | 123,885    |
|   | -----      | -----      |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY  | \$ 331,496 | \$ 517,429 |
|   | =====      | =====      |

|   | Three Months Ended<br>September 30, |            | Nine Months Ended<br>September 30, |             |
|---|-------------------------------------|------------|------------------------------------|-------------|
|   | 2007                                | 2006       | 2007                               | 2006        |
|   | -----                               | -----      | -----                              | -----       |
| Revenues  |                                     |            |                                    |             |
| Revenue - homebuilding  | \$ 47,769                           | \$ 30,367  | \$ 201,106                         | \$ 117,083  |
| Revenue - other   | 4,217                               | 4,913      | 11,902                             | 5,489       |
|   | -----                               | -----      | -----                              | -----       |
| Total revenue   | 51,986                              | 35,280     | 213,008                            | 122,572     |
| Expenses  |                                     |            |                                    |             |
| Cost of sales -<br>homebuilding   | 41,748                              | 28,290     | 181,491                            | 96,746      |
| Cost of sales - other   | 3,643                               | 4,994      | 10,947                             | 5,024       |
| Impairments and<br>write-offs   | 69,017                              | 1,802      | 77,400                             | 14,717      |
| Selling, general and<br>administrative  | 7,860                               | 9,903      | 24,235                             | 25,978      |
|   | -----                               | -----      | -----                              | -----       |
| Operating loss  | (70,282)                            | (9,709)    | (81,065)                           | (19,893)    |
| Other income, net   | (715)                               | (330)      | (1,361)                            | (918)       |
|   | -----                               | -----      | -----                              | -----       |
| Loss before minority interest<br>and equity in losses of real<br>estate partnership | (69,567)                            | (9,379)    | (79,704)                           | (18,975)    |
| Minority interest   | (2)                                 | 12         | (7)                                | 17          |
|   | -----                               | -----      | -----                              | -----       |
| Loss before equity in losses of<br>real estate partnership                          | (69,565)                            | (9,391)    | (79,697)                           | (18,992)    |
| Equity in losses of real estate<br>partnership                                      | -                                   | (13)       | -                                  | (66)        |
|   | -----                               | -----      | -----                              | -----       |
| Total pre tax loss  | (69,565)                            | (9,404)    | (79,697)                           | (19,058)    |
| Income taxes benefit  | (27,097)                            | (3,650)    | (30,893)                           | (7,421)     |
|   | -----                               | -----      | -----                              | -----       |
| Net loss  | \$ (42,468)                         | \$ (5,754) | \$ (48,804)                        | \$ (11,637) |
|   | =====                               | =====      | =====                              | =====       |
| Basic loss per share  | \$ (2.63)                           | \$ (0.36)  | \$ (3.04)                          | \$ (0.78)   |
| Basic weighted average shares<br>outstanding  | 16,151                              | 15,804     | 16,046                             | 14,946      |
|   | =====                               | =====      | =====                              | =====       |
| Diluted loss per share  | \$ (2.63)                           | \$ (0.36)  | \$ (3.04)                          | \$ (0.78)   |
| Diluted weighted average shares<br>outstanding                                      | 16,151                              | 15,804     | 16,046                             | 14,946      |
|   | =====                               | =====      | =====                              | =====       |

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SOURCE: Comstock Homebuilding Companies, Inc.