

**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 6, 2018**

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))

Item 2.02. Results of Operations and Financial Condition.

On February 6, 2018, Armada Hoffler Properties, Inc. (the “Company”) issued a press release announcing its financial position as of December 31, 2017, results of operations for the three and twelve months ended December 31, 2017 and other related information. Also on February 6, 2018, 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, 2017. 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.

Item 7.01. Regulation FD Disclosure.

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

On February 6, 2018, the Company made available a presentation regarding its 2018 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.

Exhibit No.	Description
99.1	<u>Press Release, dated February 6, 2018, issued by Armada Hoffler Properties, Inc., providing its financial position as of December 31, 2017 and results of operations for the three and twelve months ended December 31, 2017.</u>
99.2	<u>Armada Hoffler Properties, Inc. Fourth Quarter 2017 Supplemental Information.</u>
99.3	<u>Armada Hoffler Properties, Inc. 2018 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 6, 2018

/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 2017 RESULTS

**Net Income of \$0.09 per Diluted Share for the Fourth Quarter
and \$0.50 per Diluted Share for the Full Year**

**Normalized FFO of \$0.23 per Diluted Share for the Fourth Quarter
and \$0.99 per Diluted Share for the Full Year**

Company Introduces 2018 Full-Year Normalized FFO Guidance of \$1.00 to \$1.05 per Diluted Share

VIRGINIA BEACH, VA, February 6, 2018 – Armada Hoffler Properties, Inc. (NYSE: AHH) today announced its results for the quarter and year ended December 31, 2017 and provided an update on current events.

Highlights include:

- Net income of \$5.8 million, or \$0.09 per diluted share, for the quarter ended December 31, 2017 compared to net income of \$5.1 million, or \$0.09 per diluted share, for the quarter ended December 31, 2016. Net income of \$29.9 million, or \$0.50 per diluted share, for the year ended December 31, 2017 compared to net income of \$42.8 million, or \$0.85 per diluted share, for the year ended December 31, 2016.
- Normalized Funds From Operations (“FFO”) of \$14.5 million, or \$0.23 per diluted share, for the quarter ended December 31, 2017 compared to Normalized FFO of \$13.7 million, or \$0.25 per diluted share, for the quarter ended December 31, 2016. Normalized FFO of \$59.3 million, or \$0.99 per diluted share, for the year ended December 31, 2017 compared to Normalized FFO of \$50.9 million, or \$1.01 per diluted share, for the year ended December 31, 2016.
- FFO of \$15.1 million, or \$0.24 per diluted share, for the quarter ended December 31, 2017 compared to FFO of \$14.7 million, or \$0.27 per diluted share, for the quarter ended December 31, 2016. FFO of \$59.7 million, or \$0.99 per diluted share, for the year ended December 31, 2017 compared to FFO of \$48.0 million, or \$0.96 per diluted share, for the year ended December 31, 2016.
- Introduced 2018 full-year Normalized FFO guidance in the range of \$1.00 to \$1.05 per diluted share, as set forth in the presentation that can also 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 2018 earnings guidance during today's webcast and conference call.
- Core operating property portfolio occupancy at 94.2% as of December 31, 2017 compared to 93.8% as of December 31, 2016.
- Completed a lease agreement with WeWork, a New York City based co-working space company that will occupy 62,000 square feet of space at One City Center in Durham, North Carolina, bringing total office pre-leasing to approximately 90% for this asset.
- Announced that Williams Sonoma and Pottery Barn will be the anchor tenants of Phase VI of the Town Center of Virginia Beach, further solidifying Town Center as the region's prime shopping destination.
- Entered into a joint venture agreement as a majority partner to develop, build and own an estimated \$23 million Lowes Foods-anchored retail center in Mount Pleasant, South Carolina, increasing the Company's development pipeline to \$484 million.

- Added approximately 132,000 square feet of retail space through the acquisitions of a Harris Teeter-anchored center in Virginia Beach, Virginia and a Publix-anchored center in Moultrie, Georgia in January 2018. The Company has also agreed to terms regarding the acquisition of two Lowes Foods-anchored centers in the Greenville and Columbia areas of South Carolina. Both acquisitions are expected to close in the late first quarter or early second quarter, subject to customary closing conditions.
- Invested in the development of a second Whole Foods-anchored center in Delray Beach, Florida.
- Closed on a new, expanded and unsecured \$300 million credit facility that includes a \$150 million term loan with Bank of America, N.A. serving as the administrative agent and Regions Bank and PNC Bank, National Association serving as joint lead arrangers and syndication agents.

Commenting on the Company's results, Louis Haddad, President and CEO, said, "Now that we have closed out another year of significant outperformance versus the REIT index, I am pleased to report that the mid-point of our 2018 guidance range represents a measurable increase over last year's results. We expect another strong year for our company in all aspects of our business. Portfolio leasing and accretive acquisitions combined with another stellar year from our construction company will continue to deliver value to our shareholders. We also expect significant NAV and earnings growth occurring with the delivery and stabilization of several development projects beginning in the latter half of 2018."

Financial Results

The fourth quarter changes in net income, Normalized FFO and FFO as compared to the fourth quarter of 2016 were positively impacted by higher interest income from mezzanine lending activities and lower interest expense and were negatively impacted by lower construction segment gross profits.

Full year changes in net income, Normalized FFO and FFO were positively impacted by higher construction segment gross profits and higher interest income from mezzanine lending activities and were negatively impacted by increased general & administrative expenses and increased interest expense. Full year net income and FFO were positively impacted by mark-to-market gains on interest rate derivatives. The full year change in net income was negatively impacted by lower gains on real estate dispositions.

Operating Performance

At the end of the fourth quarter, the Company's office, retail and multifamily core operating property portfolios were 89.9%, 96.5% and 92.9% occupied, respectively.

Total construction contract backlog was \$49.2 million at the end of the year.

Balance Sheet and Financing Activity

As of December 31, 2017, the Company had \$523 million of total debt outstanding, including \$66 million outstanding under its revolving credit facility. Total debt outstanding excludes unamortized GAAP fair value adjustments and deferred financing costs. Approximately 44% of the Company's debt had fixed interest rates or were subject to interest rate swaps as of December 31, 2017. After considering LIBOR interest rate caps with strike prices at or below 150 basis points, as of December 31, 2017, 100% of the Company's debt was fixed or hedged.

Outlook

The Company is introducing its 2018 full-year Normalized FFO guidance in the range of \$1.00 to \$1.05 per diluted share, as set forth in the presentation that can also 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 2018. The Company's executive management will provide further details regarding its 2018 earnings guidance during today's webcast and conference call.

Full-year 2018 Guidance ⁽¹⁾

	Expected Ranges	
Total NOI	\$80.7M	\$81.4M
Construction Segment Gross Profit	\$4.4M	\$7.5M
G&A expenses	\$10.7M	\$11.0M
Interest income	\$9.0M	\$9.5M
Interest expense	\$19.7M	\$20.3M
Normalized FFO per diluted share ⁽²⁾	\$1.00	\$1.05

⁽¹⁾ Includes the following assumptions:

- Raising \$55 million through the ATM program for a full year weighted average share count of 64.5 million
- Interest expense is calculated based on the Forward LIBOR Curve, which forecasts rates rising to 2.2% by year end
- Acquisition of four retail centers
- Disposition of a newly constructed distribution center in the fourth quarter of 2018

⁽²⁾ Normalized FFO excludes certain items, including debt extinguishment losses, acquisition, development and other pursuit costs, mark-to-market adjustments for interest rate derivatives 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 Tuesday, February 6, 2018 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, or through www.viavid.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 Tuesday, March 6, 2018 by dialing 844-512-2921 (domestic) or 412-317-6671 (international) and entering the pass code 13674867.

About Armada Hoffler Properties, Inc.

Armada Hoffler Properties, Inc. (NYSE: AHH) is a vertically-integrated, self-managed real estate investment trust ("REIT") with nearly 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. The Company also provides general construction and development services to third-party clients, in addition to developing and building properties to be placed in its stabilized portfolio. 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 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, 2016, 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) 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, debt extinguishment losses and prepayment penalties, property acquisition, development and other pursuit costs, mark-to-market adjustments for interest rate derivatives 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,	
	2017	2016
	(Unaudited)	
<u>ASSETS</u>		
Real estate investments:		
Income producing property	\$ 910,686	\$ 894,078
Held for development	680	680
Construction in progress	83,071	13,529
Accumulated depreciation	(164,521)	(139,553)
Net real estate investments	829,916	768,734
Cash and cash equivalents	19,959	21,942
Restricted cash	2,957	3,251
Accounts receivable, net	15,691	15,052
Notes receivable	83,058	59,546
Construction receivables, including retentions	23,933	39,433
Construction contract costs and estimated earnings in excess of billings	245	110
Equity method investments	11,411	10,235
Other assets	55,953	64,165
Total Assets	\$ 1,043,123	\$ 982,468
<u>LIABILITIES AND EQUITY</u>		
Indebtedness, net	\$ 517,272	\$ 522,180
Accounts payable and accrued liabilities	15,180	10,804
Construction payables, including retentions	47,445	51,130
Billings in excess of construction contract costs and estimated earnings	3,591	10,167
Other liabilities	39,352	39,209
Total Liabilities	622,840	633,490
Total Equity	420,283	348,978
Total Liabilities and Equity	\$ 1,043,123	\$ 982,468

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

	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
	(Unaudited)			
Revenues				
Rental revenues	\$ 27,654	\$ 26,516	\$ 108,737	\$ 99,355
General contracting and real estate services revenues	32,643	50,475	194,034	159,030
Total revenues	60,297	76,991	302,771	258,385
Expenses				
Rental expenses	6,353	5,670	25,422	21,904
Real estate taxes	2,731	2,542	10,528	9,629
General contracting and real estate services expenses	32,002	49,039	186,590	153,375
Depreciation and amortization	9,303	9,692	37,321	35,328
General and administrative expenses	2,673	2,688	10,435	9,552
Acquisition, development and other pursuit costs	171	77	648	1,563
Impairment charges	60	171	110	355
Total expenses	53,293	69,879	271,054	231,706
Operating income	7,004	7,112	31,717	26,679
Interest income	2,111	1,300	7,077	3,228
Interest expense	(4,157)	(4,573)	(17,439)	(16,466)
Loss on extinguishment of debt	(50)	—	(50)	(82)
Gain on real estate dispositions	—	93	8,087	30,533
Change in fair value of interest rate derivatives	827	1,323	1,127	(941)
Other income (loss)	(23)	(7)	131	147
Income before taxes	5,712	5,248	30,650	43,098
Income tax benefit (provision)	56	(103)	(725)	(343)
Net income	5,768	5,145	29,925	42,755
Net income attributable to noncontrolling interests	(1,616)	(1,687)	(8,878)	(14,681)
Net income attributable to stockholders	\$ 4,152	\$ 3,458	\$ 21,047	\$ 28,074
Net Income per basic and diluted share and unit	\$ 0.09	\$ 0.09	\$ 0.50	\$ 0.85
Weighted average shares and units outstanding	62,427	54,258	60,181	50,224

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,	
	2017	2016	2017	2016
Net income	\$ 5,768	\$ 5,145	\$ 29,925	\$ 42,755
Depreciation and amortization	9,303	9,692	37,321	35,328
Gain on operating real estate dispositions ⁽¹⁾	—	(93)	(7,595)	(30,103)
Funds From Operations (FFO)	\$ 15,071	\$ 14,744	\$ 59,651	\$ 47,980
Acquisition, development and other pursuit costs	171	77	648	1,563
Impairment charges	60	171	110	355
Loss on extinguishment of debt	50	—	50	82
Change in fair value of interest rate derivatives	(827)	(1,323)	(1,127)	941
Normalized FFO	\$ 14,525	\$ 13,669	\$ 59,332	\$ 50,921
Net income per diluted share and unit	\$ 0.09	\$ 0.09	\$ 0.50	\$ 0.85
FFO per diluted share and unit	\$ 0.24	\$ 0.27	\$ 0.99	\$ 0.96
Normalized FFO per diluted share and unit	\$ 0.23	\$ 0.25	\$ 0.99	\$ 1.01
Weighted average shares and units outstanding-Diluted	62,427	54,258	60,181	50,224

(1) The adjustment for gain on operating 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. Additionally, the adjustment for gain on real estate dispositions for the year ended December 31, 2016 excludes the gain on the Newport News Economic Authority building because this building was sold before being placed in service.

Contact:

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



ARMADA HOFFLER
PROPERTIES

4Q 2017 | SUPPLEMENTAL FINANCIAL PACKAGE



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This Supplemental Financial Package should be read in conjunction with the unaudited condensed consolidated financial statements appearing in our press release dated February 6, 2018, which has been furnished as Exhibit 99.1 to our Form 8-K filed on February 6, 2018. 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, 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 and Treasurer
Eric L. Smith	Chief Investment Officer and Corporate Secretary
Eric E. Apperson	President of Construction
Shelly R. Hampton	President of Asset Management

Investor Relations

Michael P. O'Hara (757) 366-6684	Chief Financial Officer and Treasurer mohara@armadahoffler.com
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- Net income of \$5.8 million, or \$0.09 per diluted share, for the quarter ended December 31, 2017 compared to net income of \$5.1 million, or \$0.09 per diluted share, for the quarter ended December 31, 2016. Net income of \$29.9 million, or \$0.50 per diluted share, for the year ended December 31, 2017 compared to net income of \$42.8 million, or \$0.85 per diluted share, for the year ended December 31, 2016.
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Summary Information

In thousands, except per share data

	Three months ended				
	12/31/2017	9/30/2017	6/30/2017	3/31/2017	12/31/2016
OPERATIONAL METRICS					
Net income	\$5,768	\$10,461	\$4,943	\$8,753	\$5,145
Net income per diluted share	\$0.09	\$0.17	\$0.08	\$0.16	\$0.09
Rental properties Net Operating Income (NOI)	18,570	17,573	17,989	18,655	18,304
General contracting and real estate services gross profit	641	1,824	2,656	2,323	1,436
Adjusted EBITDA ⁽¹⁾	18,345	19,203	19,272	19,376	18,097
Funds From Operations (FFO)	15,071	15,500	14,247	14,833	14,744
FFO per diluted share	\$0.24	\$0.25	\$0.24	\$0.27	\$0.27
Normalized FFO	14,525	15,493	14,724	14,590	13,669
Normalized FFO per diluted share	\$0.23	\$0.25	\$0.25	\$0.26	\$0.25
Annualized dividend yield	4.89%	5.50%	5.87%	5.47%	4.94%
CAPITALIZATION					
Total common shares outstanding	44,938	44,937	44,932	37,813	37,490
Operating Partnership units outstanding	17,486	17,845	17,846	17,859	17,794
Common shares and OP units outstanding	62,424	62,782	62,778	55,672	55,284
Market price per common share	\$15.53	\$13.81	\$12.95	\$13.89	\$14.57
Equity market capitalization ⁽²⁾	\$969,445	\$867,019	\$812,975	\$773,284	\$805,488
Total debt ⁽³⁾	523,412	493,493	470,314	527,504	527,082
Total market capitalization	1,492,857	1,360,512	1,283,289	1,300,788	1,332,570
Less: cash	(22,916)	(22,916)	(21,726)	(13,688)	(25,193)
Total enterprise value	\$1,469,941	\$1,337,596	\$1,261,563	\$1,287,100	\$1,307,377
BALANCE SHEET METRICS					
Core Debt/enterprise value	33.0%	34.2%	30.9%	32.9%	31.7%
Fixed charge coverage ratio	3.5x	3.7x	3.5x	3.6x	3.3x
Core Debt/Annualized Core EBITDA	6.6x	6.0x	5.3x	6.0x	6.3x
CORE PORTFOLIO OCCUPANCY					
Office ⁽⁴⁾	89.9%	89.2%	89.9%	87.7%	86.8%
Retail ⁽⁴⁾	96.5%	96.9%	96.8%	96.7%	95.8%
Multifamily ⁽⁵⁾	92.9%	94.3%	91.6%	92.7%	94.3%
Weighted Average ⁽⁶⁾	94.2%	94.7%	94.2%	94.3%	93.8%

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

(2) Includes common shares and OP units

(3) Excludes unamortized GAAP adjustments

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

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

(6) Total occupancy weighted by annualized base rent

In thousands

Stabilized Portfolio NOI (Cash)			Taxable REIT Subsidiary (TRS)	
	Three months ended	Annualized	Trailing 12 Months	
	12/31/2017	12/31/2017	As of 12/31/2017	
Diversified Portfolio			General contracting Gross Profit	
Office	\$0	\$0		\$7,444
Retail	9,506	38,024	Non-Property Assets	
Multifamily	2,284	9,136	Non-Property Assets	
Total Diversified Portfolio NOI	\$11,790	\$47,160	As of 12/31/2017	
			Cash and Cash Equivalents	\$19,959
Virginia Beach Town Center			Restricted Cash	2,957
Office ⁽¹⁾	\$3,117	\$12,468	Accounts Receivable	15,691
Retail ⁽¹⁾	2,048	8,192	Notes Receivable	83,058
Multifamily	1,437	5,748	Construction receivables, including retentions	23,933
Total Virginia Beach Town Center NOI	\$6,602	\$26,408	Equity method investments (Durham City Center JV)	11,411
			Other Assets	56,198
Stabilized Portfolio NOI - Cash Basis			Land held for development	680
	\$18,392	\$73,568	Total Non-Property Assets	\$213,887
Signed leases still in free rent period			Liabilities & Share Count	
	\$327	\$1,308	As of 12/31/2017	
			Liabilities	
Total	\$18,719	\$74,876	Mortgages and notes payable	\$517,272
			Accounts payable and accrued liabilities	15,180
Development Pipeline			Construction payables, including retentions	47,445
		12/31/2017	Other Liabilities	42,943
Income producing property		\$25,000	Total Liabilities	\$622,840
Construction in progress		77,000	Share Count	
Other assets		2,000	Total common shares outstanding	44,938
Total cost to date		\$104,000	Total OP Units Outstanding	17,486
			Total common shares & OP units outstanding	62,424

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

Summary Balance Sheets

\$ in thousands

	As of	
	12/31/2017 (Unaudited)	12/31/2016
Assets		
Real estate investments:		
Income producing property	\$910,686	\$894,078
Held for development	680	680
Construction in progress	83,071	13,529
Accumulated depreciation	(164,521)	(139,553)
Net real estate investments	<u>829,916</u>	<u>768,734</u>
Cash and cash equivalents	19,959	21,942
Restricted cash	2,957	3,251
Accounts receivable, net	15,691	15,052
Notes receivable	83,058	59,546
Construction receivables, including retentions	23,933	39,433
Costs and estimated earnings in excess of billings	245	110
Equity method investments	11,411	10,235
Other assets	55,953	64,165
Total Assets	<u><u>\$1,043,123</u></u>	<u><u>\$982,468</u></u>
Liabilities and Equity		
Indebtedness, net	\$517,272	\$522,180
Accounts payable and accrued liabilities	15,180	10,804
Construction payables, including retentions	47,445	51,130
Billings in excess of costs and estimated earnings	3,591	10,167
Other liabilities	39,352	39,209
Total Liabilities	<u>622,840</u>	<u>633,490</u>
Total Equity	<u>420,283</u>	<u>348,978</u>
Total Liabilities and Equity	<u><u>\$1,043,123</u></u>	<u><u>\$982,468</u></u>

Summary Income Statement

In thousands, except per share data

	Three months ended		Year ended	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Revenues	(Unaudited)		(Unaudited)	
Rental revenues	\$27,654	\$26,516	\$108,737	\$99,355
General contracting and real estate services	32,643	50,475	194,034	159,030
Total Revenues	60,297	76,991	302,771	258,385
Expenses				
Rental expenses	6,353	5,670	25,422	21,904
Real estate taxes	2,731	2,542	10,528	9,629
General contracting and real estate services	32,002	49,039	186,590	153,375
Depreciation and amortization	9,303	9,692	37,321	35,328
General and administrative	2,673	2,688	10,435	9,552
Acquisition, development & other pursuit costs	171	77	648	1,563
Impairment charges	60	171	110	355
Total Expenses	53,293	69,879	271,054	231,706
Operating Income	7,004	7,112	31,717	26,679
Interest income	2,111	1,300	7,077	3,228
Interest expense	(4,157)	(4,573)	(17,439)	(16,466)
Loss on extinguishment of debt	(50)	-	(50)	(82)
Gain on real estate dispositions	-	93	8,087	30,533
Change in fair value of interest rate derivatives	827	1,323	1,127	(941)
Other income	(23)	(7)	131	147
Income before taxes	5,712	5,248	30,650	43,098
Income tax benefit (provision)	56	(103)	(725)	(343)
Net Income	\$5,768	\$5,145	\$29,925	\$42,755
Per Diluted Share & Unit	\$0.09	\$0.09	\$0.50	\$0.85
Weighted Average Shares & Units - Diluted	62,427	54,258	60,181	50,224

FFO, Normalized FFO & Adjusted FFO⁽¹⁾

In thousands, except per share data

	Three months ended (Unaudited)				Year Ended (Unaudited)	
	12/31/2017	9/30/2017	6/30/2017	3/31/2017	2017	2016
Funds From Operations						
Net income	\$5,768	\$10,461	\$4,943	\$8,753	\$29,925	\$42,755
Earnings per diluted share	\$0.09	\$0.17	\$0.08	\$0.16	\$0.50	\$0.85
Depreciation and amortization	9,303	9,239	9,304	9,475	37,321	35,328
Gains on dispositions of operating real estate ⁽²⁾	-	(4,200)	-	(3,395)	(7,595)	(30,103)
FFO	\$15,071	\$15,500	\$14,247	\$14,833	\$59,651	\$47,980
FFO per diluted share	\$0.24	\$0.25	\$0.24	\$0.27	\$0.99	\$0.96
Normalized FFO						
Acquisition, development & other pursuit costs	171	61	369	47	648	1,563
Loss on extinguishment of debt	50	-	-	-	50	82
Impairment charges	60	19	27	4	110	355
Change in fair value of interest rate derivatives	(827)	(87)	81	(294)	(1,127)	941
Normalized FFO	\$14,525	\$15,493	\$14,724	\$14,590	\$59,332	\$50,921
Normalized FFO per diluted share	\$0.23	\$0.25	\$0.25	\$0.26	\$0.99	\$1.01
Adjusted FFO						
Non-cash stock compensation	276	215	421	411	1,323	1,082
Acquisition, development & other pursuit costs	(171)	(61)	(369)	(47)	(648)	(1,563)
Tenant improvements, leasing commissions, lease incentives ⁽³⁾	(1,115)	(707)	(895)	(943)	(3,660)	(2,392)
Property related capital expenditures	(1,474)	(1,167)	(840)	(442)	(3,923)	(1,941)
Non-cash interest expense	334	380	283	277	1,274	980
Net effect of straight-line rents	(166)	(159)	(122)	(245)	(692)	(720)
Amortization of leasing incentives & above (below) market rents	(55)	(50)	(43)	(47)	(195)	(85)
AFFO	\$12,154	\$13,944	\$13,159	\$13,554	\$52,811	\$46,282
Weighted Average Common Shares Outstanding	44,937	44,934	42,091	37,622	42,423	33,057
Weighted Average Operating Partnership ("OP") Units Outstanding	17,490	17,845	17,845	17,853	17,758	17,167
Total Weighted Average Common Shares and OP Units Outstanding	62,427	62,779	59,936	55,475	60,181	50,224

(1) See definitions on pages 28-29

(2) Excludes gain on non-operating real estate of \$0.5M for the three months ended 9/30/2017 and the year ended December 31, 2017, as well as \$0.4M for the year ended December 31, 2016.

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

Outstanding Debt

\$ in thousands

Debt	Stated Rate	Effective Rate as of 12/31/2017	Maturity Date	Debt Maturities & Principal Payments						Outstanding as of 12/31/2017	
				2018	2019	2020	2021	2022	Thereafter		
Secured Notes Payable - Core Debt											
Sandbridge Commons	L+1.75%	3.31%	1/17/2018 ⁽¹⁾	\$8,468							\$8,468
Columbus Village Note 1	L+2.00%	3.56% ⁽²⁾	4/5/2018	6,080							6,080
Columbus Village Note 2	L+2.00%	3.56%	4/5/2018	2,218							2,218
Johns Hopkins Village	L+1.90%	3.46%	7/30/2018	46,698							46,698
North Point Center Note 1	6.45%	6.45%	2/5/2019	219	9,352						9,571
Southgate Square	L+2.00%	3.56%	4/29/2021	488	561	584	19,075				20,708
249 Central Park Retail	L+1.95%	3.51%	8/8/2021	233	243	258	16,117				16,851
South Retail	L+1.95%	3.51%	8/8/2021	102	107	113	7,072				7,394
Fountain Plaza Retail	L+1.95%	3.51%	8/8/2021	139	147	156	9,703				10,145
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	495	504	522	544	17,438			19,503
Socastee Commons	4.57%	4.57%	1/6/2023	99	105	109	115	120	4,223		4,771
North Point Center Note 2	7.25%	7.25%	9/15/2025	113	121	130	140	151	1,804		2,459
Smith's Landing	4.05%	4.05%	6/1/2035	832	824	858	890	930	15,430		19,764
Liberty Apartments	5.66%	5.66%	11/1/2043	257	272	287	304	322	13,252		14,694
The Cosmopolitan	3.35%	3.35%	7/1/2051	742	766	792	819	847	41,243		45,209
Total - Secured Core Debt				\$67,183	\$13,284	\$4,959	\$110,347	\$19,808	\$75,952		\$291,533
Secured Notes Payable - Development Pipeline											
Lightfoot Marketplace	L+1.75%	3.31%	11/14/2018	10,500							10,500
Harding Place	L+2.95%	4.51%	2/24/2020			3,874					3,874
Town Center Block 9	L+3.50%	5.06%	6/29/2020			1,505					1,505
Total - Development Pipeline				10,500	-	5,379	-	-	-	-	15,879
Total Secured Notes Payable				\$77,683	\$13,284	\$10,338	\$110,347	\$19,808	\$75,952		\$307,412
Unsecured Core Debt											
Senior unsecured line of credit	L+1.40% - 2.00%	3.11%	10/26/2021				66,000				66,000
Senior unsecured term loan	L+1.35% - 1.95%	3.06%	10/26/2022					100,000			100,000
Senior unsecured term loan	L+1.35% - 1.95%	3.50% ⁽²⁾	10/26/2022						50,000		50,000
Total - Unsecured Core Debt				-	-	-	66,000	150,000	-	-	216,000
Total Notes Payable excluding GAAP Adjustments				\$77,683	\$13,284	\$10,338	\$176,347	\$169,808	\$75,952		\$523,412
Weighted Average Interest Rate				3.5%	5.7%	4.3%	3.3%	3.3%	4.1%		3.5%
Balloon Payments				73,322	9,333	5,379	172,274	167,109	5,567		432,984
Principal amortization				4,361	3,951	4,959	4,073	2,699	70,385		90,428
Total Consolidated Debt				\$77,683	\$13,284	\$10,338	\$176,347	\$169,808	\$75,952		\$523,412
Fixed-rate Debt ⁽³⁾				8,837	12,226	3,848	58,380	69,808	75,952		229,051
Variable-rate Debt ⁽⁴⁾				68,846	1,058	6,490	117,967	100,000	-		294,361
Total Consolidated Debt				\$77,683	\$13,284	\$10,338	\$176,347	\$169,808	\$75,952		\$523,412
GAAP Adjustments											(6,140)
Total Notes Payable											\$517,272

- (1) Subsequent to quarter end, Note was modified with a maturity date of 01/17/2023
- (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 12/31/2017	1.564%
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Core Debt to Core EBITDA⁽¹⁾

\$ in thousands

	Three months ended				
	12/31/2017	9/30/2017	6/30/2017	3/31/2017	12/31/2016
Net Income	\$5,768	\$10,461	\$4,943	\$8,753	\$5,145
Excluding:					
Interest expense	4,157	4,253	4,494	4,535	4,573
Income tax	(56)	29	450	302	103
Depreciation and amortization	9,303	9,239	9,304	9,475	9,692
Gain on real estate dispositions	-	(4,692)	-	(3,395)	(93)
Change in fair value of interest rate derivatives	(827)	(87)	81	(294)	(1,323)
Adjusted EBITDA	\$18,345	\$19,203	\$19,272	\$19,376	\$18,097
Other adjustments:					
Loss on extinguishment of debt	50	-	-	-	-
Non-cash stock compensation	276	215	418	411	218
Development Pipeline	(339)	(301)	(1,244)	(2,154)	(1,917)
Total Other Adjustments	(13)	(86)	(826)	(1,743)	(1,699)
Core EBITDA	\$18,332	\$19,117	\$18,446	\$17,633	\$16,398
Total Debt⁽²⁾	\$523,412	\$493,493	\$470,314	\$527,504	\$527,082
Adjustments to Debt:					
(Less) Development Pipeline ⁽²⁾	(15,879)	(12,894)	(58,942)	(90,021)	(88,069)
(Less) Cash & restricted cash	(22,916)	(22,916)	(21,726)	(13,688)	(25,193)
Core Debt	\$484,617	\$457,683	\$389,646	\$423,795	\$413,820
Core Debt/Annualized Core EBITDA	6.6x	6.0x	5.3x	6.0x	6.3x

(1) See definitions on page 29

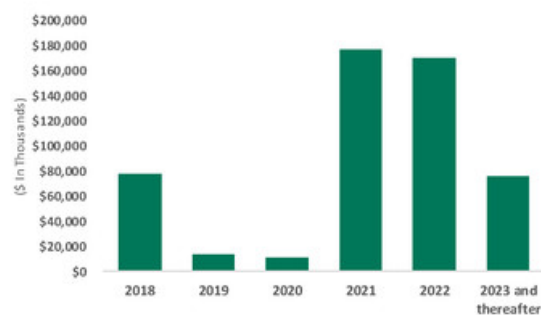
(2) Excludes GAAP Adjustments

\$ in thousands

Total Debt Composition			
	Percent of Debt	Weighted Average	
		Interest Rate	Maturity
Secured vs. Unsecured Debt			
Unsecured Debt	41.3%	3.2%	4.5 Yrs
Secured Debt	58.7%	3.7%	9.2 Yrs
Variable vs. Fixed-rate Debt			
Variable-rate Debt ⁽¹⁾	56.2%	3.3%	3.3 Yrs
Fixed-rate Debt ⁽²⁾⁽³⁾	43.8%	3.8%	12.4 Yrs
Fixed-rate and Hedged Debt ⁽²⁾⁽³⁾	100.0%		
Total		3.5%	7.3 Yrs



Interest Rate Cap Agreements			
Effective Date	Maturity Date	Strike Rate	Notional Amount
February 25, 2016	March 1, 2018	1.50%	\$75,000
June 17, 2016	June 17, 2018	1.00%	70,000
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
Total Interest Rate Caps			345,000
Fixed-rate Debt ⁽²⁾⁽³⁾			229,051
Fixed-rate and Hedged Debt			\$574,051
% of Total⁽³⁾			100.0%



(1) Excludes debt subject to interest rate swap locks

(2) Includes debt subject to interest rate swap locks

(3) Excludes GAAP adjustments

\$ in thousands

Capitalization as of December 31, 2017

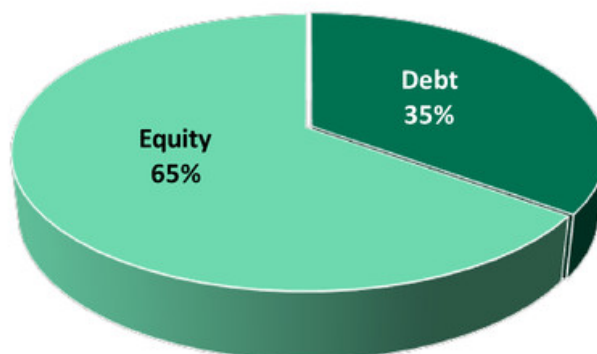
Debt	% of Total	Carrying Value
Unsecured Credit Facility	13%	\$66,000
Unsecured Term Loans	29%	150,000
Mortgages Payable	58%	307,412
Total Debt		\$523,412

Equity	% of Total	Shares/Units	Stock Price	Market Value
Common Stock (NYSE: AHH)	72%	44,938	\$15.53	\$697,887
Common Units	28%	17,486	\$15.53	271,558
Equity Market Capitalization		62,424		\$969,445
Total Market Capitalization				\$1,492,857
Debt/Market Capitalization				35.1%

Dividend Data

	Trailing 12 Months
Common Dividends and Distributions	\$43,616
AFFO	52,811
AFFO Payout Ratio	82.6%

Capital Structure as of December 31, 2017



Liquidity as of December 31, 2017

Cash on Hand	\$22,916
Availability under Credit Facility	81,900
Total Liquidity	\$104,816

As of 12/31/17

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 SF ⁽³⁾
						Core Properties	Development Properties	Total				
Retail Properties												
249 Central Park Retail ⁽⁴⁾	Cheesecake Factory, Brooks Brothers, Gordon Biersch	Virginia Beach, VA	✓	-	2004	92,710	-	92,710	96.6%	-	\$2,525,113	\$28.19
Alexander Pointe	Harris Teeter	Salisbury, NC		100%	1997	57,710	-	57,710	97.6%	-	653,513	11.61
Bermuda Crossroads ⁽⁶⁾	Food Lion, OfficeMax	Chester, VA		100%	2001	122,566	-	122,566	92.4%	-	1,656,942	14.63
Broad Creek Shopping Center ⁽⁶⁾⁽¹⁰⁾	Home Depot, Food Lion, PetSmart	Norfolk, VA		100%	1997/2001	250,416	-	250,416	100.0%	-	3,858,878	15.41
Broadmoor Plaza	Kroger, Staples, Jo-Ann Fabrics	South Bend, IN		100%	1980	115,059	-	115,059	92.2%	-	1,251,946	11.81
Brooks Crossing	Various Small Shops	Newport News, VA		100%	2016	-	18,349	18,349	-	59.8%	151,380	13.80
Columbus Village	Barnes & Noble	Virginia Beach, VA	✓	-	1980/2013	66,594	-	66,594	88.5%	-	1,145,259	19.42
Columbus Village II	Regal Cinemas, BB&B	Virginia Beach, VA	✓	100%	1995/1996	92,061	-	92,061	100.0%	-	1,652,246	17.95
Commerce Street Retail ⁽⁵⁾	Yard House	Virginia Beach, VA	✓	100%	2008	19,173	-	19,173	100.0%	-	856,862	44.69
Courthouse 7-Eleven	7-Eleven	Virginia Beach, VA		100%	2011	3,177	-	3,177	100.0%	-	139,280	43.84
Dick's at Town Center	Dick's Sporting Goods, USI	Virginia Beach, VA	✓	100%	2002	103,335	-	103,335	100.0%	-	1,241,201	12.01
Dimmock Square	Best Buy, Old Navy	Colonial Heights, VA		100%	1998	106,166	-	106,166	97.2%	-	1,749,019	16.95
Fountain Plaza Retail	Ruth's Chris, Ann Taylor	Virginia Beach, VA	✓	-	2004	35,961	-	35,961	100.0%	-	1,022,080	28.42
Gainsborough Square	Food Lion, Rite Aid	Chesapeake, VA		100%	1999	88,862	-	88,862	92.5%	-	1,242,046	15.12
Greentree Shopping Center	Various Small Shops	Chesapeake, VA		100%	2014	15,719	-	15,719	92.6%	-	318,839	21.90
Hanbury Village ⁽⁵⁾	Harris Teeter, Walgreens	Chesapeake, VA		32%	2006/2009	116,635	-	116,635	97.0%	-	2,422,431	21.40
Harper Hill Commons ⁽⁶⁾	Harris Teeter	Winston-Salem, NC		100%	2004	96,914	-	96,914	80.5%	-	894,989	11.47
Harrisonburg Regal	Regal Cinemas	Harrisonburg, VA		100%	1999	49,000	-	49,000	100.0%	-	683,550	13.95
Lightfoot Marketplace ⁽⁶⁾	Harris Teeter, CHKD	Williamsburg, VA		-	2016	-	107,643	107,643	-	77.4%	1,247,430	14.97
North Hampton Market	PetSmart, Hobby Lobby	Taylors, SC		100%	2004	114,935	-	114,935	99.0%	-	1,436,099	12.63
North Point Center ⁽⁵⁾	Kroger, PetSmart, Home Depot, Costco	Durham, NC		67%	1998/2009	496,246	-	496,246	99.3%	-	3,706,247	7.52
Oakland Marketplace ⁽⁵⁾	Kroger	Oakland, TN		100%	2004	64,600	-	64,600	97.8%	-	455,044	7.20
Parkway Marketplace	Rite Aid	Virginia Beach, VA		100%	1998	37,804	-	37,804	100.0%	-	759,992	20.10
Patterson Place	BB&B, PetSmart, DSW, AC Moore	Durham, NC		100%	2004	160,942	-	160,942	96.1%	-	2,428,883	15.70
Perry Hall Marketplace	Safeway	Perry Hall, MD		100%	2001	74,256	-	74,256	100.0%	-	1,252,232	16.86
Providence Plaza	Cranfill, Sumner & Hartzog, Chipotle	Charlotte, NC		100%	2007/2008	103,118	-	103,118	96.3%	-	2,647,044	26.66
Renaissance Square	Harris Teeter	Davidson, NC		100%	2008	80,467	-	80,467	88.0%	-	1,219,477	17.22
Sandbridge Commons ⁽⁵⁾	Harris Teeter	Virginia Beach, VA		-	2015	71,417	-	71,417	100.0%	-	1,005,441	14.08
Socastee Commons	Bi-Lo	Myrtle Beach, SC		-	2000/2014	57,273	-	57,273	100.0%	-	656,700	11.47
South Retail	Iululemon, free people, CPK	Virginia Beach, VA	✓	-	2002	38,515	-	38,515	100.0%	-	947,752	24.61
South Square ⁽⁵⁾	Ross, Petco, Office Depot	Durham, NC		100%	1977/2005	109,590	-	109,590	100.0%	-	1,898,676	17.33
Southgate Square	Burlington, PetSmart, Michaels	Colonial Heights, VA		-	1991/2016	220,131	-	220,131	92.1%	-	2,764,187	13.64
Southshore Shops	Buffalo Wild Wings	Midlothian, VA		100%	2006	40,333	-	40,333	93.2%	-	761,254	20.24
Stone House Square ⁽⁶⁾	Weis Markets	Hagerstown, MD		100%	2008	112,274	-	112,274	90.7%	-	1,744,377	17.13
Studio 56 Retail	McCormick & Schmick's	Virginia Beach, VA	✓	100%	2007	11,594	-	11,594	100.0%	-	378,009	32.60
Tyre Neck Harris Teeter ⁽⁵⁾⁽¹⁰⁾	Harris Teeter	Portsmouth, VA		100%	2011	48,859	-	48,859	100.0%	-	533,052	10.91
Waynesboro Commons	Kroger	Waynesboro, VA		100%	1993	52,415	-	52,415	100.0%	-	428,996	8.18
Wendover Village	BB&T, T.J. Maxx, Petco	Greensboro, NC		100%	2004	171,653	-	171,653	99.2%	-	3,060,233	17.96
Total / Weighted Avg Retail Portfolio				73%		3,498,480	125,992	3,624,472	96.5%	74.8%	\$52,796,699	\$15.21

As of 12/31/17

Property	Anchor Tenant	Location	Town Center	Unencumbered ABR	Year Built	Net Rentable Square Feet (RSF) ⁽¹⁾			Core Occupancy ⁽²⁾	ABR ⁽³⁾	ABR per Leased Sq ⁽⁴⁾
						Core Properties	Development Properties	Total			
Office Properties											
4525 Main Street	Clark Nexsen, Anthropologie, Mythics	Virginia Beach, VA	✓	-	2014	237,893	-	237,893	93.1%	\$6,246,029	\$28.21
Armada Hoffer Tower ⁽⁴⁾⁽⁵⁾	AHH, Troutman Sanders, Williams Mullen	Virginia Beach, VA	✓	100%	2002	324,242	-	324,242	91.9%	8,604,490	28.89
One Columbus ⁽⁵⁾	BB&T, HBA	Virginia Beach, VA	✓	100%	1984	129,272	-	129,272	85.7%	2,784,294	25.14
Two Columbus	The Art Institute	Virginia Beach, VA	✓	100%	2009	108,448	-	108,448	82.5%	2,380,130	26.61
Total / Weighted Average Office Portfolio				69%		799,855	-	799,855	89.9%	\$20,014,944	\$27.82
Multifamily											
		Location	Town Center	Unencumbered ABR	Year Built	Core Properties	Development Properties	Total	Core Occupancy ⁽²⁾	ABR ⁽⁷⁾	Monthly Rent per Occupied Unit ⁽¹⁰⁾
Encore Apartments		Virginia Beach, VA	✓	-	2014	286	-	286	91.6%	\$4,053,588	\$1,289.31
Johns Hopkins Village ⁽⁴⁾⁽⁵⁾		Baltimore, MD	-	-	2016	157	-	157	100.0%	6,750,624	990.41
Liberty Apartments ⁽⁹⁾		Newport News, VA	-	-	2013	197	-	197	86.0%	2,131,668	1,048.51
Smith's Landing ⁽⁹⁾		Blacksburg, VA	-	-	2009	284	-	284	98.6%	3,821,856	1,137.46
The Cosmopolitan ⁽⁹⁾		Virginia Beach, VA	✓	-	2006	342	-	342	90.1%	5,541,936	1,499.44
Total / Weighted Avg Multifamily Portfolio				-		1,266	-	1,266	92.9%	\$22,299,672	\$1,233.61

- (1) 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.
- (2) Occupancy for each of our retail & office properties is calculated as (a) square footage under executed leases as of December 31, 2017, 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, 2017, divided by (b) total units available, expressed as a percentage.
- (3) 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, 2017 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, 2017. 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.
- (4) As of December 31, 2017, the Company occupied 41,103 square feet at these two properties at an ABR of \$1.2M, or \$30.31 per leased square foot, which amounts are reflected in this table. The rent paid by us is eliminated in accordance with GAAP.
- (5) Includes ABR pursuant to a rooftop lease.
- (6) Net rentable square feet at certain of our retail properties includes pad sites leased pursuant to the ground leases in the table below:
- | Properties Subject to Ground Lease | Number of Ground Leases | Square Footage | |
|------------------------------------|-------------------------|----------------------------------|--------------------|
| | | Leased Pursuant to Ground Leases | ABR |
| Bermuda Crossroads | 2 | 11,000 | \$170,610 |
| Broad Creek Shopping Center | 6 | 22,737 | 621,601 |
| Hanbury Village | 2 | 55,586 | 1,082,118 |
| Harper Hill Commons | 1 | 41,520 | 373,680 |
| Lightfoot Marketplace | 1 | 51,750 | 543,375 |
| North Point Center | 4 | 280,556 | 1,131,953 |
| Oakland Marketplace | 1 | 45,000 | 186,300 |
| Sandbridge Commons | 2 | 55,288 | 675,467 |
| South Square | 1 | 1,778 | 60,000 |
| Stone House Square | 1 | 3,650 | 165,000 |
| Tyre Neck Harris Teeter | 1 | 48,859 | 533,052 |
| Total / Weighted Avg | 22 | 617,724 | \$5,543,155 |
- (7) For the properties in our multifamily portfolio, annualized base rent, or ABR, is calculated by multiplying (a) base rental payments for the month ended December 31, 2017 by (b) 12.
- (8) The ABR for Liberty, Cosmopolitan, Johns Hopkins Village excludes \$244K, \$716K and \$1.2M from ground floor retail leases, respectively.
- (9) The Company leases the land underlying this property pursuant to a ground lease.
- (10) ABR per Occupied Unit is calculated by dividing total base rental payments for the month ended December 31, 2017 by the number of occupied beds.

Development Pipeline

\$ in thousands

Development, Not Delivered	Property Type	Estimated ⁽¹⁾	% Leased	Schedule ⁽¹⁾			Estimated Cost ⁽¹⁾	Cost to Date	AHH Ownership %	Anchor Tenants & Other Notes
				Construction Start	Initial Occupancy	Stabilized Operation ⁽²⁾				
Meeting Street Charleston, SC	Multifamily	114 units	NA	3Q17	3Q19	3Q19	\$53,000	\$13,000	90%	NA
King Street Charleston, SC	Multifamily	74 units	NA	3Q17	3Q19	3Q19	48,000	13,000	93%	NA
Harding Place Charlotte, NC	Multifamily	225 Units	NA	3Q16	3Q18	1Q20	47,000	29,000	80% ⁽²⁾	NA
Town Center Phase VI Virginia Beach, VA	Mixed-use	39,000 SF 131 Units	47%	4Q16	3Q18	3Q19	43,000	22,000	100%	Williams Sonoma, Pottery Barn
Market at Mill Creek Mt. Pleasant, SC	Retail	73,000 SF	80%	1Q18	1Q19	1Q19	23,000	-	70% ⁽²⁾	Lowes Foods
Brooks Crossing Newport News, VA	Office	100,000 sf	100%	1Q18	1Q19	2Q19	22,000	1,000	65% ⁽²⁾	Huntington Ingalls Industries
Total Development, Not Delivered							\$236,000	\$78,000		
Development, Delivered Not Stabilized										
Brooks Crossing Newport News, VA	Retail	18,000 sf	60%	3Q15	3Q16	4Q18	3,000	3,000	65% ⁽²⁾	Misc. small shops
Lightfoot Marketplace Williamsburg, VA	Retail	109,000 sf	77%	3Q14	3Q16	2Q18	25,000	23,000	70% ⁽²⁾	Harris Teeter, CHKD
Total Development, Delivered Not Stabilized							\$28,000	\$26,000		
Total							\$264,000	\$104,000		
							Project Cost	Equity Investment		
Joint Ventures - Minority Partner										
One City Center - 37% JV Durham, NC	Mixed-use	153,000 sf	79%	1Q16	3Q18	4Q18	\$44,000	\$11,000	100%	Duke University, WeWork AHH Equity requirement \$19M
							Purchase Option Price	Loan Balance		
Mezzanine Investments										
Point Street Apartments Baltimore, MD	Multifamily	289 units	15%	1Q16	1Q18	2Q19	\$98,000	\$22,000	Option to purchase 88% upon completion	\$27M Mezzanine financing by AHH, earning 8% interest income
Annapolis Junction Annapolis Junction, MD	Multifamily	416 units	32%	2Q16	3Q17	1Q19	106,000	43,000	Option to purchase 88% upon completion	\$46M Mezzanine financing by AHH, earning 10% interest income
Total Mezzanine Investment							\$204,000	\$65,000		

	Q4 2017	Year to Date
Capitalized Interest	\$504	\$1,295
Capitalized Overhead	\$669	\$2,382



Town Center Phase VI



Meeting Street



One City Center



Point Street Apts.

- (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

\$ 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	
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		2,199,341	\$416,772	\$127,700	\$75,626	7.1%			

DISPOSITIONS									
Properties	Location	Square Feet/Units	Sale Price	Cash Proceeds	Gain on Sale	Cash Cap Rate	Disposition Date	Anchor Tenants	
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	Newport News, VA	100,139	6,500	-	3,793	16.4% ⁽³⁾	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	
Oceanneering	Chesapeake, VA	154,000	30,000	10,000	4,987	6.7%	4Q15	Oceanneering 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		768,520 sf/ 203 units	\$205,075	\$152,200	\$58,635	7.2%			

(1) Contractual purchase price

(2) Value of OP Units/Stock at issuance

(3) Anchor tenant vacated 12/31/16, which would represent a 2.5% Cash Cap Rate

\$ in thousands

	<u>Location</u>	<u>Total Contract Value</u>	<u>Work in Place as of 12/31/2017</u>	<u>Backlog</u>	<u>Estimated Date of Completion</u>
Highlighted Projects					
Point Street Apartments	Baltimore, MD	\$73,738	\$65,057	\$8,681	1Q 2018
Durham City Center	Durham, NC	64,763	47,191	17,572	3Q 2018
Dinwiddie Municipal Complex	Dinwiddie, VA	23,636	9,307	14,329	2Q 2019
Sub Total		\$162,137	\$121,555	\$40,582	
All Other Projects		\$450,383	\$441,798	\$8,585	
Total		\$612,520	\$563,353	\$49,167	

Gross Profit Summary

	<u>Q4 2017</u>	<u>Trailing 12 Months</u>
	(Unaudited)	
Revenue	\$32,643	\$194,034
Expense	(32,002)	(186,590)
Gross Profit	\$641	\$7,444



Same Store NOI by Segment

\$ in thousands

(Reconciliation to GAAP located in appendix pg. 31)

	Three months ended				Year ended			
	12/31/2017	12/31/2016	\$ Change	% Change	12/31/2017	12/31/2016	\$ Change	% Change
Office⁽¹⁾	(Unaudited)				(Unaudited)			
Revenue	\$3,357	\$3,513	(\$156)	-4.4%	\$13,615	\$14,323	(\$708)	-4.9%
Expenses	1,350	1,288	62	4.8%	5,435	5,273	162	3.1%
Net Operating Income	2,007	2,225	(218)	-9.8%	8,180	9,050	(870)	-9.6%
Retail⁽¹⁾								
Revenue	14,411	14,085	326	2.3%	37,707	37,154	553	1.5%
Expenses	3,767	3,506	261	7.4%	10,757	10,241	516	5.0%
Net Operating Income	10,644	10,579	65	0.6%	26,950	26,913	37	0.1%
Multifamily⁽¹⁾								
Revenue	4,662	4,840	(178)	-3.7%	18,892	19,194	(302)	-1.6%
Expenses	2,282	2,069	213	10.3%	8,876	8,410	466	5.5%
Net Operating Income	2,380	2,771	(391)	-14.1%	10,016	10,784	(768)	-7.1%
Same Store Net Operating Income (NOI)	\$15,031	\$15,575	(\$544)	-3.5%	\$45,146	\$46,747	(\$1,601)	-3.4%
Net effect of straight-line rents	132	38	94		742	216	526	
Amortization of lease incentives and above (below) market rents	(82)	(85)	3		456	482	(26)	
Same store portfolio NOI, cash basis	\$15,081	\$15,528	(\$447)	-2.9%	\$46,344	\$47,445	(\$1,101)	-2.3%
NOI, Cash Basis:								
Office	\$2,146	\$2,379	(\$233)	-9.8%	\$8,863	\$9,218	(\$355)	-3.9%
Retail	10,551	10,371	180	1.7%	27,433	27,403	30	0.1%
Multifamily	2,384	2,778	(394)	-14.2%	10,048	10,824	(776)	-7.2%
	\$15,081	\$15,528	(\$447)	-2.9%	\$46,344	\$47,445	(\$1,101)	-2.3%
NOI:								
Office	\$2,007	\$2,225	(\$218)	-9.8%	\$8,180	\$9,050	(\$870)	-9.6%
Retail	10,644	10,579	65	0.6%	26,950	26,913	37	0.1%
Multifamily	2,380	2,771	(391)	-14.1%	10,016	10,784	(768)	-7.1%
	\$15,031	\$15,575	(\$544)	-3.5%	\$45,146	\$46,747	(\$1,601)	-3.4%

(1) See page 30 for Same Store vs. Non - Same Store Properties

Top 10 Tenants by Annualized Base Rent

\$ in thousands
As of December 31, 2017

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	\$ 2,537	12.7%	2.7%
Hampton University	2	2023 - 2024	1,054	5.3%	1.1%
Mythics	1	2030	1,052	5.3%	1.1%
Pender & Coward	1	2030	860	4.3%	0.9%
Kimley-Horn	1	2027	859	4.3%	0.9%
Troutman Sanders	2	2025	838	4.2%	0.9%
The Art Institute	3	2019	835	4.2%	0.9%
City of Va Beach Development Authority	1	2024	722	3.6%	0.8%
Cherry Bekaert	1	2022	708	3.5%	0.7%
Williams Mullen	1	2028	643	3.2%	0.7%
Top 10 Total			\$ 10,108	50.6%	10.7%

Retail Portfolio

Tenant	Number of Leases	Lease Expiration	Annualized Base Rent	% of Retail Portfolio Annualized Base Rent	% of Total Portfolio Annualized Base Rent
Kroger/Harris Teeter	11	2018 - 2036	\$ 5,831	11.0%	6.1%
Home Depot	2	2019 - 2023	2,237	4.2%	2.4%
Regal Cinemas	2	2019 - 2022	1,679	3.2%	1.8%
Bed, Bath, & Beyond	4	2020 - 2024	1,677	3.2%	1.8%
PetSmart	5	2020 - 2022	1,438	2.7%	1.5%
Food Lion	3	2019 - 2022	1,291	2.4%	1.4%
Dick's Sporting Goods	1	2020	840	1.6%	0.9%
Safeway	2	2021	821	1.6%	0.9%
Weis Markets	1	2028	802	1.5%	0.8%
Ross Dress for Less	2	2020 - 2022	762	1.4%	0.8%
Top 10 Total			\$ 17,378	32.8%	18.4%

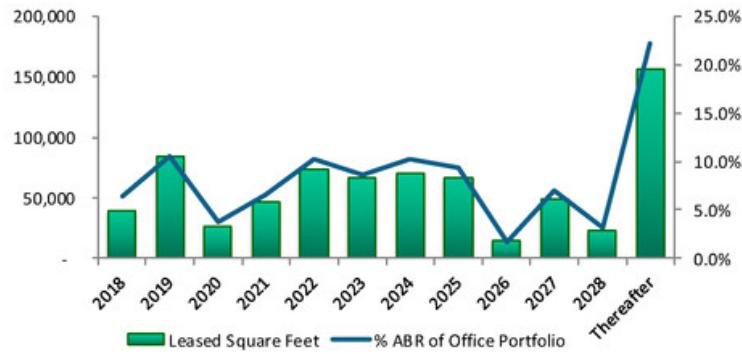
Renewal Lease Summary				GAAP			Cash			Weighted			
Quarter	Number of Leases Signed	Net rentable SF Signed	Leases Expiring	Net rentable SF Expiring	Contractual Rent per SF	Prior Rent per SF	Releasing Spread	Contractual Rent per SF	Prior Rent per SF	Releasing Spread	Average Lease Term (yrs)	TI & LC	TI & LC per SF
Q4 2017	6	38,387	2	2,582	24.87	23.93	3.9%	24.38	25.88	-5.8%	4.90	617,475	\$16.09
Q3 2017	2	10,454	-	-	25.06	24.82	1.0%	25.21	25.46	-1.0%	4.24	48,791	4.67
Q2 2017	2	13,420	-	-	27.94	27.22	2.7%	27.38	28.42	-3.7%	7.21	153,873	11.47
Q1 2017	2	7,782	2	4,752	31.61	25.72	22.9%	32.30	29.25	10.4%	1.00	23,314	3.00

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 2017	2	7,676	\$ 24.86	4.60	\$278,339	\$36.26
Q3 2017	1	2,690	24.50	5.00	95,630	35.55
Q2 2017	2	7,541	24.39	4.36	259,901	34.47
Q1 2017	3	13,491	23.92	4.53	390,548	28.95



(1) Excludes new leases from properties in development

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	-	80,388	10.1%	\$ -	-	\$ -
M-T-M	3	633	0.1%	20,400	0.1%	32.23
2018	11	39,734	5.0%	1,276,658	6.4%	32.13
2019	14	84,418	10.6%	2,104,581	10.5%	24.93
2020	7	26,537	3.3%	742,047	3.7%	27.96
2021	8	46,798	5.9%	1,310,134	6.5%	28.00
2022	9	73,800	9.2%	2,059,496	10.3%	27.91
2023	7	67,132	8.4%	1,737,304	8.7%	25.88
2024	4	70,617	8.8%	2,063,738	10.3%	29.22
2025	6	66,487	8.3%	1,883,863	9.4%	28.33
2026	3	15,140	1.9%	329,509	1.6%	21.76
2027	3	49,081	6.1%	1,395,538	7.0%	28.43
2028	1	22,950	2.9%	642,600	3.2%	28.00
Thereafter	3	156,140	19.4%	4,449,076	22.2%	28.49
Total / Weighted Average	79	799,855	100.0%	\$20,014,944	100.0%	\$27.82



(1) Includes new leases from properties in development

Renewal Lease Summary

Quarter	Number of Leases Signed	Net rentable SF Signed	Leases Expiring	Net rentable SF Expiring	GAAP			Cash			Weighted Average Lease Term (yrs)	TI & LC	TI & LC per SF
					Contractual Rent per SF	Prior Rent per SF	Releasing Spread	Contractual Rent per SF	Prior Rent per SF	Releasing Spread			
Q4 2017	16	109,639	13	35,575	13.88	13.31	4.3%	13.70	13.63	0.5%	3.81	64,673	\$0.59
Q3 2017	10	39,610	5	9,695	17.59	16.19	8.6%	17.41	16.37	6.4%	3.98	126,239	3.19
Q2 2017	14	73,961	7	14,087	19.46	18.75	3.8%	19.60	18.85	3.9%	3.78	93,362	1.26
Q1 2017	13	121,282	2	3,174	16.46	15.37	7.1%	16.42	15.51	5.9%	5.95	461,039	3.80

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
Q3 2017	4	7,024	15.72	4.85	68,422	9.74
Q2 2017	9	14,315	20.66	7.65	376,170	26.28
Q1 2017	6	13,698	22.91	5.70	204,418	14.92



(1) Excludes new leases from properties in development

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	-	153,263	4.2%	\$ -	-	\$ -
M-T-M	4	4,728	0.1%	68,990	0.1%	14.59
2018	60	183,508	5.1%	3,425,837	6.5%	18.67
2019	87	588,052	16.2%	9,211,040	17.4%	15.66
2020	73	575,303	15.9%	8,012,634	15.2%	13.93
2021	56	283,832	7.8%	5,116,496	9.7%	18.03
2022	51	409,682	11.3%	6,591,039	12.5%	16.09
2023	27	346,372	9.6%	4,626,776	8.8%	13.36
2024	18	168,018	4.6%	2,667,454	5.1%	15.88
2025	17	226,427	6.2%	2,404,463	4.6%	10.62
2026	19	166,665	4.6%	2,882,771	5.5%	17.30
2027	14	105,286	2.9%	2,283,629	4.3%	21.69
2028	8	171,136	4.7%	2,038,095	3.9%	11.91
Thereafter	11	242,200	6.7%	3,467,475	6.6%	14.32
Total / Weighted Average	445	3,624,472	100.0%	\$ 52,796,699	100.0%	\$15.21



(1) Includes new leases from properties in development



Appendix

Definitions & Reconciliations

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) 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.

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 charges, mark-to-market adjustments on interest rate derivatives 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, 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.

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 for the entirety of the comparative periods presented. 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. The following table shows the properties included in the same store and non-same store portfolio for the comparative periods presented.

	Three Months Ended 12/31/2017 to 2016		Year Ended 12/31/2017 to 2016	
	Same Store	Non-Same Store	Same Store	Non-Same Store
Retail Properties				
249 Central Park Retail	X		X	
Alexander Pointe	X			X
Bermuda Crossroads	X		X	
Broad Creek Shopping Center	X		X	
Brooks Crossing (Retail)		X		X
Broadmoor Plaza	X			X
Columbus Village	X		X	
Columbus Village II		X		X
Commerce Street Retail	X		X	
Courthouse 7-Eleven	X		X	
Dick's at Town Center	X		X	
Dimmock Square	X		X	
Greentree Shopping Center	X		X	
Fountain Plaza Retail	X		X	
Gainsborough Square	X		X	
Hanbury Village	X		X	
Harper Hill Commons	X			X
Harrisonburg Regal	X		X	
Lightfoot Marketplace		X		X
North Hampton Market	X			X
North Point Center	X		X	
Oakland Marketplace	X			X
Parkway Marketplace	X		X	
Patterson Place	X			X
Perry Hall Marketplace	X		X	
Providence Plaza	X		X	
Renaissance Square		X		X

	Three Months Ended 12/31/2017 to 2016		Year Ended 12/31/2017 to 2016	
	Same Store	Non-Same Store	Same Store	Non-Same Store
Retail Properties (Continued)				
Sandbridge Commons	X		X	
Socastee Commons	X		X	
South Retail	X		X	
South Square	X			X
Southgate Square	X			X
Southshore Shops	X			X
Stone House Square	X		X	
Studio 56 Retail	X		X	
Tyre Neck Harris Teeter	X		X	
Waynesboro Commons	X			X
Wendover Village	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	
Liberty Apartments	X		X	
Smith's Landing	X		X	
The Cosmopolitan	X		X	
Johns Hopkins Village		X		X

Reconciliation to Property Portfolio NOI

\$ in thousands

	Three months ended 12/31		Year ended 12/31	
	2017	2016	2017	2016
Office Same Store⁽¹⁾				
Rental revenues	\$3,357	\$3,513	\$13,615	\$14,323
Property expenses	1,350	1,288	5,435	5,273
NOI	2,007	2,225	8,180	9,050
Non-Same Store NOI	949	904	3,685	4,319
Segment NOI	\$2,956	\$3,129	\$11,865	\$13,369
Retail Same Store⁽¹⁾				
Rental revenues	\$14,411	\$14,085	\$37,707	\$37,154
Property expenses	3,767	3,506	10,757	10,241
NOI	10,644	10,579	26,950	26,913
Non-Same Store NOI	1,222	708	19,750	15,087
Segment NOI	\$11,866	\$11,287	\$46,700	\$42,000
Multifamily Same Store⁽¹⁾				
Rental revenues	\$4,662	\$4,840	\$18,892	\$19,194
Property expenses	2,282	2,069	8,876	8,410
NOI	2,380	2,771	10,016	10,784
Non-Same Store NOI	1,368	1,117	4,206	1,669
Segment NOI	\$3,748	\$3,888	\$14,222	\$12,453
Total Property Portfolio NOI	\$18,570	\$18,304	\$72,787	\$67,822

(1) See page 30 for the Same Store vs. Non-Same Store properties

\$ in thousands

Three months ended 12/31/2017

Diversified Portfolio

NOI - Cash Basis	
Net effect of straight-line rents	
Amortization of lease incentives and (above) below market rents	
NOI	

Office	Retail	Multifamily	Total
\$0	\$9,506	\$2,284	\$11,790
-	22	33	55
-	176	(13)	163
\$0	\$9,704	\$2,304	\$12,008

Town Center of Virginia Beach

NOI - Cash Basis	
Net effect of straight-line rents	
Amortization of lease incentives and (above) below market rents	
Elimination of AHH rent	
NOI	

Office	Retail	Multifamily	Total
\$3,117	\$2,048	\$1,437	\$6,602
129	(32)	7	104
(73)	(50)	-	(123)
(217)	(96)	-	(313)
\$2,956	\$1,870	\$1,444	\$6,270

NOI

Diversified Portfolio	
Town Center of Virginia Beach	
Unstabilized Properties	
Total Property Portfolio NOI	

Office	Retail	Multifamily	Total
\$0	\$9,704	\$2,304	\$12,008
2,956	1,870	1,444	6,270
-	292	-	292
\$2,956	\$11,866	\$3,748	\$18,570

Reconciliation to GAAP Net Income

\$ in thousands

Three months ended 12/31/2017

	Office	Retail	Multifamily	Total Rental Properties	General Contracting & Real Estate Services	Total
Segment revenues	\$ 4,779	\$ 16,021	\$ 6,854	\$ 27,654	\$ 32,643	\$ 60,297
Segment expenses	1,823	4,155	3,106	9,084	32,002	41,086
Net operating income	\$ 2,956	\$ 11,866	\$ 3,748	\$ 18,570	\$ 641	\$ 19,211
Depreciation and amortization						(9,303)
General and administrative expenses						(2,673)
Acquisition, development and other pursuit costs						(171)
Impairment charges						(60)
Interest income						2,111
Interest expense						(4,157)
Loss on extinguishment of debt						(50)
Change in fair value of interest rate derivatives						827
Other income (loss) benefit						(23)
Income tax benefit (provision)						56
Net income						\$ 5,768

Year ended 12/31/2017

	Office	Retail	Multifamily	Total Rental Properties	General Contracting & Real Estate Services	Total
Segment revenues	\$ 19,207	\$ 63,109	\$ 26,421	\$ 108,737	\$ 194,034	\$ 302,771
Segment expenses	7,342	16,409	12,199	35,950	186,590	222,540
Net operating income	\$ 11,865	\$ 46,700	\$ 14,222	\$ 72,787	\$ 7,444	\$ 80,231
Depreciation and amortization						(37,321)
General and administrative expenses						(10,435)
Acquisition, development and other pursuit costs						(648)
Impairment charges						(110)
Interest income						7,077
Interest expense						(17,439)
Loss on extinguishment of debt						(50)
Gain on real estate dispositions						8,087
Change in fair value of interest rate derivatives						1,127
Other income						131
Income tax benefit (provision)						(725)
Net income						\$ 29,925



ARMADA HOFFLER PROPERTIES

2018 | Guidance Presentation



This presentation should be read in conjunction with the unaudited condensed consolidated financial statements appearing in our press release dated February 6, 2018, which has been furnished as Exhibit 99.1 to our Form 8-K filed on February 6, 2018. 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 2018 outlook and related assumptions, 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.

In millions except per share

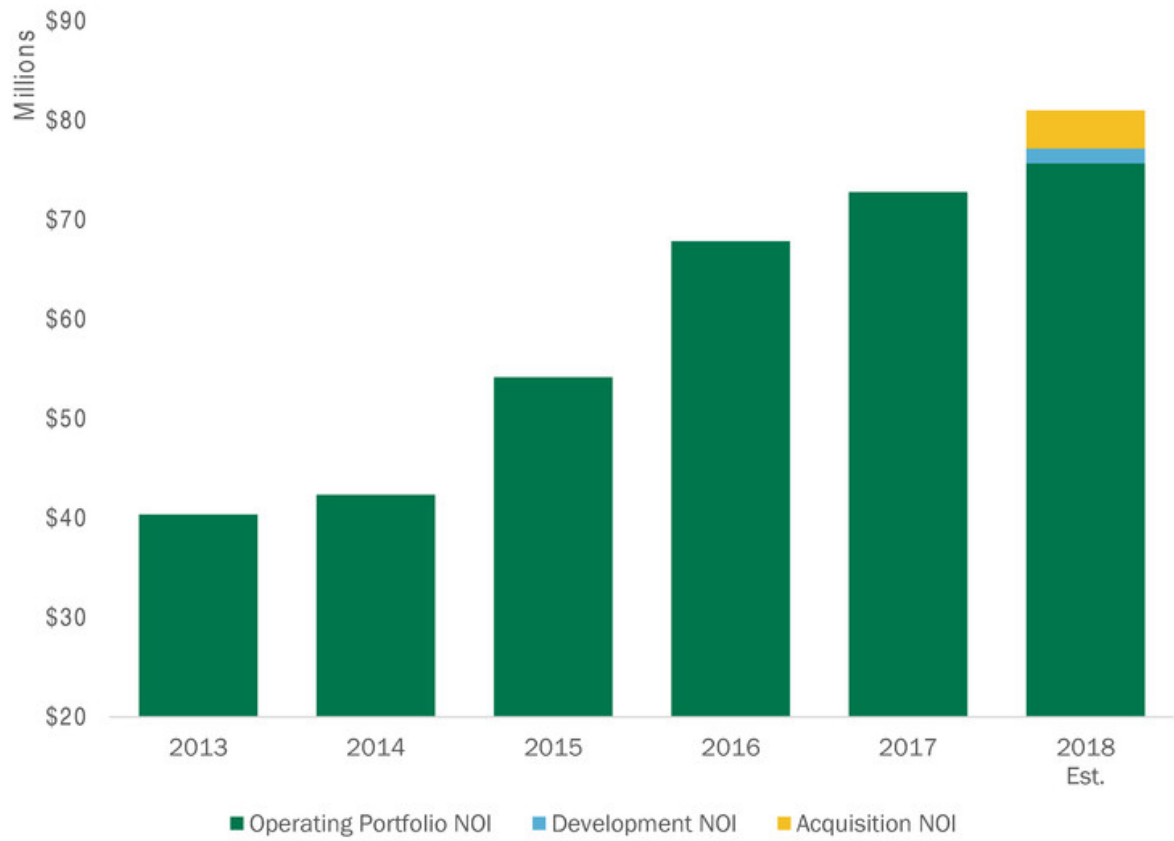
Outlook	Low	High
Total NOI	\$80.7M	\$81.4M
Construction Segment Gross Profit	\$4.4M	\$7.5M
G&A expenses	\$10.7M	\$11.0M
Interest income	\$9.0M	\$9.5M
Interest expense	\$19.7M	\$20.3M
Normalized FFO per diluted share	\$1.00	\$1.05

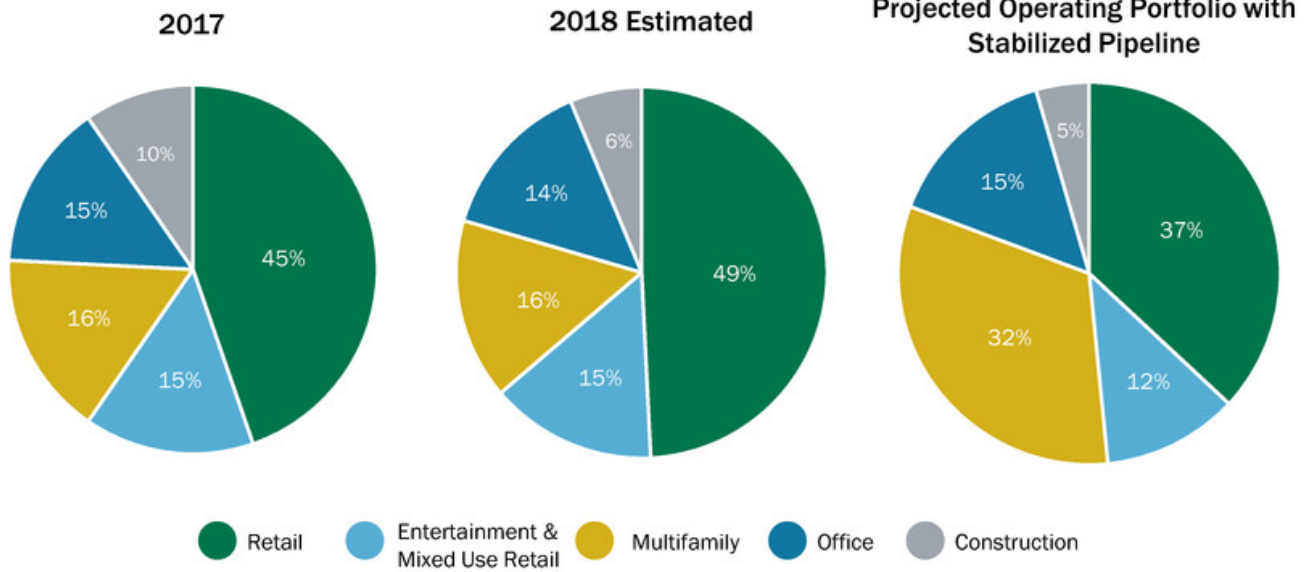
Guidance Assumptions

- Raising \$55 million through the ATM program for a full year weighted average share count of 64.5 million
- Interest expense is calculated based on the Forward LIBOR Curve, which forecasts rates rising to 2.2% by year end
- Acquisition of four retail centers
- Disposition of a newly constructed distribution center in the fourth quarter of 2018



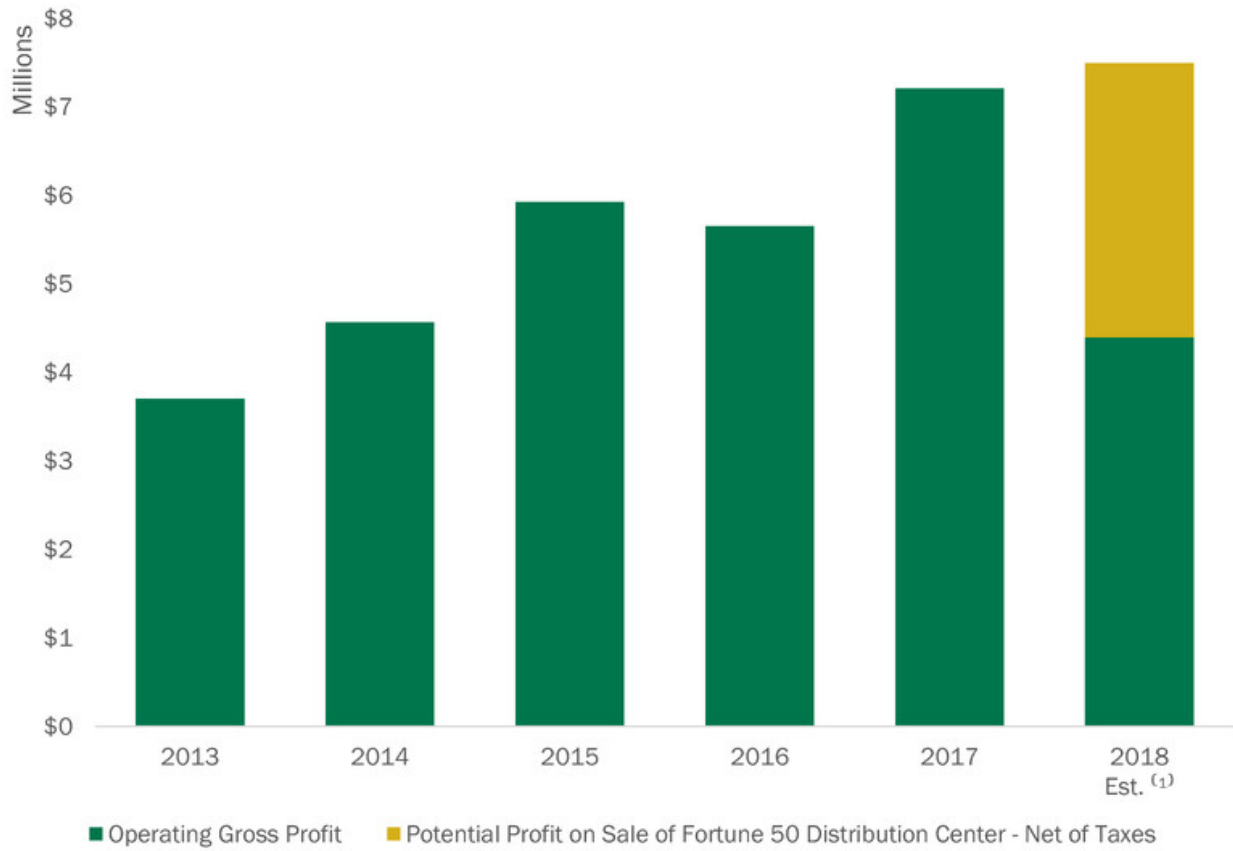
Estimate 2018 NOI to Increase 10% Over Prior Year





2018 Closed and Potential Acquisitions

Center	Location	Featured Tenants
Indian Lakes	Virginia Beach, VA	Harris Teeter/Wawa
Parkway Centre	Moultrie, GA	Publix
Two Potential Acquisitions	South Carolina	Lowes Foods



(1) 2018 Operating Gross Profit includes market fee for distribution center construction & development



AHH TYPICALLY DEVELOPS
\$150-200 million
EVERY 18-24 MONTHS

PROJECT NAME	PRODUCT TYPE	SF OR UNITS	DELIVERY	INVESTMENT
4525 Main Street Virginia Beach, VA	Office	239,000 SF	3Q14	\$53M
Encore Apartments Virginia Beach, VA	Multifamily	286 Units	3Q14	\$32M
Whetstone Apartments⁽¹⁾ Durham, NC	Multifamily	203 Units	3Q14	\$29M
Greentree Chesapeake, VA	Retail	18,000 SF	4Q14	\$6M
Oceanearing⁽¹⁾ Chesapeake, VA	Office	155,000 SF	1Q15	\$25M
Commonwealth of Virginia⁽¹⁾ Chesapeake, VA	Office	36,000 SF	1Q15	\$7M
Commonwealth of Virginia⁽¹⁾ Virginia Beach, VA	Office	11,000 SF	1Q15	\$3M
Sandbridge Commons Virginia Beach, VA	Retail	70,000 SF	1Q16	\$13M
Lightfoot Marketplace⁽²⁾⁽³⁾ Williamsburg, VA	Retail	109,000 SF	3Q16	\$24M
Brooks Crossing⁽²⁾⁽³⁾ Newport News, VA	Retail	18,000 SF	3Q16	\$3M
Johns Hopkins Village Baltimore, MD	Multifamily	157 Units	3Q16	\$69M
TOTAL INVESTMENT		656,000 SF/ 646 Units		\$264M

MANAGEMENT ESTIMATED VALUE CREATION OF APPROXIMATELY 20%

- (1) Realized value of disposed properties created from the wholesale to retail spread
- (2) Majority Interest in Joint Venture
- (3) AHH earns a preferred return on equity prior to any distributions to JV Partners

Current Development Pipeline

Development Projects ⁽¹⁾	PRODUCT TYPE	DELIVERY ⁽¹⁾	INVESTMENT ⁽²⁾
Annapolis Junction⁽³⁾ <i>Annapolis Junction, MD</i>	Multifamily	3Q17	\$106M
Point Street Apartments⁽³⁾ <i>Baltimore, MD</i>	Multifamily	1Q18	\$98M
One City Center⁽⁵⁾ <i>Durham, NC</i>	Mixed-Use	3Q18	\$44M
Town Center Phase VI <i>Virginia Beach, VA</i>	Mixed-Use	3Q18	\$43M
Harding Place⁽⁴⁾⁽⁶⁾ <i>Charlotte, NC</i>	Multifamily	3Q18	\$47M
Market at Mill Creek⁽⁴⁾⁽⁶⁾ <i>Mt. Pleasant, SC</i>	Retail	1Q19	\$23M
Brooks Crossing⁽⁴⁾⁽⁶⁾ <i>Newport News, VA</i>	Office	1Q19	\$22M
King Street⁽⁴⁾ <i>Charleston, SC</i>	Multifamily	3Q19	\$48M
Meeting Street⁽⁴⁾ <i>Charleston, SC</i>	Multifamily	3Q19	\$53M
TOTAL INVESTMENT			~ \$484M

MANAGEMENT ESTIMATED EQUITY CREATION OF APPROXIMATELY 20%

- (1) For ownership structure, see page 17 of the 4Q17 Supplemental package
- (2) Timing and investment amounts are estimates and subject to change as the development process demands.
- (3) Mezzanine Investments with 88% purchase option
- (4) Majority Interest in Joint Venture
- (5) Minority Interest in Joint Venture
- (6) AHH earns a preferred return on equity prior to any distributions to JV Partners



Total Estimated Value Creation

YEAR DELIVERED	INVESTMENT
2014	\$120M
2015	\$48M
2016	\$96M
2018-2019 ⁽¹⁾	\$484M ⁽¹⁾
TOTAL INVESTMENT	~ \$748M

MANAGEMENT ESTIMATED EQUITY CREATION OF APPROXIMATELY 20%

- (1) Timing and investment amounts are estimates and subject to change as the development process demands.

Outlook	Low	High
Total NOI	\$80.7M	\$81.4M
Construction Segment Gross Profit	\$4.4M	\$7.5M
G&A expenses	\$10.7M	\$11.0M
Interest income	\$9.0M	\$9.5M
Interest expense	\$19.7M	\$20.3M
Normalized FFO per diluted share	\$1.00	\$1.05

Guidance Assumptions

Raising \$55 million through the ATM program for a full year weighted average share count of 64.5 million

•

Interest expense is calculated based on the Forward LIBOR Curve, which forecasts rates rising to 2.2% by year end

•

Acquisition of four retail centers

•

Disposition of a newly constructed distribution center in the fourth quarter of 2018

