

Comstock Holding Companies, Inc. Reports Results for Three and Six Months Ended June 30, 2012

Company Positions New Homebuilding Projects for Opening

RESTON, Va., July 27, 2012 (GLOBE NEWSWIRE) -- Comstock Holding 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 the three months ended June 30, 2012 of (\$3.1) million or (\$0.15) per basic and diluted share on total revenue of \$4.2 million as compared to a net loss for the three months ended June 30, 2011 of (\$1.7) million or \$(0.09) per basic and diluted share on total revenue of \$5.9 million. For the six months ended June 30, 2012 the Company reported net income of \$0.8 million or \$0.04 per basic and diluted share on total revenue of \$14.6 million as compared to a net loss of (\$2.7) million or (\$0.15) per basic and diluted share on total revenue of 10.5 million. The six months results reflect the \$19.35 million sale of the Cascades Apartment project. The Company realized a gain of \$6.5 million on this project in the first quarter of 2012.

Notable Events

- Net new order revenue in the second quarter of 2012 increased 5% to \$4.0 million on 14 units when compared to \$3.8 million on 14 units in the second quarter of 2011. Net new order revenue for the six months ended June 30, 2012 increased 15% to \$7.8 million on 34 units when compared to \$6.8 million on 23 units in the same period of 2011.
- During the second quarter of 2012, the Company continued to monetize existing inventory at the Penderbrook Square condominium project, where it settled 9 units reducing remaining inventory to 14 units (out of a total of 424 units) and at the Eclipse condominium project where it settled 3 units reducing remaining inventory to 23 (out of a total of 465 units). Further, at June 30, 2012, there were 8 units in backlog at the Penderbrook Square condominium project.
- Construction has begun at The Hampshires, a 111-unit new home community located within the Lamond-Riggs neighborhood 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 and includes 38 single-family homes and 73 townhomes. The Company plans to open the model home sales office and commence sales in the 3rd quarter, with prices expected to start from the \$500's for townhomes and high \$600's for the single family homes.
- The Company prepared a new townhome style condominium project for commencement in Loudoun County, Virginia. Eastgate One is a 66-unit subdivision situated within the 400-unit Eastgate master-planned community proximate to the major employment centers in Loudoun County and Fairfax County. The Company has acquired the first 6 lots under the land option contract covering the project. Construction on the model home is scheduled to begin in the 3rd quarter, with unit sales expected to commence, and additional building lot acquisitions expected to occur, in the 4th quarter of 2012. Initial unit pricing is expected to start in the high \$200's.

"As previously reported, the sale of our first investment grade rental apartment community occurred in the first quarter. In keeping with our diversified platform, we have now commenced development and construction on two new for-sale communities, as market conditions continue to improve in the Washington, DC area" said Christopher Clemente, Chairman and CEO. "Results for this quarter reflect our rebuilding process as we position new projects for commencement. I am confident that our diversified platform will yield positive results."

About Comstock Holding Companies, Inc.

Comstock is a multi-faceted real estate development and services company. Our substantial experience in building a diverse range of products including apartments, 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 Holding 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

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 HOLDING COMPANIES, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except per share data)

	June 30, 2012	December 31, 2011
ASSETS		
Cash and cash equivalents	\$7,011	\$5,639
Restricted cash	3,114	3,082
Trade receivables	1,066	2,228
Real estate held for development and sale	16,861	21,212
Operating real estate, net	0	12,095
Property, plant and equipment, net	87	105
Other assets	<u>2,890</u>	<u>2,018</u>
TOTAL ASSETS	<u>\$31,029</u>	<u>\$46,379</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and accrued liabilities	\$3,035	\$3,987
Notes payable - secured by real estate held for development and sale, net of discount	7,914	10,541
Notes payable — secured by operating real estate, net	0	9,957
Notes payable - due to affiliates, unsecured	5,008	5,008
Notes payable — unsecured	3,911	4,309
Income taxes payable	<u>23</u>	<u>33</u>
TOTAL LIABILITIES	<u>19,891</u>	<u>33,835</u>
Commitments and contingencies	0	0
SHAREHOLDERS' EQUITY		
Class A common stock, \$0.01 par value, 77,266,500 shares authorized, 18,311,032 and 17,944,503 issued and outstanding, respectively	183	179
Class B common stock, \$0.01 par value, 2,733,500 shares authorized, issued and outstanding	27	27
Additional paid-in capital	169,215	168,620
Treasury stock, at cost (391,400 shares Class A common stock)	(2,439)	(2,439)
Accumulated deficit	<u>(155,848)</u>	<u>(156,684)</u>
TOTAL COMSTOCK HOLDING COMPANIES, INC. EQUITY	11,138	9,703
Non-controlling interest	<u>0</u>	<u>2,841</u>
TOTAL EQUITY	<u>11,138</u>	<u>12,544</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$31,029</u>	<u>\$46,379</u>

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenues				
Revenue - homebuilding	\$3,766	\$3,120	\$6,952	\$6,139
Revenue - other	478	2,783	1,227	4,350
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Total revenue	4,244	5,903	8,179	10,489
Expenses				
Cost of sales - homebuilding	3,302	2,736	6,056	5,458
Cost of sales - other	743	2,633	1,807	3,906
Selling, general and administrative	2,096	1,888	3,982	3,253
Interest, real estate taxes and indirect costs related to inactive projects	1,192	439	1,792	784
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Operating loss	(3,089)	(1,793)	(5,458)	(2,912)
Other income, net	8	287	37	563
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Loss before income tax benefit	(3,081)	(1,506)	(5,421)	(2,349)
Income tax benefit	1,181	0	2,093	0
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Net loss from continuing operations	(1,900)	(1,506)	(3,328)	(2,349)
Discontinued operations:				
Income (loss) from discontinued operations	16	(52)	(106)	(102)
Gain on sale of the real estate from discontinued operations	(50)	0	6,466	0
Income tax expense from discontinued operations	(1,181)	0	(2,093)	0
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Net (loss) income from discontinued operations	(1,215)	(52)	4,267	(102)
Net (loss) income	(3,115)	(1,558)	939	(2,451)
Less: Net income from discontinued operations attributable to non-controlling interests	0	118	103	250
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Net (loss) income attributable to Comstock Holding Companies, Inc.	<u>\$ (3,115)</u>	<u>\$ (1,676)</u>	<u>\$ 836</u>	<u>\$ (2,701)</u>
Basic (loss) income per share				
Continuing operations	\$ (.09)	\$ (.08)	\$ (.16)	\$ (.13)
Discontinued operations	(.06)	(.01)	.20	(.02)
Net (loss) income per share	<u>\$ (.15)</u>	<u>\$ (.09)</u>	<u>\$.04</u>	<u>\$ (.15)</u>
Diluted (loss) income per share				
Continuing operations	\$ (.09)	\$ (.08)	\$ (.16)	\$ (.13)
Discontinued operations	(.06)	(.01)	.20	(.02)
Net (loss) income per share	<u>\$ (.15)</u>	<u>\$ (.09)</u>	<u>\$.04</u>	<u>\$ (.15)</u>
Basic weighted average shares outstanding	20,431	18,784	20,359	18,407
Diluted weighted average shares outstanding	20,431	18,784	20,359	18,407
Net (loss) income attributable to Comstock Holding Companies, Inc.				
Loss from continuing operations	\$ (1,900)	\$ (1,506)	\$ (3,328)	\$ (2,349)
(Loss) income from discontinued operations	(1,215)	(170)	4,164	(352)
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Net (loss) income

\$ (3,115) \$ (1,676) \$836 \$ (2,701)

COMSTOCK HOLDING COMPANIES, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands, except per share data)

	Six Months Ended June 30,	
	2012	2011
Cash flows from operating activities:		
Net income (loss)	\$939	\$ (2,451)
Adjustment to reconcile net income (loss) to net cash (used in) provided by operating activities		
Amortization of loan discount and deferred financing fees	1,424	0
Depreciation expense	99	10
Gain on M&T note retirement	0	(146)
Gain on trade payable settlements	0	(150)
Gain on sale of operating real estate, net	(6,466)	0
Loss on disposal of property, plant and equipment	1	0
Amortization of stock compensation	599	0
Changes in operating assets and liabilities:		
Restricted cash	(32)	12
Trade receivables	1,162	(699)
Real estate held for development and sale	4,294	4,816
Other assets	(952)	(1,677)
Accrued interest	(709)	0
Accounts payable and accrued liabilities	(1,398)	3,101
Income taxes payable	(10)	0
	<u>(1,049)</u>	<u>2,816</u>
Net cash (used in) provided by operating activities		
Cash flows from investing activities:		
Investment in Cascades Apartments — operating real estate, net	0	(6,054)
Proceeds from sale of Cascades Apartments — operating real estate, net	18,400	0
	<u>18,400</u>	<u>(6,054)</u>
Net cash provided by (used in) investing activities		
Cash flows from financing activities:		
Proceeds from notes payable	9,960	17,272
Payments on notes payable	(22,995)	(16,250)
Distribution of non-controlling interests and preferred returns	(2,944)	0
Proceeds from Cascades Private Placement	0	2,350
	<u>(15,979)</u>	<u>3,372</u>
Net cash (used in) provided by financing activities		
Net increase in cash and cash equivalents	1,372	134
Cash and cash equivalents, beginning of period	5,639	475

Cash and cash equivalents, end of period

\$7,011 \$609

Supplemental disclosure for non-cash activity:

Interest paid, net of interest capitalized	\$1,334	\$457
Reduction in proceeds from sale of Cascades Apartment and increase in other assets related to amounts placed in escrow upon settlement of Cascades Apartments sale	\$950	\$0
Reduction in accrued liabilities in connection with issuance of stock compensation	\$0	\$0
Non-cash stock compensation charges	\$0	\$388
Increase in class A common stock par value in connection with issuance of stock compensation	\$0	\$3
Increase in additional paid in capital in connection with issuance of stock compensation	\$0	\$351
Reduction in accounts payable and restricted cash due to Cascades Private Placement closing	\$0	\$2,100

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Source: Comstock Holding Companies, Inc.

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