

## Comstock Homebuilding Companies, Inc. Reports Results for Three Months Ended March 31, 2011

RESTON, VA -- (MARKET WIRE) -- 05/13/11 -- 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 first quarter ended March 31, 2011 of \$(1.0) million or \$(0.05) per diluted share. The net loss and diluted loss per share for the first quarter of 2011 compares to a net loss of \$(0.9) million or \$(0.05) earnings per diluted share for the comparable 2010 quarter. Total revenue for the first quarter of 2011 was \$4.6 million compared to \$9.1 million for the comparable 2010 quarter.

"Having completed our strategic realignment plan in 2010, our sole mission in 2011 is rebuilding shareholder value," said Christopher Clemente, Chairman and Chief Executive Officer. "Our renewed focus on the Washington, DC region, which is widely regarded as the best real estate market in the nation, and our stabilized operating platform and improved balance sheet allows us to be wholly focused on restoring Comstock to profitability. To accomplish this we will continue working on bringing previously announced DC projects to market while pursuing additional opportunities in for-sale and rental properties and in our construction services business."

### Notable Events During The Quarter

Several key events occurred during the first quarter of 2011:

- Restart in construction - On February 17, 2011, the Company announced that it started 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. Comstock will begin leasing units in the summer of 2011 and expects construction to be completed in early 2012.
- Ongoing monetization of real estate assets - Comstock continues to monetize inventory units from its Eclipse and Penderbrook projects. Total units delivered in the first quarter of 2011 were 7. An additional 5 units were delivered during the month of April. There are 38 units remaining for sale at Eclipse and 62 remaining for sale at Penderbrook.
- Successful refinancing of maturing debt - On February 2, 2011 the Company entered into an \$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 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.

On May 6, 2011, Comstock announced that its Board of Directors adopted a Section 382 stockholder rights plan (the "Rights Plan") designed to protect stockholder value by preserving the value of certain deferred tax assets primarily associated with net operating loss carryforwards ("NOLs") under Section 382 of the Internal Revenue Code. The Company currently has approximately \$72 million in Federal and State NOLs with a potential value of up to \$25 million in tax savings. The Rights Plan was adopted to reduce the likelihood of an unintended "ownership change" which could jeopardize the availability of the Company's NOLs to offset potential tax liabilities resulting from future taxable income. The Rights Plan will be presented to the Company's stockholders for approval at the 2011 Annual Meeting of Stockholders.

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. 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 and other filings 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, except as required by law.

COMSTOCK HOMEBUILDING COMPANIES, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except per share data)

	March 31,	December 31,
	2011	2010
	-----	-----
ASSETS		
Cash and cash equivalents	\$ 714	\$ 475
Restricted cash	3,128	5,201
Real estate held for development and sale	28,876	34,008
Construction in process - Variable Interest		
Entity	4,029	-
Property, plant and equipment, net	45	50
Other assets	2,934	1,194
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TOTAL ASSETS	\$ 39,726	\$ 40,928
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Accounts payable and accrued liabilities	\$ 5,020	\$ 5,884
Notes payable - secured by real estate held		
for development and sale	16,041	18,853
Notes payable - Variable Interest Entity	1,094	-
Notes payable - due to affiliates,		

unsecured	5,008	5,008
Notes payable - unsecured	4,383	4,515
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TOTAL LIABILITIES	31,546	34,260
	-----	-----
Commitments and contingencies (Note 9)		
SHAREHOLDERS' EQUITY		
Class A common stock, \$0.01 par value,		
77,266,500 shares authorized, 17,159,807		
and 17,120,467 issued and outstanding,		
respectively	172	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	166,754	166,700
Treasury stock, at cost (391,400 shares		
Class A common stock)	(2,439)	(2,439)
Accumulated deficit	(158,816)	(157,791)
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TOTAL COMSTOCK HOMEBUILDING EQUITY	5,698	6,668
Non-controlling interest - Variable		
Interest Entity	2,482	--
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TOTAL EQUITY	8,180	6,668
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Accumulated deficit

TOTAL LIABILITIES AND SHAREHOLDERS'

EQUITY	\$	39,726	\$	40,928
		=====		=====

COMSTOCK HOMEBUILDING COMPANIES, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands, except per share data)

	Three Months Ended	
	March 31,	
	2011	2010
	-----	-----
Revenues		
Revenue--homebuilding	\$ 3,019	\$ 5,693
Revenue--other	1,567	3,446
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Total revenue	4,586	9,139
Expenses		
Cost of sales--homebuilding	2,722	5,692
Cost of sales--other	1,273	2,872
Selling, general and administrative	1,385	1,455
Interest, real estate taxes and indirect costs related to inactive projects	369	848
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Operating loss	(1,163)	(1,728)
Other income, net	270	836

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Loss before income taxes	(893)	(892)
Income taxes expense	--	--
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Net loss	(893)	(892)
Less: Net income attributable to non-controlling interests - Variable Interest Entity	132	--
	-----	-----
Net loss attributable to Comstock Homebuilding	\$ (1,025)	\$ (892)
	=====	=====
Basic loss per share	\$ (0.05)	\$ (0.05)
Diluted loss per share	\$ (0.05)	\$ (0.05)
Basic weighted average shares outstanding	18,645	18,096
	=====	=====
Diluted weighted average shares outstanding	18,645	18,096
	=====	=====

COMSTOCK HOMEBUILDING COMPANIES, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands, except per share data)

	Three Months Ended	
	March 31,	
	2011	2010
Cash flows from operating activities:		
Net loss	\$ (1,025)	\$ (892)
Adjustment to reconcile net loss to net cash provided by operating activities		
Net income attributable to non-controlling interest - Variable Interest Entity	132	--
Amortization and depreciation	4	75
Gain on M&T note retirement	(196)	--
Gain on trade payable settlements	(135)	(770)
Changes in operating assets and liabilities:		
Restricted cash	(27)	(28)
Real estate held for development and sale	2,706	7,911
Other assets	(1,739)	148
Accounts payable and accrued liabilities	1,650	280
Net cash provided by operating activities	1,370	6,724

Cash flows from investing activities:

Investment in Cascades Apartments -		
construction in process	(1,603)	--
Purchase of property, plant and equipment	--	(4)
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Net cash used in investing		
activities	(1,603)	(4)
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Cash flows from financing activities:

Proceeds from notes payable	12,233	267
Payments on notes payable	(14,111)	(7,036)
Proceeds from Cascades Private Placement	2,350	--
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Net cash provided by (used in)		
financing activities	472	(6,769)
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Net increase (decrease) in cash and cash

equivalents	239	(49)
Cash and cash equivalents, beginning of period	475	1,085
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Cash and cash equivalents, end of period	\$ 714	\$ 1,036
	=====	=====

Supplemental disclosure for non-cash activity:

Interest incurred but not paid in cash	\$ 223	\$ 655
Reduction in notes payable in connection		

with troubled debt restructuring	\$	--	\$	7,689
Increase in additional paid in capital in connection with troubled debt restructuring	\$	--	\$	7,689
Reduction in real estate held for development and sale in connection with deconsolidation of subsidiaries	\$	--	\$	15,407
Reduction in notes payable in connection with deconsolidation of subsidiaries	\$	--	\$	15,893
Reduction in accrued liabilities in connection with deconsolidation of subsidiaries	\$	--	\$	449
Increase in opening retained earnings in connection with deconsolidation of subsidiaries	\$	--	\$	936
Reduction in accrued liabilities in connection with issuance of stock compensation	\$	55	\$	571
Increase in class A common stock par value in connection with issuance of stock compensation	\$	--	\$	3
Increase in additional paid in capital in connection with issuance of stock compensation	\$	54	\$	568
Reduction in accounts payable due to Cascades Private Placement closing	\$	2,100	\$	--
Reduction in restricted cash due to Cascades Private Placement closing	\$	2,100	\$	--

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Source: Comstock Homebuilding Companies, Inc.

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