

Comstock Homebuilding Companies, Inc. Reports Results for Three and Twelve Months Ended December 31, 2011

RESTON, Va., March 30, 2012 (GLOBE NEWSWIRE) -- Comstock Homebuilding Companies, Inc. (Nasdaq:CHCI) ("Comstock" or the "Company"), a multi-faceted real estate development and services company focused on the Washington, D.C. metropolitan area, announced a net loss for its fourth quarter ended December 31, 2011 of \$(2.7) million or \$(0.14) per basic and diluted share, compared to a net loss for its fourth quarter ended December 31, 2010 of \$(1.5) million or \$(0.09) earnings per basic and diluted share. Total revenue for the fourth quarter of 2011 was \$6.3 million compared to \$2.7 million for the comparable 2010 quarter.

For the year ended December 31, 2011, the Company reported a net income of \$1.1 million or \$0.05 per basic and diluted share compared to a net loss of \$(7.7) million or \$(0.42) per basic and diluted share for the year ended December 31, 2010. Included in the 2011 results was a gain related to a legal settlement of \$9.4 million. Total revenue for the year ended December 31, 2011 was \$22.2 million as compared to \$23.9 million for the year ended December 31, 2010. Cash flow from operating activities was \$12.7 million for 2011 compared to \$15.4 million for 2010.

Notable Events and Accomplishments

The Company announced the following business updates in its Multi-family and Homebuilding divisions during 2011 and into the first quarter of 2012:

- On March 7, 2012, Comstock Cascades II L.C., an entity in which the Company has a controlling interest, closed on the previously announced sale of the Potomac Square Apartment project for a total purchase price of \$19.35 million. After repayment of the construction loan, guarantor credit enhancement fees, minority investor's equity and preferred return, current net proceeds to the Company were approximately \$4.7 million. Comstock's multi-family division constructed the Class A apartment project within the Cascades master planned community located in Loudoun County, Virginia. Construction began during the first quarter of 2011 and was substantially completed in the fourth quarter of 2011. Cardinal Bank of Tysons Corner, Virginia provided a \$10.5 million construction loan for the project.
- The Company announced that its multi-family division has secured development rights for a new apartment community to be known as Boulevard on Newell located proximate to the Silver Spring Metro rail station in downtown Silver Spring, Maryland. The Company has initiated the process of securing rezoning and land development permits for the planned multi-family project and expects to commence development in early 2014.
- The Company announced that during Q1-2012 its Homebuilding unit secured building permits and broke ground on a model home at The Hampshires, a 110 unit new home community located within the Lamond-Riggs neighborhood on New Hampshire Avenue, in the Northeast quadrant of Washington, D.C. The Hampshires is located proximate to two Metro rail stations just inside the Washington, D.C.-Maryland border. Sales of the 37 single-family homes and 73 townhomes at The Hampshires are expected to commence in mid-2012 with prices expected to start from the \$400's for the townhomes and the \$600's for the single-family homes.
- The Company announced that during Q1-2012 its Homebuilding unit has purchased land and secured preliminary approvals for a new community to be known as Falls Grove located in northern Prince William County near Centreville, Virginia. The property will be developed with 110 townhouses and 19 single family homes with prices expected to start from the \$200's for the townhomes and the \$400's for the single-family homes. The Company anticipates development to commence in mid-2012 and unit sales to commence in the second half of 2012.

Additional noteworthy accomplishments include:

- During 2011, the Company continued to monetize existing inventory at the Eclipse condominium project, where it settled 17 units reducing remaining inventory to 27 units (out of a total of 465 units) and at the Penderbrook Square condominium project where it settled 29 units reducing remaining inventory to 39 (out of a total of 424 units)
- The Company's overall liquidity and financial performance improved during the year. Overall unrestricted cash increased to \$5.6 million as of December 31, 2011 from \$0.5 million as of December 31, 2010. Total book equity increased to \$12.5 million as of December 31, 2011 from \$6.7 million as of December 31, 2010. The settlement of the Balfour lawsuit, new financings and cash flow from our continuing operations contributed to the ongoing improvement in the financial condition of the Company.

"The Company made significant strides in its homebuilding and apartment operations during 2011," said Christopher Clemente, Chairman and CEO. "Our improved liquidity and balance sheet has enhanced our ability to pursue additional opportunities and we look forward to a successful 2012."

About Comstock Homebuilding Companies, Inc.

Comstock is a multi-faceted real estate development and services company. 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. metropolitan area. Comstock Homebuilding Companies, Inc. trades on the NASDAQ Capital Market exchange under the symbol CHCI. For more information on the Company or its projects please visit www.comstockhomebuilding.com

The Comstock Homebuilding Companies, Inc. logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=5034>

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 including incurring substantial indebtedness with respect to projects, the diversion of management's attention and other negative consequences. 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. 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
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except per share data)

	December 31, 2011	December 31, 2010
ASSETS		
Cash and cash equivalents	\$ 5,639	\$ 475
Restricted cash	3,082	5,201
Trade receivables	2,228	392
Real estate held for development and sale	21,212	34,008
Operating real estate, net	12,095	--
Property, plant and equipment, net	105	50
Other assets	2,018	802
	<u>\$ 46,379</u>	<u>\$ 40,928</u>
TOTAL ASSETS		
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 3,987	\$ 5,884
Notes payable - secured by real estate held for development and sale, net of discount	10,541	18,853
Notes payable - secured by operating real estate	9,957	--
Notes payable - due to affiliates, unsecured	5,008	5,008
Notes payable - unsecured	4,309	4,515
Income taxes payable	33	--
	<u>33,835</u>	<u>34,260</u>
TOTAL LIABILITIES		
Commitments and contingencies (Note 15)	--	--

SHAREHOLDERS' EQUITY

Class A common stock, \$0.01 par value, 77,266,500 shares authorized, 17,944,503 and 17,120,467 issued and outstanding, respectively	179	171
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	168,620	166,700
Treasury stock, at cost (391,400 shares Class A common stock)	(2,439)	(2,439)
Accumulated deficit	<u>(156,684)</u>	<u>(157,791)</u>
TOTAL COMSTOCK HOMEBUILDING EQUITY	9,703	6,668
Non-controlling interest	<u>2,841</u>	<u>--</u>
TOTAL EQUITY	<u>12,544</u>	<u>6,668</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 46,379</u>	<u>\$ 40,928</u>

COMSTOCK HOMEBUILDING COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except per share data)

	Twelve Months Ended December 31,	
	2011	2010
Revenues		
Revenue - homebuilding	\$ 14,062	\$ 19,070
Revenue - other	<u>8,147</u>	<u>4,781</u>
Total revenue	22,209	23,851
Expenses		
Cost of sales - homebuilding	12,160	19,186
Cost of sales - other	7,825	4,011
Impairments and write-offs	--	1,548
Selling, general and administrative	7,443	5,606
Interest, real estate taxes and indirect costs related to inactive projects	<u>3,102</u>	<u>2,224</u>
Operating loss	(8,321)	(8,724)
Gain on troubled debt restructuring	(219)	--
Gain on legal settlement, net	(9,434)	--
Other income, net	<u>(299)</u>	<u>(1,037)</u>
Total pre tax income (loss)	1,631	(7,687)
Income taxes expense	<u>33</u>	<u>11</u>
Net income (loss) from continuing operations	1,598	(7,698)
Less: Net income attributable to non-controlling interests	<u>491</u>	<u>--</u>
Net income (loss) attributable to Comstock Homebuilding Companies, Inc.	<u>\$ 1,107</u>	<u>\$ (7,698)</u>
Basic income(loss) per share	<u>\$ 0.05</u>	<u>\$ (0.42)</u>
Diluted income(loss) per share	<u>\$ 0.05</u>	<u>\$ (0.42)</u>
Basic weighted average shares outstanding	<u>20,287</u>	<u>18,313</u>
Diluted weighted average shares outstanding.	<u>20,720</u>	<u>18,313</u>

COMSTOCK HOMEBUILDING COMPANIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands, except per share data)

	<u>Twelve Months Ended December 31,</u>	
	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Net income (loss)	\$ 1,598	\$ (7,698)
Adjustment to reconcile net income (loss) to net cash provided by operating activities		
Amortization of loan discount and deferred financing fees	1,444	--
Depreciation expense	196	98
Provision for bad debt	1	(13)
Impairments and write-offs	--	1,548
Amortization of stock compensation	932	704
Gain on debt restructuring	(219)	--
Gain on trade payable settlements	(161)	(860)
Changes in operating assets and liabilities:		
Restricted cash	19	(1,952)
Trade receivables	(1,837)	(405)
Real estate held for development and sale	10,292	19,927
Other assets	(678)	1,187
Accrued interest	752	--
Accounts payable and accrued liabilities	364	2,856
Income taxes payable	33	--
Net cash provided by operating activities	<u>12,736</u>	<u>15,392</u>
Cash flows from investing activities:		
Investment in construction in process and operating real estate	(9,764)	--
Purchase of property, plant and equipment	(78)	(4)
Net cash used in investing activities	<u>(9,842)</u>	<u>(4)</u>
Cash flows from financing activities:		
Proceeds from notes payable	38,908	823
Payments on notes payable	(38,436)	(17,649)
Loan financing costs	(1,548)	--
Proceeds from SunBridge warrant issuance	996	--
Proceeds from warrant exercise	--	828
Proceeds from Cascades Private Placement	2,350	--
Net cash provided by (used in) financing activities	<u>2,270</u>	<u>(15,998)</u>
Net increase (decrease) in cash and cash equivalents	5,164	(610)
Cash and cash equivalents, beginning of period	475	1,085
Cash and cash equivalents, end of period	<u>\$ 5,639</u>	<u>\$ 475</u>

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