

## Comstock Homebuilding Companies, Inc. Reports Results for Three and Twelve Months Ended December 31, 2010

### Strategic Realignment Plan Completed

RESTON, VA -- (MARKET WIRE) -- 03/31/11 -- Comstock Homebuilding Companies, Inc. (NASDAQ: CHCI) ("Comstock" or the "Company"), a multi-faceted real estate development and services company focused on the Washington, DC market, announced a net loss for its fourth quarter ended December 31, 2010 of \$(1.5) million or \$(0.08) per diluted share. The net loss and diluted loss per share for the fourth quarter of 2010 compares to net income of \$1.4 million or \$0.08 earnings per diluted share respectively for 2009. Total revenue for the fourth quarter of 2010 was \$2.7 million compared to \$3.8 million for the comparable 2009 quarter.

For the year ended December 31, 2010, the Company reported a net loss of \$(7.7) million or \$(0.42) per diluted share. The net loss and diluted loss per share for the year ended December 31, 2010 compares to a net loss of \$(26.8) million or \$(1.51) per diluted share for the year ended December 31, 2009. Total revenue for the year ended December 31, 2010 was \$23.9 million as compared to \$23.2 million for the year ended December 31, 2009.

In an effort to stabilize the Company, management formulated its Strategic Realignment Plan in 2009 and spent much of that year negotiating with lenders to eliminate and restructure debt in order to reposition the Company with an improved balance sheet and an enhanced ability to pursue new opportunities as market conditions improve. In 2010, the Company began rebuilding its operations through a revised operating strategy focused exclusively on the Washington, DC market with operations including residential rental property development, residential for-sale property development, and real estate related contracting services. With that rebuilding effort firmly underway, the Company is announcing the successful completion of its Strategic Realignment Plan.

"Our focus during much of the past few years has been stabilizing Comstock and positioning the Company to rebuild shareholder value," said Christopher Clemente, Chairman and Chief Executive Officer "Now that we have accomplished the goals of our Strategic Realignment Plan, Comstock has significantly less debt, a greatly improved balance sheet, multiple new revenue generating opportunities in the for-sale, rental and services divisions, new strategic relationships, a growing pipeline of well positioned development assets, and an enhanced, focused and energized management team. As a result, Comstock is now well positioned to leverage our core operating strengths in the Washington, DC region, which is widely regarded as the best real estate market in the nation."

### Notable Events and Accomplishments

In connection with its efforts to reposition the Company for improved operating results several noteworthy accomplishments have occurred:

- Deleveraging -- As of December 31, 2010 the Company's total debt was \$28.4 million. The Company's total debt peaked at \$340 million on September 30, 2006
- Monetization of certain key assets -- During 2010 the Company continued to monetize existing inventory at the Eclipse condominium project, where it settled 30 units reducing remaining inventory to 44 units (out of a total of 465 units) and at the Penderbrook Square condominium project where it settled 29 units reducing remaining inventory to 68 (out of a total of 424 units)
- Improvement in cash flow -- Net cash provided by operating activities increased to \$15.4 million for the year ended December 31, 2010 up from \$11.9 million in 2009
- Completed exit from unprofitable markets -- As of year-end 2010 Comstock is wholly focused on the Washington, DC market, which has historically been among the best performing real estate markets in the nation
- Securing new business opportunities -- In December 2010, the Company announced that it had formed joint ventures with Four Points, LLC ("Four Points") for the development of two new communities located in Washington, DC, combining the residential development expertise of Comstock with the local knowledge and land position of Four Points. Comstock plans to commence site improvements and construction on both downtown communities in 2011, upon issuance of final building permits. The Hampshires, located in the Northeast section of the District of Columbia along New Hampshire Avenue, will include approximately 110 townhomes and single-family homes, while Cedar Hill, located in the Southeast

section of Washington, DC, near the home of the Washington Nationals baseball team, will include approximately 40 townhomes and townhome style condominiums

- Launch of a new development and construction services operating unit -- The Company successfully launched a real estate development and construction services division designed to provide a wide range of real estate development related services to third party property owners including financial institutions. Leveraging the core operating capabilities of the Company the new line of business is providing site development and construction management services, development entitlement services, and general contracting services. After launching the business unit in mid-2010 the Company had completed work with a project value of approximately \$350,000 by year-end 2010 while securing contracts for additional work with a project value of almost \$8 million expected to be completed in 2011
- Securing a \$12 million judgment against Balfour Beatty -- In February 2010, a subsidiary of the Company was awarded a judgment against Balfour Beatty, in connection with claims brought by the Company against Balfour Beatty, as successor to Centex Construction Company, related to the Company's Eclipse condominium project in Arlington, Virginia. The United States District Court for the Eastern District of Virginia awarded Comstock Potomac Yard, L.C. damages of approximately \$11.9 million plus costs. In March 2010, Balfour Beatty filed an appeal of the judgment and posted a supersedeas bond in the amount of \$12.5 million. The Company expects a ruling on the appeal to be issued in 2011
- Successful refinancing of maturing debt -- On February 2, 2011, the Company entered into a \$11.85 million refinancing of its Eclipse on Center Park condominium project. The new loan was completed with Eagle Bank and proceeds of the loan were utilized to pay off existing indebtedness owed to KeyBank, N.A. in advance of the KeyBank loan maturity in March 2011. The Eagle Bank loan matures in 2014 and provides the Company several key benefits including a lower overall cost of financing, a reduced sales quota requirement that better reflects current market conditions and an extended three-year term, which Comstock believes will allow for the value of the asset to be maximized through the orderly sale of the remaining condominium units
- Securing new project financing and restart in construction -- On February 17, 2011, the Company announced that it has begun construction on a 103-unit rental apartment community in the Cascades master planned community located in the Potomac Falls area of Loudoun County, Virginia. The project is being financed with a five-year, \$11.0 million construction/mortgage loan provided by Cardinal Bank of Tysons Corner, Virginia

"Our accomplishments in regard to stabilizing Comstock and positioning the Company to rebuild shareholder value are the result of a team effort. With these strategic steps completed we are now focused on rebuilding our business and shareholder value and we are excited about the opportunity for continued improvement in 2011 and beyond," Mr. Clemente continued.

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, DC market place. 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 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 STATEMENTS OF OPERATIONS

(Amounts in thousands, except per share data)

	Three Months Ended	
	December 31,	
	2010	2009
Revenues		
Revenue - homebuilding	\$ 2,304	\$ 3,173
Revenue - other	391	639
Total revenue	2,695	3,812
Expenses		
Cost of sales - homebuilding	2,048	2,845
Cost of sales - other	344	-
Selling, general and administrative	1,405	2,550
Interest, real estate taxes and indirect costs related to inactive projects	423	297
Operating loss	(1,525)	(1,880)
Gain on troubled debt restructuring	--	(600)
Gain on deconsolidation of subsidiaries	--	(1,965)
Other income, net		(66)

Total pre tax (loss) income	(1,525)	751
Income taxes expense (benefit)	11	(931)
Net (loss) income from continuing operations	(1,536)	1,682
Loss - discontinued operations	--	326
Net loss attributable to Comstock Homebuilding Companies, Inc.	\$ (1,536)	\$ 1,356
Basic and diluted loss per share		
Continuing operations	\$ (0.08)	\$ 0.10
Discontinued operations	--	(0.02)
Net loss per share	\$ (0.08)	\$ 0.08
Weighted average shares outstanding	18,620	17,951

COMSTOCK HOMEBUILDING COMPANIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands, except per share data)

Twelve Months Ended

December 31,

	2010	2009
Revenues		
Revenue - homebuilding	\$ 19,070	\$ 20,226
Revenue - other	4,781	2,944
Total revenue	23,851	23,170
Expenses		
Cost of sales - homebuilding	19,186	18,824
Cost of sales - other	4,011	1,387
Impairments and write-offs	1,548	15,351
Selling, general and administrative	5,606	7,534
Interest, real estate taxes and indirect costs related to inactive projects	2,224	3,310
Operating loss	(8,724)	(23,236)
Gain on troubled debt restructuring	--	(3,403)
Gain on deconsolidation of subsidiaries	--	(1,965)
Other income, net	(1,037)	(423)
Total pre tax loss	(7,687)	(17,455)
Income taxes (benefit) expense	11	(929)
Net loss from continuing operations	(7,698)	(16,516)
Loss from discontinued operations	--	(10,236)

Net loss attributable to Comstock Homebuilding Companies, Inc.	\$ (7,698)	\$ (26,752)
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Basic loss per share		
Continuing operations	\$ (0.42)	\$ (0.93)
Discontinued operations	--	(0.58)
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Net loss per share	\$ (0.42)	\$ (1.51)
Diluted loss per share		
Continuing operations	\$ (0.42)	\$ (0.93)
Discontinued operations	--	(0.58)
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Net loss per share	\$ (0.42)	\$ (1.51)
Basic weighted average shares outstanding	18,313	17,670
	=====	=====
Diluted weighted average shares outstanding	18,313	17,670
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COMSTOCK HOMEBUILDING COMPANIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except per share data)

	December 31, 2010	December 31, 2009
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ASSETS		
Cash and cash equivalents	\$ 475	\$ 1,085
Restricted cash	5,201	3,249
Real estate held for development and sale	34,008	70,890
Property, plant and equipment, net	50	144
Other assets	1,194	1,963
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TOTAL ASSETS	\$ 40,928	\$ 77,331
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LIABILITIES AND SHAREHOLDERS' EQUITY

Accounts payable and accrued liabilities	\$ 5,884	\$ 5,579
Notes payable - secured by real estate	18,853	50,530
Notes payable - due to affiliates, unsecured	5,008	12,743
Notes payable - unsecured	4,515	4,346
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TOTAL LIABILITIES	34,260	73,198
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SHAREHOLDERS' EQUITY

Class A common stock, \$0.01 par value, 77,266,500 shares authorized, 17,025,954 and 15,608,438 issued and outstanding, respectively	171	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	166,700	157,418
Treasury stock, at cost (391,400 Class A common stock)	(2,439)	(2,439)
Accumulated deficit	(157,791)	(151,029)
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TOTAL SHAREHOLDERS' EQUITY	6,668	4,133
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TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 40,928	\$ 77,331
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COMSTOCK HOMEBUILDING COMPANIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands, except per share data)

	Twelve Months Ended	
	December 31,	
	2010	2009
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Cash flows from operating activities:		
Net loss from continuing operations	\$ (7,698)	\$ (26,752)
Adjustment to reconcile net loss to net cash		

provided by operating activities

Amortization and depreciation	98	685
Impairments and write-offs	1,548	22,938
Gain on troubled debt restructuring	--	(3,403)
Gain on trade payable settlements	(860)	(333)
Gain on deconsolidation of subsidiary	--	(1,965)
Board of directors compensation	--	--
Amortization of stock compensation	--	158
Deferred income tax	--	--

Changes in operating assets and liabilities:

Restricted cash	(1,952)	610
Receivables	--	--
Due from related parties	--	--
Real estate held for development and sale	19,927	18,276
Other assets	769	(561)
Accounts payable and accrued liabilities	3,560	2,278
Due to related parties		

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Net cash provided by operating

activities	15,392	11,931
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Cash flows from investing activities:

Purchase of property, plant and equipment	(4)	--
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Net cash used in investing activities	(4)	--
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Cash flows from financing activities:

Proceeds from notes payable	823	874
Payments on senior unsecured debt	--	--
Payments on junior subordinated debt	--	--
Payments on notes payable	(17,649)	(17,697)
Proceeds from option and warrant exercise	828	--
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Net cash used in financing activities	(15,998)	(16,823)
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Net decrease in cash and cash equivalents	(610)	(4,892)
Cash and cash equivalents, beginning of year	1,085	5,977
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Cash and cash equivalents, end of year	\$ 475	\$ 1,085
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