



2019 Guidance Presentation



**ARMADA
HOFFLER**

of Success



4525 Main St



Armada Hoffer Tower



One City Center

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

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

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

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

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



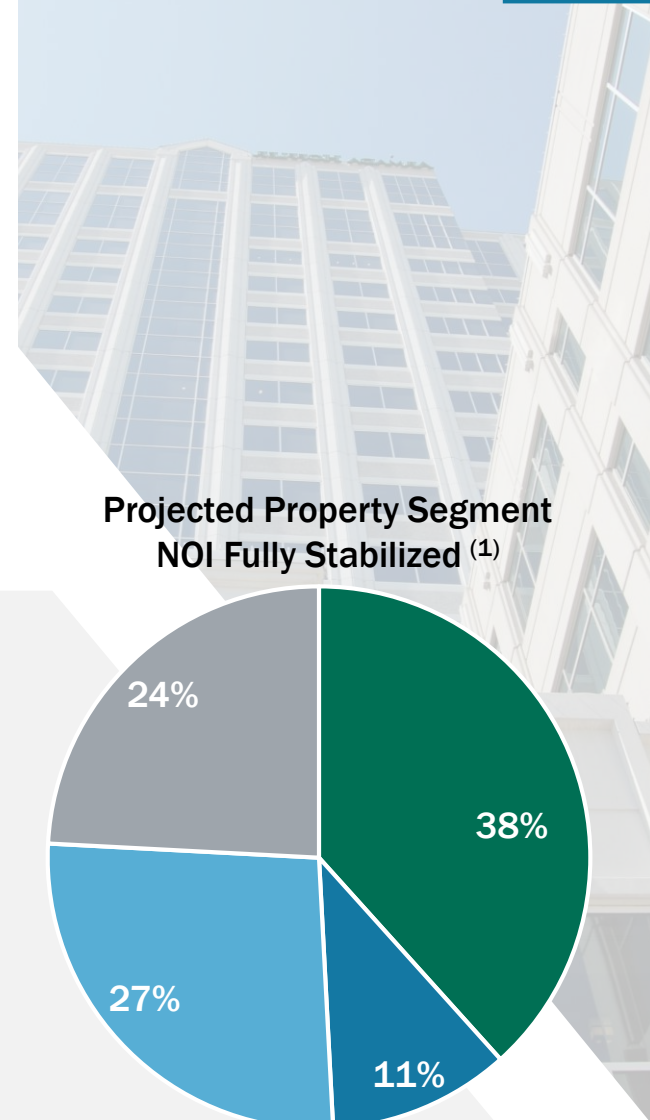
GUIDANCE ASSUMPTIONS

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

EVOLVING PORTFOLIO GAAP NOI COMPOSITION

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

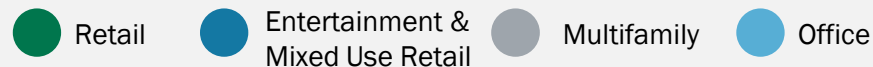
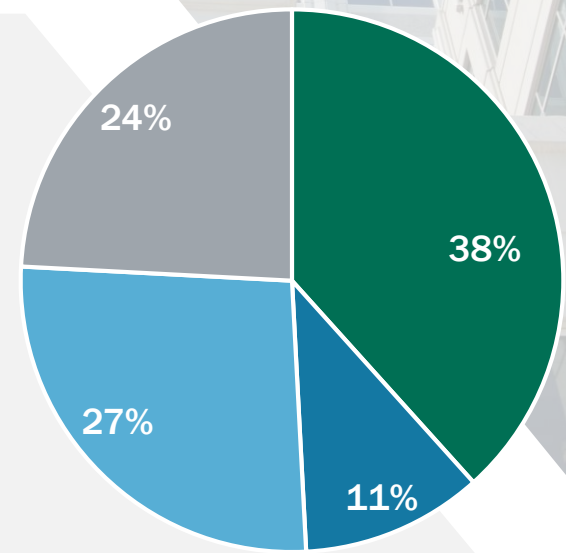
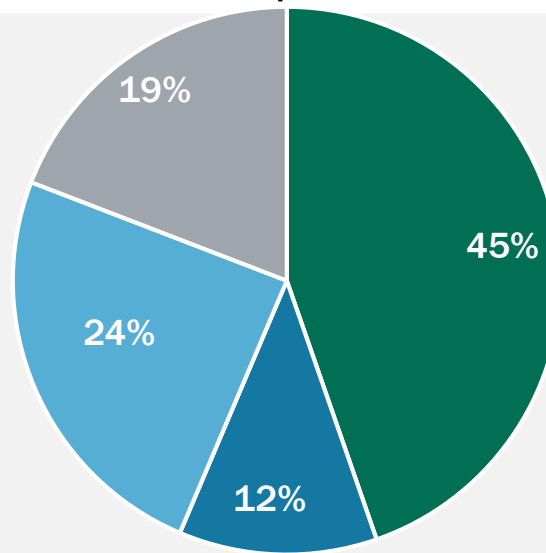
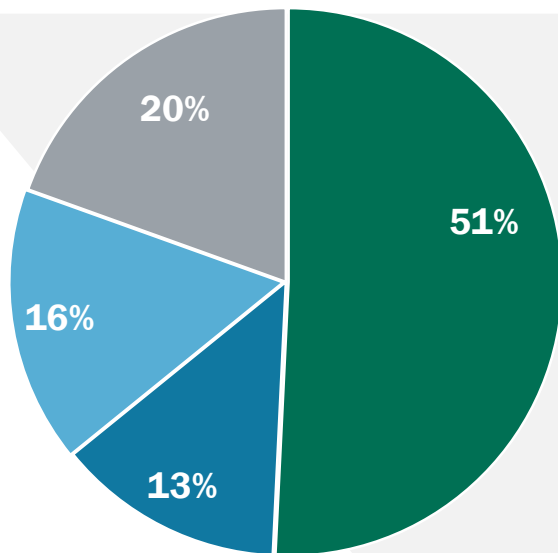
Fully stabilized portfolio expected to bring over 50% of NOI growth



2018

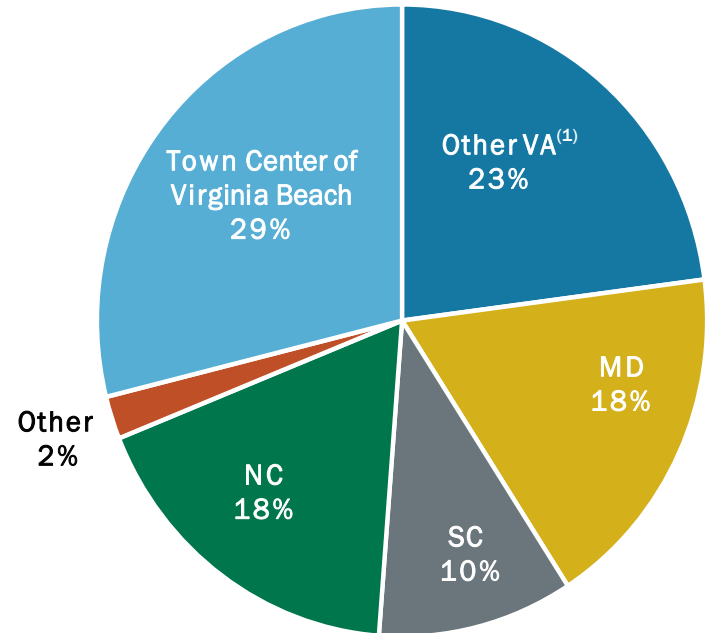
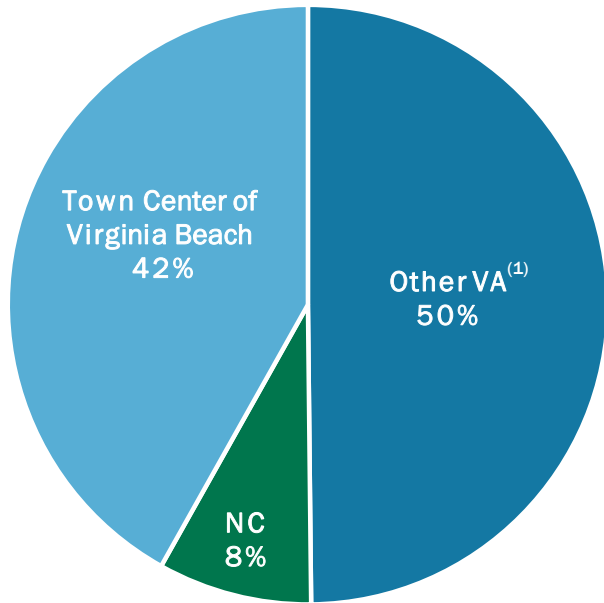
2019 Guidance Midpoint

Projected Property Segment NOI Fully Stabilized ⁽¹⁾



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

NOI CONTRIBUTION BY LOCATION



24 properties
2013

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

(1) Excludes properties in Town Center of Virginia Beach

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

PROJECTS UNDER DEVELOPMENT

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

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

MEZZANINE INVESTMENT PROGRAM

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

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

(2) Excludes mezzanine interest expense

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

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

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



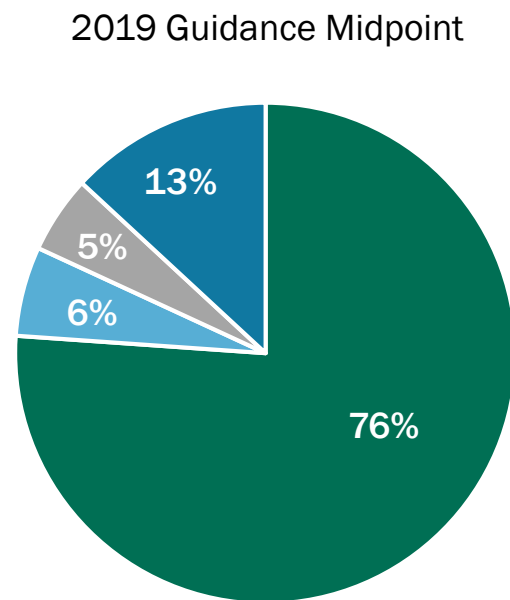
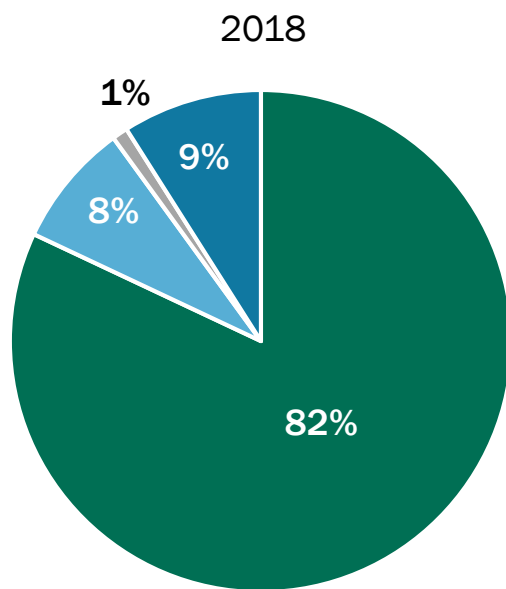
Interlock Commercial

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

NORMALIZED FFO COMPONENTS

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

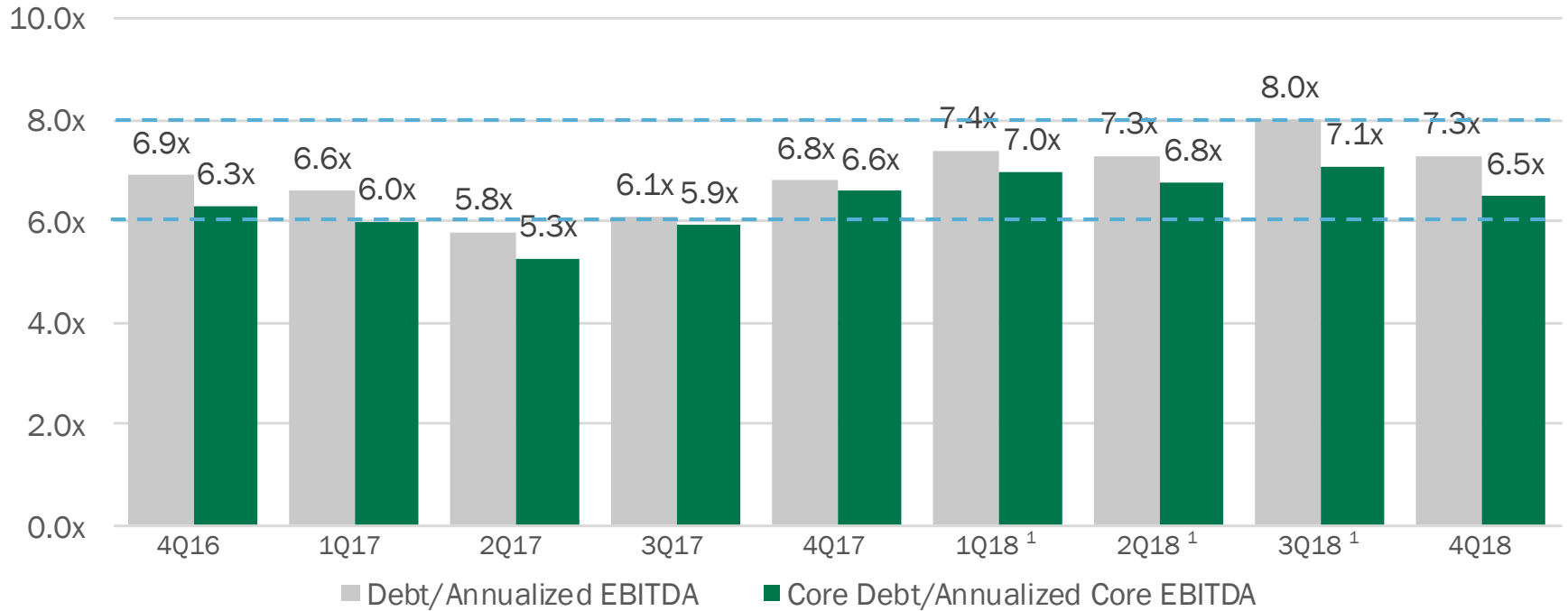
CONTRIBUTION TO NFFO/SHARE BY COMPONENT



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

BALANCE SHEET TARGETS

\$ in millions



2019 Capital Sources

Timing

\$

Sale of grocery-anchored shopping center

4Q

~\$25M

Expected Mezzanine Loan Payoffs

2Q & 4Q

~\$60M

At The Market Program

Full Year

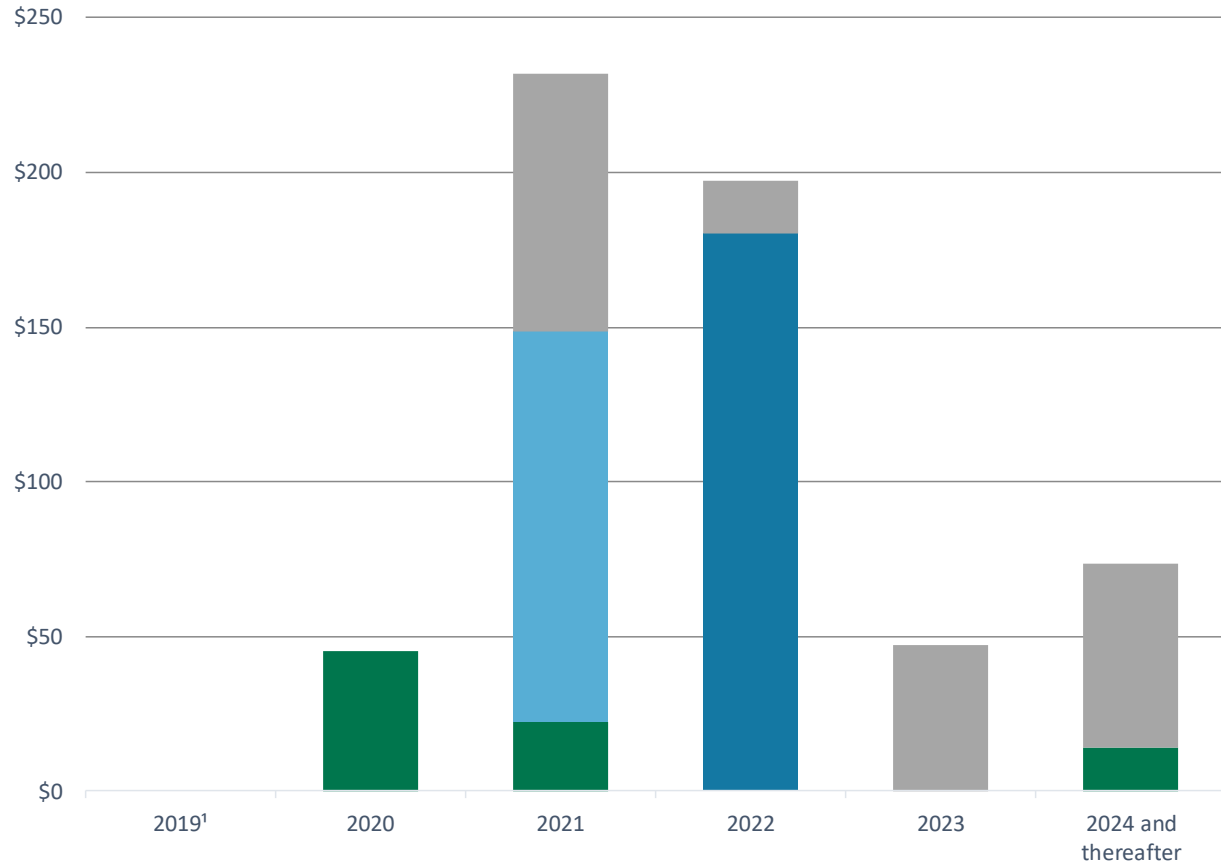
~\$50M

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

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

DEBT MATURITIES

\$ in millions



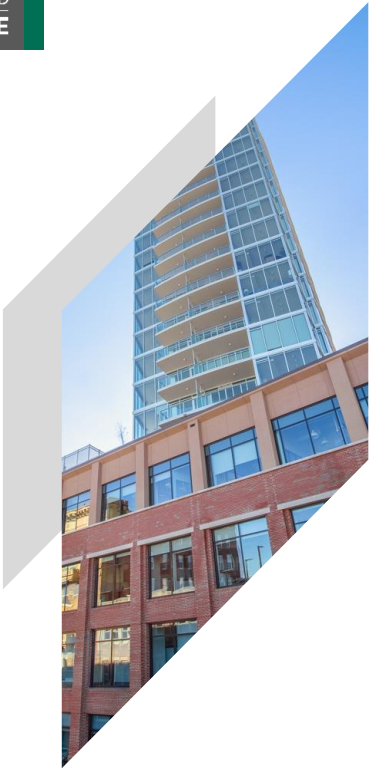
- CONSTRUCTION
- UNSECURED LINE OF CREDIT
- UNSECURED TERM LOAN
- SECURED

Weighted Average Maturity ~6.5 Years



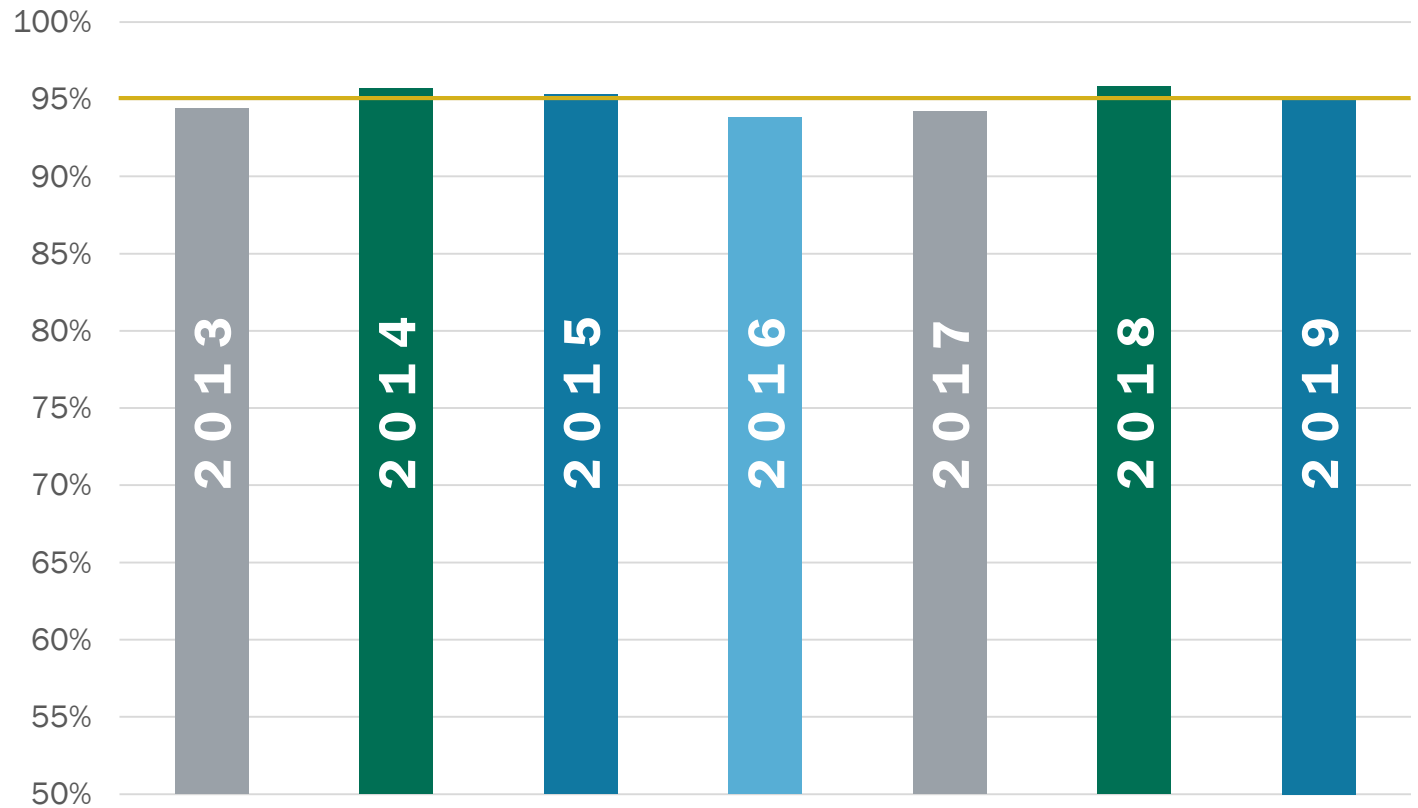
Solis Interlock

(1) North Point I loan paid off January 2019



One City Center

CORE OPERATING PORTFOLIO OCCUPANCY⁽¹⁾



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

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

	LOW	HIGH
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