

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **February 7, 2019**

ARMADA HOFFLER PROPERTIES, INC.

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction
of incorporation)

001-35908

(Commission File Number)

46-1214914

(IRS Employer
Identification No.)

222 Central Park Avenue, Suite 2100

Virginia Beach, Virginia

(Address of principal executive offices)

23462

(Zip Code)

Registrant's telephone number, including area code: **(757) 366-4000**

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On February 7, 2019, Armada Hoffler Properties, Inc. (the “Company”) issued a press release announcing its financial position as of December 31, 2018, results of operations for the three and twelve months ended December 31, 2018, and other related information. Also on February 7, 2019, the Company made available on its website at www.ArmadaHoffler.com certain supplemental information concerning the Company’s financial results and operations for the three and twelve months ended December 31, 2018. Copies of such press release and supplemental information are furnished as Exhibits 99.1 and 99.2, respectively, to this Current Report on Form 8-K and are incorporated herein by reference.

In accordance with General Instructions B.2 and B.6 of Form 8-K, the information included in this Current Report on Form 8-K, including Exhibits 99.1 and 99.2 hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any filing made by the Company under the Exchange Act or Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

Item 7.01. Regulation FD Disclosure.

The disclosure contained in Item 2.02 is incorporated herein by reference.

On February 7, 2019, the Company made available a presentation regarding its 2019 full-year guidance, which is furnished as Exhibit 99.3 to this Current Report on Form 8-K.

In accordance with General Instructions B.2 and B.6 of Form 8-K, the information included in this Current Report on Form 8-K, including exhibits 99.1, 99.2, and 99.3 hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any filing made by the Company under the Exchange Act or Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
<u>99.1</u>	<u>Press Release, dated February 7, 2019, issued by Armada Hoffler Properties, Inc., providing its financial position as of December 31, 2018 and results of operations for the three and twelve months ended December 31, 2018.</u>
<u>99.2</u>	<u>Armada Hoffler Properties, Inc. Fourth Quarter 2018 Supplemental Information.</u>
<u>99.3</u>	<u>Armada Hoffler Properties, Inc. 2019 Guidance Presentation.</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ARMADA HOFFLER PROPERTIES, INC.

Date: February 7, 2019

/s/ MICHAEL P. O'HARA

Michael P. O'Hara

Chief Financial Officer and Treasurer



PRESS RELEASE

ARMADA HOFFLER PROPERTIES REPORTS FOURTH QUARTER AND FULL YEAR 2018 RESULTS

**Net Income of \$0.07 per Diluted Share for the Fourth Quarter
and \$0.36 per Diluted Share for the Full Year**

**Normalized FFO of \$0.30 per Diluted Share for the Fourth Quarter
and \$1.03 per Diluted Share for the Full Year**

Company Introduces 2019 Full-Year Normalized FFO Guidance of \$1.11 to \$1.17 per Diluted Share

VIRGINIA BEACH, VA, February 7, 2019 – Armada Hoffler Properties, Inc. (NYSE: AHH) today announced its results for the quarter and year ended December 31, 2018 and provided an update on current events.

Highlights include:

- Net income of \$4.9 million, or \$0.07 per diluted share, for the quarter ended December 31, 2018 compared to net income of \$5.8 million, or \$0.09 per diluted share, for the quarter ended December 31, 2017. Net income of \$23.5 million, or \$0.36 per diluted share, for the year ended December 31, 2018 compared to net income of \$29.9 million, or \$0.50 per diluted share, for the year ended December 31, 2017.
- Normalized Funds From Operations (“FFO”) of \$20.2 million, or \$0.30 per diluted share, for the quarter ended December 31, 2018 compared to Normalized FFO of \$14.5 million, or \$0.23 per diluted share, for the quarter ended December 31, 2017. Normalized FFO of \$66.5 million, or \$1.03 per diluted share, for the year ended December 31, 2018 compared to Normalized FFO of \$59.3 million, or \$0.99 per diluted share, for the year ended December 31, 2017.
- FFO of \$17.1 million, or \$0.26 per diluted share, for the quarter ended December 31, 2018 compared to FFO of \$15.1 million, or \$0.24 per diluted share, for the quarter ended December 31, 2017. FFO of \$64.3 million, or \$0.99 per diluted share, for the year ended December 31, 2018 compared to FFO of \$59.7 million, or \$0.99 per diluted share, for the year ended December 31, 2017.
- Introduced 2019 full-year Normalized FFO guidance in the range of \$1.11 to \$1.17 per diluted share, as set forth in the presentation that can be found on the Investors page of the Company's website at www.ArmadaHoffler.com. The Company's executive management will provide further details regarding its 2019 earnings guidance during today's webcast and conference call.
- Core operating property portfolio occupancy at 95.8% as of December 31, 2018 compared to 94.2% as of December 31, 2017.
- Same Store Net Operating Income (“NOI”) for both the quarter and the year ended December 31, 2018 increased on a GAAP and on a cash basis compared to the quarter and the year ended December 31, 2017.
- Positive releasing spreads on office renewals during the fourth quarter of 5% on a GAAP basis and 1% on a cash basis. Positive releasing spreads on retail renewals during the fourth quarter of 5% on a GAAP basis and 3% on a cash basis.
- Completed the sale of the new build-to-suit distribution facility in Richmond, Virginia for \$25.9 million, representing a profit of over 15% based on total development and construction costs.
- Sold our at-cost purchase option to the developer of The Residences at Annapolis Junction for \$5.0 million and received \$11.1 million as partial repayment on the Company's outstanding mezzanine loan.

- Added \$153 million in new contracts to third-party construction backlog during the quarter ended December 31, 2018.
- Raised \$5.9 million of gross proceeds through our at-the-market equity offering program at an average price of \$15.05 per share during the quarter ended December 31, 2018. Raised \$66.5 million of gross proceeds through our at-the-market equity offering program at an average price of \$14.39 per share during the year ended December 31, 2018.
- Closed on our initial investment in the office, retail, and apartment components of The Interlock, a new mixed-use development in West Midtown Atlanta. The Company has agreed to invest up to \$65 million of principal through a mezzanine loan on the commercial office and retail portions of the project as well as another \$23 million of principal through a mezzanine loan on the multifamily apartment component of the project. In addition to providing development services, the Company will also serve as the general contractor for the majority of the project.
- Closed on our investment in Nexton Square, a new open-air lifestyle center under construction in Summerville, South Carolina. The Company has agreed to invest approximately \$15 million of principal through a mezzanine loan as well as provide construction management and development services to the project. The Company also holds a below market option to purchase the project upon completion.

Commenting on the Company's results and 2019 outlook, Louis Haddad, President & CEO, said, "At the beginning of the year, we said that 2018 would yield respectable year-over-year per share earnings growth while setting the stage for significantly higher earnings in 2019. We believe that we are delivering on these promises with over 4% earnings growth in 2018 and a projected increase of over 10% in 2019. More importantly, with over a half billion dollars in various stages of development, we believe that our Company is poised for continued growth over the next few years."

Financial Results

The fourth quarter changes in net income, Normalized FFO, and FFO as compared to the fourth quarter of 2017 were positively impacted by higher interest income from mezzanine lending activities, higher property operating income due to acquisitions and developments, and the gain on the sale of the build-to-suit distribution facility (a non-operating property sale). Fourth quarter changes in net income and FFO were negatively impacted by changes in the fair value of interest rate derivatives.

Full year changes in net income, Normalized FFO, and FFO as compared to 2017 were positively impacted by higher interest income from mezzanine lending activities, higher property operating income due to acquisitions and developments, and the gain on the sale of the build-to-suit distribution facility (a non-operating property sale), and were negatively impacted by lower construction segment gross profits and higher interest expense. Full year net income and FFO were negatively impacted by mark-to-market losses on interest rate derivatives. The full year change in net income was negatively impacted by lower gains on operating real estate dispositions.

Operating Performance

At the end of the fourth quarter, the Company's office, retail and multifamily core operating property portfolios were 93.3%, 96.2%, and 97.3% occupied, respectively.

Total construction contract backlog was \$165.9 million at the end of the year.

Balance Sheet and Financing Activity

As of December 31, 2018, the Company had \$701 million of total debt outstanding, including \$126 million outstanding under its revolving credit facility. Total debt outstanding excludes unamortized GAAP fair value adjustments and deferred financing costs. Approximately 50% of the Company's debt had fixed interest rates or were subject to interest rate swaps as of December 31, 2018. After considering LIBOR interest rate caps with strike prices at or below 275 basis points, as of December 31, 2018, 100% of the Company's debt was fixed or hedged.

Outlook

The Company is introducing its 2019 full-year Normalized FFO guidance in the range of \$1.11 to \$1.17 per diluted share, as set forth in the presentation that can be found on the Investors page of the Company's website at www.ArmadaHoffler.com. The following table outlines the Company's assumptions along with Normalized FFO per diluted share estimates for 2019. The Company's executive management will provide further details regarding its 2019 earnings guidance during today's webcast and conference call.

Full-year 2019 Guidance ⁽¹⁾	Expected Ranges	
Total NOI	\$93.7M	\$94.6M
Construction Segment Gross Profit	\$4.9M	\$5.7M
Mezzanine Interest Income (Net of Interest Expense) ⁽²⁾	\$16.0M	\$16.5M
G&A Expenses	\$10.8M	\$11.5M
Interest Expense (Net of Mezzanine Interest Expense)	\$25.5M	\$26.5M
Normalized FFO per diluted share ⁽³⁾	\$1.11	\$1.17

⁽¹⁾ Includes the following assumptions:

- Sale of grocery-anchored shopping center with expected proceeds of approximately \$25 million in the fourth quarter of 2019.
- Acquisition of 79% partnership interest of 1405 Point apartments in the second quarter of 2019.
- Acquisition of the commercial component of One City Center from the joint venture in the first quarter of 2019.
- Interest expense is calculated based on the Forward LIBOR Curve, which forecasts rates ending the year at 2.57%.
- Opportunistic sale of approximately \$50 million through the ATM program, for full year weighted average shares outstanding of 69.3 million.

⁽²⁾ Includes \$4.5 million of Annapolis Junction purchase option proceeds.

⁽³⁾ Normalized FFO excludes certain items, including debt extinguishment losses, acquisition, development and other pursuit costs, mark-to-market adjustments for interest rate derivatives, severance related costs, and other non-comparable items. See "Non-GAAP Financial Measures." The Company does not provide a reconciliation for its guidance range of Normalized FFO per diluted share to net income per diluted share, the most directly comparable forward-looking GAAP financial measure, because it is unable to provide a meaningful or accurate estimate of reconciling items and the information is not available without unreasonable effort as a result of the inherent difficulty of forecasting the timing and/or amounts of various items that would impact net income per diluted share. For the same reasons, the Company is unable to address the probable significance of the unavailable information and believes that providing a reconciliation for its guidance range of Normalized FFO per diluted share would imply a degree of precision for its forward-looking net income per diluted share that could be misleading to investors.

Supplemental Financial Information

Further details regarding operating results, properties and leasing statistics can be found in the Company's supplemental financial package available on the Investors page at www.ArmadaHoffler.com.

Webcast and Conference Call

The Company will host a webcast and conference call on Thursday, February 7, 2019 at 8:30 a.m. Eastern Time to review financial results and discuss recent events. The live webcast will be available through the Investors page of the Company's website, www.ArmadaHoffler.com. To participate in the call, please dial 877-407-3982 (domestic) or 201-493-6780 (international). A replay of the conference call will be available through Thursday, March 7, 2019 by dialing 844-512-2921 (domestic) or 412-317-6671 (international) and entering the pass code 13685611.

About Armada Hoffler Properties, Inc.

Armada Hoffler Properties, Inc. (NYSE: AHH) is a vertically-integrated, self-managed real estate investment trust ("REIT") with four decades of experience developing, building, acquiring, and managing high-quality, institutional-grade office, retail, and multifamily properties located primarily in the Mid-Atlantic and Southeastern United States. In addition to developing and building properties for its own account, the Company also provides development and general contracting construction services to third-party clients. Founded in 1979 by Daniel A. Hoffler, the Company has elected to be taxed as a REIT for U.S. federal income tax purposes.

Forward-Looking Statements

Certain matters within this press release are discussed using forward-looking language as specified in the Private Securities Litigation Reform Act of 1995, and, as such, may involve known and unknown risks, uncertainties, and other factors that may cause the actual results or performance to differ from those projected in the forward-looking statement. These forward-looking statements may include comments relating to the current and future performance of the Company's operating property portfolio, the Company's development pipeline, the Company's mezzanine program, the Company's construction and development business, including backlog and timing of deliveries, financing activities, as well as acquisitions, dispositions and the Company's financial outlook, guidance and expectations. For a description of factors that may cause the Company's actual results or performance to differ from its forward-looking statements, please review the information under the heading "Risk Factors" included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017, and the other documents filed by the Company with the Securities and Exchange Commission.

Non-GAAP Financial Measures

The Company calculates FFO in accordance with the standards established by the National Association of Real Estate Investment Trusts ("Nareit"). Nareit defines FFO as net income (loss) (calculated in accordance with GAAP), excluding gains (or losses) from sales of depreciable operating property, real estate related depreciation and amortization (excluding amortization of deferred financing costs), impairment of real estate assets, and after adjustments for unconsolidated partnerships and joint ventures.

FFO is a supplemental non-GAAP financial measure. The Company uses FFO as a supplemental performance measure because it believes that FFO is beneficial to investors as a starting point in measuring the Company's operational performance. Specifically, in excluding real estate related depreciation and amortization and gains and losses from property dispositions, which do not relate to or are not indicative of operating performance, FFO provides a performance measure that, when compared period-over-period, captures trends in occupancy rates, rental rates and operating costs. We also believe that, as a widely recognized measure of the performance of REITs, FFO will be used by investors as a basis to compare the Company's operating performance with that of other REITs.

However, because FFO excludes depreciation and amortization and captures neither the changes in the value of the Company's properties that result from use or market conditions nor the level of capital expenditures and leasing commissions necessary to maintain the operating performance of the Company's properties, all of which have real economic effects and could materially impact the Company's results from operations, the utility of FFO as a measure of the Company's performance is limited. In addition, other equity REITs may not calculate FFO in accordance with the Nareit definition as the Company does, and, accordingly, the Company's FFO may not be comparable to such other REITs' FFO. Accordingly, FFO should be considered only as a supplement to net income as a measure of the Company's performance.

Management also believes that the computation of FFO in accordance with Nareit's definition includes certain items that are not indicative of the results provided by the Company's operating property portfolio and affect the comparability of the Company's period-over-period performance. Accordingly, management believes that Normalized FFO is a more useful performance measure that excludes certain items, including but not limited to, acquisition, development, and other pursuit costs, gains or losses from the early extinguishment of debt, impairment of intangible assets and liabilities, mark-to-market adjustments on interest rate derivatives, severance related costs, and other non-comparable items.

For reference, as an aid in understanding the Company's computation of FFO and Normalized FFO, a reconciliation of net income calculated in accordance with GAAP to FFO and Normalized FFO has been included in the final page of this release.

ARMADA HOFFLER PROPERTIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(dollars in thousands)

	December 31,	
	2018	2017
	(Unaudited)	
ASSETS		
Real estate investments:		
Income producing property	\$ 1,037,917	\$ 910,686
Held for development	2,994	680
Construction in progress	135,675	83,071
Accumulated depreciation	(188,775)	(164,521)
Net real estate investments	987,811	829,916
Real estate investments held for sale	929	—
Cash and cash equivalents	21,254	19,959
Restricted cash	2,797	2,957
Accounts receivable, net	19,016	15,691
Notes receivable	138,683	83,058
Construction receivables, including retentions	16,154	23,933
Construction contract costs and estimated earnings in excess of billings	1,358	245
Equity method investments	22,203	11,411
Other assets	55,177	55,953
Total Assets	\$ 1,265,382	\$ 1,043,123
LIABILITIES AND EQUITY		
Indebtedness, net	\$ 694,239	\$ 517,272
Accounts payable and accrued liabilities	15,217	15,180
Construction payables, including retentions	50,796	47,445
Billings in excess of construction contract costs and estimated earnings	3,037	3,591
Other liabilities	46,203	39,352
Total Liabilities	809,492	622,840
Total Equity	455,890	420,283
Total Liabilities and Equity	\$ 1,265,382	\$ 1,043,123

ARMADA HOFFLER PROPERTIES, INC.
CONDENSED CONSOLIDATED INCOME STATEMENTS
(in thousands, except per share amounts)

	Three Months Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017
	(Unaudited)			
Revenues				
Rental revenues	\$ 30,731	\$ 27,654	\$ 116,958	\$ 108,737
General contracting and real estate services revenues	12,705	32,643	76,359	194,034
Total revenues	43,436	60,297	193,317	302,771
Expenses				
Rental expenses	7,173	6,353	27,222	25,422
Real estate taxes	2,995	2,731	11,383	10,528
General contracting and real estate services expenses	12,154	32,002	73,628	186,590
Depreciation and amortization	11,260	9,303	39,913	37,321
General and administrative expenses	3,339	2,673	11,431	10,435
Acquisition, development and other pursuit costs	190	171	352	648
Impairment charges	1,518	60	1,619	110
Total expenses	38,629	53,293	165,548	271,054
Gain on real estate dispositions	4,254	—	4,254	8,087
Operating income	9,061	7,004	32,023	39,804
Interest income	3,577	2,111	10,729	7,077
Interest expense	(5,540)	(4,157)	(19,087)	(17,439)
Equity in income of unconsolidated real estate entities	372	—	372	—
Loss on extinguishment of debt	—	(50)	(11)	(50)
Change in fair value of interest rate derivatives	(2,207)	827	(951)	1,127
Other income (loss)	155	(23)	388	131
Income before taxes	5,418	5,712	23,463	30,650
Income tax benefit (provision)	(523)	56	29	(725)
Net income	4,895	5,768	23,492	29,925
Net income attributable to noncontrolling interests	(1,253)	(1,616)	(6,289)	(8,878)
Net income attributable to stockholders	\$ 3,642	\$ 4,152	\$ 17,203	\$ 21,047
Net Income per basic and diluted share and unit	\$ 0.07	\$ 0.09	\$ 0.36	\$ 0.50
Weighted average shares and units outstanding	66,836	62,427	64,754	60,181

ARMADA HOFFLER PROPERTIES, INC.
RECONCILIATION OF NET INCOME TO FFO & NORMALIZED FFO
(in thousands, except per share amounts)

	Three Months Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017
Net income	\$ 4,895	\$ 5,768	\$ 23,492	\$ 29,925
Depreciation and amortization ⁽¹⁾	11,525	9,303	40,178	37,321
Gain on operating real estate dispositions ⁽²⁾	(833)	—	(833)	(7,595)
Impairment of real estate assets	1,502	—	1,502	—
Funds From Operations (FFO)	\$ 17,089	\$ 15,071	\$ 64,339	\$ 59,651
Acquisition, development, and other pursuit costs	190	171	352	648
Impairment of intangible assets and liabilities	16	60	117	110
Loss on extinguishment of debt	—	50	11	50
Change in fair value of interest rate derivatives	2,207	(827)	951	(1,127)
Severance related costs	688	—	688	—
Normalized FFO	\$ 20,190	\$ 14,525	\$ 66,458	\$ 59,332
Net income per diluted share and unit	\$ 0.07	\$ 0.09	\$ 0.36	\$ 0.50
FFO per diluted share and unit	\$ 0.26	\$ 0.24	\$ 0.99	\$ 0.99
Normalized FFO per diluted share and unit	\$ 0.30	\$ 0.23	\$ 1.03	\$ 0.99
Weighted average shares and units outstanding-Diluted	66,836	62,427	64,754	60,181

- (1) The adjustment for depreciation and amortization includes depreciation attributable to the Company's investment in One City Center, which is an unconsolidated real estate investment.
(2) The adjustment for gain on operating real estate dispositions for the three months and year ended December 31, 2018 excludes the gain on the River City industrial development project because this project was sold before being placed into service. Additionally, the adjustment for gain on real estate dispositions for the year ended December 31, 2017 excludes the gain on the land outparcel at Sandbridge Commons because this was a non-operating parcel.

Contact:

Michael P. O'Hara
Armada Hoffler Properties, Inc.
Chief Financial Officer and Treasurer
Email: MOHara@ArmadaHoffler.com
Phone: (757) 366-6684



4Q 2018
SUPPLEMENTAL FINANCIAL PACKAGE

**ARMADA HOFFLER
PROPERTIES**

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Forward Looking Statements

This Supplemental Financial Package should be read in conjunction with the unaudited condensed consolidated financial statements appearing in our press release dated February 7, 2019, which has been furnished as Exhibit 99.1 to our Form 8-K filed on February 7, 2019. The Company makes statements in this Supplemental financial package that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). In particular, statements pertaining to our capital resources, portfolio performance, mezzanine loan program, development pipeline and results of operations contain forward-looking statements. Likewise, all of our statements regarding anticipated growth in our funds from operations, normalized funds from operations, adjusted funds from operations, and net operating income are forward-looking statements. You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "intends," "plans," "estimates" or "anticipates" or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, estimates, data or methods, which may be incorrect or imprecise, and actual results may vary materially from those anticipated, estimated or projected. The Company does not guarantee that the transactions and events described will happen as described (or that they will happen at all). For further discussion of risk factors and other events that could impact our future results, please refer to the section entitled "Risk Factors" in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC"), and the documents subsequently filed by us from time to time with the SEC.

Armada Hoffler Properties, Inc. (NYSE:AHH) is a full service real estate company that develops, constructs, acquires and manages institutional-grade office, retail and multifamily properties in the Mid-Atlantic and Southeastern United States. The Company also provides general contracting and development services to third-party clients, in addition to developing and building properties to be placed in its stabilized portfolio. Armada Hoffler Properties, Inc. was founded in 1979 and is headquartered in Virginia Beach, VA. The Company has elected to be taxed as a real estate investment trust ("REIT") for U.S. federal income tax purposes.



Board of Directors

Daniel A. Hoffler	Executive Chairman of Board
A. Russell Kirk	Vice Chairman of the Board
Louis S. Haddad	Director
John W. Snow	Lead Independent Director
George F. Allen	Independent Director
James A. Carroll	Independent Director
James C. Cherry	Independent Director
Eva S. Hardy	Independent Director

Corporate Officers

Louis S. Haddad	President and Chief Executive Officer
Michael P. O'Hara	Chief Financial Officer
Eric E. Apperson	President of Construction
Shelly R. Hampton	President of Asset Management

Investor Relations

Michael P. O'Hara	Chief Financial Officer mohara@armadahoffler.com
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Analyst Coverage

Bank of America Merrill Lynch
James Feldman
(646) 855-5808
james.feldman@baml.com

D. A. Davidson & Co.
James O. Lykins
(503) 603-3041
jlykins@dadco.com

Janney, Montgomery, & Scott LLC
Robert Stevenson
(646) 840-3217
robertstevenson@janney.com

B. Riley FBR
Craig Kucera
(703) 862-5249
craigkucera@fbr.com

Raymond James & Associates
Bill Crow
(727) 567-2594
bill.crow@raymondjames.com

Robert W. Baird & Co.
David Rodgers
(216) 737-7341
drodgers@rwbaird.com

Stifel, Nicolaus & Company Inc.
John Guinee
(443) 224-1307
jwguinee@stifel.com

Highlights

- Net income of \$4.9 million, or \$0.07 per diluted share, for the quarter ended December 31, 2018 compared to net income of \$5.8 million, or \$0.09 per diluted share, for the quarter ended December 31, 2017. Net income of \$23.5 million, or \$0.36 per diluted share, for the year ended December 31, 2018 compared to net income of \$29.9 million, or \$0.50 per diluted share, for the year ended December 31, 2017.
 - Normalized Funds From Operations ("FFO") of \$20.2 million, or \$0.30 per diluted share, for the quarter ended December 31, 2018 compared to Normalized FFO of \$14.5 million, or \$0.23 per diluted share, for the quarter ended December 31, 2017. Normalized FFO of \$66.5 million, or \$1.03 per diluted share, for the year ended December 31, 2018 compared to Normalized FFO of \$59.3 million, or \$0.99 per diluted share, for the year ended December 31, 2017.
 - FFO of \$17.1 million, or \$0.26 per diluted share, for the quarter ended December 31, 2018 compared to FFO of \$15.1 million, or \$0.24 per diluted share, for the quarter ended December 31, 2017. FFO of \$64.3 million, or \$0.99 per diluted share, for the year ended December 31, 2018 compared to FFO of \$59.7 million, or \$0.99 per diluted share, for the year ended December 31, 2017.
 - Introduced 2019 full-year Normalized FFO guidance in the range of \$1.11 to \$1.17 per diluted share, as set forth in the presentation that can be found on the Investors page of the Company's website at www.ArmadaHoffler.com. The Company's executive management will provide further details regarding its 2019 earnings guidance during today's webcast and conference call.
 - Core operating property portfolio occupancy at 95.8% as of December 31, 2018 compared to 94.2% as of December 31, 2017.
 - Same Store Net Operating Income ("NOI") for both the quarter and the year ended December 31, 2018 increased on a GAAP and on a cash basis compared to the quarter and the year ended December 31, 2017.
 - Positive releasing spreads on office renewals during the fourth quarter of 5% on a GAAP basis and 1% on a cash basis. Positive releasing spreads on retail renewals during the fourth quarter of 5% on a GAAP basis and 3% on a cash basis.
 - Completed the sale of the new build-to-suit distribution facility in Richmond, Virginia for \$25.9 million, representing a profit of over 15% based on total development and construction costs.
 - Sold our at-cost purchase option to the developer of The Residences at Annapolis Junction for \$5.0 million and received \$11.1 million as partial repayment on the Company's outstanding mezzanine loan.
 - Added \$153 million in new contracts to third-party construction backlog during the quarter ended December 31, 2018.
 - Raised \$5.9 million of gross proceeds through our at-the-market equity offering program at an average price of \$15.05 per share during the quarter ended December 31, 2018. Raised \$66.5 million of gross proceeds through our at-the-market equity offering program at an average price of \$14.39 per share during the year ended December 31, 2018.
 - Closed on our initial investment in the office, retail, and apartment components of The Interlock, a new mixed-use development in West Midtown Atlanta. The Company has agreed to invest up to \$65 million of principal through a mezzanine loan on the commercial office and retail portions of the project as well as another \$23 million of principal through a mezzanine loan on the multifamily apartment component of the project. In addition to providing development services, the Company will also serve as the general contractor for the majority of the project.
 - Closed on our investment in Nexton Square, a new open-air lifestyle center under construction in Summerville, South Carolina. The Company has agreed to invest approximately \$15 million of principal through a mezzanine loan as well as provide construction management and development services to the project. The Company also holds a below market option to purchase the project upon completion.
-

Summary Information

\$ in thousands, except per share data

	Three months ended				
	12/31/2018	9/30/2018	6/30/2018	3/31/2018	12/31/2017
OPERATIONAL METRICS					
Net income	\$4,895	\$5,669	\$5,945	\$6,983	\$5,768
Net income per diluted share	\$0.07	\$0.09	\$0.09	\$0.11	\$0.09
Rental properties Net Operating Income (NOI)	20,563	18,987	19,341	19,462	18,570
General contracting and real estate services gross profit	551	977	567	636	641
Adjusted EBITDA ⁽¹⁾⁽²⁾	25,110	20,124	19,466	19,399	18,345
Funds From Operations (FFO)	17,089	15,865	15,124	16,261	15,071
FFO per diluted share	\$0.26	\$0.24	\$0.24	\$0.26	\$0.24
Normalized FFO	20,190	15,650	15,242	15,376	14,525
Normalized FFO per diluted share	\$0.30	\$0.24	\$0.24	\$0.25	\$0.23
Annualized dividend yield	5.69%	5.29%	5.37%	5.84%	4.89%
CAPITALIZATION					
Total common shares outstanding	50,014	49,576	48,768	45,205	44,938
Operating Partnership units outstanding	17,110	17,167	17,291	17,441	17,486
Common shares and OP units outstanding	67,124	66,743	66,059	62,646	62,424
Market price per common share	\$14.06	\$15.11	\$14.90	\$13.69	\$15.53
Equity market capitalization ⁽³⁾	\$943,763	\$1,008,487	\$984,279	\$857,624	\$969,445
Total debt ⁽⁴⁾	700,722	660,608	586,821	595,637	523,412
Total market capitalization	1,644,485	1,669,095	1,571,100	1,453,261	1,492,857
Less: cash	(24,051)	(20,648)	(15,418)	(19,306)	(22,916)
Total enterprise value	\$1,620,434	\$1,648,447	\$1,555,682	\$1,433,955	\$1,469,941
BALANCE SHEET METRICS					
Core Debt/enterprise value	36.7%	34.9%	34.1%	38.4%	33.0%
Fixed charge coverage ratio	3.7x	3.5x	3.5x	3.6x	3.5x
Core Debt/Annualized Core EBITDA	6.5x	7.1x	6.8x	7.0x	6.6x
CORE PORTFOLIO OCCUPANCY					
Office ⁽⁵⁾	93.3%	93.8%	93.7%	92.2%	89.9%
Retail ⁽⁵⁾	96.2%	96.6%	96.7%	96.7%	96.5%
Multifamily ⁽⁶⁾	97.3%	97.1%	89.2% ⁽⁷⁾	96.1%	92.9%
Weighted Average ⁽⁸⁾	95.8%	96.1%	94.8%	95.6%	94.2%

(1) Excludes gains on dispositions of real estate and mark-to-market adjustments on interest rate derivatives

(2) Includes gain on non-operating real estate of \$3.4M and approximately \$688K of severance for the three months ended 12/31/18.

(3) Includes common shares and OP units

(4) Excludes unamortized GAAP adjustments

(5) Office and retail occupancy based on leased square feet as a % of respective total

(6) Multifamily occupancy based on occupied units as a % of respective total

(7) Includes impact of seasonality, attributed to the reduced summer occupancy at the JHU student housing property

(8) Total occupancy weighted by annualized base rent

Net Asset Value Component Data

In thousands

Stabilized Portfolio NOI (Cash)			Taxable REIT Subsidiary (TRS)	
	Three months ended	Annualized	Trailing 12 Months	
	12/31/2018	12/31/2018	As of 12/31/2018	
Diversified Portfolio			General contracting gross profit ⁽²⁾ \$6,147	
Office	\$0	\$0		
Retail	10,657	42,628		
Multifamily	2,533	10,132		
Total diversified portfolio NOI	\$13,190	\$52,760		
Virginia Beach Town Center				
Office ⁽¹⁾	\$2,944	\$11,776		
Retail ⁽¹⁾	2,094	8,376		
Multifamily	1,489	5,956		
Total Virginia Beach Town Center NOI	\$6,527	\$26,108		
Stabilized portfolio NOI - cash basis	\$19,717	\$78,868		
Signed leases not yet occupied or in free rent period	\$1,030	\$4,120		
Total	\$20,747	\$82,988		
Development Pipeline			Non-Property Assets	
		12/31/2018	As of 12/31/2018	
Income producing property		\$88,000	Cash and cash equivalents \$21,254	
Construction in progress		132,200	Restricted cash 2,797	
Other assets		1,800	Accounts receivable 19,016	
Total cost to date		\$222,000	Notes receivable, including mezzanine investments 138,683	
			Construction receivables, including retentions 16,154	
			Equity method investments (Durham City Center JV) 22,203	
			Other assets 56,535	
			Land held for development 2,994	
			Total non-property assets \$279,636	
			Liabilities & Share Count	
			As of 12/31/2018	
			Liabilities	
			Mortgages and notes payable \$694,239	
			Accounts payable and accrued liabilities 15,217	
			Construction payables, including retentions 50,796	
			Other liabilities 49,240	
			Total liabilities \$809,492	
			Share Count	
			Total common shares outstanding 50,014	
			Total OP units outstanding 17,110	
			Total common shares & OP units outstanding 67,124	

(1) Includes leases for space occupied by Armada Hoffer which are eliminated for GAAP purposes

(2) Includes \$3.4M sale of distribution center

Summary Balance Sheet

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\$ in thousands

	As of	
	12/31/2018 (Unaudited)	12/31/2017
Assets		
Real estate investments:		
Income producing property	\$1,037,917	\$910,686
Held for development	2,994	680
Construction in progress	135,675	83,071
Accumulated depreciation	(188,775)	(164,521)
Net real estate investments	987,811	829,916
Real estate investments held for sale	929	-
Cash and cash equivalents	21,254	19,959
Restricted cash	2,797	2,957
Accounts receivable, net	19,016	15,691
Notes receivable	138,683	83,058
Construction receivables, including retentions	16,154	23,933
Costs and estimated earnings in excess of billings	1,358	245
Equity method investments	22,203	11,411
Other assets	55,177	55,953
Total Assets	\$1,265,382	\$1,043,123
Liabilities and Equity		
Indebtedness, net	\$694,239	\$517,272
Accounts payable and accrued liabilities	15,217	15,180
Construction payables, including retentions	50,796	47,445
Billings in excess of costs and estimated earnings	3,037	3,591
Other liabilities	46,203	39,352
Total Liabilities	809,492	622,840
Total Equity	455,890	420,283
Total Liabilities and Equity	\$1,265,382	\$1,043,123

Summary Income Statement

In thousands, except per share data

	Three months ended		Year ended	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Revenues				
Rental revenues	\$30,731	\$27,654	\$116,958	\$108,737
General contracting and real estate services	12,705	32,643	76,359	194,034
Total Revenues	43,436	60,297	193,317	302,771
Expenses				
Rental expenses	7,173	6,353	27,222	25,422
Real estate taxes	2,995	2,731	11,383	10,528
General contracting and real estate services	12,154	32,002	73,628	186,590
Depreciation and amortization	11,260	9,303	39,913	37,321
General and administrative	3,339	2,673	11,431	10,435
Acquisition, development & other pursuit costs	190	171	352	648
Impairment charges	1,518	60	1,619	110
Total Expenses	38,629	53,293	165,548	271,054
Gain on real estate dispositions	4,254	-	4,254	8,087
Operating Income	9,061	7,004	32,023	39,804
Interest income	3,577	2,111	10,729	7,077
Interest expense	(5,540)	(4,157)	(19,087)	(17,439)
Equity in income of unconsolidated real estate entities	372	-	372	-
Loss on extinguishment of debt	-	(50)	(11)	(50)
Change in fair value of interest rate derivatives	(2,207)	827	(951)	1,127
Other income	155	(23)	388	131
Income before taxes	5,418	5,712	23,463	30,650
Income tax benefit (provision)	(523)	56	29	(725)
Net Income	\$4,895	\$5,768	\$23,492	\$29,925
Per Diluted Share & Unit	\$0.07	\$0.09	\$0.36	\$0.50
Weighted Average Shares & Units - Diluted	66,836	62,427	64,754	60,181

FFO, Normalized FFO & Adjusted FFO⁽¹⁾

\$ in thousands, except per share data

	Three months ended (Unaudited)				Year Ended (Unaudited)	
	12/31/2018	9/30/2018	6/30/2018	3/31/2018	2018	2017
Funds From Operations						
Net income	\$4,895	\$5,669	\$5,945	\$6,983	\$23,492	\$29,925
Earnings per diluted share	\$0.07	\$0.09	\$0.09	\$0.11	\$0.36	\$0.50
Depreciation and amortization ⁽²⁾	11,525	10,196	9,179	9,278	40,178	37,321
Gains on dispositions of operating real estate ⁽³⁾	(833)	-	-	-	(833)	(7,595)
Impairment of real estate assets ⁽⁴⁾	1,502	-	-	-	1,502	-
FFO	\$17,089	\$15,865	\$15,124	\$16,261	\$64,339	\$59,651
FFO per diluted share	\$0.26	\$0.24	\$0.24	\$0.26	\$0.99	\$0.99
Normalized FFO						
Acquisition, development & other pursuit costs	190	69	9	84	352	648
Loss on extinguishment of debt	-	11	-	-	11	50
Impairment of intangible assets and liabilities	16	3	98	-	117	110
Severance related costs	688	-	-	-	688	-
Change in fair value of interest rate derivatives	2,207	(298)	11	(969)	951	(1,127)
Normalized FFO	\$20,190	\$15,650	\$15,242	\$15,376	\$66,458	\$59,332
Normalized FFO per diluted share	\$0.30	\$0.24	\$0.24	\$0.25	\$1.03	\$0.99
Adjusted FFO						
Non-cash stock compensation	55	252	271	555	1,133	1,323
Acquisition, development & other pursuit costs	(190)	(69)	(9)	(84)	(352)	(648)
Tenant improvements, leasing commissions, lease incentives ⁽⁵⁾	(2,447)	(899)	(1,102)	(1,058)	(5,506)	(3,660)
Property related capital expenditures	(2,961)	(884)	(1,098)	(1,321)	(6,264)	(3,923)
Adjustment for Annapolis Junction purchase option	4,489	-	-	-	4,489	-
Non-cash interest expense	289	270	231	326	1,116	1,274
Net effect of straight-line rents	(915)	(709)	(415)	(478)	(2,517)	(692)
Amortization of leasing incentives & above (below) market rents	(29)	(43)	(46)	(56)	(174)	(195)
AFFO	\$18,481	\$13,568	\$13,074	\$13,260	\$58,383	\$52,811
Weighted Average Common Shares Outstanding	49,726	49,194	45,928	45,132	47,512	42,423
Weighted Average Operating Partnership ("OP") Units Outstanding	17,110	17,168	17,286	17,406	17,242	17,758
Total Weighted Average Common Shares and OP Units Outstanding	66,836	66,362	63,214	62,538	64,754	60,181

(1) See definitions on pages 28-29

(2) The adjustment for depreciation and amortization includes depreciation attributable to the Company's investment in One City Center, which is an unconsolidated real estate investment.

(3) Excludes gain on non-operating real estate of \$3.4M for the three months ended 12/31/18, and \$0.5M for the three months ended 9/30/2017

(4) Disposition of Waynesboro Commons

(5) Excludes development, redevelopment, and first generation space

Outstanding Debt

\$ in thousands

Debt	Stated Rate	Effective Rate as of 12/31/2018	Maturity Date	Debt Maturities & Principal Payments						Outstanding as of 12/31/2018	
				2019	2020	2021	2022	2023	Thereafter		
Secured Notes Payable - Core Debt											
North Point Center Note 1 ⁽¹⁾	6.45%	6.45%	2/5/2019	\$9,352							\$9,352
Southgate Square	L+1.60%	4.10%	4/29/2021	880	880	19,682					21,442
Encore Apartments	3.25%	3.25%	9/10/2021	124	504	24,338					24,966
4525 Main Street	3.25%	3.25%	9/10/2021	158	646	31,230					32,034
Hanbury Village	3.78%	3.78%	8/15/2022	504	522	544	17,449				19,019
Socastee Commons	4.57%	4.57%	1/6/2023	105	109	115	120	4,222			4,671
Sandbridge Commons	L+1.75%	4.25%	1/17/2023	238	247	257	268	7,248			8,258
249 Central Park Retail	L+1.60%	4.10%	8/10/2023	217	230	245	260	16,093			17,045
South Retail	L+1.60%	4.10%	8/10/2023	95	101	107	114	7,066			7,483
Fountain Plaza Retail	L+1.60%	4.10%	8/10/2023	131	139	147	156	9,684			10,257
Lightfoot Marketplace	L+1.75%	4.75% ⁽²⁾	10/12/2023					10,500			10,500
Johns Hopkins Village	L+1.25%	4.19% ⁽²⁾	8/7/2025	908	941	988	1,031	1,075	47,765		52,708
North Point Center Note 2	7.25%	7.25%	9/15/2025	121	130	140	151	162	1,642		2,346
Lexington Square	4.50%	4.50%	9/1/2028	245	256	268	280	293	13,598		14,940
Smith's Landing	4.05%	4.05%	6/1/2035	822	856	892	928	963	14,524		18,985
Liberty Apartments	5.66%	5.66%	11/1/2043	260	273	291	308	326	12,979		14,437
The Cosmopolitan	3.35%	3.35%	7/1/2051	766	792	819	847	876	40,368		44,468
Total - Secured Core Debt				\$14,926	\$6,626	\$80,063	\$21,912	\$58,508	\$130,876		\$312,911
Secured Notes Payable - Development Pipeline											
Greenside	L+2.95%	5.45%	2/24/2020		25,902						25,902
Premier	L+3.50%	6.00%	6/29/2020		19,214						19,214
Summit Place	L+3.24%	5.74%	1/1/2021			11,057					11,057
Hoffler Place	L+3.24%	5.74%	1/1/2021			11,445					11,445
Market at Mill Creek	L+1.55%	4.05%	7/12/2025						7,283		7,283
Brooks Crossing Office	L+1.60%	4.10%	7/3/2025						6,910		6,910
Total - Development Pipeline				-	45,116	22,502	-	-	14,193		81,811
Total Secured Notes Payable				\$14,926	\$51,742	\$102,565	\$21,912	\$58,508	\$145,069		\$394,722
Unsecured Core Debt											
Senior unsecured line of credit	L+1.40% - 2.00%	4.05%	10/26/2021			126,000					126,000
Senior unsecured term loan	L+1.35% - 1.95%	4.00%	10/26/2022				80,000				80,000
Senior unsecured term loan	L+1.35% - 1.95%	3.50% ⁽³⁾	10/26/2022				50,000				50,000
Senior unsecured term loan	L+1.35% - 1.95%	4.28% ⁽⁴⁾	10/26/2022				50,000				50,000
Total - Unsecured Core Debt				-	-	126,000	180,000	-	-		306,000
Total Notes Payable excluding GAAP Adjustments				\$14,926	\$51,742	\$228,565	\$201,912	\$58,508	\$145,069		\$700,722
Weighted Average Interest Rate				5.6%	5.5%	4.0%	3.9%	4.3%	4.1%		4.2%
Balloon Payments				9,333	45,116	222,744	197,109	47,244	73,594		595,140
Principal amortization				5,593	6,626	5,821	4,803	11,264	71,475		105,582
Total Consolidated Debt				\$14,926	\$51,742	\$228,565	\$201,912	\$58,508	\$145,069		\$700,722
Fixed-rate Debt ⁽⁴⁾				13,365	5,029	59,625	121,114	18,417	130,876		348,426
Variable-rate Debt ⁽⁴⁾				1,561	46,713	168,940	80,798	40,091	14,193		352,296
Total Consolidated Debt				\$14,926	\$51,742	\$228,565	\$201,912	\$58,508	\$145,069		\$700,722
GAAP Adjustments											(6,483)
Total Notes Payable											\$694,239

- (1) Subsequent event - North Point 1 was paid off in January and added to unencumbered borrowing base
(2) Subject to an interest rate swap lock
(3) Includes debt subject to interest rate swap locks
(4) Excludes debt subject to interest rate swap locks

30 Day LIBOR as of 12/31/2018	2.503%
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Core Debt to Core EBITDA⁽¹⁾

\$ in thousands

	Three months ended				
	12/31/2018	9/30/2018	6/30/2018	3/31/2018	12/31/2017
Net Income	\$4,895	\$5,669	\$5,945	\$6,983	\$5,768
Excluding:					
Interest expense	5,540	4,677	4,497	4,373	4,157
Income tax provision (benefit)	523	(120)	(166)	(266)	(56)
Depreciation and amortization	11,260	10,196	9,179	9,278	9,303
(Gain) Loss on operating real estate dispositions	(833)	-	-	-	-
Impairment charges	1,518	-	-	-	-
Change in fair value of interest rate derivatives	2,207	(298)	11	(969)	(827)
Adjusted EBITDA⁽²⁾	\$25,110	\$20,124	\$19,466	\$19,399	\$18,345
Other adjustments:					
Loss on extinguishment of debt	-	11	-	-	50
Non-cash stock compensation	55	252	271	555	276
Development Pipeline	(340)	(94)	(106)	(219)	(339)
Total Other Adjustments	(285)	169	165	336	(13)
Core EBITDA	\$24,825	\$20,293	\$19,631	\$19,735	\$18,332
Total Debt⁽³⁾	\$700,722	\$660,608	\$586,821	\$595,637	\$523,412
Adjustments to Debt:					
(Less) Development Pipeline ⁽³⁾	(81,811)	(64,365)	(40,232)	(25,377)	(15,879)
(Less) Cash & restricted cash	(24,051)	(20,648)	(15,418)	(19,306)	(22,916)
Core Debt	\$594,860	\$575,595	\$531,171	\$550,954	\$484,617
Core Debt/Annualized Core EBITDA	6.5x	7.1x	6.8x	7.0x	6.6x

(1) See definitions on page 30

(2) Includes gain on non-operating real estate of \$3.4M and approximately \$688K of severance for the three months ended 12/31/18. These amounts are not annualized in the Core Debt/Annualized Core EBITDA calculation.

(3) Excludes GAAP Adjustments

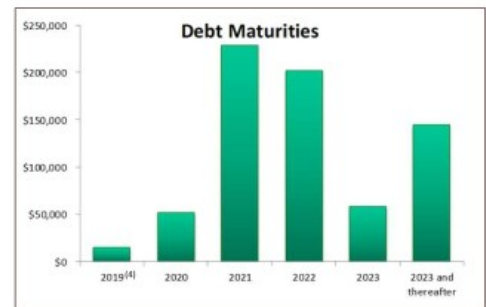
Debt Information

\$ in thousands

Total Debt Composition			
	Percent of Debt	Weighted Average	
		Interest Rate	Maturity
Secured vs. Unsecured Debt			
Unsecured Debt	43.7%	4.0%	3.4 Yrs
Secured Debt	56.3%	4.3%	8.5 Yrs
Variable vs. Fixed-rate Debt			
Variable-rate Debt ⁽¹⁾	50.3%	4.4%	3.1 Yrs
Fixed-rate Debt ⁽²⁾⁽³⁾	49.7%	4.0%	9.5 Yrs
Fixed-rate and Hedged Debt ⁽²⁾⁽³⁾	99.7%		
Total		4.2%	6.3 Yrs

Unencumbered Summary	
<u>12/31/2018</u>	
% of Total Properties	66.7%
% of Annualized Base Rent	52.4%

Interest Rate Cap Agreements			
Effective Date	Maturity Date	Strike Rate	Notional Amount
February 7, 2017	March 1, 2019	1.50%	\$50,000
June 23, 2017	July 1, 2019	1.50%	50,000
September 18, 2017	October 1, 2019	1.50%	50,000
November 28, 2017	December 1, 2019	1.50%	50,000
March 7, 2018	April 1, 2020	2.25%	50,000
July 16, 2018	August 1, 2020	2.50%	50,000
December 11, 2018	January 1, 2021	2.75%	50,000
Total Interest Rate Caps			350,000
Fixed-rate Debt ⁽²⁾⁽³⁾			348,426
Fixed-rate and Hedged Debt			\$698,426
% of Total ⁽³⁾			99.7%



(1) Excludes debt subject to interest rate swap locks

(2) Includes debt subject to interest rate swap locks

(3) Excludes GAAP adjustments

(4) Paid off January 2019

Capitalization & Financial Ratios

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\$ in thousands

Capitalization as of December 31, 2018

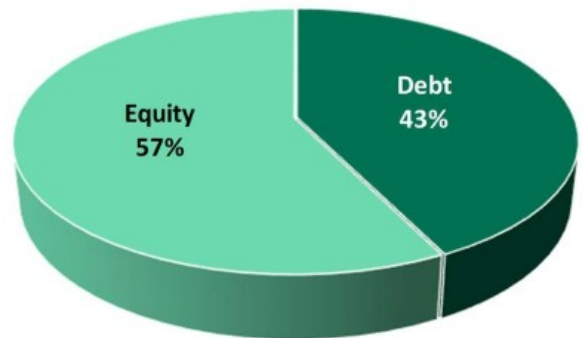
Debt	% of Total	Principal Balance
Unsecured credit facility	18%	\$126,000
Unsecured term loans	26%	180,000
Mortgages payable	56%	394,722
Total debt		<u>\$700,722</u>

Equity	% of Total	Shares/Units	Stock Price	Market Value
Common stock (NYSE: AHH)	75%	50,014	\$14.06	\$703,197
Common units	25%	17,110	\$14.06	240,567
Equity market capitalization		67,124		<u>\$943,763</u>
Total market capitalization				\$1,644,485
Debt/Market capitalization				42.6%

Dividend Data

	Trailing 12 Months
Common dividends and distributions	\$50,898
AFFO	58,383
AFFO payout ratio	87.2%

Capital Structure as of December 31, 2018



Liquidity as of December 31, 2018

Cash on hand	\$24,051
Availability under credit facility	21,900
Availability under construction loan	74,249
	<u>\$120,200</u>

Property Portfolio

As of December 31, 2018

Property	Anchor Tenant(s)	Location	Town Center	Unencumbered ABR	Year Built	Net Rentable Square Feet (RSF) ⁽¹⁾			Core Occupancy ⁽²⁾	Development Leased ⁽²⁾	ABR ⁽³⁾	ABR per Leased Sq ⁽⁴⁾
						Core Properties	Development Properties	Total				
Retail Properties												
249 Central Park Retail ⁽¹⁾	Cheesecake Factory, Brooks Brothers, Gordon Biersch	Virginia Beach, VA	✓	-	2004	92,710	-	92,710	97.9%	-	\$2,597,881	\$28.63
Alexander Pointe	Harris Teeter	Salisbury, NC		100%	1997	57,710	-	57,710	95.1%	-	636,019	11.58
Bermuda Crossroads ⁽¹⁾	Food Lion, OfficeMax	Chester, VA		100%	2001	122,566	-	122,566	98.4%	-	1,713,928	14.22
Broad Creek Shopping Center ⁽¹⁾⁽²⁾	Food Lion, PetSmart	Norfolk, VA		100%	1997/2001	121,504	-	121,504	95.5%	-	2,046,360	17.63
Broadmoor Plaza	Kroger, Staples, Jo-Ann Fabrics	South Bend, IN		100%	1980	115,059	-	115,059	96.5%	-	1,356,291	12.21
Brooks Crossing Retail	Various Small Shops	Newport News, VA		100%	2016	-	18,349	18,349	-	66.3%	169,380	13.92
Columbus Village	Barnes & Noble, Shake Shack	Virginia Beach, VA	✓	100%	1980/2013	62,362	-	62,362	100.0%	-	1,422,244	22.81
Columbus Village II	Regal Cinemas, BB&B	Virginia Beach, VA	✓	100%	1995/1996	92,061	-	92,061	96.7%	-	1,595,334	17.92
Commerce Street Retail ⁽²⁾	Yard House	Virginia Beach, VA	✓	100%	2008	19,173	-	19,173	100.0%	-	863,799	45.05
Courthouse 7-Eleven	7-Eleven	Virginia Beach, VA		100%	2011	-	-	3,177	100.0%	-	139,311	43.85
Dick's at Town Center	Dick's Sporting Goods, USI	Virginia Beach, VA	✓	100%	2002	103,335	-	103,335	100.0%	-	1,251,255	12.11
Dimmock Square	Best Buy, Old Navy	Colonial Heights, VA	✓	100%	1998	106,166	-	106,166	97.2%	-	1,768,353	17.14
Fountain Plaza Retail	Ruth's Chris, Ann Taylor	Virginia Beach, VA	✓	-	2004	35,961	-	35,961	100.0%	-	1,019,584	28.35
Gainsborough Square	Food Lion, Rite Aid	Chesapeake, VA		100%	1999	88,862	-	88,862	92.5%	-	1,261,426	15.35
Greentree Shopping Center	Various Small Shops	Chesapeake, VA		100%	2014	15,719	-	15,719	83.7%	-	266,752	20.28
Hanbury Village ⁽¹⁾	Harris Teeter, Walgreens	Chesapeake, VA		32%	2006/2009	116,635	-	116,635	98.6%	-	2,486,153	21.61
Harpee Hill Commons ⁽¹⁾	Harris Teeter	Winston-Salem, NC		100%	2004	96,914	-	96,914	85.4%	-	942,167	11.38
Harrisonburg Regal	Regal Cinemas	Harrisonburg, VA		100%	1999	49,000	-	49,000	100.0%	-	683,550	13.95
Indian Lakes Crossing ⁽¹⁾	Harris Teeter	Virginia Beach, VA		100%	2008	64,973	-	64,973	95.0%	-	839,174	13.60
Lexington Square	Lowes Foods	Lexington, SC		-	2017	85,531	-	85,531	93.3%	-	1,698,782	21.29
Lightfoot Marketplace ⁽¹⁾	Harris Teeter, CHKD	Williamsburg, VA		-	2016	124,735	-	124,735	85.6%	-	1,819,389	17.03
North Hampton Market	PetSmart, Hobby Lobby	Taylors, SC		100%	2004	114,935	-	114,935	100.0%	-	1,473,083	12.82
North Point Center ⁽¹⁾	Harris Teeter, PetSmart, Home Depot, Costco	Durham, NC		67%	1998/2009	494,746	-	494,746	100.0%	-	3,812,818	7.71
Oakland Marketplace ⁽²⁾	Kroger	Oakland, TN		100%	2004	64,538	-	64,538	100.0%	-	475,387	7.37
Parkway Centre	Publix	Moultrie, GA		100%	2017	61,200	-	61,200	98.0%	-	809,016	13.48
Parkway Marketplace	Rite Aid	Virginia Beach, VA		100%	1998	37,804	-	37,804	100.0%	-	770,911	20.39
Patterson Place	BB&B, PetSmart, DSW, AC Moore	Durham, NC		100%	2004	160,942	-	160,942	94.6%	-	2,384,886	15.67
Perry Hall Marketplace	Safeway	Perry Hall, MD		100%	2001	74,256	-	74,256	100.0%	-	1,261,436	16.99
Premier Retail	Williams Sonoma, Pottery Barn	Virginia Beach, VA	✓	-	2018	-	38,586	38,586	-	63.9%	528,714	21.45
Providence Plaza	Cranfill, Sumner & Hartzog, Chipotle	Charlotte, NC		100%	2007/2008	103,118	-	103,118	97.5%	-	2,699,780	26.86
Renaissance Square	Harris Teeter	Davidson, NC		100%	2008	80,467	-	80,467	88.0%	-	1,220,638	17.23
Sandbridge Commons ⁽¹⁾	Harris Teeter	Virginia Beach, VA		-	2015	69,417	-	69,417	100.0%	-	915,773	13.19
Socastee Commons	Bi-Lo	Myrtle Beach, SC		-	2000/2014	57,273	-	57,273	96.7%	-	630,451	11.39
Southgate Square	Burlington, PetSmart, Michaels	Colonial Heights, VA		-	1991/2016	220,131	-	220,131	89.7%	-	2,699,553	13.68
South Retail	Iuliano, Free People, CPK	Virginia Beach, VA	✓	-	2002	38,515	-	38,515	100.0%	-	967,988	25.13
South Square ⁽¹⁾	Ross, Petco, Office Depot	Durham, NC		100%	1977/2005	109,590	-	109,590	95.3%	-	1,790,877	17.14
Southshore Shops	Buffalo Wild Wings	Chesterfield, VA		100%	2006	40,333	-	40,333	93.2%	-	768,665	20.44
Stone House Square ⁽¹⁾	Weis Markets	Hagerstown, MD		100%	2008	112,274	-	112,274	93.1%	-	1,787,198	17.10
Studio 56 Retail	McCormick & Schmick's	Virginia Beach, VA	✓	100%	2007	11,594	-	11,594	84.8%	-	419,296	42.65
Tyre Neck Harris Teeter ⁽¹⁾	Harris Teeter	Portsmouth, VA		100%	2011	48,859	-	48,859	100.0%	-	513,052	10.91
Windover Village	BB&B, T.J. Maxx, Petco	Greensboro, NC		100%	2004	171,653	-	171,653	99.1%	-	3,154,373	18.54
Total / Weighted Avg Retail Portfolio				72%		3,645,798	56,935	3,702,733	96.2%	64.7%	\$55,680,727	\$15.72

Property Portfolio - Continued

As of December 31, 2018

Property	Anchor Tenant	Location	Town Center	Unencumbered ABR	Year Built	Net Rentable Square Feet (RSF) ⁽¹⁾			Core Occupancy ⁽²⁾	Development Leased ⁽²⁾	ABR ⁽³⁾	ABR per Leased sq ⁽⁴⁾
						Core Properties	Development Properties	Total				
Office Properties												
4525 Main Street	Clark Neesen, Anthropologie, Mythics	Virginia Beach, VA	✓	-	2014	234,938	-	234,938	96.0%	-	\$6,434,782	\$28.53
Armada Hoffer Tower ⁽⁵⁾	AHH, Troutman Sanders, Williams Mullen	Virginia Beach, VA	✓	100%	2002	324,247	-	324,247	91.4%	-	8,606,013	29.05
One Columbus ⁽⁶⁾	BB&T, HBA	Virginia Beach, VA	✓	100%	1984	128,876	-	128,876	92.2%	-	2,934,268	24.68
Two Columbus	The Art Institute	Virginia Beach, VA	✓	100%	2009	108,448	-	108,448	94.2%	-	2,672,688	26.17
Total / Weighted Average Office Portfolio						796,509	-	796,509	93.3%	-	\$20,647,751	\$27.80

Multifamily	Location	Town Center	Unencumbered ABR	Year Built	Units			Core Occupancy ⁽²⁾	Development/Redevelopment ⁽²⁾	ABR ⁽⁷⁾	Monthly Rent per Occupied Unit
					Core Properties	Development/Redevelopment Properties	Total				
Encore Apartments	Virginia Beach, VA	✓	-	2014	286	-	286	94.4%	-	\$4,221,756	\$1,303.01
Greenside Apartments	Charlotte, NC	-	-	2018	-	225	225	-	38.7%	1,670,585	1,600.18
Johns Hopkins Village ⁽⁸⁾⁽⁹⁾⁽¹⁰⁾	Baltimore, MD	-	-	2016	157	-	157	99.8%	-	7,665,480	1,126.61
Liberty Apartments ⁽¹¹⁾	Newport News, VA	-	-	2013	197	-	197	96.2%	-	2,388,808	1,050.41
Premier Apartments	Virginia Beach, VA	✓	-	2018	-	131	131	-	58.8%	1,280,532	1,385.86
Smith's Landing ⁽⁹⁾	Blacksburg, VA	-	-	2009	284	-	284	99.6%	-	4,056,060	1,194.36
The Cosmopolitan ⁽¹¹⁾	Virginia Beach, VA	✓	-	2006	-	306	306	-	92.5%	5,520,375	1,625.55
Total / Weighted Avg Multifamily Portfolio						924	662	1,586	97.3%	\$26,803,596	\$1,315.83

- The net rentable square footage for each of our retail & office properties is the sum of (a) the square footage of existing leases, plus (b) for available space, management's estimate of net rentable square footage based, in part, on past leases. The net rentable square footage included in office leases is generally consistent with the Building Owners and Managers Association, or BOMA, 1996 measurement guidelines.
- Occupancy for each of our retail & office properties is calculated as (a) square footage under executed leases as of December 31, 2018, divided by (b) net rentable square feet, expressed as a percentage. Occupancy for our multifamily properties is calculated as (a) total units occupied as of December 31, 2018, divided by (b) total units available, as of such date expressed as a percentage.
- For the properties in our office and retail portfolios, annualized base rent, or ABR, is calculated by multiplying (a) monthly base rent (defined as cash base rent, before contractual tenant concessions and abatements, and excluding tenant reimbursements for expenses paid by us) as of December 31, 2018 for in-place leases as of such date by (b) 12, and does not give effect to periodic contractual rent increases or contingent rental revenue (e.g., percentage rent based on tenant sales thresholds). ABR per leased square foot is calculated by dividing (a) ABR by (b) square footage under in-place leases as of December 31, 2018. In the case of triple net or modified gross leases, our calculation of ABR does not include tenant reimbursements for real estate taxes, insurance, common area or other operating expenses.
- As of December 31, 2018, the Company occupied 41,103 square feet at these two properties at an ABR of \$1.3M, or \$31.21 per leased square foot, which amounts are reflected in this table. The rent paid by us is eliminated in accordance with GAAP in the consolidated financial statements.
- Includes ABR pursuant to a rooftop lease.
- Net rentable square feet at certain of our retail properties includes pad sites leased pursuant to the ground leases in the table to the right:

Properties Subject to Ground Lease	Number of Ground Leases	Square Footage Leased Pursuant to	
		Ground Leases	ABR
Bermuda Crossroads	2	11,000	\$179,685
Broad Creek Shopping Center	6	23,825	639,988
Columbus Village	1	3,403	200,000
Hanbury Village	2	55,586	1,082,118
Harper Hill Commons	1	41,520	373,680
Indian Lakes	1	50,311	592,385
Lightfoot Marketplace	3	60,442	660,375
North Point Center	4	280,556	1,139,610
Oakland Marketplace	1	45,000	186,300
Sandbridge Commons	1	53,288	583,000
South Square	1	1,778	60,000
Stone House Square	1	3,650	181,500
Tyre Neck Harris Teeter	1	48,859	533,052
Total / Weighted Avg	25	679,218	\$6,411,693

- For the properties in our multifamily portfolio, ABR is calculated by multiplying (a) base rental payments for the month ended December 31, 2018 by (b) 12.
- The ABR for Liberty, Cosmopolitan, and Johns Hopkins Village excludes \$293K, \$746K and \$1.2M from ground floor retail leases, respectively.
- The Company leases the land underlying this property pursuant to a ground lease.
- Monthly rent per occupied unit is calculated by dividing total base rental payments for the month ended December 31, 2018 by the number of occupied beds.
- Excludes 36 units offline for redevelopment.

Development and Redevelopment Pipeline

\$ in thousands

Development, Not Delivered	Property Type	Estimated ⁽¹⁾	% Leased or LOI	Schedule ⁽¹⁾			Estimated Cost ⁽¹⁾	Construction Loan Commitment	Cost to Date	AHH Ownership %	Anchor Tenants & Other Notes
				Construction Start	Initial Occupancy	Stabilized Operation ⁽²⁾					
Summit Place (Meeting Street) Charleston, SC	Multifamily	114 units	2%	3Q17	3Q19	3Q19	\$53,000	\$34,750	\$35,000	90%	NA
Hoffler Place (King Street) Charleston, SC	Multifamily	74 units	7%	3Q17	3Q19	3Q19	48,000	31,750	34,500	93%	NA
Market at Mill Creek Mt. Pleasant, SC	Retail	73,000 SF	92%	1Q18	1Q19	2Q19	23,000	16,185	19,500	70% ⁽³⁾	Lowes Foods
Brooks Crossing - Office Newport News, VA	Office	100,000 sf	100%	1Q18	2Q19	3Q19	20,000	15,625	15,000	65% ⁽³⁾	Huntington Ingalls Industries
Wills Wharf Baltimore, MD	Office	325,000 sf	60%	3Q18	1Q20	3Q20	119,000	- ⁽⁴⁾	20,000	100%	WeWork, Canopy by Hilton
Total Development, Not Delivered							263,000	98,310	124,000		
Development, Delivered Not Stabilized											
Brooks Crossing - Retail Newport News, VA	Retail	18,000 sf	66%	3Q15	3Q16	4Q19	3,000	-	3,000	65% ⁽³⁾	Misc. small shops
Greenside (Harding Place) Charlotte, NC	Multifamily	225 Units	47%	3Q16	3Q18	4Q19	50,000	29,750	50,000	80% ⁽³⁾	NA
Premier Apartments (Town Center Phase VI) Virginia Beach, VA	Multifamily	131 Units	65%	4Q16	3Q18	3Q19	30,000	16,666	29,000	100%	NA
Premier Retail (Town Center Phase VI) Virginia Beach, VA	Retail	39,000 sf	75%	4Q16	3Q18	1Q20	15,000	8,334	12,000	100%	Williams Sonoma, Pottery Barn
Lightfoot Outparcel Williamsburg, VA	Retail	NA	100%	1Q18	3Q18	1Q19	4,000	3,000	4,000	70% ⁽³⁾	Panera
Total Development, Delivered Not Stabilized							102,000	57,750	98,000		
Total							\$365,000	\$156,060	222,000		
Joint Ventures - Minority Partner											
One City Center - 37% JV Durham, NC	Office	153,000 sf	85%	1Q16	3Q18	2Q19	\$46,000	\$25,250	\$20,750	100%	Duke University, WeWork

Redevelopment	Property Type	Units Out of Service	% Leased	Schedule ⁽¹⁾			Estimated Cost ⁽¹⁾	Construction Loan Commitment	Cost to Date
				Construction Start	Anticipated Completion	Same-Store Sales			
The Cosmopolitan Virginia Beach, VA	Multifamily	36 units	92%	1Q18	1Q20	1Q21	\$10,000	-	\$1,200



Premier



Summit Place



One City Center

	Q4 2018	YTD
Capitalized Interest	\$1,493	\$5,010
Capitalized Overhead	\$836	\$3,116

- (1) Represents estimates that may change as the development process proceeds
- (2) First full stabilized quarter
- (3) AHH earns a preferred return on equity prior to any distributions to JV Partners
- (4) \$76M loan scheduled to close 2Q19

Mezzanine Investments

\$ in thousands

Mezzanine Investments	Property Type	Estimated ⁽¹⁾	% Leased or LOI	Schedule ⁽¹⁾				Option to Purchase	Loan Balance	Mezzanine Interest QTD	Full Year 2018 Mezzanine Interest
				Initial Occupancy	Loan Maturity	Interest Rate					
The Residences at Annapolis Junction Annapolis Junction, MD	Multifamily	416 units	76%	3Q17	4Q19	10%	-	\$36,000	\$1,054	\$4,428	
1405 Point (Point Street Apartments) ⁽³⁾ Baltimore, MD	Multifamily	289 units	91%	1Q18	3Q21	8%	99,000	30,000	597	2,080	
North Decatur Square (Whole Foods) Decatur, GA	Retail	86,000 sf	100%	4Q18	2Q22	15%	-	19,000	651	2,212	
Nexton Square ⁽³⁾ Summerville, SC	Retail	135,000 sf	79%	2Q19	4Q20	15%	42,000	15,000	216	235	
Delray Plaza (Whole Foods) Delray Beach, FL	Retail	83,000 sf	94%	3Q19	4Q20	15%	-	7,000	253	928	
Solis Apartments at Interlock Atlanta, GA	Multifamily	345 units	NA	3Q20	3Q22	13%	-	14,000	55	55	
The Interlock Atlanta, GA	Mixed-use	300,000 sf	63%	3Q20	3Q22	15%	-	18,000	202	203	
Total Mezzanine Investment								\$141,000	\$139,000	\$3,028	\$10,141



1405 Point



North Decatur Square



Nexton Square

(1) Represents estimates that may change as the development process proceeds
 (2) Sold our at-cost purchase option to the developer of Annapolis Junction
 (3) Intend to exercise discounted purchase option

Acquisitions & Dispositions

\$ in thousands

ACQUISITIONS									
Properties	Location	Square Feet	Purchase Price ⁽¹⁾	Reinvested 1031 Proceeds	\$ Value of OP Units/Stock ⁽²⁾	Cash Cap Rate	Purchase Date	Anchor Tenants	
Lexington Square ⁽³⁾	Lexington, SC	85,531	\$26,758	-	\$2,624	6.7%	3Q18	Lowes Foods	
Parkway Centre	Moultrie, GA	61,200	11,200	-	1,624	6.4%	1Q18	Publix	
Indian Lakes	Virginia Beach, VA	71,020	14,700	-	-	7.1%	1Q18	Harris Teeter, Wawa	
Wendover Village Outparcel	Greensboro, NC	35,895	14,300	7,900	-	7.7%	3Q17	Panera, Rooms to Go Kids	
Renaissance Square	Davidson, NC	80,468	17,085	-	-	7.1%	4Q16	Harris Teeter	
Columbus Village II	Virginia Beach, VA	92,061	26,200	-	26,200	5.6%	4Q16	Regal, Bed Bath & Beyond	
Southshore Shops	Midlothian, VA	40,333	9,160	-	2,475	7.8%	3Q16	Buffalo Wild Wings	
Southgate Square	Colonial Heights, VA	220,131	38,585	-	17,485	7.3%	2Q16	PetSmart, Michael's, Burlington	
Retail Portfolio (11 properties)	Mid-Atlantic	1,082,681	170,500	87,000	-	7.2%	1Q16	Harris Teeter, Bed Bath & Beyond	
Providence Plaza	Charlotte, NC	103,118	26,200	14,000	-	7.3%	3Q15	Chipotle	
Socastee Commons	Myrtle Beach, SC	57,573	8,600	3,600	-	7.3%	3Q15	BiLo	
Columbus Village	Virginia Beach, VA	65,746	21,025	-	14,025	6.4%	3Q15	Barnes & Noble	
Perry Hall Marketplace & Stone House Square	Maryland	182,949	39,555	15,200	4,155	7.4%	2Q15	Safeway & Weis Markets	
Dimmock Square	Colonial Heights, VA	106,166	19,662	-	9,662	7.3%	3Q14	Old Navy, Best Buy, Pier 1	
Total/Weighted Average		2,284,872	\$443,530	\$127,700	\$78,250	7.1%			

DISPOSITIONS									
Properties	Location	Square Feet/Units	Sale Price	Cash Proceeds	Gain on Sale	Cash Cap Rate	Disposition Date	Anchor Tenants	
Indian Lakes Wawa	Virginia Beach, VA	6,047	\$4,400	\$4,400	\$0	5.4%	2Q18	Wawa	
Commonwealth of VA Buildings	Virginia Beach & Chesapeake, VA	47,366	13,150	8,000	4,194	6.8%	3Q17	Commonwealth of VA	
Greentree Wawa	Chesapeake, VA	5,088	4,600	4,400	3,396	5.0%	1Q17	Wawa	
Oyster Point ⁽⁴⁾	Newport News, VA	100,139	6,500	-	3,793	16.4%	3Q16	GSA	
Non-Core Retail Portfolio	Various	174,758	12,850	12,600	(27)	7.1%	2Q16 - 3Q16	Kroger, Family Dollar	
Richmond Tower	Richmond, VA	206,969	78,000	77,000	26,674	7.9%	1Q16	Williams Mullen	
Oceanearing	Chesapeake, VA	154,000	30,000	10,000	4,987	6.7%	4Q15	Oceanearing International	
Whetstone Apartments	Durham, NC	203 units	35,625	17,600	7,210	5.7%	2Q15	NA	
Sentara Williamsburg	Williamsburg, VA	49,200	15,450	15,200	6,197	6.3%	1Q15	Sentara	
Virginia Natural Gas	Virginia Beach, VA	31,000	8,900	7,400	2,211	6.3%	4Q14	Virginia Natural Gas	
Total/Weighted Average		774,567 sf/ 203 units	\$209,475	\$156,600	\$58,635	7.2%			

- (1) Contractual purchase price
(2) Value of OP Units/Stock at issuance
(3) Units are issuable contingent on the achievement of certain further occupancy requirements
(4) Anchor tenant vacated 12/31/16, which would represent a 2.5% Cash Cap Rate

Construction Business Summary

20

AHH
LISTED
NYSE

\$ in thousands

	<u>Location</u>	<u>Total Contract Value</u>	<u>Work in Place as of 12/31/2018</u>	<u>Backlog</u>	<u>Estimated Date of Completion</u>
Highlighted Projects					
One City Center	Durham, NC	\$69,044	\$66,250	\$2,794	1Q 2019
Dinwiddie Municipal Complex	Dinwiddie, VA	24,178	22,668	1,510	2Q 2019
Interlock Commercial	Atlanta, GA	84,922	323	84,599	4Q 2020
Solis Apartments at Interlock	Atlanta, GA	62,300	71	62,229	1Q 2021
Sub Total		240,444	89,312	151,132	
All Other Projects		564,928	550,197	14,731	
Total		<u>\$805,372</u>	<u>\$639,509</u>	<u>\$165,863</u>	

<u>Gross Profit Summary</u>	<u>Q4 2018</u>	<u>Trailing 12 Months</u>
	(Unaudited)	
Revenue	\$12,705	\$76,359
Expense	(12,154)	(73,628)
Gross Profit	\$551	\$2,731



Same Store NOI by Segment

\$ in thousands

(Reconciliation to GAAP located in appendix on pg. 34)

	Three months ended				Year ended			
	12/31/2018	12/31/2017	\$ Change	% Change	12/31/2018	12/31/2017	\$ Change	% Change
Office⁽¹⁾	(Unaudited)				(Unaudited)			
Revenue	\$5,165	\$4,779	\$386	8.1%	\$14,125	\$13,615	\$510	3.7%
Expenses ⁽²⁾	1,836	1,741	95	5.5%	5,496	5,196	300	5.8%
Net Operating Income	3,329	3,038	291	9.6%	8,629	8,419	210	2.5%
Retail⁽¹⁾								
Revenue	14,576	14,465	111	0.8%	56,693	56,348	345	0.6%
Expenses ⁽²⁾	3,441	3,291	150	4.6%	13,156	12,844	312	2.4%
Net Operating Income	11,135	11,174	(39)	-0.3%	43,537	43,504	33	0.1%
Multifamily⁽¹⁾								
Revenue	5,487	5,045	442	8.8%	11,834	11,473	361	3.1%
Expenses ⁽²⁾	2,128	2,036	92	4.5%	4,989	4,869	120	2.5%
Net Operating Income	3,359	3,009	350	11.6%	6,845	6,604	241	3.6%
Same Store Net Operating Income (NOI)	\$17,823	\$17,221	\$602	3.5%	\$59,011	\$58,527	\$484	0.8%
Net effect of straight-line rents	(\$739)	(257)	(482)		(487)	(142)	(345)	
Amortization of lease incentives and above (below) market rents	(\$15)	(31)	16		(372)	(365)	(7)	
Same store portfolio NOI, cash basis	\$17,069	\$16,933	\$136	0.8%	\$58,152	\$58,020	\$132	0.2%
NOI, Cash Basis:								
Office	\$2,818	\$2,982	(\$164)	-5.5%	\$8,373	\$9,102	(\$729)	-8.0%
Retail	10,992	10,962	30	0.3%	42,887	42,267	620	1.5%
Multifamily	3,259	2,989	270	9.0%	6,892	6,651	241	3.6%
	\$17,069	\$16,933	\$136	0.8%	\$58,152	\$58,020	\$132	0.2%
NOI:								
Office	\$3,329	\$3,038	\$291	9.6%	\$8,629	\$8,419	\$210	2.5%
Retail	11,135	11,174	(39)	-0.3%	43,537	43,504	33	0.1%
Multifamily	3,359	3,009	350	11.6%	6,845	6,604	241	3.6%
	\$17,823	\$17,221	\$602	3.5%	\$59,011	\$58,527	\$484	0.8%

(1) See page 31 for Same Store vs. Non - Same Store Properties

(2) Excludes expenses associated with the Company's in house asset management division of \$585K and \$474K for the 3 months ended 12/31/18 & 12/31/17, respectively, as well as \$2.1M and \$1.9M for the 12 months ended 12/31/18 & 12/31/17, respectively.

Top 10 Tenants by Annualized Base Rent

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\$ in thousands
As of December 31, 2018

Office Portfolio

Tenant	Number of Leases	Lease Expiration	Annualized Base Rent	% of Office Portfolio Annualized Base Rent	% of Total Portfolio Annualized Base Rent
Clark Nexsen	1	2029	\$ 2,588	12.5%	2.5%
Mythics	1	2030	1,164	5.6%	1.1%
Hampton University	2	2024	1,063	5.1%	1.0%
Pender & Coward	1	2030	882	4.3%	0.9%
Kimley-Horn	1	2027	876	4.2%	0.8%
Troutman Sanders	1	2025	855	4.1%	0.8%
The Art Institute	1	2019	852	4.1%	0.8%
City of Va Beach Development Authority	1	2024	744	3.6%	0.7%
Cherry Bekaert	1	2022	718	3.5%	0.7%
Williams Mullen	1	2028	655	3.2%	0.6%
Top 10 Total			\$ 10,397	50.2%	9.9%

Retail Portfolio

Tenant	Number of Leases	Lease Expiration	Annualized Base Rent	% of Retail Portfolio Annualized Base Rent	% of Total Portfolio Annualized Base Rent
Harris Teeter/Kroger	11	2020 - 2036	\$ 6,188	11.1%	6.0%
Regal Cinemas	2	2022 - 2024	1,679	3.0%	1.6%
Bed, Bath, & Beyond	4	2020 - 2024	1,677	3.0%	1.6%
PetSmart	5	2020 - 2022	1,438	2.6%	1.4%
Food Lion	3	2019 - 2022	1,291	2.3%	1.3%
Lowes Foods, LLC	1	2037	930	1.7%	0.9%
Dick's Sporting Goods	1	2020	840	1.5%	0.8%
Weis Markets	1	2028	802	1.4%	0.8%
Ross Dress for Less	2	2020 - 2022	762	1.4%	0.7%
Petco	3	2020 - 2027	743	1.3%	0.7%
Top 10 Total			\$ 16,350	29.3%	15.8%

Office Lease Summary

Renewal Lease Summary					GAAP			Cash			Weighted		
Quarter	Number of Leases Signed	Net rentable SF Signed	Leases Expiring	Net rentable SF Expiring	Contractual Rent per SF	Prior Rent per SF	Releasing Spread	Contractual Rent per SF	Prior Rent per SF	Releasing Spread	Average Lease Term (yrs)	TI & LC	TI & LC per SF
Q4 2018	3	5,490	2	1,915	\$ 26.13	\$ 24.97	4.6%	\$ 26.50	\$ 26.27	0.9%	3.86	\$ 165,800	\$ 30.20
Q3 2018	-	-	1	9,337	-	-	0.0%	-	-	0.0%	-	-	-
Q2 2018	3	28,910	6	13,225	28.88	28.41	1.7%	27.68	30.86	-10.3%	8.77	2,169,711	75.05
Q1 2018	1	1,400	-	-	27.22	23.99	13.5%	27.24	26.45	3.0%	3.00	2,428	1.73

New Lease Summary ⁽¹⁾						
Quarter	Number of Leases Signed	Net rentable SF Signed	Cash Contractual Rent per SF	Weighted Average Lease Term (yrs)	TI & LC	TI & LC per SF
Q4 2018	1	1,242	\$ 24.00	5.21	\$ 13,585	\$ 10.94
Q3 2018	1	1,806	26.00	5.00	14,958	8.28
Q2 2018	4	20,899	23.22	7.18	853,977	40.86
Q1 2018	3	17,668	23.59	8.28	930,376	52.66



(1) Excludes new leases from properties in development

Office Lease Expirations

As of December 31, 2018

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring ⁽¹⁾	% Portfolio Net Rentable Square Feet	Annualized Base Rent	% of Portfolio Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available	-	53,704	6.7%	\$ -	-	\$ -
M-T-M	3	633	0.1%	20,400	0.1%	32.23
2019	16	75,516	9.5%	1,942,629	9.4%	25.72
2020	7	26,537	3.3%	765,538	3.7%	28.85
2021	8	46,798	5.9%	1,339,418	6.5%	28.62
2022	9	73,394	9.2%	2,083,571	10.1%	28.39
2023	11	63,441	8.0%	1,816,072	8.8%	28.63
2024	7	102,931	12.9%	2,796,210	13.5%	27.17
2025	7	70,062	8.8%	1,931,218	9.4%	27.56
2026	3	15,140	1.9%	331,665	1.6%	21.91
2027	3	49,081	6.2%	1,416,099	6.9%	28.85
2028	4	56,844	7.1%	1,512,745	7.3%	26.61
2029	2	86,759	10.9%	2,646,518	12.8%	30.50
Thereafter	2	75,669	9.5%	2,045,668	9.9%	27.03
Total / Weighted Average	82	796,509	100.0%	\$ 20,647,751	100.0%	\$ 27.80



Square Feet Under Lease	% of Portfolio ABR
2,500 or less	3.3%
2,501-10,000	17.9%
10,001-20,000	29.5%
20,001-40,000	31.0%
40,001-100,000	18.2%
Office Portfolio Total	100.0%

(1) Includes new leases from the development properties that have been delivered, but not stabilized

Retail Lease Summary

Renewal Lease Summary					GAAP			Cash			Weighted Average Lease Term (yrs)	TI & LC	TI & LC per SF
Quarter	Number of Leases Signed	Net rentable SF Signed	Leases Expiring	Net rentable SF Expiring	Contractual Rent per SF	Prior Rent per SF	Releasing Spread	Contractual Rent per SF	Prior Rent per SF	Releasing Spread			
Q4 2018	23	169,261	13	67,429	\$ 15.91	\$ 15.14	5.0%	\$ 15.78	\$ 15.36	2.8%	3.98	\$ 175,816	\$ 1.04
Q3 2018	10	28,101	11	19,775	29.36	27.23	7.8%	29.95	28.19	6.2%	5.23	115,732	4.12
Q2 2018	19	64,064	1	1,900	19.55	18.71	4.5%	19.33	19.13	1.0%	5.60	261,455	4.08
Q1 2018	19	61,029	3	9,700	21.14	19.65	7.6%	20.47	19.88	3.0%	6.33	433,976	7.11

New Lease Summary ⁽¹⁾						
Quarter	Number of Leases Signed	Net rentable SF Signed	Cash Contractual Rent per SF	Weighted Average Lease Term (yrs)	TI & LC	TI & LC per SF
Q4 2018	7	60,363	\$ 15.09	10.83	\$ 2,710,665	\$ 44.91
Q3 2018	7	10,444	19.60	5.95	366,032	35.05
Q2 2018	9	29,646	25.08	8.63	1,041,670	35.14
Q1 2018	5	14,196	15.57	5.10	223,542	15.75

(1) Excludes new leases from properties in development



Retail Lease Expirations

As of December 31, 2018

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring ⁽¹⁾	% Portfolio Net Rentable Square Feet	Annualized Base Rent	% of Portfolio Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available	-	159,923	4.3%	\$ -	-	\$ -
M-T-M	2	2,600	0.1%	48,470	0.1%	18.64
2019	64	287,943	7.8%	4,922,077	8.8%	17.09
2020	77	589,349	15.9%	8,321,449	14.9%	14.12
2021	67	301,451	8.1%	5,439,595	9.8%	18.04
2022	59	422,280	11.4%	7,003,826	12.6%	16.59
2023	59	432,951	11.7%	6,632,066	11.9%	15.32
2024	39	305,397	8.2%	4,862,548	8.7%	15.92
2025	21	236,602	6.4%	2,666,200	4.8%	11.27
2026	20	169,355	4.6%	2,934,654	5.3%	17.33
2027	18	118,786	3.2%	2,544,828	4.6%	21.42
2028	25	270,005	7.3%	3,973,549	7.1%	14.72
2029	9	48,665	1.3%	1,042,083	1.9%	21.41
Thereafter	17	357,426	9.6%	5,289,383	9.4%	14.80
Total / Weighted Average	477	3,702,733	100.0%	\$ 55,680,728	100.0%	\$ 15.72



Square Feet Under Lease	% of Portfolio ABR
2,500 or less	13.5%
2,501-10,000	29.5%
10,001-20,000	15.6%
20,001-40,000	14.9%
40,001-100,000	24.8%
Greater than 100,000	1.7%
Retail Portfolio Total	100.0%

(1) Includes new leases from properties in development



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PROPERTIES

Appendix
Definitions & Reconciliations



Definitions

Net Operating Income:

We calculate Net Operating Income ("NOI") as property revenues (base rent, expense reimbursements and other revenue) less property expenses (rental expenses and real estate taxes). Other REITs may use different methodologies for calculating NOI, and accordingly, our NOI may not be comparable to such other REITs' NOI. NOI is not a measure of operating income or cash flows from operating activities as measured by GAAP and is not indicative of cash available to fund cash needs. As a result, NOI should not be considered an alternative to cash flows as a measure of liquidity. We consider NOI to be an appropriate supplemental measure to net income because it assists both investors and management in understanding the core operations of our real estate business.

To calculate NOI on a cash basis, we adjust NOI to exclude the net effects of straight-line rent and the amortization of lease incentives and above/below market rents.

Funds From Operations:

We calculate Funds From Operations ("FFO") in accordance with the standards established by the National Association of Real Estate Investment Trusts ("Nareit"). Nareit defines FFO as net income (loss) (calculated in accordance with accounting principles generally accepted in the United States ("GAAP")), excluding gains (or losses) from sales of depreciable operating property, real estate related depreciation and amortization (excluding amortization of deferred financing costs), impairment of real estate assets, and after adjustments for unconsolidated partnerships and joint ventures.

FFO is a supplemental non-GAAP financial measure. Management uses FFO as a supplemental performance measure because it believes that FFO is beneficial to investors as a starting point in measuring our operational performance. Specifically, in excluding real estate related depreciation and amortization and gains and losses from property dispositions, which do not relate to or are not indicative of operating performance, FFO provides a performance measure that, when compared period-over-period, captures trends in occupancy rates, rental rates and operating costs. Other equity REITs may not calculate FFO in accordance with the Nareit definition as we do, and, accordingly, our FFO may not be comparable to such other REITs' FFO.

Definitions

Normalized Funds From Operations:

We calculate Normalized Funds From Operations ("Normalized FFO") as FFO calculated in accordance with the standards established by Nareit, adjusted for acquisition, development and other pursuit costs, gains or losses from the early extinguishment of debt, impairment of intangible assets and liabilities, mark-to-market adjustments on interest rate derivatives, severance related costs, and other non-comparable items.

Management believes that the computation of FFO in accordance to Nareit's definition includes certain items that are not indicative of the results provided by the Company's operating portfolio and affect the comparability of the Company's period-over-period performance. Our calculation of Normalized FFO differs from Nareit's definition of FFO. Other equity REITs may not calculate Normalized FFO in the same manner as us, and, accordingly, our Normalized FFO may not be comparable to other REITs' Normalized FFO.

Adjusted Funds From Operations:

We calculate Adjusted Funds From Operations ("AFFO") as Normalized FFO adjusted for the impact of non-cash stock compensation, tenant improvement, leasing commission and leasing incentive costs associated with second generation rental space, capital expenditures, non-cash interest expense, proceeds from the sale of a purchase option (in excess of amounts recognized in net income), straight-line rents, the amortization of leasing incentives and above (below) market rents and proceeds from government development grants.

Management believes that AFFO provides useful supplemental information to investors regarding our operating performance as it provides a consistent comparison of our operating performance across time periods and allows investors to more easily compare our operating results with other REITs. However, other REITs may use different methodologies for calculating AFFO or similarly entitled FFO measures and, accordingly, our AFFO may not always be comparable to AFFO or other similarly entitled FFO measures of other REITs.

Definitions

Adjusted EBITDA:

We calculate Adjusted EBITDA as net income (loss) (calculated in accordance with GAAP), excluding interest expense, income taxes, depreciation and amortization, gains (or losses) from sales of depreciable operating property and mark-to-market adjustments on interest rate derivatives. Management believes Adjusted EBITDA is useful to investors in evaluating and facilitating comparisons of our operating performance between periods and between REITs by removing the impact of our capital structure (primarily interest expense) and asset base (primarily depreciation and amortization) from our operating results along with other non-comparable items.

Core EBITDA:

We calculate Core EBITDA as EBITDA, excluding certain items, including, but not limited to, debt extinguishment losses, mark-to-market adjustments on interest rate derivatives, non-cash stock compensation and the impact of development pipeline projects that are still in lease-up. We generally consider a property to be in lease-up until the earlier of (i) the quarter after which the property reaches 80% occupancy or (ii) the thirteenth quarter after the property receives its certificate of occupancy. Management believes that Core EBITDA provides useful supplemental information to investors regarding our ongoing operating performance as it provides a consistent comparison of our operating performance across time periods and allows investors to more easily compare our operating results with other REITs. However, other REITs may use different methodologies for calculating Core EBITDA or similarly entitled measures and, accordingly, our Core EBITDA may not always be comparable to Core EBITDA or other similarly entitled measures of other REITs.

Core Debt:

We calculate Core Debt as our total debt, excluding loans associated with our development pipeline, cash & cash equivalents, and restricted cash.

Same Store Portfolio:

We define same store properties as those that we owned and operated and that were stabilized for the entirety of both periods compared. We generally consider a property to be stabilized upon the earlier of: (i) the quarter after the property reaches 80% occupancy or (ii) the thirteenth quarter after the property receives its certificate of occupancy. Additionally, any property that is fully or partially taken out of service for the purpose of redevelopment is no longer considered stabilized until the redevelopment activities are complete, the asset is placed back into service, and the stabilization criteria above are again met. A property may also be fully or partially taken out of service as a result of a disposition, depending on the significance of the portion of the property disposed. Finally, any property classified as Held for Sale is taken out of service for the purpose computing same store operating results. The following table shows the properties included in the same store and non-same store portfolio for the comparative periods presented.

Same Store vs. Non-Same Store Properties

	Three Months Ended		Year Ended			Three Months Ended		Year Ended	
	12/31/2018 to 2017		12/31/2018 to 2017			12/31/2018 to 2017		12/31/2018 to 2017	
	Same Store	Non-Same Store	Same Store	Non-Same Store		Same Store	Non-Same Store	Same Store	Non-Same Store
Retail Properties									
249 Central Park Retail	X		X				X		
Alexander Pointe	X		X				X		
Bermuda Crossroads	X		X				X		
Broad Creek Shopping Center		X		X				X	
Brooks Crossing (Retail)		X		X				X	
Broadmoor Plaza	X		X				X		
Columbus Village	X		X				X		
Columbus Village II	X		X				X		
Commerce Street Retail	X		X				X		
Courthouse 7-Eleven	X		X				X		
Dick's at Town Center	X		X				X		
Dimmock Square	X		X				X		
Greentree Shopping Center	X		X				X		
Fountain Plaza Retail	X		X				X		
Gainsborough Square	X		X				X		
Hanbury Village	X		X				X		
Harper Hill Commons	X		X				X		
Harrisonburg Regal	X		X				X		
Indian Lakes		X		X				X	
Lexington Square		X		X				X	
Lightfoot Marketplace		X		X				X	
North Hampton Market	X		X				X		
North Point Center	X		X				X		
Oakland Marketplace	X		X				X		
Parkway Centre		X		X				X	
Parkway Marketplace	X		X				X		
Patterson Place	X		X				X		
Perry Hall Marketplace	X		X				X		
Premier Retail		X		X				X	
Retail Properties (Continued)									
Providence Plaza		X		X				X	
Renaissance Square		X		X				X	
Sandbridge Commons		X		X				X	
Socastee Commons		X		X				X	
South Retail		X		X				X	
South Square		X		X				X	
Southgate Square		X		X				X	
Southshore Shops		X		X				X	
Stone House Square		X		X				X	
Studio 56 Retail		X		X				X	
Tyre Neck Harris Teeter		X		X				X	
Waynesboro Commons			X				X		X
Wendover Village		X		X				X	
Wendover Village Outparcel		X							X
Office Properties									
4525 Main Street		X							X
Armada Hoffer Tower		X					X		
Commonwealth of VA - Chesapeake			X						X
Commonwealth of VA - Virginia Beach			X						X
One Columbus		X					X		
Two Columbus		X					X		
Multifamily Properties									
Encore Apartments		X					X		
Greenside Apartments			X						X
Liberty Apartments		X					X		
Premier Apartments			X						X
Smith's Landing		X					X		
The Cosmopolitan			X						X
Johns Hopkins Village		X					X		X

Reconciliation to Property Portfolio NOI

\$ in thousands

	Three months ended 12/31		Year ended 12/31	
	2018	2017	2018	2017
Office Same Store⁽¹⁾				
Rental revenues	\$5,165	\$4,779	\$14,125	\$13,615
Property expenses	1,836	1,741	5,496	5,196
NOI	3,329	3,038	8,629	8,419
Non-Same Store NOI ⁽²⁾	(103)	(81)	4,180	3,446
Segment NOI	\$3,226	\$2,957	\$12,809	\$11,865
Retail Same Store⁽¹⁾				
Rental revenues	\$14,576	\$14,465	\$56,693	\$56,348
Property expenses	3,441	3,291	13,156	12,844
NOI	11,135	11,174	43,537	43,504
Non-Same Store NOI ⁽²⁾	1,884	692	6,718	3,196
Segment NOI	\$13,019	\$11,866	\$50,255	\$46,700
Multifamily Same Store⁽¹⁾				
Rental revenues	\$5,487	\$5,045	\$11,834	\$11,473
Property expenses	2,128	2,036	\$4,989	4,869
NOI	3,359	3,009	\$6,845	6,604
Non-Same Store NOI ⁽²⁾	959	738	\$8,444	7,618
Segment NOI	\$4,318	\$3,747	\$15,289	\$14,222
Total Property Portfolio NOI	\$20,563	\$18,570	\$78,353	\$72,787

(1) See page 32 for the Same Store vs. Non-Same Store properties

(2) Includes expenses associated with the company's in house asset management division.

Reconciliation to Property Portfolio NOI

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\$ in thousands

	Three months ended 12/31/2018			
	Office	Retail	Multifamily	Total
<u>Diversified Portfolio</u>				
NOI - Cash Basis	(\$0)	\$10,657	\$2,533	\$13,189
Net effect of straight-line rents	-	84	113	197
Amortization of lease incentives and (above) below market rents	-	171	(13)	158
NOI	(\$0)	\$10,912	\$2,633	\$13,544
<u>Town Center of Virginia Beach</u>				
NOI - Cash Basis	\$2,944	\$2,094	\$1,489	\$6,527
Net effect of straight-line rents	583	(68)	50	565
Amortization of lease incentives and (above) below market rents	(72)	(57)	-	(129)
Elimination of AHH rent	(225)	(99)	-	(324)
NOI	\$3,230	\$1,870	\$1,539	\$6,639
<u>NOI</u>				
Diversified Portfolio	(\$0)	\$10,912	\$2,633	\$13,544
Town Center of Virginia Beach	3,230	1,870	1,539	6,639
Unstabilized Properties	(4)	237	146	380
Total Property Portfolio NOI	\$3,226	\$13,019	\$4,318	\$20,563



2019 Guidance Presentation





4525 Main St



Armada Hoffer Tower



One City Center

PAGE	SECTION
03	Forward Looking Statements
04	2019 Outlook & Assumptions
05	Evolving Portfolio NOI Composition
06	NOI Contribution by Location
07	Projects Under Development
08	Mezzanine Investment Program
09	General Contracting and Real Estate Services
10	Normalized FFO Components
11	Balance Sheet Targets
12	Debt Maturities
13	Core Operating Portfolio Occupancy
14	2019 Mezzanine Investment Guidance
15	2019 Outlook & Assumptions

This presentation should be read in conjunction with the unaudited condensed consolidated financial statements appearing in our press release dated February 7, 2019, which has been furnished as Exhibit 99.1 to our Form 8-K filed on February 7, 2019. The Company makes statements that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). In particular, statements pertaining to our capital resources, portfolio performance and results of operations contain forward-looking statements. Likewise, all of our statements regarding our 2019 outlook and related assumptions, projections, anticipated growth in our funds from operations, normalized funds from operations, adjusted funds from operations, funds available for distribution and net operating income are forward-looking statements. You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "intends," "plans," "estimates" or "anticipates" or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise and the Company may not be able to realize them. The Company does not guarantee that the transactions and events described will happen as described (or that they will happen at all). For further discussion of risk factors and other events that could impact our future results, please refer to the section entitled "Risk Factors" in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC"), and the documents subsequently filed by us from time to time with the SEC.

The Company does not provide a reconciliation for its guidance range of Normalized FFO per diluted share to net income per diluted share, the most directly comparable forward-looking GAAP financial measure, because it is unable to provide a meaningful or accurate estimate of reconciling items and the information is not available without unreasonable effort as a result of the inherent difficulty of forecasting the timing and/or amounts of various items that would impact net income per diluted share. For the same reasons, the Company is unable to address the probable significance of the unavailable information and believes that providing a reconciliation for its guidance range of Normalized FFO per diluted share would imply a degree of precision for its forward-looking net income per diluted share that could be misleading to investors.

	LOW	HIGH
Total NOI	\$93.7M	\$94.6M
Construction Segment Gross Profit	\$4.9M	\$5.7M
Mezzanine Interest Income (Net of Interest Expense) ⁽¹⁾	\$16.0M	\$16.5M
G&A Expenses	\$10.8M	\$11.5M
Interest Expense (Net of Mezzanine Interest Expense)	\$25.5M	\$26.5M
Normalized FFO Per Diluted Share	\$1.11	\$1.17

(1) Includes \$4.5M of Annapolis Junction purchase option proceeds

GUIDANCE ASSUMPTIONS

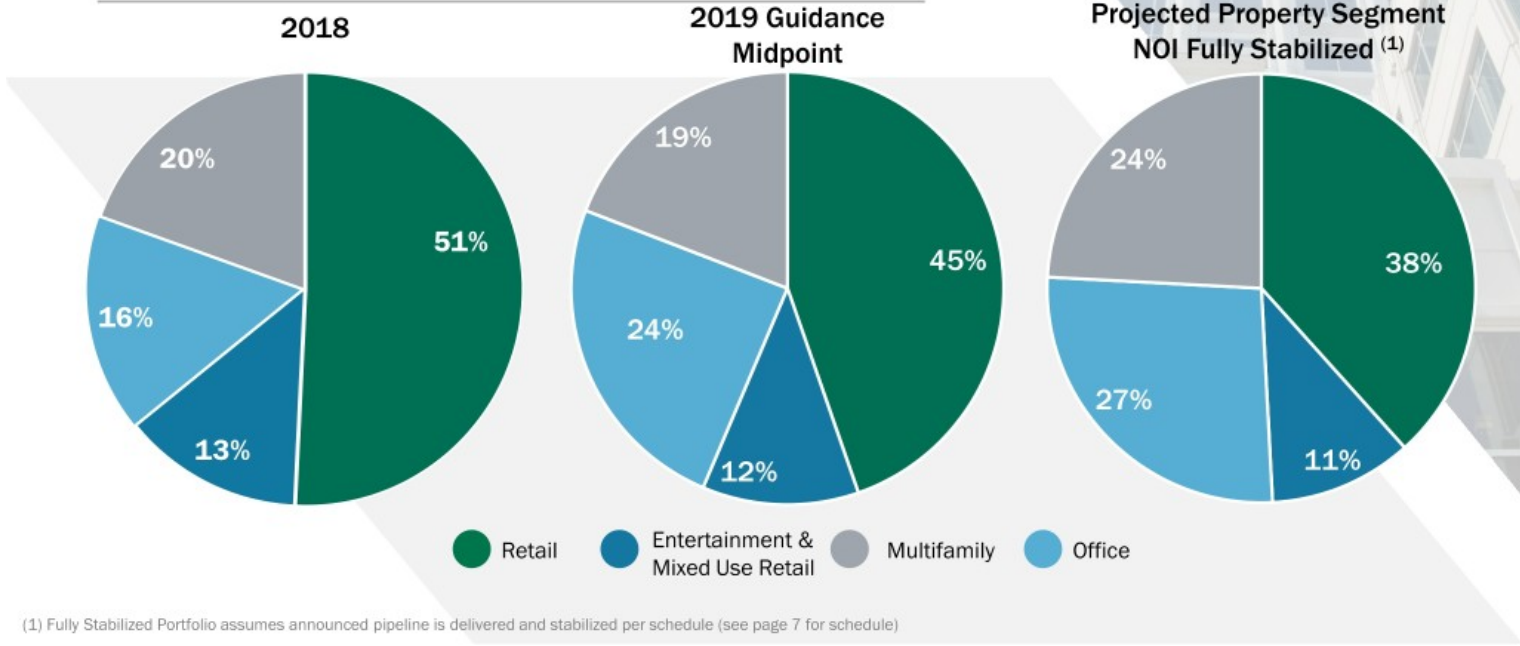
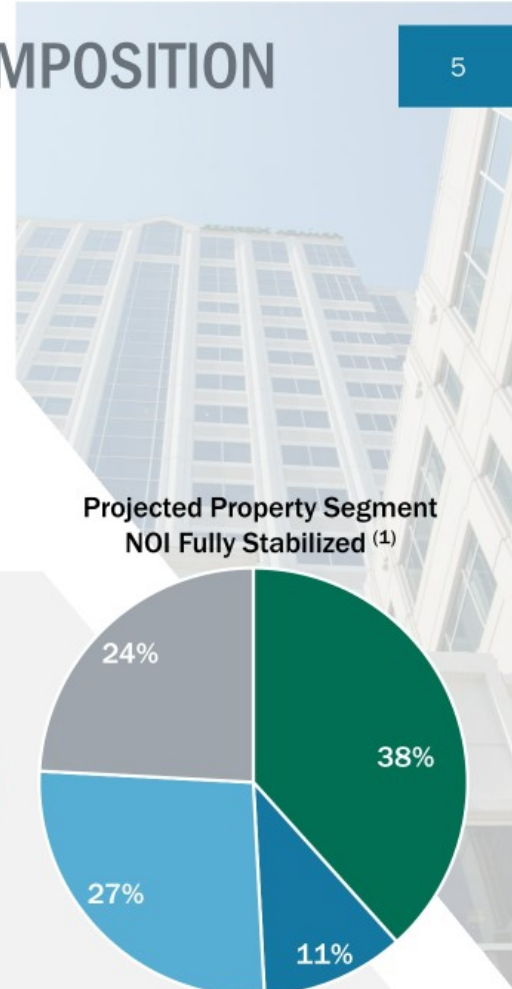
- Sale of grocery-anchored shopping center with expected proceeds of approximately \$25M in the fourth quarter of 2019.
- Acquisition of 79% partnership interest of 1405 Point apartments in the second quarter of 2019.
- Acquisition of the commercial component of One City Center from the joint venture in the first quarter of 2019.
- Interest expense is calculated based on Forward LIBOR Curve, which forecasts rates ending the year at 2.57%.
- Opportunistic sale of approximately \$50 million through the ATM program, for a full year weighted average share count of 69.3 million.



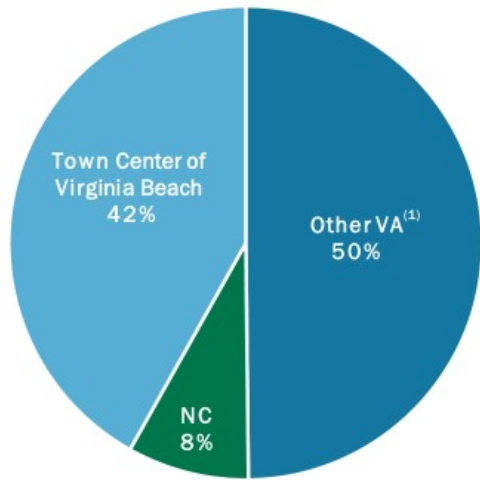
EVOLVING PORTFOLIO GAAP NOI COMPOSITION

PORTFOLIO COMPOSITION	2018	2019 GUIDANCE MIDPOINT	FULLY STABILIZED ⁽¹⁾
RETAIL	\$40M	\$42M	\$46M
ENTERTAINMENT & MIXED-USE RETAIL	\$10M	\$11M	\$13M
MULTIFAMILY	\$15M	\$23M	\$32M
OFFICE	\$13M	\$18M	\$29M
TOTAL	\$78M	\$94M	\$120M

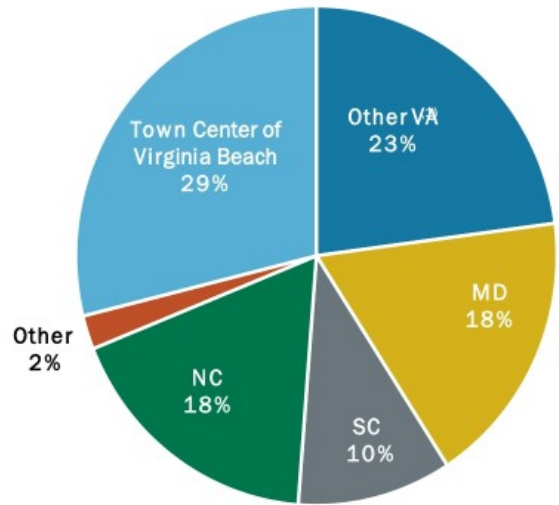
Fully stabilized portfolio expected to bring over 50% of NOI growth



(1) Fully Stabilized Portfolio assumes announced pipeline is delivered and stabilized per schedule (see page 7 for schedule)



24 properties
2013



**PROJECTED PORTFOLIO
FULLY STABILIZED⁽²⁾**
61 properties

(1) Excludes properties in Town Center of Virginia Beach

(2) Fully Stabilized Portfolio assumes announced pipeline is delivered and stabilized per schedule (see page 7 for schedule)

PROJECTS UNDER DEVELOPMENT

DEVELOPMENT PROJECTS ⁽¹⁾	PRODUCT TYPE	SIZE	DELIVERY ⁽²⁾	EXPECTED STABILIZATION ⁽²⁾	INVESTMENT ⁽²⁾
1405 Point ⁽³⁾⁽⁴⁾ Baltimore, MD	Multifamily	289 units	1Q18	4Q18	\$99M
One City Center ⁽⁶⁾ Durham, NC	Office	153,000 sf	3Q18	2Q19	\$46M
Premier Apartments & Retail Virginia Beach, VA	Mixed-Use	131 units/39,000 sf	3Q18	2Q19 & 1Q20	\$45M
Greenside ⁽⁵⁾⁽⁷⁾ Charlotte, NC	Multifamily	225 units	3Q18	4Q19	\$50M
Market at Mill Creek ⁽⁵⁾⁽⁷⁾ Mt. Pleasant, SC	Retail	73,000 sf	1Q19	2Q19	\$23M
Brooks Crossing ⁽⁵⁾⁽⁷⁾ Newport News, VA	Office	100,000 sf	2Q19	3Q19	\$20M
Hoffler Place ⁽⁵⁾ Charleston, SC	Multifamily	74 units/12,000 sf	3Q19	3Q19	\$48M
Summit Place ⁽⁵⁾ Charleston, SC	Multifamily	114 units	3Q19	3Q19	\$53M
Wills Wharf Baltimore, MD	Office	325,000 sf	1Q20	3Q20	\$119M
Nexton Square ⁽⁸⁾ Summerville, SC	Retail	135,000 sf	2Q19	2Q20	\$42M
TOTAL INVESTMENT					~ \$545M

- (1) For or ownership structure, see page 17 & 18 of the 4Q18 Supplemental package
(2) Timing and investment amounts are estimates and subject to change as the development process demands.
(3) Mezzanine Investments with two-phase 100% purchase option
(4) Intend to purchase in 2Q19 under existing AHH option
(5) Majority Interest in joint venture
(6) Minority Interest in joint venture due to be acquired 1Q19
(7) AHH earns a preferred return on equity prior to any distributions to JV Partners
(8) Mezzanine investment with purchase option

PROJECT	PRODUCT TYPE	LOCATION	PROJECTED TOTAL COST ⁽²⁾⁽³⁾	PROJECTED PRINCIPAL MEZZANINE FINANCING ⁽³⁾	PROJECTED TOTAL GROSS INTEREST INCOME ⁽³⁾⁽⁴⁾	PROJECTED CONSTRUCTION FEES ⁽³⁾	TOTAL PROJECTED AHH INCOME ⁽³⁾
<u>Intend to Exercise Discounted Purchase Option</u>							
1405 Point	Multifamily	Baltimore, MD	\$99M	\$25M	\$6M	\$2M	\$8M
Nexton Square	Retail	Summerville, SC	\$42M	\$20M	\$2.6M	\$0.4M	\$3M
<u>Short-Term Investment</u>							
Annapolis Junction	Multifamily	Howard County, MD	\$106M	\$37M	\$18M ⁽¹⁾	\$2M	\$20M
Solis Interlock	Multifamily	Atlanta, GA	\$94M	\$23M	\$10M	\$2M	\$12M
Interlock Commercial	Mixed-Use	Atlanta, GA	\$140M	\$65M	\$24M	\$3M	\$27M
North Decatur Square (Whole Foods)	Retail	Decatur, GA	\$39M	\$15M	\$5M	N/A	\$5M
Delray Plaza (Whole Foods)	Retail	Delray Beach, FL	\$25M	\$11M	\$3M	N/A	\$3M
Total Projected AHH Income							\$78M
Total Projected Mezzanine Interest Expense							\$(18)M
Total Projected Net Mezzanine Interest Income							\$60M

(1) Includes \$5M of Annapolis Junction purchase option proceeds

(2) Excludes mezzanine interest expense

(3) Timing, investment, and income amounts are estimates and subject to change as the development process demands

(4) Reflects projected pay off date that may be subject to change (page 14)

	2018	2019 Guidance Midpoint
Third-Party Construction and Development	\$2.7M	\$5.3M
Distribution Center Build to Suit Sale Profit-Sold Dec. 2018	\$3.4M	-
Annapolis Junction Option Sale Profit	\$0.5M	\$4.5M
Total	\$6.6M	\$9.8M



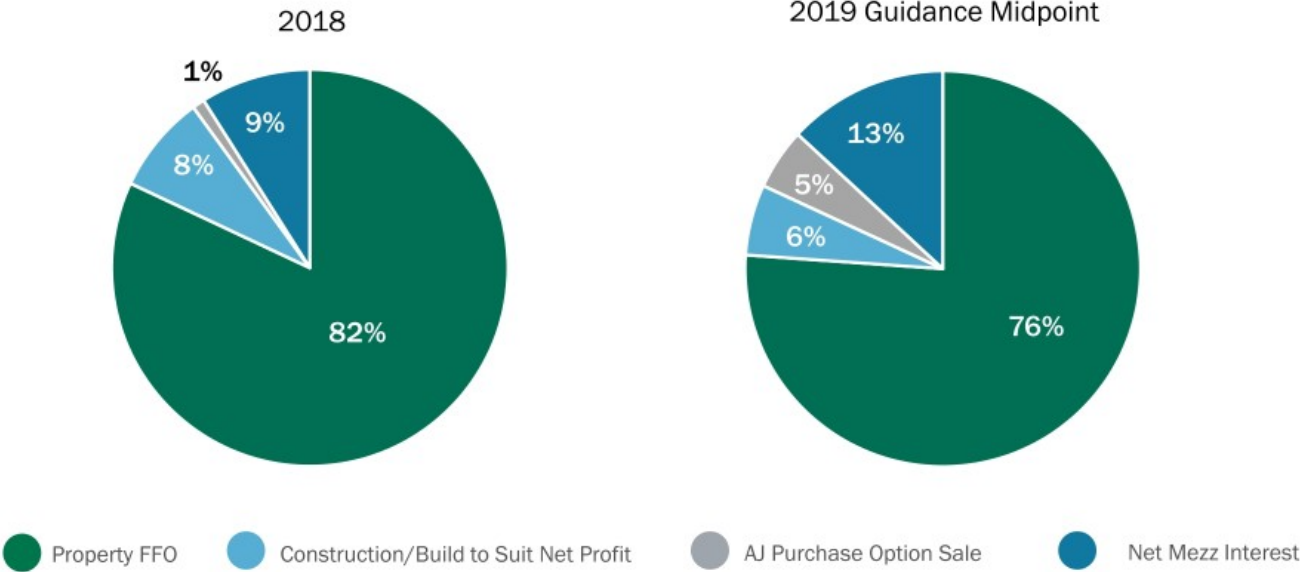
Interlock Commercial

Third-Party Construction Backlog	
As of 12/31/18	\$166M

NORMALIZED FFO COMPONENTS

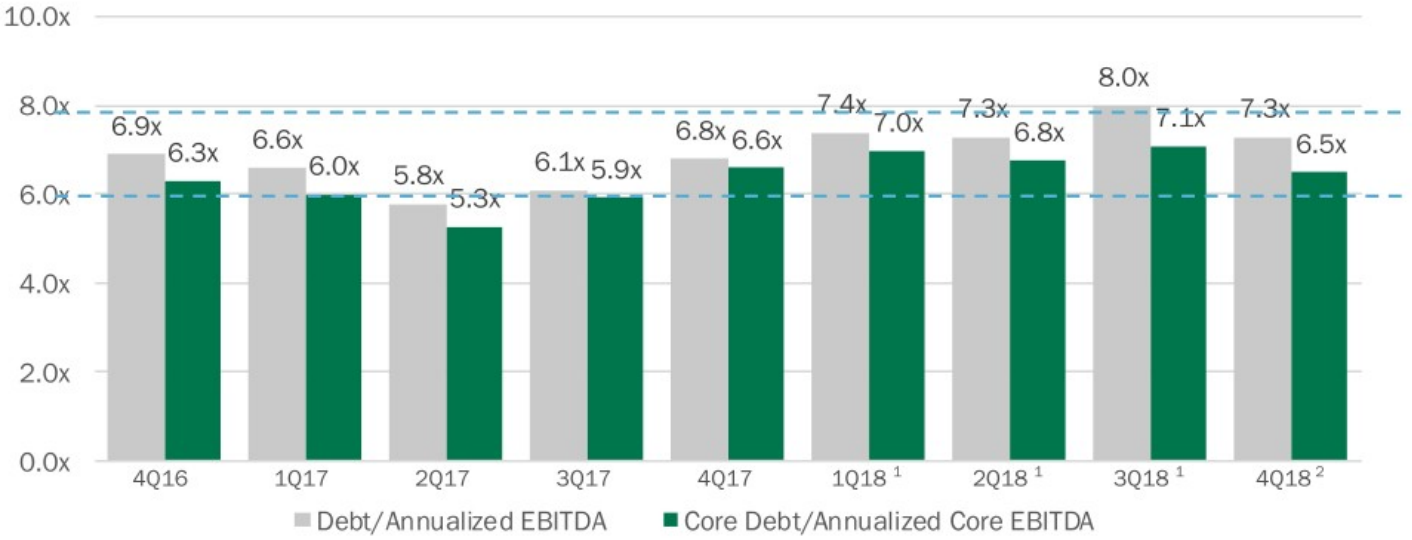
	2018	2019 Guidance Midpoint
Property FFO ⁽¹⁾	\$62.4M	\$68.5M
Construction/Build to Suit Net Profit ⁽²⁾	\$6.1M	\$5.3M
Annapolis Junction Purchase Option Sale	\$0.5M	\$4.5M
Mezzanine Interest Income (Net of Interest Expense)	\$7.0M	\$11.8M
NFFO/Share	\$1.03	\$1.14

CONTRIBUTION TO NFFO/SHARE BY COMPONENT



(1) Property NOI, less associated interest expense
 (2) 2018 General contracting and real estate services gross profit, plus gain on sale of build to suit distribution center

\$ in millions



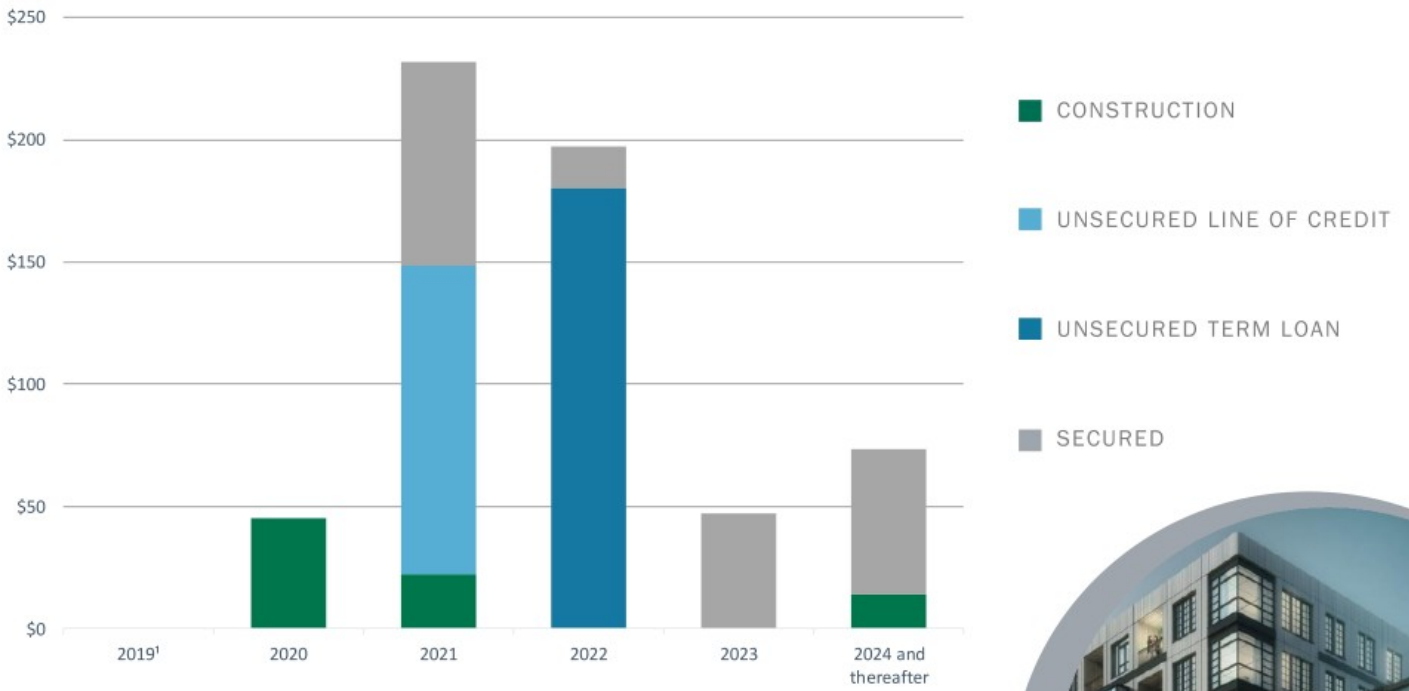
2019 Capital Sources

	Timing	\$
Sale of grocery-anchored shopping center	4Q	~\$25M
Expected Mezzanine Loan Payoffs	2Q & 4Q	~\$60M
At The Market Program	Full Year	~\$50M

TARGET 8X DEBT/EBITDA AND 6X CORE DEBT/CORE EBITDA

(1) Elevated leverage due to construction of build-to-suit distribution center (sold in Dec 2018)

\$ in millions



Weighted Average Maturity ~6.5 Years



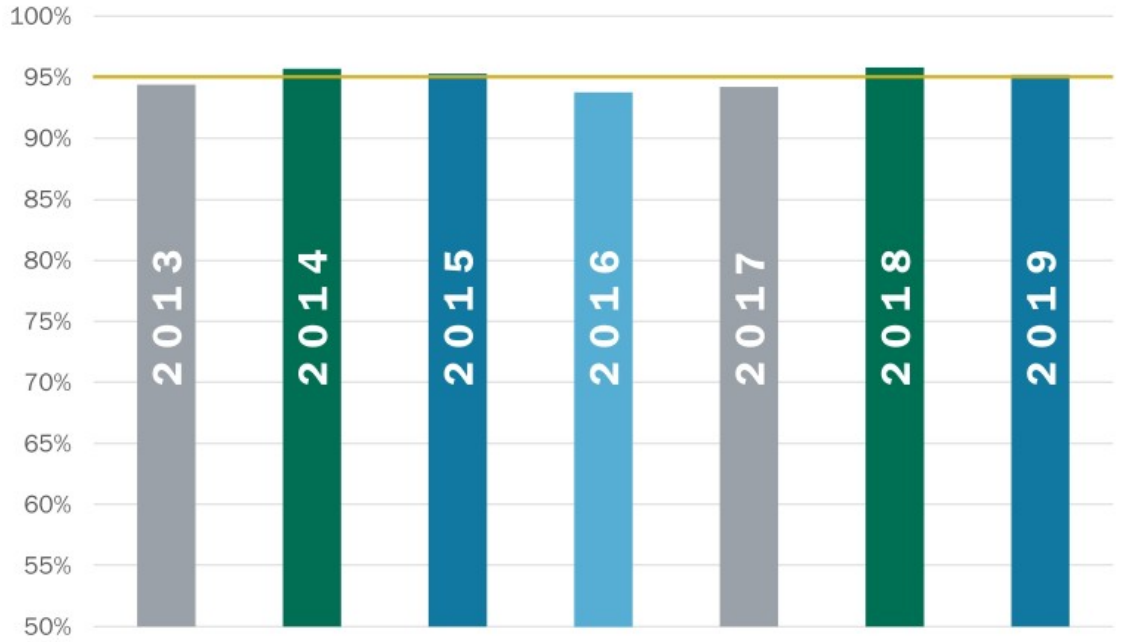
Solis Interlock

(1) North Point I loan paid off January 2019



One City Center

CORE OPERATING PORTFOLIO OCCUPANCY⁽¹⁾



(1) 2013 through 2018 occupancy as of year end and 2019 projected 12/31

PROJECT	INTEREST RATE	PROJECTED PAYOFF	TOTAL 2019 PROJECTED MIDPOINT AHH INCOME
<u>Intend to Exercise Discounted Purchase Option</u>			
1405 Point	8%	2Q 2019	\$0.6M
Nexton Square	10-15%	2Q 2020	\$1.4M
<u>Short-Term Investments</u>			
Annapolis Junction	10%	4Q 2019	\$3.0M
Annapolis Junction Amortization of Purchase Option Proceeds			\$4.5M
Solis Interlock	13%	4Q 2021	\$2.7M
Interlock Commercial	15%	4Q 2021	\$6.6M
North Decatur Square (Whole Foods)	15%	2Q 2019	\$1.3M
Delray Plaza (Whole Foods)	15%	2Q 2020	\$1.6M
Total Projected Gross Mezzanine Interest Income			\$21.7M
Total Projected Mezzanine Interest Expense			(\$5.5M)
Total Projected Net Mezzanine Interest Income			\$16.2M

	LOW	HIGH
Total NOI	\$93.7M	\$94.6M
Construction Segment Gross Profit	\$4.9M	\$5.7M
Mezzanine Interest Income (Net of Interest Expense) ⁽¹⁾	\$16.0M	\$16.5M
G&A Expenses	\$10.8M	\$11.5M
Interest Expense (Net of Mezzanine Interest Expense)	\$25.5M	\$26.5M
Normalized FFO Per Diluted Share	\$1.11	\$1.17

(1) Includes \$4.5M of Annapolis Junction purchase option proceeds



GUIDANCE ASSUMPTIONS

- Sale of grocery-anchored shopping center with expected proceeds of approximately \$25M in the fourth quarter of 2019.
- Acquisition of 79% partnership interest of 1405 Point apartments in the second quarter of 2019.
- Acquisition of the commercial component of One City Center from the joint venture in the first quarter of 2019.
- Interest expense is calculated based on Forward LIBOR Curve, which forecasts rates ending the year at 2.57%.
- Opportunistic sale of approximately \$50 million through the ATM program, for a full year weighted average share count of 69.3 million.

