

**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): October 31, 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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	AHH	New York Stock Exchange
6.75% Series A Cumulative Redeemable Perpetual Preferred Stock, \$0.01 par value per share	AHHPrA	New York Stock Exchange

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 October 31, 2019, Armada Hoffer Properties, Inc. (the "Company") issued a press release announcing its financial position as of September 30, 2019, results of operations for the three months ended September 30, 2019, and other related information. Also on October 31, 2019, the Company made available on its website at [www.ArmadaHoffer.com](http://www.ArmadaHoffer.com) certain supplemental information concerning the Company's financial results and operations for the three months ended September 30, 2019. 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.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

Exhibit No.	Description
<a href="#">99.1</a>	<a href="#">Press Release, dated October 31, 2019, issued by Armada Hoffer Properties, Inc., providing its financial position as of September 30, 2019 and results of operations for the three months ended September 30, 2019.</a>
<a href="#">99.2</a>	<a href="#">Armada Hoffer Properties, Inc. Third Quarter 2019 Supplemental Information.</a>
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.

**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: October 31, 2019

By: /s/ Michael P. O'Hara

Michael P. O'Hara

Chief Financial Officer, Treasurer and Secretary



**ARMADA HOFFLER PROPERTIES REPORTS THIRD QUARTER 2019 RESULTS**

**Net Income of \$0.13 Per Diluted Share**

**Normalized FFO of \$0.30 Per Diluted Share**

**Updated 2019 Full-Year Normalized FFO Guidance**

VIRGINIA BEACH, VA, October 31, 2019 – Armada Hoffer Properties, Inc. (NYSE:AHH) today announced its results for the quarter ended September 30, 2019 and provided an update on current events.

**Highlights include:**

- Net income attributable to common stockholders and OP Unit holders of \$9.9 million, or \$0.13 per diluted share, compared to \$5.7 million, or \$0.09 per diluted share, for the three months ended September 30, 2018.
- Funds from operations attributable to common stockholders and OP Unit holders ("FFO") of \$21.7 million, or \$0.29 per diluted share, compared to \$15.9 million, or \$0.24 per diluted share, for the three months ended September 30, 2018. See "Non-GAAP Financial Measures."
- Normalized funds from operations attributable to common stockholders and OP Unit holders ("Normalized FFO") of \$22.4 million, or \$0.30 per diluted share, compared to \$15.7 million, or \$0.24 per diluted share, for the three months ended September 30, 2018.
- Updated 2019 full-year Normalized FFO guidance to \$1.16 to \$1.18 per diluted share from \$1.15 to \$1.19 per diluted share.
- Core operating property portfolio occupancy at 96.5% as of September 30, 2019 compared to 95.6% as of June 30, 2019.
- Same Store Net Operating Income ("NOI") increased for the 6th consecutive quarter with over 6% growth on both a GAAP and cash basis compared to the quarter ended September 30, 2018. Same Store NOI increased across all segments on both a GAAP and cash basis led by the office and multifamily segments where cash NOI was up 16.0% and 7.5%, respectively.
- Positive releasing spreads on office lease renewals during the third quarter of 4.1% on both a GAAP and cash basis. Positive releasing spreads on retail lease renewals during the third quarter of 6.3% on a GAAP basis and 3.9% on a cash basis.
- Announced that the Board of Directors appointed Dorothy S. McAuliffe as an independent director.
- Announced Southern Post, a new \$95 million mixed-use development in historic downtown Roswell, Georgia. The Company will be the majority partner in a joint venture to develop the project and anticipates commencing construction in the spring of 2020.
- Completed the sale of Lightfoot Marketplace for gross proceeds of \$30.3 million, representing a 5.8% cap rate on in-place net operating income.

- Received payment in full of the \$20.0 million balance outstanding under the North Decatur Square note receivable.
- Subsequent to quarter end, announced that Apex Entertainment agreed to a long-term lease for all 84,000 square feet currently occupied by Dick's Sporting Goods in the Town Center of Virginia Beach.
- Subsequent to quarter end, extended the maturity of our credit facility to 2024 for the senior unsecured revolving component and 2025 for the senior unsecured term loan component.
- Raised \$34.6 million of gross proceeds through our at-the-market equity offering program at an average price of \$17.72 per share during the quarter ended September 30, 2019. Raised \$82.7 million of gross proceeds at an average price of \$16.48 per share year-to-date through October 31, 2019.

"We are pleased to report another quarter of strong financial results," said Louis Haddad, President & CEO. "Our portfolio continues to perform at a high level with increases in occupancy, Same Store NOI, and releasing spreads. High occupancy and steadily increasing income have long been hallmarks of our portfolio, as demonstrated by this, our sixth consecutive quarter of positive Same Store results. And given the strength and quality of our portfolio, we expect these trends to continue over the long term."

#### **Financial Results**

Net income attributable to common stockholders and OP Unit holders for the third quarter increased to \$9.9 million compared to \$5.7 million for the third quarter of 2018. The period-over-period change was primarily due to increased operating income from the property portfolio as a result of property acquisitions and the completion of development projects. Interest income also increased period over period. This was partially offset by increases in interest expense and changes in the fair value of interest rate derivatives.

Normalized FFO attributable to common stockholders and OP Unit holders for the third quarter increased to \$22.4 million compared to \$15.7 million for the third quarter of 2018. FFO attributable to common stockholders and OP Unit holders for the third quarter increased to \$21.7 million compared to \$15.9 million for the third quarter of 2018. The period-over-period changes in Normalized FFO and FFO were positively impacted by property acquisitions, completion of development projects, and higher interest income. These increases in Normalized FFO and FFO were partially offset by increased interest expense.

#### **Operating Performance**

At the end of the third quarter, the Company's office, retail and multifamily core operating property portfolios were 96.6%, 96.8% and 95.8% occupied, respectively.

Total construction contract backlog was \$173.1 million at the end of the third quarter.

#### **Balance Sheet and Financing Activity**

As of September 30, 2019, the Company had \$951.9 million of total debt outstanding, including \$110.0 million outstanding under its revolving credit facility. Total debt outstanding excludes unamortized GAAP fair value adjustments and deferred financing costs. Approximately 47.9% of the Company's debt had fixed interest rates or was subject to interest rate swaps as of September 30, 2019. After considering LIBOR interest rate caps with strike prices at or below 275 basis points as of September 30, 2019, 84.7% of the Company's debt was either fixed or hedged.

The Company has no debt maturing during the remainder of 2019.

## Outlook

The Company is updating its 2019 full-year Normalized FFO guidance range to \$1.16 to \$1.18 per diluted share from \$1.15 to \$1.19 per diluted share. The following table updates the Company's assumptions underpinning this forecast. 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 <sup>[1]</sup>	Expected Ranges	
Total NOI	\$102.8M	\$103.2M
Construction Segment Gross Profit	\$4.5M	\$5.1M
G&A Expenses	\$12.3M	\$12.6M
Mezzanine Interest Income (Net of Interest Expense) <sup>[2][3]</sup>	\$16.3M	\$17.6M
Interest Expense (Net of Mezzanine Interest Expense) <sup>[3]</sup>	\$25.1M	\$25.6M
Normalized FFO per diluted share <sup>[4]</sup>	\$1.16	\$1.18

<sup>[1]</sup> Includes the following assumptions:

- Interest expense is calculated based on Forward LIBOR Curve, which forecasts LIBOR ending the year at 1.74%.
- Assuming favorable market conditions, raising an additional \$20 million through the ATM program during the fourth quarter for a full year total of \$95 million.
- Full year weighted average share count of 72.6 million.

<sup>[2]</sup> Includes \$4.5 million of Annapolis Junction loan modification fee.

<sup>[3]</sup> Net of \$5.5 million of interest expense associated with funding the Company's mezzanine program.

<sup>[4]</sup> Normalized FFO excludes certain items, including debt extinguishment losses, acquisition, development and other pursuit costs, mark-to-market adjustments for interest rate derivatives, amortization of right-of-use assets attributable to finance leases, 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 at [www.ArmadaHoffler.com](http://www.ArmadaHoffler.com).

## Webcast and Conference Call

The Company will host a webcast and conference call on Thursday, October 31, 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](http://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 Saturday, November 30, 2019 by dialing 844-512-2921 (domestic) or 412-317-6671 (international) and entering the pass code 13694435.

## **About Armada Hoffer Properties, Inc.**

Armada Hoffer 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. Hoffer, 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 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, 2018 and the other documents filed by the Company with the Securities and Exchange Commission from time to time.

## **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 depreciation and amortization related to real estate, gains or losses from the sale of certain real estate assets, gains and losses from change in control, and impairment write-downs of certain real estate assets and investments in entities when the impairment is directly attributable to decreases in the value of depreciable real estate held by the entity.

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 for interest rate derivatives, amortization of right-of-use assets attributable to finance leases, 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)

	September 30, 2019	December 31, 2018
	(Unaudited)	
<b>ASSETS</b>		
Real estate investments:		
Income producing property	\$ 1,442,809	\$ 1,037,917
Held for development	1,246	2,994
Construction in progress	129,830	135,675
	1,573,885	1,176,586
Accumulated depreciation	(214,146)	(188,775)
Net real estate investments	1,359,739	987,811
Real estate investments held for sale	—	929
Cash and cash equivalents	44,195	21,254
Restricted cash	3,411	2,797
Accounts receivable, net	22,850	19,016
Notes receivable	148,744	138,683
Construction receivables, including retentions	19,605	16,154
Construction contract costs and estimated earnings in excess of billings	624	1,358
Equity method investments	—	22,203
Operating lease right-of-use assets	33,179	—
Finance lease right-of-use assets	24,277	—
Other assets	104,435	55,177
<b>Total Assets</b>	<b>\$ 1,761,059</b>	<b>\$ 1,265,382</b>
<b>LIABILITIES AND EQUITY</b>		
Indebtedness, net	\$ 943,371	\$ 694,239
Accounts payable and accrued liabilities	18,339	15,217
Construction payables, including retentions	36,516	50,796
Billings in excess of construction contract costs and estimated earnings	3,333	3,037
Operating lease liabilities	41,387	—
Finance lease liabilities	17,891	—
Other liabilities	63,637	46,203
<b>Total Liabilities</b>	<b>1,124,474</b>	<b>809,492</b>
<b>Total Equity</b>	<b>636,585</b>	<b>455,890</b>
<b>Total Liabilities and Equity</b>	<b>\$ 1,761,059</b>	<b>\$ 1,265,382</b>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
	(Unaudited)			
<b>Revenues</b>				
Rental revenues	\$ 42,220	\$ 28,930	\$ 109,507	\$ 86,227
General contracting and real estate services revenues	27,638	19,950	66,118	63,654
<b>Total revenues</b>	<b>69,858</b>	<b>48,880</b>	<b>175,625</b>	<b>149,881</b>
<b>Expenses</b>				
Rental expenses	9,924	7,103	24,615	20,049
Real estate taxes	4,180	2,840	10,759	8,388
General contracting and real estate services expenses	26,446	18,973	62,855	61,474
Depreciation and amortization	15,452	10,196	38,834	28,653
Amortization of right-of-use assets - finance leases	107	—	168	—
General and administrative expenses	2,977	2,367	9,329	8,092
Acquisition, development and other pursuit costs	93	69	550	162
Impairment charges	—	3	—	101
<b>Total expenses</b>	<b>59,179</b>	<b>41,551</b>	<b>147,110</b>	<b>126,919</b>
Gain on real estate dispositions	4,699	—	4,699	—
<b>Operating income</b>	<b>15,378</b>	<b>7,329</b>	<b>33,214</b>	<b>22,962</b>
Interest income	5,710	2,545	16,622	7,152
Interest expense on indebtedness	(8,828)	(4,677)	(22,205)	(13,547)
Interest expense on finance leases	(228)	—	(340)	—
Equity in income of unconsolidated real estate entities	—	—	273	—
Loss on extinguishment of debt	—	(11)	—	(11)
Change in fair value of interest rate derivatives	(530)	298	(3,926)	1,256
Other income	362	65	426	233
Income before taxes	11,864	5,549	24,064	18,045
Income tax benefit	199	120	339	552
<b>Net income</b>	<b>12,063</b>	<b>5,669</b>	<b>24,403</b>	<b>18,597</b>
Net income attributable to noncontrolling interests in investment entities	(960)	—	(640)	—
Preferred stock dividends	(1,234)	—	(1,388)	—
<b>Net income attributable to common stockholders and OP Unit holders</b>	<b>\$ 9,869</b>	<b>\$ 5,669</b>	<b>\$ 22,375</b>	<b>\$ 18,597</b>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
	(Unaudited)			
<b>Net income attributable to common stockholders and OP Unit holders</b>	\$ 9,869	\$ 5,669	\$ 22,375	\$ 18,597
Depreciation and amortization <sup>(1)</sup>	15,044	10,196	38,291	28,653
Gain on operating real estate dispositions <sup>(2)</sup>	(3,220)	—	(3,220)	—
<b>FFO attributable to common stockholders and OP Unit holders</b>	\$ 21,693	\$ 15,865	\$ 57,446	\$ 47,250
Acquisition, development and other pursuit costs	93	69	550	162
Impairment of intangible assets and liabilities	—	3	—	101
Loss on extinguishment of debt	—	11	—	11
Amortization of right-of-use assets - finance leases	107	—	168	—
Change in fair value of interest rate derivatives	530	(298)	3,926	(1,256)
<b>Normalized FFO available to common stockholders and OP Unit holders</b>	\$ 22,423	\$ 15,650	\$ 62,090	\$ 46,268
<b>Net income attributable to common stockholders and OP Unit holders per diluted share and unit</b>	\$ 0.13	\$ 0.09	\$ 0.31	\$ 0.29
<b>FFO per diluted share and unit attributable to common stockholders and OP Unit holders</b>	\$ 0.29	\$ 0.24	\$ 0.81	\$ 0.74
<b>Normalized FFO per diluted share and unit attributable to common stockholders and OP Unit holders</b>	\$ 0.30	\$ 0.24	\$ 0.87	\$ 0.72
Weighted average common shares and units - diluted	74,543	66,362	71,256	64,052

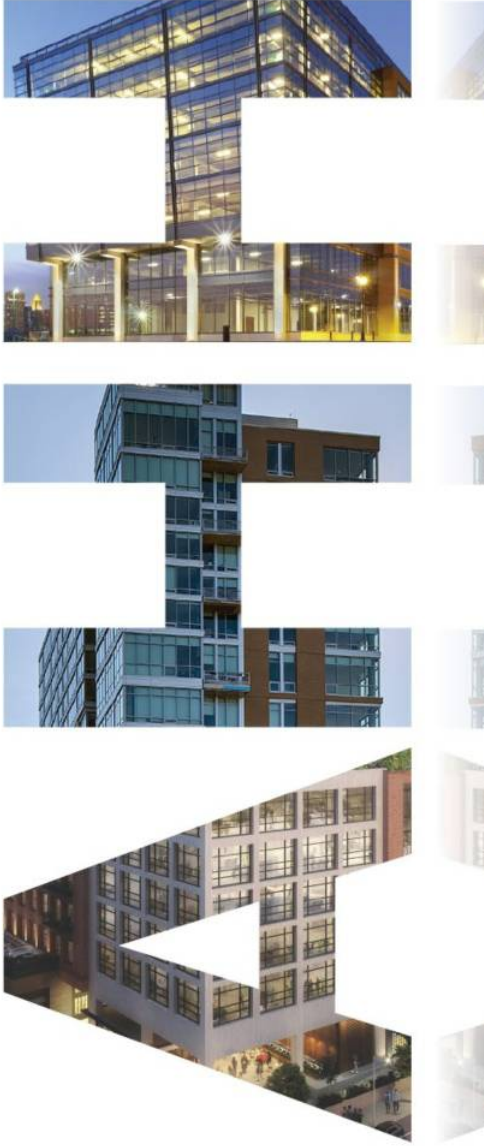
(1) The adjustment for depreciation and amortization for the nine months ended September 30, 2019 includes \$0.2 million of depreciation attributable to the Company's investment in One City Center from January 1, 2019 to March 14, 2019, which was an unconsolidated real estate investment during this period. Additionally, the adjustment for depreciation and amortization for the three and nine months ended September 30, 2019 excludes \$0.4 million and \$0.8 million, respectively, of depreciation attributable to the Company's joint venture partners.

(2) The adjustment for gain on operating real estate dispositions for the three and nine months ended September 30, 2019 excludes the portion of the gain on Lightfoot Marketplace that was allocated to our joint venture partner and excludes the gain on sale of a non-operating land parcel.

**Contact:**

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

# 3Q19 SUPPLEMENTAL FINANCIAL PACKAGE



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# FORWARD-LOOKING STATEMENTS

# *Armada Hoffler*

This Supplemental Financial Package should be read in conjunction with the unaudited condensed consolidated financial statements appearing in our press release dated October 31, 2019, which has been furnished as Exhibit 99.1 to our Form 8-K filed on October 31, 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 of 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," "anticipates" or the negative of these words and phrases or similar words or phrases which are predictions or indications of 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.

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# Corporate Profile

**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.

## BOARD OF DIRECTORS

**Daniel A. Hoffler**, Executive Chairman of the Board  
**Louis S. Haddad**, Vice Chairman of the Board  
**James C. Cherry**, Lead Independent Director  
**George F. Allen**, Independent Director  
**James A. Carroll**, Independent Director

**Eva S. Hardy**, Independent Director  
**A. Russell Kirk**, Director  
**Dorothy S. McAuliffe**, Independent Director  
**John W. Snow**, 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  
757-366-6684  
mohara@armadahoffler.com

## Analyst Coverage

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

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

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

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

**D. A. Davidson & Co.**  
**Barry Oxford**  
(212) 240-9871  
boxford@dadco.com

**B. Riley FBR**  
**Craig Kucera**  
(540) 277-3366  
craigkucera@brileyfbr.com

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

# Highlights

- Net income attributable to common stockholders and OP Unit holders of \$9.9 million, or \$0.13 per diluted share, compared to \$10.0 million, or \$0.09 per diluted share, for the three months ended September 30, 2018.
  - Funds from operations attributable to common stockholders and OP Unit holders ("FFO") of \$21.7 million, or \$0.29 per diluted share, compared to \$15.9 million, or \$0.24 per diluted share, for the three months ended September 30, 2018. See "Non-GAAP Financial Measures."
  - Normalized funds from operations attributable to common stockholders and OP Unit holders ("Normalized FFO") of \$22.4 million, or \$0.30 per diluted share, compared to \$15.7 million, or \$0.24 per diluted share, for the three months ended September 30, 2018.
  - Updated 2019 full-year Normalized FFO guidance to \$1.16 to \$1.18 per diluted share from \$1.15 to \$1.19 per diluted share.
  - Core operating property portfolio occupancy at 96.5% as of September 30, 2019 compared to 95.6% as of June 30, 2019.
  - Same Store Net Operating Income ("NOI") increased for the 6th consecutive quarter with over 6% growth on both a GAAP and cash basis compared to the quarter ended September 30, 2018. Same Store NOI increased across all segments on both a GAAP and cash basis led by the office and multifamily segments where cash NOI was up 16.0% and 7.5%, respectively.
  - Positive releasing spreads on office lease renewals during the third quarter of 4.1% on both a GAAP and cash basis. Positive releasing spreads on retail lease renewals during the third quarter of 6.3% on a GAAP basis and 3.9% on a cash basis.
  - Announced that the Board of Directors appointed Dorothy S. McAuliffe as an independent director.
  - Announced Southern Post, a new \$95 million mixed-use development in historic downtown Roswell, Georgia. The Company is the majority partner in a joint venture to develop the project and anticipates commencing construction in the spring of 2020.
  - Completed the sale of Lightfoot Marketplace for gross proceeds of \$30.3 million, representing a 5.8% cap rate on in-place net operating income.
  - Received payment in full of the \$20.0 million balance outstanding under the North Decatur Square note receivable.
  - Subsequent to quarter end, announced that Apex Entertainment agreed to a long-term lease for all 84,000 square feet currently occupied by Dick's Sporting Goods in the Town Center of Virginia Beach.
  - Subsequent to quarter end, extended the maturity of our credit facility to 2024 for the senior unsecured revolving component and to 2025 for the senior unsecured term loan component.
  - Raised \$34.6 million of gross proceeds through our at-the-market equity offering program at an average price of \$17.72 per share during the quarter ended September 30, 2019. Raised \$82.7 million of gross proceeds at an average price of \$16.48 per share year-to-date through October 31, 2019.
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# 2019 Outlook & Assumptions

Outlook	Low	High
Total NOI	\$102.8M	\$103.2M
Construction Segment Gross Profit	\$4.5M	\$5.1M
G&A expenses	\$12.3M	\$12.6M
Mezzanine Interest Income (Net of Interest Expense) <sup>(1)(2)</sup>	\$16.3M	\$17.6M
Interest Expense (Net of Mezzanine Interest Expense) <sup>(2)</sup>	\$25.1M	\$25.6M
Normalized FFO per diluted share	\$1.16	\$1.18

(1) Includes \$4.5M of Annapolis Junction Loan Modification Fee.

(2) Net of \$5.5M of interest expense associated with funding the Company's mezzanine program.



## GUIDANCE ASSUMPTIONS

- Interest expense is calculated based on Forward LIBOR Curve, which forecasts LIBOR ending the year at 1.74%.
- Assuming favorable market conditions, raising an additional \$20M through the ATM program during the fourth quarter for a full year total of \$95M.
- Full-year weighted average share count of 72.6M.

# Summary Information

\$ in thousands, except per share data

	Three months ended				
	9/30/2019	6/30/2019	3/31/2019	12/31/2018	9/30/2018
<b>OPERATIONAL METRICS</b>					
Net income attributable to AHH and OP Unitholders	\$9,869	\$5,992	\$6,514	\$4,895	\$5,669
Net income attributable to AHH and OP Unitholders per diluted share	<b>\$0.13</b>	<b>\$0.08</b>	<b>\$0.10</b>	<b>\$0.07</b>	<b>\$0.09</b>
Rental properties Net Operating Income (NOI)	28,116	24,900	21,056	20,563	18,987
General contracting and real estate services gross profit	1,192	1,321	750	551	977
Adjusted EBITDA <sup>(1)</sup>	31,099	28,861	24,727	25,566 <sup>(2)</sup>	20,387
Funds From Operations (FFO) attributable to common stockholders and OP unit holders	21,693	19,110	16,643	17,089	15,865
FFO per diluted share attributable to common stockholders and OP unit holders	<b>\$0.29</b>	<b>\$0.27</b>	<b>\$0.25</b>	<b>\$0.26</b>	<b>\$0.24</b>
Normalized FFO attributable to common stockholders and OP unit holders	22,423	21,161	18,506	20,190	15,650
Normalized FFO per diluted share attributable to common stockholders and OP unit holders	<b>\$0.30</b>	<b>\$0.30</b>	<b>\$0.27</b>	<b>\$0.30</b>	<b>\$0.24</b>
Annualized dividend yield	4.64%	5.08%	5.39%	5.69%	5.29%
<b>CAPITALIZATION</b>					
Common shares outstanding	54,875	52,794	52,327	50,014	49,576
Operating Partnership units outstanding	21,167	21,178	16,992	17,110	17,167
Common shares and OP units outstanding	76,042	73,972	69,319	67,124	66,743
Market price per common share	\$18.09	\$16.55	\$15.59	\$14.06	\$15.11
Common equity capitalization <sup>(3)</sup>	\$1,375,600	\$1,224,237	\$1,080,683	\$943,763	\$1,008,487
Preferred equity capitalization	63,250	63,250	-	-	-
Total equity capitalization	<b>\$1,438,850</b>	<b>\$1,287,487</b>	<b>\$1,080,683</b>	<b>\$943,763</b>	<b>\$1,008,487</b>
Total debt <sup>(4)</sup>	951,891	956,068	744,123	700,722	660,608
Total capitalization	2,390,741	2,243,555	1,824,806	1,644,485	1,669,095
Less: cash	(47,606)	(25,961)	(18,959)	(24,051)	(20,648)
Total enterprise value	<b>\$2,343,135</b>	<b>\$2,217,594</b>	<b>\$1,805,847</b>	<b>\$1,620,434</b>	<b>\$1,648,447</b>
<b>BALANCE SHEET METRICS</b>					
Core debt / enterprise value	35.2%	29.0%	32.5%	36.7%	34.9%
Core debt + preferred equity / enterprise value	37.9%	31.8%	32.5%	36.7%	34.9%
Fixed charge coverage ratio	2.7x	2.8x	3.3x	3.7x	3.5x
Core debt / Annualized core EBITDA	6.8x	6.2x	6.3x	6.6x	7.1x
Core debt + preferred equity / Annualized core EBITDA	7.3x	6.9x	6.3x	6.6x	7.1x
<b>CORE PORTFOLIO OCCUPANCY</b>					
Office <sup>(5)</sup>	96.6%	94.6%	94.9%	93.3%	93.8%
Retail <sup>(5)</sup>	96.8%	96.6%	96.1%	96.2%	96.6%
Multifamily <sup>(6)</sup>	95.8%	94.7% <sup>(7)</sup>	97.2%	97.3%	97.1%
Weighted Average <sup>(8)</sup>	96.5%	95.6%	96.0%	95.8%	96.1%

(1) See definition 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.

(3) Includes common shares and OP units.

(4) Excludes 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) <sup>(1)</sup>			Third-Party General Contracting and Real Estate Services	
	Three months ended	Annualized		Trailing 12 Months
	9/30/2019	9/30/2019		
<b>Stabilized Virginia Beach (VB) Town Center<sup>(1)</sup></b>			General Contracting Gross Profit <sup>(4)</sup>	\$7,225
Office <sup>(2)</sup>	\$3,324	\$13,296		
Retail <sup>(2)</sup>	2,020	8,080		
Multifamily	1,862	7,448		
Total Stabilized VB Town Center NOI	\$7,206	\$28,824		
<b>Stabilized Portfolio (Excludes VB Town Center)<sup>(1)</sup></b>				
Office <sup>(2)</sup>	\$2,783	\$11,132		
Retail	12,897	51,588		
Multifamily	3,921	15,684		
Total Stabilized Portfolio (Excludes VB Town Center)	\$19,601	\$78,404		
Combined Stabilized Portfolio NOI	\$26,807	\$107,228		
<b>Run Rate Adjustments<sup>(1)</sup></b>				
Signed Leases Not Yet Occupied or In Free Rent Period	\$843	\$3,372		
Net Dispositions Completed Intra-Quarter	(217)	(868)		
Total Run Rate Adjustments	\$626	\$2,504		
Total	\$27,433	\$109,732		
<b>Non-Stabilized Portfolio and Development Pipeline (Cost Basis)<sup>(3)</sup></b>			<b>Non-Property Assets<sup>(5)</sup></b>	
See page 18 for a list of properties				<b>As of 9/30/2019</b>
		<b>As of 9/30/2019</b>	Cash and Cash Equivalents	\$44,151
Income Producing Properties		\$61,000	Restricted cash	3,411
Construction In Process		120,000	Accounts Receivable	22,851
Other Assets		5,000	Notes Receivable, Including Mezzanine Investments <sup>(6)</sup>	143,041
Total Non-Stabilized Development Portfolio		186,000	Construction receivables, including retentions	19,601
Redevelopment in Process		12,000	Other Assets	105,051
Total Non-Stabilized Redevelopment and Development Portfolio		\$198,000	Land Held for Development (Book Value)	1,241
			Total Non-Property Assets	\$339,401
			<b>Liabilities<sup>(5)</sup></b>	<b>As of 9/30/2019</b>
			Mortgages and Notes Payable <sup>(6)</sup>	\$951,851
			Accounts Payable and Accrued Liabilities	18,331
			Construction Payables, Including Retentions	36,511
			Other Liabilities	66,971
			Total Liabilities	\$1,073,711
			<b>Preferred Equity</b>	<b>Liquidation Value</b>
			Series A Cumulative Redeemable Perpetual Preferred Stock	\$63,251
			<b>Common Equity</b>	<b>As of 9/30/2019</b>
			Total common shares outstanding	54,871
			Total OP units outstanding	21,161
			Total Common Shares & OP Units Outstanding	76,041

- (1) NOI from non-stabilized portfolio and development pipeline excluded from stabilized portfolio.
- (2) Includes leases for space occupied by Armada Hoffer which are eliminated for GAAP purposes.
- (3) NOI not included in Stabilized Portfolio.
- (4) Includes \$3.4 million from the sale of a distribution center.
- (5) Excludes lease right of use assets and lease liabilities.
- (6) Excludes GAAP adjustments.

# Summary Balance Sheet

	As of	
	9/30/2019 (Unaudited)	12/31/2018
<b>Assets</b>		
Real estate investments:		
Income producing property	\$1,442,809	\$1,037,917
Held for development	1,246	2,994
Construction in progress	129,830	135,675
Accumulated depreciation	(214,146)	(188,775)
Net real estate investments	1,359,739	987,811
Real estate investments held for sale	-	929
Cash and cash equivalents	44,195	21,254
Restricted cash	3,411	2,797
Accounts receivable, net	22,850	19,016
Notes receivable	148,744	138,683
Construction receivables, including retentions	19,605	16,154
Construction contract costs and estimated earnings in excess of billings	624	1,358
Equity method investments	-	22,203
Operating lease right-of-use assets	33,179	-
Finance lease right-of-use assets	24,277	-
Other assets	104,435	55,177
<b>Total Assets</b>	<b>\$1,761,059</b>	<b>\$1,265,382</b>
<b>Liabilities and Equity</b>		
Indebtedness, net	\$943,371	\$694,239
Accounts payable and accrued liabilities	18,339	15,217
Construction payables, including retentions	36,516	50,796
Billings in excess of costs and estimated earnings	3,333	3,037
Operating lease liabilities	41,387	-
Finance lease liabilities	17,891	-
Other liabilities	63,637	46,203
<b>Total Liabilities</b>	<b>1,124,474</b>	<b>809,492</b>
<b>Total Equity</b>	<b>636,585</b>	<b>455,890</b>
<b>Total Liabilities and Equity</b>	<b>\$1,761,059</b>	<b>\$1,265,382</b>

# Summary Income Statement

In thousands, except per share data

	Three months ended		Nine months ended	
	9/30/2019	9/30/2018	9/30/2019	9/30/2018
<b>Revenues</b>				
Rental revenues	\$42,220	\$28,930	\$109,507	\$86,220
General contracting and real estate services revenues	27,638	19,950	66,118	63,650
<b>Total Revenues</b>	<b>69,858</b>	<b>48,880</b>	<b>175,625</b>	<b>149,870</b>
<b>Expenses</b>				
Rental expenses	9,924	7,103	24,615	20,040
Real estate taxes	4,180	2,840	10,759	8,380
General contracting and real estate services expenses	26,446	18,973	62,855	61,470
Depreciation and amortization	15,452	10,196	38,834	28,650
Amortization of right-of-use assets - finance leases	107	-	168	-
General and administrative expenses	2,977	2,367	9,329	8,090
Acquisition, development and other pursuit costs	93	69	550	160
Impairment charges	-	3	-	10
<b>Total Expenses</b>	<b>59,179</b>	<b>41,551</b>	<b>147,110</b>	<b>126,910</b>
Gain on real estate dispositions	4,699	-	4,699	-
<b>Operating Income</b>	<b>15,378</b>	<b>7,329</b>	<b>33,214</b>	<b>22,960</b>
Interest income	5,710	2,545	16,622	7,150
Interest expense on indebtedness	(8,828)	(4,677)	(22,205)	(13,540)
Interest expense on finance leases	(228)	-	(340)	-
Loss on extinguishment of debt	-	(11)	-	(1)
Change in fair value of interest rate derivatives	(530)	298	(3,926)	1,250
Equity in income of unconsolidated real estate entities	-	-	273	-
Other income	362	65	426	230
Income before taxes	11,864	5,549	24,064	18,040
Income tax benefit	199	120	339	550
Net Income	\$12,063	\$5,669	\$24,403	\$18,590
Net income attributable to noncontrolling interest in investment entities	(960)	-	(640)	-
Preferred stock dividends	(1,234)	-	(1,388)	-
<b>Net income attributable to AHH and OP Unitholders</b>	<b>\$9,869</b>	<b>\$5,669</b>	<b>\$22,375</b>	<b>\$18,590</b>
Net income attributable to AHH and OP Unit Holders per diluted share and unit	\$0.13	\$0.09	\$0.31	\$0.20
Weighted Average Shares & Units - Diluted	74,543	66,362	71,256	64,050



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# FFO, Normalized FFO & AFFO<sup>(1)</sup>

\$ in thousands, except per share data

	Three months ended (Unaudited)				
	9/30/2019	6/30/2019	3/31/2019	12/31/2018	9/30/2018
<b>Funds From Operations</b>					
<b>Net income attributable to AHH and OP Unitholders</b>	<b>\$9,869</b>	<b>\$5,992</b>	<b>\$6,514</b>	<b>\$4,895</b>	<b>\$5,669</b>
Earnings per diluted share	\$0.13	\$0.08	\$0.10	\$0.07	\$0.09
Depreciation and amortization <sup>(2)</sup>	15,044	13,118	10,129	11,525	10,196
Gains on dispositions of operating real estate	(3,220) <sup>(3)</sup>	-	-	(833)	-
Impairment of real estate assets <sup>(4)</sup>	-	-	-	1,502	-
<b>FFO</b>	<b>21,693</b>	<b>\$19,110</b>	<b>\$16,643</b>	<b>\$17,089</b>	<b>\$15,865</b>
FFO per diluted share	\$0.29	\$0.27	\$0.25	\$0.26	\$0.24
<b>Normalized FFO</b>					
Acquisition, development & other pursuit costs	93	57	400	190	69
Loss on extinguishment of debt	-	-	-	-	11
Impairment of intangible assets and liabilities	-	-	-	16	3
Severance related costs	-	-	-	688	-
Amortization of right-of-use assets - finance leases	107	61	-	-	-
Change in fair value of interest rate derivatives	530	1,933	1,463	2,207	(298)
<b>Normalized FFO</b>	<b>\$22,423</b>	<b>\$21,161</b>	<b>\$18,506</b>	<b>\$20,190</b>	<b>\$15,650</b>
Normalized FFO per diluted share	\$0.30	\$0.30	\$0.27	\$0.30	\$0.24
<b>Adjusted FFO</b>					
Non-cash stock compensation	323	327	689	55	252
Acquisition, development & other pursuit costs	(93)	(57)	(400)	(190)	(69)
Tenant improvements, leasing commissions, lease incentives <sup>(5)</sup>	(2,057)	(841)	(809)	(2,447)	(899)
Property related capital expenditures	(1,565)	(1,983)	(1,494)	(2,961)	(884)
Adjustment for Annapolis Junction loan modification fee	(1,371)	(1,238)	(1,118)	4,489	-
Non-cash interest expense <sup>(6)</sup>	425	509	304	289	270
Cash ground rent payment - finance lease	(207)	(112)	-	-	-
GAAP Adjustments	(1,648)	(1,398)	(850)	(944)	(752)
<b>AFFO</b>	<b>\$16,230</b>	<b>\$16,368</b>	<b>\$14,828</b>	<b>\$18,481</b>	<b>\$13,568</b>
AFFO per diluted share	\$0.22	\$0.23	\$0.22	\$0.28	\$0.20
Weighted Average Common Shares Outstanding	53,463	52,451	50,926	49,726	49,194
Weighted Average Operating Partnership ("OP") Units Outstanding	21,080	18,781	16,993	17,110	17,168
Total Weighted Average Common Shares and OP Units Outstanding	74,543	71,232	67,919	66,836	66,362

(1) See definitions on pages 29-30.

(2) Adjusted for the depreciation attributable to noncontrolling interests in consolidated investments and unconsolidated entities.

(3) The adjustment for gain on operating real estate dispositions for the 3 months ended 9/30/2019 excludes the portion of the gain on Lightfoot Marketplace that was allocated to our joint venture partner and excludes the gain on sale of a non-operating land parcel.

(4) Impairment of Waynesboro Commons, which was disposed on 4/1/19.

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

(6) Includes non-cash interest expense relating to indebtedness and interest expense on finance leases.

# Outstanding Debt

\$ in thousands

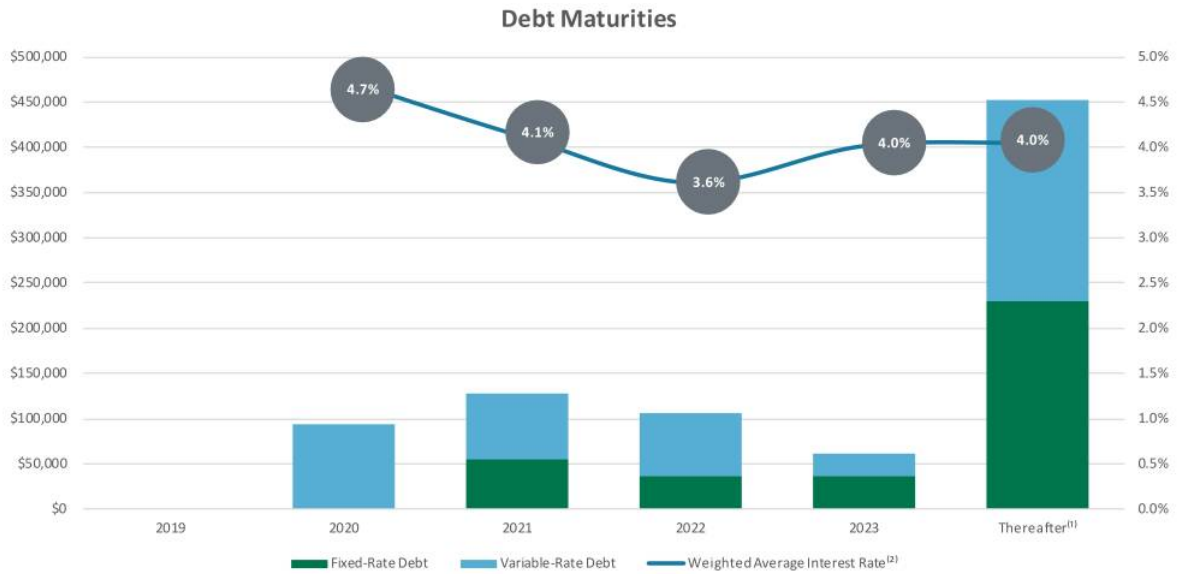
Debt Maturities & Principal Payments

Debt	Stated Rate	Effective Rate as of 9/30/2019	Maturity Date	2019	2020	2021	2022	2023	Thereafter	Outstanding as of 9/30/2019
<b>Secured Notes Payable - Core Debt</b>										
Greenside Apartments	L+2.95%	4.97%	Feb-2020	-	\$28,875					\$28,875
1405 Point	L+2.75%	4.77%	May-2020	-	64,902					64,902
Southgate Square	L+1.60%	3.62%	Apr-2021	220	880	19,682				20,782
Encore Apartments	3.25%	3.25%	Sep-2021	123	504	24,339				24,966
4525 Main Street	3.25%	3.25%	Sep-2021	158	647	31,229				32,034
Red Mill West	4.23%	4.23%	Jun-2022	108	445	465	10,387			11,405
Thames Street Wharf	L+1.30%	3.32%	Jun-2022	-	-	-	70,000			70,000
Hanbury Village	3.78%	3.78%	Aug-2022	128	521	544	17,450			18,643
Marketplace at Hilltop	4.42%	4.42%	Oct-2022	96	397	414	9,706			10,613
Socastee Commons	4.57%	4.57%	Jan-2023	27	109	115	120	4,223		4,594
Sandbridge Commons	L+1.75%	3.77%	Jan-2023	60	247	257	268	7,248		8,080
249 Central Park Retail	L+1.60%	3.85% <sup>(1)</sup>	Aug-2023	56	230	245	260	16,093		16,884
Fountain Plaza Retail	L+1.60%	3.85% <sup>(1)</sup>	Aug-2023	34	139	147	156	9,684		10,160
South Retail	L+1.60%	3.85% <sup>(1)</sup>	Aug-2023	25	101	107	114	7,065		7,412
One City Center	L+1.85%	3.87%	Apr-2024	127	574	628	659	691	22,734	25,413
Red Mill Central	4.80%	4.80%	Jun-2024	44	175	175	175	175	1,837	2,581
Premier Apartments <sup>(2)</sup>	L+1.55%	3.57%	Oct-2024	-	36	220	233	247	14,145	14,881
Red Mill South	3.57%	3.57%	May-2025	74	304	315	327	338	4,853	6,211
Brooks Crossing Office	L+1.60%	3.62%	Jul-2025	-	237	587	609	631	12,335	14,399
Market at Mill Creek	L+1.55%	3.57%	Jul-2025	86	351	365	379	392	13,816	15,389
Johns Hopkins Village	L+1.25%	4.19% <sup>(1)</sup>	Aug-2025	232	941	988	1,031	1,075	47,765	52,032
North Point Center Note 2	7.25%	7.25%	Sep-2025	31	130	140	151	162	1,642	2,256
Lexington Square	4.50%	4.50%	Sep-2028	62	256	268	280	293	13,599	14,758
Red Mill North	4.73%	4.73%	Dec-2028	24	100	105	110	116	3,954	4,409
Smith's Landing	4.05%	4.05%	Jun-2035	206	843	880	917	956	14,579	18,381
Liberty Apartments	5.66%	5.66%	Nov-2043	69	288	304	322	341	12,910	14,234
The Cosmopolitan	3.35%	3.35%	Jul-2051	194	792	819	847	876	40,368	43,896
<b>Total - Secured Core Debt</b>				<b>\$2,184</b>	<b>\$103,024</b>	<b>\$83,338</b>	<b>\$114,501</b>	<b>\$50,606</b>	<b>\$204,537</b>	<b>\$558,190</b>
<b>Secured Notes Payable - Development Pipeline</b>										
Hoffler Place	L+3.24%	5.26%	Jan-2021	-	-	\$26,597				\$26,597
Summit Place	L+3.24%	5.26%	Jan-2021	-	-	26,950				26,950
Wills Wharf	L+2.25%	4.27%	Jun-2023	-	-	-	-	17,714		17,714
Premier Retail <sup>(2)</sup>	L+1.55%	3.57%	Oct-2024	-	18	110	117	124	7,071	7,440
<b>Total - Development Pipeline</b>				<b>-</b>	<b>18</b>	<b>53,657</b>	<b>117</b>	<b>17,838</b>	<b>7,071</b>	<b>78,701</b>
<b>Total Secured Notes Payable</b>				<b>\$2,184</b>	<b>\$103,042</b>	<b>\$136,995</b>	<b>\$114,618</b>	<b>\$68,444</b>	<b>\$211,608</b>	<b>\$636,891</b>
<b>Unsecured Core Debt</b>										
Senior Unsecured Line of Credit <sup>(2)</sup>	L+1.30%-1.85%	3.62%	Jan-2024	-	-	-	-	-	\$110,000	\$110,000
Senior Unsecured Term Loan <sup>(2)</sup>	L+1.25%-1.80%	3.57%	Jan-2025	-	-	-	-	-	44,500	44,500
Senior Unsecured Term Loan <sup>(2)</sup>	L+1.25%-1.80%	3.55% - 4.57% <sup>(1)</sup>	Jan-2025	-	-	-	-	-	160,500	160,500
<b>Total - Unsecured Core Debt</b>				<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>315,000</b>	<b>315,000</b>
<b>Total Notes Payable excluding GAAP Adjustments</b>				<b>\$2,184</b>	<b>\$103,042</b>	<b>\$136,995</b>	<b>\$114,618</b>	<b>\$68,444</b>	<b>\$526,608</b>	<b>\$951,891</b>
GAAP Adjustments										(8,520)
<b>Total Notes Payable</b>										<b>\$943,371</b>

- (1) Includes debt subject to interest rate swap locks.  
(2) Reflects refinancing closed subsequent to quarter end.

# Debt Information

\$ in thousands



Total Debt Composition <sup>(1)(3)</sup>			
	% of Debt	Weighted Average	
		Interest Rate	Maturity
<b>Secured vs. Unsecured Debt</b>			
Unsecured Debt	33.1%	4.1%	4.9 Yrs
Secured Debt	66.9%	4.1%	5.9 Yrs
<b>Variable vs. Fixed-rate Debt</b>			
Variable-rate Debt <sup>(4)</sup>	52.1%	4.0%	3.1 Yrs
Fixed-rate Debt <sup>(2)</sup>	47.9%	4.2%	8.3 Yrs
Fixed-rate and Hedged Debt <sup>(2)</sup>	84.7%		
<b>Total</b>		4.1%	5.6 Yrs

Interest Rate Cap Agreements			
Effective Date	Maturity Date	Strike Rate	Notional Amount
September 2017	October 2019	1.50%	\$50,000
November 2017	December 2019	1.50%	50,000
March 2018	April 2020	2.25%	50,000
July 2018	August 2020	2.50%	50,000
December 2018	January 2021	2.75%	50,000
May 2019	June 2022	2.50%	100,000
<b>Total Interest Rate Caps</b>			<b>\$350,000</b>
Fixed-rate Debt <sup>(2)(3)</sup>			450,000
Fixed-rate and Hedged Debt			\$800,000
<b>% of Total Debt<sup>(3)</sup></b>			<b>20.0%</b>

- (1) Includes refinancing of the credit facility and Premier, which occurred subsequent to quarter end.
- (2) Includes debt subject to interest rate swap locks.
- (3) Excludes GAAP adjustments.
- (4) Excludes debt subject to interest rate swap locks.



# Core Debt to Core EBITDA<sup>(1)</sup>

\$ in thousands

	Three months ended				
	9/30/2019	6/30/2019	3/31/2019	12/31/2018	9/30/2018
<b>Net income available to be allocated to AHH and OP Unitholders</b>	\$9,869	\$5,992	\$6,514	\$4,895	
Excluding:					
Change in fair value of interest rate derivatives	530	1,933	1,463	2,207	
Depreciation and amortization <sup>(2)</sup>	15,044	13,118	10,129	11,525	
Amortization of right-of-use assets - finance leases	107	61	-	-	
(Gain) Loss on operating real estate dispositions	(3,220) <sup>(3)</sup>	-	-	(833)	
Impairment of real estate assets	-	-	-	1,502	
Income tax provision (benefit)	(199)	(30)	(110)	523	
Interest expense <sup>(2)</sup>	8,624	7,460	6,042	5,692	
Interest expense - finance leases	228	112	-	-	
Cash ground rent payment - finance leases	(207)	(112)	-	-	
Loss on extinguishment of debt	-	-	-	-	
Non-cash stock compensation	323	327	689	55	
<b>Adjusted EBITDA</b>	<b>\$31,099</b>	<b>\$28,861</b>	<b>\$24,727</b>	<b>\$25,566<sup>(4)</sup></b>	
Other adjustments:					
Development pipeline <sup>(2)</sup>	(546)	(1,182)	(1,362)	(1,129)	
(Less) Net Acquisitions/Dispositions Completed Intra-Quarter	(226)	(1,978)	-	-	
<b>Core EBITDA</b>	<b>\$30,327</b>	<b>\$25,702</b>	<b>\$23,365</b>	<b>\$24,437</b>	
<b>Total Debt<sup>(5)</sup></b>	<b>\$951,891</b>	<b>\$956,068</b>	<b>\$744,123</b>	<b>\$719,179</b>	
Adjustments to debt:					
(Less) Development pipeline	(78,701)	(117,440)	(138,501)	(100,268)	
(Less) Net Acquisitions/Dispositions Completed Intra-Quarter	-	(170,476)	-	-	
(Less) Cash & restricted cash	(47,606)	(25,961)	(18,959)	(24,051)	
<b>Core Debt</b>	<b>\$825,584</b>	<b>\$642,191</b>	<b>\$586,663</b>	<b>\$594,860</b>	
<b>Core Debt/Annualized Core EBITDA</b>	<b>6.8x</b>	<b>6.2x</b>	<b>6.3x</b>	<b>6.6x</b>	

(1) See definitions on pages 30.

(2) Adjusted for the depreciation and interest expense attributable to noncontrolling interests in consolidated investments and unconsolidated entities.

(3) The adjustment for gain on operating real estate dispositions excludes the portion of the gain on Lightfoot Marketplace that was allocated to our joint venture partner and excludes the gain on sale of a non-operating land parcel.

(4) 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.

(5) Excludes GAAP Adjustments.

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# Capitalization & Financial Ratios

\$ in thousands  
As of September 30, 2019

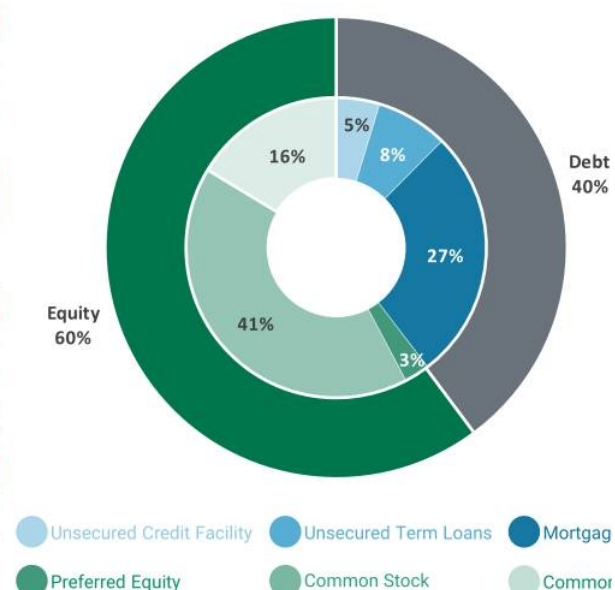
Debt	% of Total	Principal Balance
Unsecured credit facility	12%	\$110,000
Unsecured term loans	22%	205,000
Mortgages payable	66%	636,891
<b>Total debt</b>		<b>\$951,891</b>

Preferred Equity	Shares	Liquidation Value Per Share	Total Liquidation Value
6.75% Series A Cumulative Redeemable Perpetual Preferred Stock (NYSE: AHHPrA)	2,530	\$25.00	\$63,250

Common Equity	% of Total	Shares/Units	Stock Price	Market Value
Common stock (NYSE: AHH)	72%	54,875	\$18.09	\$992,689
Common units	28%	21,167	\$18.09	382,911
Equity market capitalization		76,042		\$1,375,600
<b>Total capitalization</b>				<b>\$2,390,741</b>

Financial Ratios	
Debt Service Coverage Ratio <sup>(1)</sup>	2.9x
Fixed Charge Coverage Ratio <sup>(2)</sup>	2.7x
Net Debt to Adjusted EBITDA	7.7x
Core Debt to Core EBITDA	6.8x
Core Debt + Preferred Equity to Core EBITDA	7.3x
Debt/Market capitalization	40%

Liquidity	
Cash on hand	\$47,606
Availability under credit facility	39,694
Availability under construction loan	76,815
	<b>\$164,115</b>



Unencumbered Properties	
% of Total Properties	59
% of Annualized Base Rent	40

(1) Reflects quarterly Adjusted EBITDA divided by total quarterly interest expense and required principal repayment.  
(2) Reflects quarterly Adjusted EBITDA divided by total quarterly interest expense, required principal repayment and preferred equity dividends.

# Property Portfolio

As of September 30, 2019

Net Rentable Square Feet (RSF)<sup>(1)</sup>

Property	Anchor Tenant(s)	Location	Town Center	Unencumbered ABR	Year Built	Core Properties	Development/Redevelopment Properties	Total	Core Occupancy <sup>(2)</sup>	Development/Redevelopment Leased <sup>(2)</sup>	ABR <sup>(3)</sup>
<b>Retail Properties</b>											
249 Central Park Retail <sup>(4)</sup>	Cheesecake Factory, Brooks Brothers, Gordon Biersch	Virginia Beach, VA	✓	-	2004	92,710	-	92,710	82.9%	-	\$2,325,959
Alexander Pointe	Harris Teeter	Salisbury, NC		100%	1997	57,710	-	57,710	95.1%	-	637,508
Bermuda Crossroads <sup>(6)</sup>	Food Lion, OfficeMax	Chester, VA		100%	2001	122,566	-	122,566	98.4%	-	1,749,622
Broad Creek Shopping Center <sup>(6)(9)</sup>	Food Lion, PetSmart	Norfolk, VA		100%	1997/2001	121,504	-	121,504	95.5%	-	2,060,879
Broadmoor Plaza	Kroger	South Bend, IN		100%	1980	115,059	-	115,059	97.5%	-	1,382,468
Brooks Crossing Retail	Various Small Shops	Newport News, VA		100%	2016	-	18,349	18,349	-	66.3%	169,380
Columbus Village <sup>(6)</sup>	Barnes & Noble, Shake Shack	Virginia Beach, VA	✓	100%	1980/2013	-	62,362	62,362	-	84.3%	1,556,163
Columbus Village II	Regal Cinemas, BB&B	Virginia Beach, VA	✓	100%	1995/1996	92,061	-	92,061	96.7%	-	1,595,334
Commerce Street Retail <sup>(5)</sup>	Yard House	Virginia Beach, VA	✓	100%	2008	19,173	-	19,173	100.0%	-	869,292
Courthouse 7-Eleven	7-Eleven	Virginia Beach, VA		100%	2011	3,177	-	3,177	100.0%	-	139,311
Dick's at Town Center	Dick's Sporting Goods, USI	Virginia Beach, VA	✓	100%	2002	103,335	-	103,335	100.0%	-	1,261,503
Dimmock Square	Best Buy, Old Navy	Colonial Heights, VA		100%	1998	106,166	-	106,166	97.2%	-	1,777,355
Fountain Plaza Retail	Ruth's Chris, Ann Taylor	Virginia Beach, VA	✓	-	2004	35,961	-	35,961	100.0%	-	1,032,770
Gainsborough Square	Food Lion	Chesapeake, VA		100%	1999	88,862	-	88,862	95.6%	-	1,311,772
Greentree Shopping Center	Various Small Shops	Chesapeake, VA		100%	2014	15,719	-	15,719	92.6%	-	293,359
Hanbury Village <sup>(6)</sup>	Harris Teeter, Walgreens	Chesapeake, VA		32%	2006/2009	116,635	-	116,635	98.6%	-	2,510,448
Harper Hill Commons <sup>(6)</sup>	Harris Teeter	Winston-Salem, NC		100%	2004	96,914	-	96,914	86.9%	-	960,490
Harrisonburg Regal	Regal Cinemas	Harrisonburg, VA		100%	1999	49,000	-	49,000	100.0%	-	717,850
Indian Lakes Crossing <sup>(6)</sup>	Harris Teeter	Virginia Beach, VA		100%	2008	64,973	-	64,973	95.0%	-	843,073
Lexington Square	Lowes Foods	Lexington, SC		-	2017	85,540	-	85,540	98.2%	-	1,813,558
Market at Mill Creek	Lowes Foods	Mt. Pleasant, SC		-	2018	73,391	-	73,391	93.2%	-	1,637,522
Marketplace at Hilltop <sup>(6)(9)</sup>	Total Wine, Panera	Virginia Beach, VA		-	2000/2001	117,753	-	117,753	100.0%	-	2,680,607
North Hampton Market	PetSmart, Hobby Lobby	Taylors, SC		100%	2004	114,935	-	114,935	100.0%	-	1,478,935
North Point Center <sup>(6)</sup>	Harris Teeter, Home Depot, Costco	Durham, NC		88%	1998/2009	494,746	-	494,746	100.0%	-	3,842,617
Oakland Marketplace <sup>(6)</sup>	Kroger	Oakland, TN		100%	2004	64,538	-	64,538	100.0%	-	478,857
Parkway Centre	Publix	Moultrie, GA		100%	2017	61,200	-	61,200	98.0%	-	812,760
Parkway Marketplace	Rite Aid	Virginia Beach, VA		100%	1998	37,804	-	37,804	94.4%	-	724,457
Patterson Place	BB&B, PetSmart, DSW, AC Moore	Durham, NC		100%	2004	160,942	-	160,942	94.3%	-	2,411,632
Perry Hall Marketplace	Safeway	Perry Hall, MD		100%	2001	74,256	-	74,256	100.0%	-	1,270,853
Premier Retail	Williams Sonoma, Pottery Barn	Virginia Beach, VA	✓	-	2018	-	38,798	38,798	-	75.4%	957,730
Providence Plaza	Cranfill, Sumner & Hartzog, Chipotle	Charlotte, NC		100%	2007/2008	103,118	-	103,118	98.8%	-	2,784,362
Red Mill Commons <sup>(6)</sup>	HomeGoods, Walgreens	Virginia Beach, VA		8%	2000-2005	373,808	-	373,808	98.0%	-	6,524,072
Renaissance Square	Harris Teeter	Davidson, NC		100%	2008	80,467	-	80,467	90.4%	-	1,265,360
Sandbridge Commons <sup>(6)</sup>	Harris Teeter	Virginia Beach, VA		-	2015	77,993	-	77,993	98.5%	-	1,055,748
Socastee Commons	Bi-Lo	Myrtle Beach, SC		-	2000/2014	57,273	-	57,273	96.7%	-	632,797
Southgate Square	Burlington, PetSmart, Michaels	Colonial Heights, VA		-	1991/2016	260,131	-	260,131	93.5%	-	3,333,235
South Retail	lululemon, free people, CPK	Virginia Beach, VA	✓	-	2002	38,515	-	38,515	100.0%	-	977,399
South Square <sup>(6)</sup>	Ross, Petco, Office Depot	Durham, NC		100%	1977/2005	109,590	-	109,590	95.3%	-	1,802,015
Southshore Shops	Buffalo Wild Wings	Chesterfield, VA		100%	2006	40,333	-	40,333	88.8%	-	739,420
Stone House Square <sup>(6)</sup>	Weis Markets	Hagerstown, MD		100%	2008	112,274	-	112,274	93.1%	-	1,769,631
Studio 56 Retail	McCormick & Schmick's	Virginia Beach, VA	✓	100%	2007	11,594	-	11,594	100.0%	-	473,695
Tyre Neck Harris Teeter <sup>(6)(9)</sup>	Harris Teeter	Portsmouth, VA		100%	2011	48,859	-	48,859	100.0%	-	533,285
Wendover Village	BB&B, T.J. Maxx, Petco	Greensboro, NC		100%	2004	176,939	-	176,939	99.3%	-	3,474,570
<b>Total / Weighted Avg Retail Portfolio</b>				<b>63%</b>		<b>4,077,524</b>	<b>119,509</b>	<b>4,197,033</b>	<b>96.8%</b>		<b>\$66,669,653</b>



# Property Portfolio Cont.

As of September 30, 2019

Net Rentable Square Feet (RSF)<sup>(1)</sup>

Office Properties	Anchor Tenant	Location	Town Center	Unencumbered ABR	Year Built	Core Properties	Development Properties	Total	Core Occupancy <sup>(2)</sup>	Development Leased <sup>(2)</sup>	ABR <sup>(3)</sup>	ABR
4525 Main Street	Clark Nexsen, Anthropologie, Mythics	Virginia Beach, VA	✓	-	2014	234,938	-	234,938	98.1%	-	\$6,720,307	
Armada Hoffer Tower <sup>(4)(5)</sup>	AHH, Troutman Sanders, Williams Mullen	Virginia Beach, VA	✓	100%	2002	324,473	-	324,473	95.8%	-	9,022,972	
Brooks Crossing Office	Huntington Ingalls Industries	Newport News, VA	-	-	2019	98,061	-	98,061	100.0%	-	1,814,129	
One Columbus <sup>(5)</sup>	BB&T, HBA	Virginia Beach, VA	✓	100%	1984	128,876	-	128,876	96.6%	-	3,125,306	
One City Center	Duke University, WeWork	Durham, NC	-	-	2019	152,815	-	152,815	85.2%	-	4,142,424	
Thames Street Wharf <sup>(4)</sup>	Morgan Stanley, JHU Medical	Baltimore, MD	-	-	2010	263,426	-	263,426	100.0%	-	7,128,202	
Two Columbus	Hazen and Sawyer	Virginia Beach, VA	✓	100%	2009	108,459	-	108,459	100.0%	-	2,895,893	
<b>Total / Weighted Average Office Portfolio</b>				<b>43%</b>		<b>1,311,048</b>		<b>1,311,048</b>	<b>96.6%</b>		<b>\$34,849,233</b>	

Units

Multifamily	Location	Town Center	Unencumbered ABR	Year Built	Core Properties	Development/ Redevelopment Properties	Total	Core Occupancy <sup>(2)</sup>	Development/ Redevelopment Occupancy <sup>(2)</sup>	ABR <sup>(7)</sup>	Mont Occ
1405 Point <sup>(8)(9)</sup>	Baltimore, MD	-	-	2018	289	-	289	88.6%	-	\$6,593,549	
Encore Apartments	Virginia Beach, VA	✓	-	2014	286	-	286	98.3%	-	4,476,648	
Greenside Apartments	Charlotte, NC	-	-	2018	225	-	225	93.8%	-	4,016,460	
Hoffer Place <sup>(10)</sup>	Charleston, SC	-	-	2019	-	74	74	-	86.8%	3,496,472	
Johns Hopkins Village <sup>(8)(9)(10)</sup>	Baltimore, MD	-	-	2016	157	-	157	99.5%	-	7,750,968	
Liberty Apartments <sup>(8)</sup>	Newport News, VA	-	-	2013	197	-	197	95.3%	-	2,426,808	
Premier Apartments	Virginia Beach, VA	✓	-	2018	131	-	131	96.9%	-	2,183,844	
Smith's Landing <sup>(9)</sup>	Blacksburg, VA	-	-	2009	284	-	284	100.0%	-	4,247,978	
The Cosmopolitan <sup>(8)</sup>	Virginia Beach, VA	✓	-	2006	-	342	342	-	88.4%	5,037,396	
<b>Total / Weighted Avg Multifamily Portfolio</b>						<b>1,569</b>	<b>416</b>	<b>1,985</b>	<b>95.8%</b>	<b>\$40,230,123</b>	

Properties with Tenants 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 Crossing	1	50,311	592,385
Marketplace at Hilltop	2	5,011	179,843
North Point Center	4	280,556	1,146,700
Oakland Marketplace	1	45,000	186,347
Red Mill Commons	8	33,961	773,609
Sandbridge Commons	3	61,864	738,500
South Square	1	1,778	60,000
Stone House Square	1	3,650	181,500
Tyre Neck Harris Teeter	1	48,859	533,285
<b>Total / Weighted Avg</b>	<b>34</b>	<b>666,324</b>	<b>\$6,867,640</b>

(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 September 30, 2019, 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 September 30, 2019, divided by (b) total units available, as of such date 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 September 30, 2019 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 September 30, 2019. 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 September 30, 2019, the Company occupied 50,583 square feet at these three properties at an ABR of \$1.6M, or \$31.13 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.

(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 to the right.

(7) For the properties in our multifamily portfolio, ABR is calculated by multiplying (a) base rental payment per month ended September 30, 2019 by (b) 12.

(8) The ABR for Liberty, Cosmopolitan, Johns Hopkins Village, Hoffer Place and 1405 Point excludes approximately \$0.3M, \$0.9M, \$1.1M, \$0.1M and \$0.3M, respectively, from ground floor retail leases.

(9) The Company leases all or a portion of the land underlying this property pursuant to a ground lease.

(10) Monthly rent per occupied unit is calculated by dividing total base rental payments for the month ended September 30, 2019 by the number of occupied beds.

(11) Occupancy calculation excludes 50 units that are offline for redevelopment.

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# Development and Redevelopment Pipeline

\$ in thousands

Schedule <sup>(1)</sup>											
Projects	Property Type	Estimated <sup>(4)</sup>	% Leased or LOI	Construction Start	Initial Occupancy	Stabilized Operation <sup>(2)</sup>	Estimated Cost <sup>(1)</sup>	Loan Commitment	Cost to Date	AHH Ownership %	Anchor Tenants
<b>Under Development</b>											
Southern Post Roswell, GA	Mixed-use	138 units / 137,000 sf	-	TBD	TBD	TBD	\$95,000	TBD	\$2,000	80% <sup>(3)</sup>	TBD
Summit Place (Meeting Street) Charleston, SC	Multifamily	127 units	-	3Q17	3Q20	4Q20	58,000	34,750	49,000	90%	NA
Wills Wharf Baltimore, MD	Office	325,000 sf	68%	3Q18	1Q20	1Q21	120,000	76,000	71,000	100%	WeWork, Canopy t
Total Projects Under Development							273,000	110,750	122,000		
<b>Delivered Not Stabilized</b>											
Brooks Crossing - Retail Newport News, VA	Retail	18,000 sf	66%	3Q15	3Q16	4Q19	3,000	-	3,000	65% <sup>(3)</sup>	Misc. small shops
Hoffler Place (King Street) Charleston, SC	Multifamily	74 units	87%	3Q17	3Q19	4Q19	48,000	31,750	47,000	93%	NA
Premier Retail (Town Center Phase VI) Virginia Beach, VA	Retail	39,000 sf	75%	4Q16	3Q18	4Q20	15,000	8,334	14,000	100%	Williams-Sonoma,
Total Projects Delivered Not Stabilized							66,000	40,084	64,000		
Total							\$339,000	\$150,834	\$186,000		

Redevelopment	Property Type	% Leased	Out of Service	Construction Start	Anticipated Completion	Restabilized Operation <sup>(2)</sup>	Estimated Cost <sup>(1)</sup>	Cost to Date	Projected ROI <sup>(1)</sup>	Scope
The Cosmopolitan Virginia Beach, VA	Multifamily	88% <sup>(4)</sup>	50 units	1Q18	4Q20	1Q21	\$14,100	\$4,700	9%	Renovate all 342 units including upgrad new cabinetry and flooring, energy effic appliances, and LED lighting; modernize clubhouse, business center, and leasing
Columbus Village I Virginia Beach, VA	Retail	85%	28,250 sf	2Q19	4Q20	1Q20	8,900	7,300	7%	Reposition 62,000 SF center to better inc within Town Center and add Virginia Be small shop frontage along with Shake S and new Barnes & Noble prototype.
Total Projects Under Redevelopment							\$23,000	\$12,000	8%	



	Q3 2019	YTD
Capitalized Interest	\$1,512	\$4,523
Capitalized Overhead	\$780	\$2,285

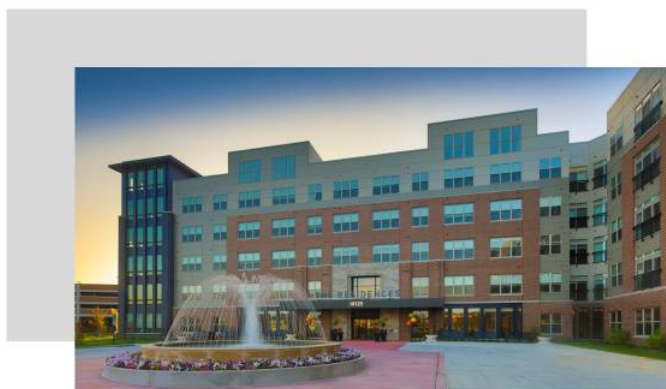
- (1) Represents estimates that may change as the development and redevelopment process proceeds.
- (2) First fully-stabilized quarter. See same store definition on page 31.
- (3) AHH earns a preferred return on equity prior to any distributions to JV Partn
- (4) Excludes units out of service due to redevelopment.

# Mezzanine Investments

\$ in thousands

Schedule<sup>(1)</sup>

	Property Type	Estimated <sup>(1)</sup>	% Leased or LOI	Initial Occupancy	Loan Maturity	Interest Rate	Principal Mezzanine Financing	Mezzanine Interest QTD	Mezzanine Interest YTD	Option Purchase
<b>Investments with Discounted Purchase Options</b>										
Nexton Square-Phase I Summerville, SC	Retail	118,000 sf	95%	3Q19	4Q20	15%	\$15,000	\$550	\$1,583	\$42
<b>Short Term Investments</b>										
The Residences at Annapolis Junction Annapolis Junction, MD	Multifamily	416 units	91%	3Q17	4Q19	10%	38,000	969	2,809	
\$5M Annapolis Junction Loan Modification Fee							-	1,371	3,727	
North Decatur Square (Whole Foods) Decatur, GA- Loan was paid off on 7/22/19	Retail	86,000 sf	100%	4Q18	3Q19	15%	20,000	178	1,509	
Delray Plaza (Whole Foods) Delray Beach, FL	Retail	83,000 sf	100%	3Q19	4Q20	15%	12,000	429	1,153	
Solis Apartments at Interlock Atlanta, GA	Multifamily	349 units	NA	4Q20	3Q22	13%	20,000	595	1,567	
The Interlock Atlanta, GA	Mixed-use	300,000 sf	81%	4Q20	3Q22	15%	47,000	1,595	3,425	
<b>Total<sup>(2)</sup></b>							<b>\$152,000</b>	<b>\$5,687</b>	<b>\$15,773</b>	
Mezzanine Interest Expense								(1,185)	(3,950)	
Net Mezzanine Interest Income								<b>\$4,502</b>	<b>\$11,823</b>	



(1) Represents estimates that may change as the development process proceeds.  
 (2) Excludes GAAP adjustments.



# Acquisitions & Dispositions

\$ in thousands

## ACQUISITIONS

Properties	Location	Square Feet	Purchase Price <sup>(1)</sup>	Reinvested 1031 Proceeds	\$ Value of OP Units/Stock <sup>(2)</sup>	Cash Cap Rate	Purchase Date	Anchor Tenants
Thames Street Wharf	Baltimore, MD	263,426	\$101,000	\$ -	\$ -	7.1%	2Q19	Morgan Stanley, JHU Medical
Red Mill Commons & Marketplace at Hilltop	Virginia Beach, VA	488,865	105,000	-	63,755	7.7%	2Q19	T.J. Maxx, Homegoods, Total W Walgreens
Wendover Village III	Greensboro, NC	5,286	2,783	2,424	-	9.2%	1Q19	Verizon
Lexington Square <sup>(3)</sup>	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, Burlingto
Retail Portfolio (11 properties)	Mid-Atlantic	1,082,681	170,500	87,000	-	7.2%	1Q16	Harris Teeter, Bed Bath & Beyo
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
<b>Total/Weighted Average</b>		<b>3,042,449</b>	<b>\$652,313</b>	<b>\$130,124</b>	<b>\$142,005</b>	<b>7.2%</b>		

## DISPOSITIONS

Properties	Location	Square Feet/Units	Sale Price	Cash Proceeds	Gain on Sale	Cash Cap Rate	Disposition Date	Anchor Tenants
Lightfoot Marketplace	Williamsburg, VA	124,715	\$30,275	\$11,800	\$4,477 <sup>(5)</sup>	5.8%	3Q19	Harris Teeter
Indian Lakes Wawa	Virginia Beach, VA	6,047	4,400	4,400	-	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 <sup>(4)</sup>	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
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
<b>Total/Weighted Average</b>		<b>899,282 sf/ 203 units</b>	<b>\$239,750</b>	<b>\$168,400</b>	<b>\$63,112</b>	<b>7.0%</b>		

- (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.
- (5) Includes JV interest in the property.

# Construction Business Summary

\$ in thousands

Highlighted Projects	Location	Total Contract Value	Work in Place as of 9/30/2019	Backlog	Estimated of Comple
Interlock Commercial	Atlanta, GA	\$87,921	\$33,370	\$54,551	3Q 20:
Solis Apartments at Interlock	Atlanta, GA	63,208	8,025	55,183	1Q 20:
Boulders Lakeside Apartments	Chesterfield, VA	35,282	2,392	32,890	1Q 20:
Sub Total		186,411	43,787	142,624	
All Other Projects		390,089	359,621	30,468	
<b>Total</b>		<b>\$576,500</b>	<b>\$403,408</b>	<b>\$173,092</b>	

## Gross Profit Summary

	Q3 2019	Trailing 12 Months <sup>(1)</sup>
	(Unaudited)	
Revenue	\$27,638	\$82,239
Expense	(26,446)	(75,009)
Gross Profit	\$1,192	\$7,230



(1) Includes gain on non-operating real estate of \$3.4M for the three months ended 12/31/18.



# Same Store NOI by Segment

\$ in thousands

(Reconciliation to GAAP located in appendix on pg. 35)

	Three months ended				Nine months ended			
	9/30/2019	9/30/2018	\$ Change	% Change	9/30/2019	9/30/2018	\$ Change	% Change
<b>Office<sup>(1)</sup></b>	(Unaudited)				(Unaudited)			
Revenue	\$5,394	\$5,149	\$245	4.8%	\$16,148	\$15,537	\$611	3.9%
Expenses <sup>(2)</sup>	2,077	1,972	105	5.3%	5,798	5,670	128	2.3%
Net Operating Income	3,317	3,177	140	4.4%	10,350	9,867	483	4.9%
<b>Retail<sup>(1)</sup></b>								
Revenue	15,006	14,529	477	3.3%	43,282	42,263	1,019	2.4%
Expenses <sup>(2)</sup>	3,401	3,407	(6)	-0.2%	9,865	9,698	167	1.7%
Net Operating Income	11,605	11,122	483	4.3%	33,417	32,565	852	2.6%
<b>Multifamily<sup>(1)</sup></b>								
Revenue	5,474	4,876	598	12.3%	16,299	14,754	1,545	10.5%
Expenses <sup>(2)</sup>	2,323	2,167	156	7.2%	6,452	6,204	248	4.0%
Net Operating Income	3,151	2,709	442	16.3%	9,847	8,550	1,297	15.2%
<b>Same Store Net Operating Income (NOI)</b>	<b>\$18,073</b>	<b>\$17,008</b>	<b>\$1,065</b>	<b>6.3%</b>	<b>\$53,614</b>	<b>\$50,982</b>	<b>\$2,632</b>	<b>5.2%</b>
GAAP Adjustments	(377)	(373)	(4)		(1,508)	(1,373)	(135)	
<b>Same store portfolio NOI, cash basis</b>	<b>\$17,696</b>	<b>\$16,635</b>	<b>\$1,061</b>	<b>6.4%</b>	<b>\$52,106</b>	<b>\$49,609</b>	<b>\$2,497</b>	<b>5.0%</b>
<b>NOI, Cash Basis:</b>								
Office	\$3,159	\$2,724	\$435	16.0%	\$9,486	\$8,810	\$676	7.7%
Retail	11,429	11,021	408	3.7%	33,014	32,202	812	2.5%
Multifamily	3,108	2,890	218	7.5%	9,606	8,597	1,009	11.7%
	<b>\$17,696</b>	<b>\$16,635</b>	<b>\$1,061</b>	<b>6.4%</b>	<b>\$52,106</b>	<b>\$49,609</b>	<b>\$2,497</b>	<b>5.0%</b>
<b>NOI:</b>								
Office	3,317	3,177	\$140	4.4%	\$10,350	\$9,867	\$483	4.9%
Retail	11,605	11,122	483	4.3%	33,417	32,565	852	2.6%
Multifamily	3,151	2,709	442	16.3%	9,847	8,550	1,297	15.2%
	<b>\$18,073</b>	<b>\$17,008</b>	<b>\$1,065</b>	<b>6.3%</b>	<b>\$53,614</b>	<b>\$50,982</b>	<b>\$2,632</b>	<b>5.2%</b>

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

(2) Excludes expenses associated with the Company's in house asset management division of \$634K and \$494K for the 3 months ended 9/30/2019 & 9/30/2018, respectively, and \$1.8M and \$1.5M for the 9 months ended 9/30/2019 & 9/30/2018, respectively.

# Top 10 Tenants by ABR<sup>(1)</sup>

\$ in thousands

As of September 30, 2019

## Office Portfolio

Tenant	Number of Leases	Lease Expiration	Annualized Base Rent	% of Office Portfolio Annualized Base Rent	% of Total Portfolio Annualized Base Rent
Morgan Stanley	2	2023 ; 2027	\$ 5,761	16.5%	4.1%
Clark Nexsen	1	2029	2,639	7.6%	1.9%
WeWork	1	2034	2,204	6.3%	1.6%
Duke University	1	2029	1,540	4.4%	1.1%
Huntington Ingalls	1	2029	1,513	4.3%	1.1%
Mythics	1	2030	1,187	3.4%	0.8%
Johns Hopkins Medicine	1	2023	1,118	3.2%	0.8%
Hampton University	2	2019 ; 2024	1,085	3.1%	0.8%
Pender & Coward	1	2030	904	2.6%	0.6%
Kimley-Horn	1	2027	894	2.6%	0.6%
<b>Top 10 Total</b>			<b>\$ 18,845</b>	<b>54.0%</b>	<b>13.4%</b>

## 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	10	2020 - 2035	\$ 5,645	8.5%	4.0%
Lowes Foods	2	2037 ; 2039	1,976	3.0%	1.4%
Regal Cinemas	2	2022 ; 2024	1,713	2.6%	1.2%
Bed, Bath, & Beyond	4	2022 - 2025	1,677	2.5%	1.2%
PetSmart	5	2020 - 2025	1,438	2.2%	1.0%
Food Lion	3	2022 - 2024	1,291	1.9%	0.9%
Petco	4	2022 - 2030	877	1.3%	0.6%
Dick's Sporting Goods <sup>(2)</sup>	1	2020	840	1.3%	0.6%
Weis Markets	1	2028	802	1.2%	0.6%
Ross Dress for Less	2	2022 ; 2025	762	1.1%	0.5%
<b>Top 10 Total</b>			<b>\$ 17,021</b>	<b>25.6%</b>	<b>12.0%</b>

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

(2) Dick's Sporting Goods notified the Company it will not renew its lease beyond January 31, 2020.

# 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
Q3 2019	1	1,120	4	26,201	\$38.50	\$37.00	4.1%	\$38.50	\$37.00	4.1%	2.00	\$1,725	\$1.5
Q2 2019	1	30,009	1	5,253	20.37	21.71	-6.1%	19.00	23.77	-20.1%	5.00	114,589	3.8
Q1 2019	1	11,995	3	15,865	24.92	21.30	17.0%	23.76	23.18	2.5%	5.00	164,879	13.7
Q4 2018	3	5,490	2	1,915	26.13	24.97	4.6%	26.50	26.27	0.9%	3.86	165,800	30.2

## New Lease Summary<sup>(1)</sup>

Quarter	Number of Leases Signed	Net Rentable SF Signed	Cash Contractual Rent per SF	Weighted Average Lease Term	TI & LC	TI & LC per SF
Q3 2019	7	21,345	\$24.73	5.30	\$716,641	\$33.57
Q2 2019	4	22,712	27.11	8.60	1,122,865	49.44
Q1 2019	4	15,889	25.07	4.88	498,213	31.36
Q4 2018	1	1,242	24.00	5.21	13,585	10.94

(1) Excludes leases from properties in development.



# Office Lease Expirations

As of September 30, 2019

Year	Number of Leases Expiring	Square Footage of Leases Expiring <sup>(1)</sup>	% Portfolio Net Rentable Square Feet	Annualized Base Rent <sup>(1)</sup>	% of Portfolio Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available	-	44,859	3.4%	\$ -	-	\$ -
M-T-M	2	-	-	2,400	-	-
2019	4	26,368	2.0%	843,453	2.4%	31.99
2020	11	29,014	2.2%	865,089	2.5%	29.82
2021	12	61,576	4.7%	1,738,218	5.0%	28.23
2022	11	77,259	5.9%	2,197,357	6.3%	28.44
2023	13	115,580	8.8%	3,128,967	9.0%	27.07
2024	11	136,575	10.4%	3,420,643	9.8%	25.05
2025	9	79,931	6.1%	2,223,357	6.4%	27.82
2026	7	34,500	2.6%	877,469	2.5%	25.43
2027	4	244,864	18.7%	6,921,178	19.9%	28.27
2028	6	63,319	4.8%	1,753,256	5.0%	27.69
2029	8	244,498	18.6%	6,187,929	17.8%	25.31
Thereafter	6	152,705	11.8%	4,689,916	13.4%	30.71
<b>Total / Weighted Average</b>	<b>104</b>	<b>1,311,048</b>	<b>100.0%</b>	<b>\$34,849,232</b>	<b>100.0%</b>	<b>\$ 27.52</b>



Square Feet Under Lease	% of Portfolio ABR
2,500 or less	3%
2,501-10,000	14%
10,001-20,000	17%
20,001-40,000	21%
40,001-100,000	29%
Greater than 100,000	16%
<b>Office Portfolio Total</b>	<b>100%</b>

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



# Retail Lease Summary

## 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			
Q3 2019	28	201,931	8	14,338	\$16.44	\$15.47	6.3%	\$16.32	\$15.72	3.9%	5.14	\$568,379	\$
Q2 2019	19	193,546	12	36,364	13.37	12.64	5.7%	13.37	12.84	4.1%	4.87	137,547	
Q1 2019	24	128,088	11	30,729	16.08	15.25	5.5%	15.96	15.43	3.4%	5.36	123,414	
Q4 2018	23	169,261	13	67,429	15.91	15.14	5.0%	15.78	15.36	2.8%	3.98	175,816	

## New Lease Summary<sup>(1)</sup>

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 2019	5	14,720	\$20.60	9.60	\$733,422	\$49.82
Q2 2019	7	31,696	27.36	9.41	1,857,154	58.59
Q1 2019	3	4,001	16.10	4.89	22,127	5.53
Q4 2018	7	60,363	15.09	10.83	2,710,665	44.91



(1) Excludes leases from properties in development and redevelopment.

# Retail Lease Expirations

As of September 30, 2019

Year	Number of Leases Expiring	Square Footage of Leases Expiring <sup>(1)</sup>	% Portfolio Net Rentable Square Feet	Annualized Base Rent <sup>(1)</sup>	% of Portfolio Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available	-	156,883	3.7%	\$ -	-	\$ -
M-T-M	3	5,300	0.1%	120,191	0.2%	22.68
2019	15	36,069	0.9%	814,697	1.2%	22.59
2020	70	437,232	10.4%	6,090,660	9.1%	13.93
2021	87	341,263	8.1%	6,636,755	10.0%	19.45
2022	91	522,320	12.4%	8,832,991	13.2%	16.91
2023	87	505,606	12.0%	8,319,940	12.5%	16.46
2024	83	523,166	12.5%	8,421,569	12.6%	16.10
2025	46	476,884	11.4%	6,360,447	9.5%	13.34
2026	28	172,729	4.1%	3,348,245	5.0%	19.38
2027	20	130,740	3.1%	2,796,397	4.2%	21.39
2028	25	254,999	6.1%	3,574,086	5.4%	14.02
2029	22	106,653	2.5%	2,112,930	3.2%	19.81
Thereafter	31	527,189	12.6%	9,240,746	13.9%	17.53
<b>Total / Weighted Average</b>	<b>608</b>	<b>4,197,033</b>	<b>100.0%</b>	<b>\$66,669,654</b>	<b>100.0%</b>	<b>\$16.50</b>



Square Feet Under Lease	% of Portfolio ABR
2,500 or less	15%
2,501-10,000	33%
10,001-20,000	15%
20,001-40,000	14%
40,001-100,000	22%
Greater than 100,000	1%
<b>Retail Portfolio Total</b>	<b>100%</b>

(1) Includes leases from properties in development.

# Appendix

Definitions & Reconciliations

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# 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.

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## 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 depreciation and amortization related to real estate, gains or losses from the sale of certain real estate assets, gains and losses from change in control, and impairment write-downs of certain real estate assets and investments in entities when the impairment is directly attributable to decreases in the value of depreciable real estate held by the entity.

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.

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## 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, amortization of right-of-use assets attributable to finance leases, 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.

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# Definitions

## **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, cash ground rent payments for finance leases, 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.

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## **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, impairment of real estate assets, debt extinguishment losses, non-cash stock compensation and mark-to-market adjustments on interest rate derivatives, and including cash ground rent payments for finance leases. 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.

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## **CORE EBITDA:**

We calculate Core EBITDA as EBITDA, excluding certain items, including, but not limited to, 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.

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## **CORE DEBT:**

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

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# Definitions

## **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.

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# Same Store vs. Non-Same Store Properties

	Three Months Ended 9/30/2019 to 2018		Nine Months Ended 9/30/2019 to 2018	
	Same Store	Non-Same Store	Same Store	Non-Same Store
<b>Retail Properties</b>				
249 Central Park Retail	X		X	
Alexander Pointe	X		X	
Bermuda Crossroads	X		X	
Broad Creek Shopping Center		X		X
Broadmoor Plaza	X		X	
Brooks Crossing (Retail)		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	
Indian Lakes Crossing	X			X
Lexington Square		X		X
Market at Mill Creek		X		X
Marketplace at Hilltop		X		X
North Hampton Market	X		X	
North Point Center	X		X	
Oakland Marketplace	X		X	
Parkway Centre	X			X
Parkway Marketplace	X		X	
Patterson Place	X		X	
Perry Hall Marketplace	X		X	
Premier Retail		X		X
Providence Plaza	X		X	

	Three Months Ended 9/30/2019 to 2018		Nine Months Ended 9/30/2019 to 2018	
	Same Store	Non-Same Store	Same Store	Non-Same Store
<b>Retail Properties (Continued)</b>				
Red Mill Commons		X		
Renaissance Square	X			X
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
Wendover Village	X			X
Wendover Village II	X			X
Wendover Village III		X		
<b>Office Properties</b>				
4525 Main Street	X			X
Armada Hoffer Tower	X			X
Brooks Crossing (Office)		X		
One City Center		X		
One Columbus	X			X
Thames Street Wharf		X		
Two Columbus	X			X
<b>Multifamily Properties</b>				
1405 Point		X		
Encore Apartments	X			X
Greenside Apartments		X		
Hoffer Place		X		
Johns Hopkins Village	X			X
Liberty Apartments	X			X
Premier Apartments		X		
Smith's Landing	X			X
The Cosmopolitan		X		

# Reconciliation to Property Portfolio NOI

\$ in thousands

	Three months ended 9/30		Nine months ended 9/30	
	2019	2018	2019	2018
<u>Office Same Store<sup>(1)</sup></u>				
Rental revenues	\$5,394	\$5,149	\$16,148	\$15,537
Property expenses	2,077	1,972	5,798	5,670
NOI	3,317	3,177	10,350	9,867
Non-Same Store NOI <sup>(2)</sup>	3,072	(94)	4,454	(284)
Segment NOI	\$6,389	\$3,083	\$14,804	\$9,583
<u>Retail Same Store<sup>(1)</sup></u>				
Rental revenues	\$15,006	\$14,529	\$43,282	\$42,263
Property expenses	3,401	3,407	9,865	9,698
NOI	11,605	11,122	33,417	32,565
Non-Same Store NOI <sup>(2)</sup>	3,840	1,346	9,350	4,671
Segment NOI	\$15,445	\$12,468	\$42,767	\$37,236
<u>Multifamily Same Store<sup>(1)</sup></u>				
Rental revenues	\$5,474	\$4,876	\$16,299	\$14,754
Property expenses	2,323	2,167	6,452	6,204
NOI	3,151	2,709	9,847	8,550
Non-Same Store NOI <sup>(2)</sup>	3,131	727	6,715	2,421
Segment NOI	\$6,282	\$3,436	\$16,562	\$10,971
<b>Total Property Portfolio NOI</b>	<b>\$28,116</b>	<b>\$18,987</b>	<b>\$74,133</b>	<b>\$57,790</b>

(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

\$ in thousands

Three months ended 9/30/2019

	Office	Retail	Multifamily	Total
<u>Diversified Portfolio</u>				
NOI - Cash Basis	\$2,783	\$12,897	\$3,921	\$19,601
GAAP Adjustments	488	578	145	1,211
Elimination of intercompany rent	(116)	-	-	(116)
NOI	\$3,155	\$13,475	\$4,066	\$20,696
<u>Town Center of Virginia Beach</u>				
NOI - Cash Basis	\$3,324	\$2,020	\$1,862	\$7,206
GAAP Adjustments	159	(129)	(5)	25
Elimination of intercompany rent	(246)	(104)	-	(350)
NOI	\$3,237	\$1,787	\$1,857	\$6,881
<u>NOI</u>				
Diversified Portfolio	\$3,155	\$13,475	\$4,066	\$20,696
Town Center of Virginia Beach	3,237	1,787	1,857	6,881
Unstabilized Properties	(3)	183	359	539
<b>Total Property Portfolio NOI</b>	<b>\$6,389</b>	<b>\$15,445</b>	<b>\$6,282</b>	<b>\$28,116</b>





