

**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 30, 2018**

ARMADA HOFFLER PROPERTIES, INC.

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction
of incorporation)

001-35908

(Commission File Number)

46-1214914

(IRS Employer
Identification No.)

222 Central Park Avenue, Suite 2100

Virginia Beach, Virginia

(Address of principal executive offices)

23462

(Zip Code)

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

Not Applicable

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

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

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

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 x

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. x

Item 2.02. Results of Operations and Financial Condition.

On October 30, 2018, Armada Hoffler Properties, Inc. (the "Company") issued a press release announcing its financial position as of September 30, 2018, results of operations for the three months ended September 30, 2018 and other related information. Also on October 30, 2018, the Company made available on its website at www.ArmadaHoffler.com certain supplemental information concerning the Company's financial results and operations for the three months ended September 30, 2018. Copies of such press release and supplemental information are furnished as Exhibits 99.1 and 99.2, respectively, to this Current Report on Form 8-K and are incorporated herein by reference.

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

Item 7.01. Regulation FD Disclosure.

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

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press Release, dated October 30, 2018, issued by Armada Hoffler Properties, Inc., providing its financial position as of September 30, 2018 and results of operations for the three months ended September 30, 2018.
99.2	Armada Hoffler Properties, Inc. Third Quarter 2018 Supplemental Information.

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 30, 2018

/s/ MICHAEL P. O'HARA

Michael P. O'Hara

Chief Financial Officer and Treasurer

EXHIBIT INDEX

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99.2	Armada Hoffer Properties, Inc. Third Quarter 2018 Supplemental Information.



PRESS RELEASE

ARMADA HOFFLER PROPERTIES REPORTS THIRD QUARTER 2018 RESULTS

Net Income of \$0.09 Per Diluted Share

Normalized FFO of \$0.24 Per Diluted Share

Company Updated 2018 Full-Year Normalized FFO Guidance

VIRGINIA BEACH, VA, October 30, 2018 – Armada Hoffler Properties, Inc. (NYSE:AHH) today announced its results for the quarter ended September 30, 2018 and provided an update on current events.

Highlights include:

- Net income of \$5.7 million, or \$0.09 per diluted share, for the quarter ended September 30, 2018 compared to net income of \$10.5 million, or \$0.17 per diluted share, for the quarter ended September 30, 2017.
- Normalized Funds From Operations (“FFO”) of \$15.7 million, or \$0.24 per diluted share, for the quarter ended September 30, 2018 compared to Normalized FFO of \$15.5 million, or \$0.25 per diluted share, for the quarter ended September 30, 2017.
- FFO of \$15.9 million, or \$0.24 per diluted share, for the quarter ended September 30, 2018 compared to FFO of \$15.5 million, or \$0.25 per diluted share, for the quarter ended September 30, 2017.
- The Company updated 2018 full-year Normalized FFO guidance to \$1.00 to \$1.03 per diluted share.
- Same Store Net Operating Income (“NOI”) for the quarter ended September 30, 2018 increased 2.8% on a GAAP basis and 0.8% on a cash basis compared to the quarter ended September 30, 2017.
- Core operating property portfolio occupancy increased to 96.1% as of September 30, 2018 compared to 94.8% as of June 30, 2018.
- Retail releasing spreads during the third quarter were positive 7.8% on a GAAP basis and positive 6.2% on a cash basis. There were no office lease renewals executed during the third quarter.
- In October 2018, the Company reached an agreement to sell its at-cost purchase option to the developer of The Residences at Annapolis Junction for \$5.0 million. The Company also agreed to extend the maturity of its mezzanine loan and allow the developer to refinance the project in order to realize the full potential value upon expected stabilization in 2019. The Company expects the developer to close on these transactions in the fourth quarter of 2018, at which time the Company anticipates repayment of approximately \$12.0 million on its mezzanine loan in addition to the \$5.0 million of option sale proceeds.
- In October 2018, the Company announced its investment in Nexton Square, a new \$45.0 million lifestyle center in the greater Charleston, South Carolina MSA. The Company will provide mezzanine financing and construction management/development services for the project. The Company will also have a below market option to purchase the project upon completion.
- During the quarter ended September 30, 2018, the Company completed the acquisition of Lexington Square, a new 85,000 square foot Lowes Foods anchored retail center near Columbia, South Carolina for \$26.8 million of total consideration, a portion of which will be paid in Operating Partnership units.

- During the quarter ended September 30, 2018, the Company raised approximately \$10.6 million of gross proceeds through its at-the-market equity offering program at an average price of \$15.66 per share.

"We are pleased to report another quarter of solid financial results," said Louis Haddad, President and CEO. "Same Store NOI increased across all segments, core portfolio occupancy grew to over 96%, and retail releasing spreads grew by a significant margin. In addition to the robust growth in our portfolio, our non-traditional sources of income — third-party construction profits, mezzanine interest income, and build-to-suit asset sales — continue to expand."

Financial Results

Net income for the third quarter decreased to \$5.7 million compared to \$10.5 million for the third quarter of 2017. The period-over-period change was primarily due to the \$4.7 million gain on sale of real estate during the third quarter of 2017. Additionally, general contracting gross profit decreased by \$0.8 million due to lower volume in this segment. These decreases were partially offset by a period-over-period increase in property net operating income due to 2018 property acquisitions and certain development projects coming online.

Normalized FFO for the third quarter increased to \$15.7 million compared to \$15.5 million for the third quarter of 2017. FFO for the third quarter increased to \$15.9 million compared to \$15.5 million for the third quarter of 2017. 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 lower construction segment gross profits due to lower volume in this segment.

Operating Performance

At the end of the third quarter, the Company's office, retail and multifamily core operating property portfolios were 94%, 97% and 97% occupied, respectively.

Total construction contract backlog was \$25.2 million at the end of the third quarter.

Balance Sheet and Financing Activity

As of September 30, 2018, the Company had \$660.6 million of total debt outstanding, including \$102.0 million outstanding under its revolving credit facility. Total debt outstanding excludes unamortized GAAP fair value adjustments and deferred financing costs. Approximately 51.3% of the Company's debt had fixed interest rates or were subject to interest rate swaps as of September 30, 2018. After considering LIBOR interest rate caps with strike prices at or below 250 basis points as of September 30, 2018, 97% of the Company's debt was fixed or hedged.

The Company addressed the five loans originally scheduled to mature during 2018. Both of the Columbus Village loans were paid off, and the Sandbridge Commons loan was extended for five years. On July 27, 2018, the Johns Hopkins Village loan was refinanced with a new loan that matures on August 7, 2025. Additionally, on October 12, 2018, the Lightfoot Marketplace loan was refinanced with a new loan that matures on October 12, 2023.

Outlook

The Company updated its 2018 full-year guidance and expects 2018 Normalized FFO in the range of \$1.00 to \$1.03 per diluted share. The following table outlines the Company's updated assumptions along with Normalized FFO per diluted share estimates for the full-year 2018.

Full-year 2018 Guidance	Expected Ranges	
Total NOI	\$78.7M	\$79.2M
Construction company annual segment gross profit ^[1]	\$5.9M	\$6.4M
General and administrative expenses	\$10.8M	\$11.0M
Interest income	\$10.1M	\$10.5M
Interest expense ^[2]	\$19.0M	\$19.2M
Normalized FFO per diluted share ^[3]	\$1.00	\$1.03

^[1] Includes a gain of \$2.9 million to \$3.3 million from the sale of the build-to-suit distribution center during the fourth quarter.

^[2] Interest expense is calculated based on the Forward LIBOR Curve, which forecasts rates rising to 2.46% by year end.

^[3] Normalized FFO excludes certain items, including debt extinguishment losses, acquisition, development and other pursuit costs, mark-to-market adjustments for interest rate derivatives and other non-comparable items. See “Non-GAAP Financial Measures.” In addition, the calculation of Normalized FFO per diluted share assumes 64.8 million weighted average shares and units outstanding. 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.

Webcast and Conference Call

The Company will host a webcast and conference call on Tuesday, October 30, 2018 at 8:30 a.m. Eastern Time to review financial results and discuss recent events. The live webcast will be available through the Investors page of the Company’s website, www.ArmadaHoffler.com. 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 Friday, November 30, 2018 by dialing 844-512-2921 (domestic) or 412-317-6671 (international) and entering the pass code 13683364.

About Armada Hoffler Properties, Inc.

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

Forward-Looking Statements

Certain matters within this press release are discussed using forward-looking language as specified in the Private Securities Litigation Reform Act of 1995, and, as such, may involve known and unknown risks, uncertainties and other factors that may cause the actual results or performance to differ from those projected in the forward-looking statement. These forward-looking statements may include comments relating to the current and future performance of the Company’s operating property portfolio, the Company’s development pipeline, the Company’s construction and development business, including backlog and timing of deliveries, financing activities, as well as acquisitions, dispositions and the Company’s financial outlook and expectations. For a description of factors that may cause the Company’s actual results or performance to differ from its forward-looking statements, please review the information under the heading “Risk Factors” included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017, and the other documents filed by the Company with the Securities and Exchange Commission 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 gains (or losses) from sales of depreciable operating property, real estate related depreciation and amortization (excluding amortization of deferred financing costs) and after adjustments for unconsolidated partnerships and joint ventures.

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

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

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

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

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

	September 30, 2018	December 31, 2017
	(Unaudited)	
<u>ASSETS</u>		
Real estate investments:		
Income producing property	\$ 1,023,658	\$ 910,686
Held for development	2,979	680
Construction in progress	139,450	83,071
Accumulated depreciation	(185,831)	(164,521)
Net real estate investments	980,256	829,916
Cash and cash equivalents	17,732	19,959
Restricted cash	2,916	2,957
Accounts receivable, net	18,224	15,691
Notes receivable	100,486	83,058
Construction receivables, including retentions	21,959	23,933
Construction contract costs and estimated earnings in excess of billings	727	245
Equity method investments	16,811	11,411
Other assets	58,747	55,953
Total Assets	\$ 1,217,858	\$ 1,043,123
<u>LIABILITIES AND EQUITY</u>		
Indebtedness, net	\$ 653,750	\$ 517,272
Accounts payable and accrued liabilities	15,752	15,180
Construction payables, including retentions	45,541	47,445
Billings in excess of construction contract costs and estimated earnings	1,767	3,591
Other liabilities	40,912	39,352
Total Liabilities	757,722	622,840
Total Equity	460,136	420,283
Total Liabilities and Equity	\$ 1,217,858	\$ 1,043,123

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(Unaudited)			
Revenues				
Rental revenues	\$ 28,930	\$ 27,096	\$ 86,227	\$ 81,083
General contracting and real estate services revenues	19,950	41,201	63,654	161,391
Total revenues	48,880	68,297	149,881	242,474
Expenses				
Rental expenses	7,103	6,830	20,049	19,069
Real estate taxes	2,840	2,693	8,388	7,797
General contracting and real estate services expenses	18,973	39,377	61,474	154,588
Depreciation and amortization	10,196	9,239	28,653	28,018
General and administrative expenses	2,367	2,098	8,092	7,762
Acquisition, development and other pursuit costs	69	61	162	477
Impairment charges	3	19	101	50
Total expenses	41,551	60,317	126,919	217,761
Operating income	7,329	7,980	22,962	24,713
Interest income	2,545	1,910	7,152	4,966
Interest expense	(4,677)	(4,253)	(13,547)	(13,282)
Loss on extinguishment of debt	(11)	—	(11)	—
Gain on real estate dispositions	—	4,692	—	8,087
Change in fair value of interest rate derivatives	298	87	1,256	300
Other income	65	74	233	154
Income before taxes	5,549	10,490	18,045	24,938
Income tax benefit (provision)	120	(29)	552	(781)
Net income	5,669	10,461	18,597	24,157
Net income attributable to noncontrolling interests	(1,467)	(2,973)	(5,036)	(7,262)
Net income attributable to stockholders	\$ 4,202	\$ 7,488	\$ 13,561	\$ 16,895
Net income per diluted share and unit	\$ 0.09	\$ 0.17	\$ 0.29	\$ 0.41
Weighted average shares and units outstanding	66,362	62,779	64,052	59,423

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,	
	2018	2017	2018	2017
	(Unaudited)			
Net income	\$ 5,669	\$ 10,461	\$ 18,597	\$ 24,157
Depreciation and amortization	10,196	9,239	28,653	28,018
Gain on operating real estate dispositions	—	(4,200)	—	(7,595)
Funds From Operations (FFO)	\$ 15,865	\$ 15,500	\$ 47,250	\$ 44,580
Acquisition, development and other pursuit costs	69	61	162	477
Impairment charges	3	19	101	50
Loss on extinguishment of debt	11	—	11	—
Change in fair value of interest rate derivatives	(298)	(87)	(1,256)	(300)
Normalized FFO	\$ 15,650	\$ 15,493	\$ 46,268	\$ 44,807
Net income per diluted share and unit	\$ 0.09	\$ 0.17	\$ 0.29	\$ 0.41
FFO per diluted share and unit	\$ 0.24	\$ 0.25	\$ 0.74	\$ 0.75
Normalized FFO per diluted share and unit	\$ 0.24	\$ 0.25	\$ 0.72	\$ 0.75
Weighted average common shares and units - diluted	66,362	62,779	64,052	59,423

The adjustment for gain on operating real estate dispositions excludes the gain recognized in the three months ended September 30, 2017 on the land outparcel at Sandbridge Commons because this was a non-operating parcel.

Contact:

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



ARMADA HOFFLER PROPERTIES



3Q18 | SUPPLEMENTAL FINANCIAL PACKAGE

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Forward Looking Statements

This Supplemental Financial Package should be read in conjunction with the unaudited condensed consolidated financial statements appearing in our press release dated October 30, 2018, which has been furnished as Exhibit 99.1 to our Form 8-K filed on October 30, 2018. The Company makes statements in this Supplemental financial package that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). In particular, statements pertaining to our capital resources, portfolio performance, development pipeline and results of operations contain forward-looking statements. Likewise, all of our statements regarding anticipated growth in our funds from operations, normalized funds from operations, adjusted funds from operations, and net operating income are forward-looking statements. You can identify forward-looking statements by the use of forward-looking terminology such as “believes,” “expects,” “may,” “will,” “should,” “seeks,” “intends,” “plans,” “estimates” or “anticipates” or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

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

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



Board of Directors

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

Corporate Officers

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

Investor Relations

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Highlights

- Net income of \$5.7 million, or \$0.09 per diluted share, for the quarter ended September 30, 2018 compared to net income of \$10.5 million, or \$0.17 per diluted share, for the quarter ended September 30, 2017.
 - Normalized Funds From Operations ("FFO") of \$15.7 million, or \$0.24 per diluted share, for the quarter ended September 30, 2018 compared to Normalized FFO of \$15.5 million, or \$0.25 per diluted share, for the quarter ended September 30, 2017.
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 - The Company updated 2018 full-year Normalized FFO guidance to \$1.00 to \$1.03 per diluted share.
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 - Core operating property portfolio occupancy increased to 96.1% as of September 30, 2018 compared to 94.8% as of June 30, 2018.
 - Retail releasing spreads during the third quarter were positive 7.8% on a GAAP basis and positive 6.2% on a cash basis. There were no office lease renewals executed during the third quarter.
 - In October 2018, the Company reached an agreement to sell its at-cost purchase option to the developer of The Residences at Annapolis Junction for \$5.0 million. The Company also agreed to extend the maturity of its mezzanine loan and allow the developer to refinance the project in order to realize the full potential value upon expected stabilization in 2019. The Company expects the developer to close on these transactions in the fourth quarter of 2018, at which time the Company anticipates repayment of approximately \$12.0 million on its mezzanine loan in addition to the \$5.0 million of option sale proceeds.
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 - During the quarter ended September 30, 2018, the Company completed the acquisition of Lexington Square, a new 85,000 square foot Lowes Foods anchored retail center near Columbia, South Carolina for \$26.8 million of total consideration, a portion of which will be paid in Operating Partnership units.
 - During the quarter ended September 30, 2018, the Company raised approximately \$10.6 million of gross proceeds through its at-the-market equity offering program at an average price of \$15.66 per share.
-

2018 Outlook & Assumptions

\$ in millions, except per share data

Outlook	Low	High
Total NOI	\$78.7M	\$79.2M
Construction Segment Gross Profit	\$5.9M	\$6.4M
G&A expenses	\$10.8M	\$11.0M
Interest income	\$10.1M	\$10.5M
Interest expense	\$19.0M	\$19.2M
Normalized FFO per diluted share	\$1.00	\$1.03

Guidance Assumptions

- Construction Segment Gross Profit includes a gain of \$2.9M to \$3.3M from the sale of the build to suit distribution center during the fourth quarter
- Opportunistic sales of additional shares under the ATM program, assuming favorable market conditions
- Interest expense is calculated based on the Forward LIBOR Curve, which forecasts rates rising to 2.46% by year end
- Full year weighted average share count of 64.8 million



Summary Information

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AHH
LISTED
NYSE

\$ in thousands, except per share data

	Three months ended				
	9/30/2018	6/30/2018	3/31/2018	12/31/2017	9/30/2017
OPERATIONAL METRICS					
Net income	\$5,669	\$5,945	\$6,983	\$5,768	\$10,461
Net income per diluted share	\$0.09	\$0.09	\$0.11	\$0.09	\$0.17
Rental properties Net Operating Income (NOI)	18,987	19,341	19,462	18,570	17,573
General contracting and real estate services gross profit	977	567	636	641	1,824
Adjusted EBITDA ⁽¹⁾	20,124	19,466	19,399	18,345	19,203
Funds From Operations (FFO)	15,865	15,124	16,261	15,071	15,500
FFO per diluted share	\$0.24	\$0.24	\$0.26	\$0.24	\$0.25
Normalized FFO	15,650	15,242	15,376	14,525	15,493
Normalized FFO per diluted share	\$0.24	\$0.24	\$0.25	\$0.23	\$0.25
Annualized dividend yield	5.29%	5.37%	5.84%	4.89%	5.50%
CAPITALIZATION					
Total common shares outstanding	49,576	48,768	45,205	44,938	44,937
Operating Partnership units outstanding	17,167	17,291	17,441	17,486	17,845
Common shares and OP units outstanding	66,743	66,059	62,646	62,424	62,782
Market price per common share	\$15.11	\$14.90	\$13.69	\$15.53	\$13.81
Equity market capitalization ⁽²⁾	\$1,008,487	\$984,279	\$857,624	\$969,445	\$867,019
Total debt ⁽³⁾	660,608	586,821	595,637	523,412	493,493
Total market capitalization	1,669,095	1,571,100	1,453,261	1,492,857	1,360,512
Less: cash	(20,648)	(15,418)	(19,306)	(22,916)	(22,916)
Total enterprise value	\$1,648,447	\$1,555,682	\$1,433,955	\$1,469,941	\$1,337,596
BALANCE SHEET METRICS					
Core Debt/enterprise value	34.9%	34.1%	38.4%	33.0%	34.2%
Fixed charge coverage ratio	3.5x	3.5x	3.6x	3.5x	3.7x
Core Debt/Annualized Core EBITDA	7.1x	6.8x	7.0x	6.6x	6.0x
CORE PORTFOLIO OCCUPANCY					
Office ⁽⁴⁾	93.8%	93.7%	92.2%	89.9%	89.2%
Retail ⁽⁴⁾	96.6%	96.7%	96.7%	96.5%	96.9%
Multifamily ⁽⁵⁾	97.1%	89.2% ⁽⁶⁾	96.1%	92.9%	94.3%
Weighted Average ⁽⁷⁾	96.1%	94.8%	95.6%	94.2%	94.7%

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

(2) Includes common shares and OP units

(3) Excludes unamortized GAAP adjustments

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

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

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

(7) Total occupancy weighted by annualized base rent

Net Asset Value Component Data

In thousands

Stabilized Portfolio NOI (Cash)			Taxable REIT Subsidiary (TRS)	
	Three months ended	Annualized		Trailing 12 Months
	9/30/2018	9/30/2018		9/30/2018
Diversified Portfolio			General contracting gross profit	\$2,821
Office	\$0	\$0	Non-Property Assets	
Retail	10,282	41,128	Non-Property Assets	As of 9/30/2018
Multifamily	2,175	8,700	Cash and cash equivalents	\$17,732
Total diversified portfolio NOI	\$12,457	\$49,828	Restricted cash	2,916
Virginia Beach Town Center			Accounts receivable	18,224
Office ⁽¹⁾	\$2,859	\$11,436	Notes receivable, including mezzanine investments	100,486
Retail ⁽¹⁾	2,059	8,236	Construction receivables, including retentions	21,959
Multifamily	1,475	5,900	Equity method investments (Durham City Center JV)	16,811
Total Virginia Beach Town Center NOI	\$6,393	\$25,572	Other assets	59,474
Stabilized portfolio NOI - cash basis	\$18,850	\$75,400	Land held for development	2,979
Signed leases not yet occupied or in free rent period	\$907	\$3,629	Total non-property assets	\$240,581
Timing of mid-quarter transaction			Liabilities & Share Count	
Acquisition	\$250	\$1,000		As of 9/30/2018
Disposition	-	-	Liabilities	
Total timing mid-quarter transaction	\$250	\$1,000	Mortgages and notes payable	\$653,750
Total	\$20,007	\$80,029	Accounts payable and accrued liabilities	15,752
			Construction payables, including retentions	45,541
			Other liabilities	42,679
			Total liabilities	\$757,722
			Share Count	
			Total common shares outstanding	49,576
			Total OP units outstanding	17,167
			Total common shares & OP units outstanding	66,743
Development Pipeline				
		9/30/2018		
Income producing property		\$69,000		
Construction in progress		132,000		
Other assets		3,000		
Total cost to date		\$204,000		

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

Summary Balance Sheet

\$ in thousands

9

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	As of	
	9/30/2018 (Unaudited)	12/31/2017
Assets		
Real estate investments:		
Income producing property	\$1,023,658	\$910,686
Held for development	2,979	680
Construction in progress	139,450	83,071
Accumulated depreciation	(185,831)	(164,521)
Net real estate investments	980,256	829,916
Cash and cash equivalents	17,732	19,959
Restricted cash	2,916	2,957
Accounts receivable, net	18,224	15,691
Notes receivable	100,486	83,058
Construction receivables, including retentions	21,959	23,933
Costs and estimated earnings in excess of billings	727	245
Equity method investments	16,811	11,411
Other assets	58,747	55,953
Total Assets	\$1,217,858	\$1,043,123
Liabilities and Equity		
Indebtedness, net	\$653,750	\$517,272
Accounts payable and accrued liabilities	15,752	15,180
Construction payables, including retentions	45,541	47,445
Billings in excess of costs and estimated earnings	1,767	3,591
Other liabilities	40,912	39,352
Total Liabilities	757,722	622,840
Total Equity	460,136	420,283
Total Liabilities and Equity	\$1,217,858	\$1,043,123

Summary Income Statement

In thousands, except per share data

	Three months ended		Nine months ended	
	9/30/2018	9/30/2017	9/30/2018	9/30/2017
Revenues				
Rental revenues	\$28,930	\$27,096	\$86,227	\$81,083
General contracting and real estate services	19,950	41,201	63,654	161,391
Total Revenues	48,880	68,297	149,881	242,474
Expenses				
Rental expenses	7,103	6,830	20,049	19,069
Real estate taxes	2,840	2,693	8,388	7,797
General contracting and real estate services	18,973	39,377	61,474	154,588
Depreciation and amortization	10,196	9,239	28,653	28,018
General and administrative	2,367	2,098	8,092	7,762
Acquisition, development & other pursuit costs	69	61	162	477
Impairment charges	3	19	101	50
Total Expenses	41,551	60,317	126,919	217,761
Operating Income	7,329	7,980	22,962	24,713
Interest income	2,545	1,910	7,152	4,966
Interest expense	(4,677)	(4,253)	(13,547)	(13,282)
Loss on extinguishment of debt	(11)	-	(11)	-
Gain on real estate dispositions	-	4,692	-	8,087
Change in fair value of interest rate derivatives	298	87	1,256	300
Other income	65	74	233	154
Income before taxes	5,549	10,490	18,045	24,938
Income tax benefit (provision)	120	(29)	552	(781)
Net Income	\$5,669	\$10,461	\$18,597	\$24,157
Per Diluted Share & Unit	\$0.09	\$0.17	\$0.29	\$0.41
Weighted Average Shares & Units - Diluted	66,362	62,779	64,052	59,423

FFO, Normalized FFO & Adjusted FFO⁽¹⁾

\$ in thousands, except per share data

	Three months ended (Unaudited)				
	9/30/2018	6/30/2018	3/31/2018	12/31/2017	9/30/2017
Funds From Operations					
Net income	\$5,669	\$5,945	\$6,983	\$5,768	\$10,461
Earnings per diluted share	\$0.09	\$0.09	\$0.11	\$0.09	\$0.17
Depreciation and amortization	10,196	9,179	9,278	9,303	9,239
Gains on dispositions of operating real estate ⁽²⁾	-	-	-	-	(4,200)
FFO	\$15,865	\$15,124	\$16,261	\$15,071	\$15,500
FFO per diluted share	\$0.24	\$0.24	\$0.26	\$0.24	\$0.25
Normalized FFO					
Acquisition, development & other pursuit costs	69	9	84	171	61
Loss on extinguishment of debt	11	-	-	50	-
Impairment charges	3	98	-	60	19
Change in fair value of interest rate derivatives	(298)	11	(969)	(827)	(87)
Normalized FFO	\$15,650	\$15,242	\$15,376	\$14,525	\$15,493
Normalized FFO per diluted share	\$0.24	\$0.24	\$0.25	\$0.23	\$0.25
Adjusted FFO					
Non-cash stock compensation	252	271	555	276	215
Acquisition, development & other pursuit costs	(69)	(9)	(84)	(171)	(61)
Tenant improvements, leasing commissions, lease incentives ⁽³⁾	(899)	(1,102)	(1,058)	(1,115)	(707)
Property related capital expenditures	(884)	(1,098)	(1,321)	(1,474)	(1,167)
Non-cash interest expense	270	231	326	334	380
Net effect of straight-line rents	(709)	(415)	(478)	(166)	(159)
Amortization of leasing incentives & above (below) market rents	(43)	(46)	(56)	(55)	(50)
AFFO	\$13,568	\$13,074	\$13,260	\$12,154	\$13,944
Weighted Average Common Shares Outstanding	49,194	45,928	45,132	44,937	44,934
Weighted Average Operating Partnership ("OP") Units Outstanding	17,168	17,286	17,406	17,490	17,845
Total Weighted Average Common Shares and OP Units Outstanding	66,362	63,214	62,538	62,427	62,779

(1) See definitions on pages 29-30

(2) Excludes gain on non-operating real estate of \$0.5M for the three months ended 9/30/2017

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

Outstanding Debt

\$ in thousands

Debt	Stated Rate	Effective Rate as of 9/30/2018	Maturity Date	Debt Maturities & Principal Payments						Outstanding as of 9/30/2018	
				2018	2019	2020	2021	2022	Thereafter		
Secured Notes Payable - Core Debt											
Lightfoot Marketplace ⁽¹⁾	L+1.75%	4.01%	11/14/2018	\$10,500							\$10,500
North Point Center Note 1	6.45%	6.45%	2/5/2019	56	9,352						9,408
Southgate Square	L+1.60%	3.86%	4/29/2021	220	880	880	19,682				21,662
Encore Apartments	3.25%	3.25%	9/10/2021		124	504	24,338				24,966
4525 Main Street	3.25%	3.25%	9/10/2021		158	646	31,230				32,034
Hanbury Village	3.78%	3.78%	8/15/2022	123	504	522	544	17,449			19,142
Socastee Commons	4.57%	4.57%	1/6/2023	25	105	109	115	120	4,223		4,697
Sandbridge Commons	L+1.75%	4.01%	1/17/2023	58	238	247	257	268	7,247		8,315
249 Central Park Retail	L+1.60%	3.86%	8/10/2023	52	217	230	245	260	16,093		17,097
South Retail	L+1.60%	3.86%	8/10/2023	23	95	101	107	114	7,066		7,506
Fountain Plaza Retail	L+1.60%	3.86%	8/10/2023	32	131	139	147	156	9,684		10,289
Johns Hopkins Village	L+1.25%	4.19% ⁽²⁾	8/7/2025	222	908	941	988	1,031	48,840		52,930
North Point Center Note 2	7.25%	7.25%	9/15/2025	29	121	130	140	151	1,804		2,375
Lexington Square	4.50%	4.50%	9/1/2028	39	245	256	268	280	13,892		14,980
Smith's Landing	4.05%	4.05%	6/1/2035	200	822	856	892	928	15,486		19,184
Liberty Apartments	5.66%	5.66%	11/1/2043	63	260	273	291	308	13,307		14,502
The Cosmopolitan	3.35%	3.35%	7/1/2051	188	766	792	819	847	41,244		44,656
Total - Secured Core Debt				\$11,830	\$14,926	\$6,626	\$80,063	\$21,912	\$178,886		314,243
Secured Notes Payable - Development Pipeline											
River City	L+1.50%	3.76%	5/31/2019		5,587						5,587
Greenside	L+2.95%	5.21%	2/24/2020				23,371				23,371
Premier	L+3.50%	5.76%	6/29/2020				16,669				16,669
Summit Place	L+3.24%	5.50%	1/1/2021					6,259			6,259
Hoffler Place	L+3.24%	5.50%	1/1/2021					5,797			5,797
Market at Mill Creek	L+1.55%	3.81%	7/12/2025						3,976		3,976
Brooks Crossing Office	L+1.60%	3.86%	7/1/2025						2,706		2,706
Total - Development Pipeline				-	5,587	40,040	12,056	-	6,682		64,365
Total Secured Notes Payable				\$11,830	\$20,513	\$46,666	\$92,119	\$21,912	\$185,568		\$378,608
Unsecured Core Debt											
Senior unsecured line of credit	L+1.40% - 2.00%	3.81%	10/26/2021				102,000				102,000
Senior unsecured term loan	L+1.35% - 1.95%	3.76%	10/26/2022					80,000			80,000
Senior unsecured term loan	L+1.35% - 1.95%	3.50% ⁽²⁾	10/26/2022					50,000			50,000
Senior unsecured term loan	L+1.35% - 1.95%	4.28% ⁽²⁾	10/26/2022					50,000			50,000
Total - Unsecured Core Debt				-	-	-	102,000	180,000	-		282,000
Total Notes Payable excluding GAAP Adjustments				\$11,830	\$20,513	\$46,666	\$194,119	\$201,912	\$185,568		\$660,608
Weighted Average Interest Rate				4.0%	5.1%	5.2%	3.8%	3.8%	4.1%		4.0%
Balloon Payments				10,500	14,920	40,040	188,298	197,109	110,074		560,941
Principal amortization				1,330	5,593	6,626	5,821	4,803	75,494		99,667
Total Consolidated Debt				\$11,830	\$20,513	\$46,666	\$194,119	\$201,912	\$185,568		\$660,608
Fixed-rate Debt ⁽¹⁾				945	13,365	5,029	59,625	121,114	138,796		338,874
Variable-rate Debt ⁽⁴⁾				10,885	7,148	41,637	134,494	80,798	46,772		321,734
Total Consolidated Debt				\$11,830	\$20,513	\$46,666	\$194,119	\$201,912	\$185,568		\$660,608
GAAP Adjustments											(6,858)
Total Notes Payable											\$653,750

(1) In October 2018, the Company refinanced the loan secured by Lightfoot. The new \$10.5 million floating-rate note has a 5-year term and bears an interest rate of LIBOR +1.75% (drops to 1.60% upon stabilization). The Company simultaneously entered into an interest rate swap agreement that fixed the LIBOR rate at 3.017%.

(2) Subject to an interest rate swap lock

(3) Includes debt subject to interest rate swap locks

(4) Excludes debt subject to interest rate swap locks

30 Day LIBOR as of 9/30/2018	2.261%
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Core Debt to Core EBITDA⁽¹⁾

\$ in thousands

	Three months ended				
	9/30/2018	6/30/2018	3/31/2018	12/31/2017	9/30/2017
Net Income	\$5,669	\$5,945	\$6,983	\$5,768	\$10,461
Excluding:					
Interest expense	4,677	4,497	4,373	4,157	4,253
Income tax provision (benefit)	(120)	(166)	(266)	(56)	29
Depreciation and amortization	10,196	9,179	9,278	9,303	9,239
(Gain) Loss on real estate dispositions	-	-	-	-	(4,692)
Change in fair value of interest rate derivatives	(298)	11	(969)	(827)	(87)
Adjusted EBITDA	\$20,124	\$19,466	\$19,399	\$18,345	\$19,203
Other adjustments:					
Loss on extinguishment of debt	11	-	-	50	-
Non-cash stock compensation	252	271	555	276	215
Development Pipeline	(94)	(106)	(219)	(339)	(301)
Total Other Adjustments	169	165	336	(13)	(86)
Core EBITDA	\$20,293	\$19,631	\$19,735	\$18,332	\$19,117
Total Debt⁽²⁾	\$660,608	\$586,821	\$595,637	\$523,412	\$493,493
Adjustments to Debt:					
(Less) Development Pipeline ⁽²⁾	(64,365)	(40,232)	(25,377)	(15,879)	(12,894)
(Less) Cash & restricted cash	(20,648)	(15,418)	(19,306)	(22,916)	(22,916)
Core Debt	\$575,595	\$531,171	\$550,954	\$484,617	\$457,683
Core Debt/Annualized Core EBITDA	7.1x	6.8x	7.0x	6.6x	6.0x

(1) See definitions on page 31.
(2) Excludes GAAP Adjustments

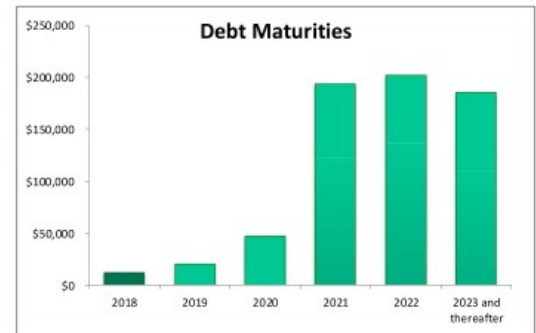
Debt Information

\$ in thousands

Total Debt Composition			
	Percent of Debt	Weighted Average	
		Interest Rate	Maturity
Secured vs. Unsecured Debt			
Unsecured Debt	42.7%	3.8%	3.7 Yrs
Secured Debt	57.3%	4.2%	8.8 Yrs
Variable vs. Fixed-rate Debt			
Variable-rate Debt ⁽¹⁾	48.7%	4.1%	3.2 Yrs
Fixed-rate Debt ⁽²⁾⁽³⁾	51.3%	4.0%	9.9 Yrs
Fixed-rate and Hedged Debt ⁽²⁾⁽³⁾	96.7%		
Total		4.0%	6.6 Yrs

Unencumbered Summary	
	<u>9/30/2018</u>
% of Total Properties	67.2%
% of Annualized Base Rent	54.1%

Interest Rate Cap Agreements			
Effective Date	Maturity Date	Strike Rate	Notional Amount
February 7, 2017	March 1, 2019	1.50%	\$50,000
June 23, 2017	July 1, 2019	1.50%	50,000
September 18, 2017	October 1, 2019	1.50%	50,000
November 28, 2017	December 1, 2019	1.50%	50,000
March 7, 2018	April 1, 2020	2.25%	50,000
July 16, 2018	August 1, 2020	2.50%	50,000
Total Interest Rate Caps			300,000
Fixed-rate Debt ⁽²⁾⁽³⁾			338,874
Fixed-rate and Hedged Debt			\$638,874
% of Total ⁽³⁾			96.7%



- (1) Excludes debt subject to interest rate swap locks
 (2) Includes debt subject to interest rate swap locks
 (3) Excludes GAAP adjustments

Capitalization & Financial Ratios

15

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\$ in thousands

Capitalization as of September 30, 2018

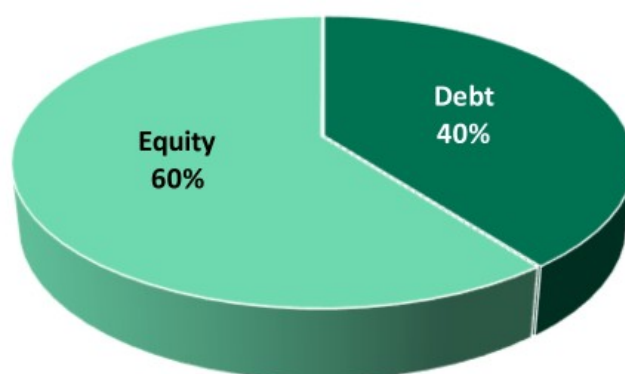
Debt	% of Total	Carrying Value
Unsecured credit facility	15%	\$102,000
Unsecured term loans	27%	180,000
Mortgages payable	58%	378,608
Total debt		\$660,608

Equity	% of Total	Shares/Units	Stock Price	Market Value
Common stock (NYSE: AHH)	74%	49,576	\$15.11	\$749,093
Common units	26%	17,167	\$15.11	259,393
Equity market capitalization		66,743		\$1,008,487
Total market capitalization				\$1,669,095
Debt/Market capitalization				39.6%

Dividend Data

	Trailing 12 Months
Common dividends and distributions	\$49,362
AFFO	52,056
AFFO payout ratio	94.8%

Capital Structure as of September 30, 2018



Liquidity as of September 30, 2018

Cash on hand	\$20,648
Availability under credit facility	45,900
Availability under construction loan	107,957
Total	\$174,505

Property Portfolio

As of September 30, 2018

Property	Anchor Tenant(s)	Location	Town Center	Unencumbered ABR	Year Built	Net Rentable Square Feet (RSF) ⁽¹⁾			Core Occupancy ⁽²⁾	Development Leased ⁽²⁾	ABR ⁽³⁾	ABR per Leased S
						Core Properties	Development Properties	Total				
All Properties												
Central Park Retail ⁽⁴⁾	Cheesecake Factory, Brooks Brothers, Gordon Biersch	Virginia Beach, VA	✓	-	2004	92,710	-	92,710	98.0%	-	\$2,597,674	\$28
Under Pointe	Harris Teeter	Salisbury, NC		100%	1997	57,710	-	57,710	97.6%	-	654,843	11
Nuda Crossroads ⁽⁵⁾	Food Lion, OfficeMax	Chester, VA		100%	2001	122,566	-	122,566	100.0%	-	1,756,053	14
Old Creek Shopping Center ⁽⁵⁾⁽⁹⁾	Home Depot, Food Lion, PetSmart	Norfolk, VA		100%	1997/2001	251,504	-	251,504	99.0%	-	3,835,098	15
Indoor Plaza	Kroger, Staples, Jo-Ann Fabrics	South Bend, IN		100%	1980	115,059	-	115,059	96.5%	-	1,354,501	11
Wicks Crossing	Various Small Shops	Newport News, VA		100%	2016	-	18,349	18,349	-	66.3%	169,380	13
Timbus Village	Barnes & Noble, Shake Shack	Virginia Beach, VA	✓	100%	1980/2013	62,362	-	62,362	100.0%	-	1,373,679	21
Timbus Village II	Regal Cinemas, BB&B	Virginia Beach, VA	✓	100%	1995/1996	92,061	-	92,061	96.7%	-	1,595,334	17
Mercede Street Retail ⁽⁵⁾	Yard House	Virginia Beach, VA	✓	100%	2008	19,173	-	19,173	100.0%	-	863,739	45
7-Eleven	7-Eleven	Virginia Beach, VA		100%	2011	3,177	-	3,177	100.0%	-	139,311	43
Shops at Town Center	Dick's Sporting Goods, USI	Virginia Beach, VA	✓	100%	2002	103,335	-	103,335	100.0%	-	1,251,255	11
Mock Square	Best Buy, Old Navy	Colonial Heights, VA		100%	1998	106,166	-	106,166	97.2%	-	1,765,873	17
Stain Plaza Retail	Ruth's Chris, Ann Taylor	Virginia Beach, VA	✓	-	2004	35,961	-	35,961	100.0%	-	1,019,366	28
Esborough Square	Food Lion, Rite Aid	Chesapeake, VA		100%	1999	88,862	-	88,862	92.5%	-	1,255,214	15
Maple Tree Shopping Center	Various Small Shops	Chesapeake, VA		100%	2014	15,719	-	15,719	92.6%	-	294,752	28
Timbus Village ⁽⁵⁾	Harris Teeter, Walgreens	Chesapeake, VA		32%	2006/2009	116,635	-	116,635	98.6%	-	2,486,153	21
Wester Hill Commons ⁽⁶⁾	Harris Teeter	Winston-Salem, NC		100%	2004	96,914	-	96,914	83.3%	-	921,910	11
Winstonburg Regal	Regal Cinemas	Harrisonburg, VA		100%	1999	49,000	-	49,000	100.0%	-	683,550	13
Wan Lakes Crossing ⁽⁶⁾	Harris Teeter	Virginia Beach, VA		100%	2008	64,973	-	64,973	95.0%	-	837,232	13
Wington Square	Lowe's Foods	Lexington, SC		-	2017	85,531	-	85,531	96.1%	-	1,773,182	21
Wood MarketPlace ⁽⁶⁾	Harris Teeter, CHKD	Williamsburg, VA		-	2016	124,735	-	124,735	85.6%	-	1,816,987	17
W Hampton Market	PetSmart, Hobby Lobby	Taylors, SC		100%	2004	114,935	-	114,935	100.0%	-	1,472,733	11
W Point Center ⁽⁶⁾	Harris Teeter, PetSmart, Home Depot, Costco	Durham, NC		67%	1998/2009	496,246	-	496,246	99.7%	-	3,810,131	7
Wland MarketPlace ⁽⁶⁾	Kroger	Oakland, TN		100%	2004	64,600	-	64,600	97.8%	-	460,000	7
Wway Centre	Publix	Moultrie, GA		100%	2017	61,200	-	61,200	92.2%	-	746,016	13
Wway MarketPlace	Rite Aid	Virginia Beach, VA		100%	1998	37,804	-	37,804	100.0%	-	767,645	26
Werson Place	BB&B, PetSmart, DSW, AC Moore	Durham, NC		100%	2004	160,942	-	160,942	94.6%	-	2,381,604	15
Wy Hall MarketPlace	Safeway	Perry Hall, MD		100%	2001	74,256	-	74,256	100.0%	-	1,261,436	14
Wlier Retail	Williams Sonoma, Pottery Barn	Virginia Beach, VA	✓	-	2018	-	38,586	38,586	-	63.9%	829,126	33
Widence Plaza	Cranfill, Sumner & Hartzog, Chipotle	Charlotte, NC		100%	2007/2008	103,118	-	103,118	97.5%	-	2,684,367	21
Wissance Square	Harris Teeter	Davidson, NC		100%	2008	80,467	-	80,467	90.4%	-	1,263,119	17
Wsbridge Commons ⁽⁶⁾	Harris Teeter	Virginia Beach, VA		-	2015	69,417	-	69,417	100.0%	-	914,707	13
Wstee Commons	Bi-Lo	Myrtle Beach, SC		-	2000/2014	57,273	-	57,273	96.7%	-	629,821	11
Whgate Square	Burlington, PetSmart, Michaels	Colonial Heights, VA		-	1991/2016	220,131	-	220,131	89.7%	-	2,693,889	13
Wh Retail	Lululemon, free people, CPK	Virginia Beach, VA	✓	-	2002	38,515	-	38,515	100.0%	-	974,087	25
W Square ⁽⁶⁾	Ross, Petco, Office Depot	Durham, NC		100%	1977/2005	109,590	-	109,590	97.3%	-	1,842,619	17
Wshore Shops	Buffalo Wild Wings	Chesterfield, VA		100%	2006	40,333	-	40,333	93.2%	-	772,286	28
W House Square ⁽⁶⁾	Weis Markets	Hagerstown, MD		100%	2008	112,274	-	112,274	93.1%	-	1,807,921	17
Wio 56 Retail	McCormick & Schmick's	Virginia Beach, VA	✓	100%	2007	11,594	-	11,594	100.0%	-	419,296	38
W Neck Harris Teeter ⁽⁹⁾	Harris Teeter	Portsmouth, VA		100%	2011	48,859	-	48,859	100.0%	-	533,052	18
Wnesboro Commons	Kroger	Waynesboro, VA		100%	1993	52,415	-	52,415	100.0%	-	435,072	8
Wdover Village	BB&B, T.J. Maxx, Petco	Greensboro, NC		100%	2004	171,653	-	171,653	100.0%	-	3,157,814	18
All / Weighted Avg Retail Portfolio				72%		3,829,775	56,935	3,886,710	96.6%	64.7%	\$58,301,827	\$11

Property Portfolio - Continued

As of September 30, 2018

Property	Anchor Tenant	Location	Town Center	Unencumbered ABR	Year Built	Net Rentable Square Feet (RSF) ⁽¹⁾			Core Occupancy ⁽²⁾	Development Leased ⁽²⁾	ABR ⁽¹⁾	ABR per Leased Sq ⁽¹⁾
						Core Properties	Development Properties	Total				
Office Properties												
4525 Main Street	Clark Nexsen, Anthropologie, Mythics	Virginia Beach, VA	✓	-	2014	237,893	-	237,893	94.8%	-	\$6,434,782	\$28.53
Armada Hoffer Tower ⁽⁴⁾⁽⁵⁾	AHH, Troutman Sanders, Williams Mullen	Virginia Beach, VA	✓	100%	2002	324,247	-	324,247	93.4%	-	8,762,085	28.92
One Columbus ⁽⁵⁾	BB&T, HBA	Virginia Beach, VA	✓	100%	1984	128,876	-	128,876	92.2%	-	2,917,377	24.54
Two Columbus	The Art Institute	Virginia Beach, VA	✓	100%	2009	108,448	-	108,448	94.2%	-	2,671,582	26.16
Total / Weighted Average Office Portfolio				69%		799,464	-	799,464	93.8%	-	\$20,785,827	\$27.73
Multifamily												
		Location	Town Center	Unencumbered ABR	Year Built	Core Properties	Development/ Redevelopment Properties	Total	Core Occupancy ⁽²⁾	Development/ Redevelopment Occupancy ⁽²⁾	ABR ⁽⁷⁾	Monthly Rent per Occupied Unit
Encore Apartments		Virginia Beach, VA	✓	-	2014	286	-	286	94.8%	-	\$4,253,904	\$1,308.09
Greens de Apartments		Charlotte, NC	-	-	2018	-	225	225	-	19.6%	831,108	1,574.07
Johns Hopkins Village ⁽⁸⁾⁽⁹⁾		Baltimore, MD	-	-	2016	157	-	157	99.8%	-	7,663,920	1,126.38
Liberty Apartments ⁽⁹⁾⁽⁹⁾		Newport News, VA	-	-	2013	239	-	239	94.8%	-	2,339,064	860.58
Premier Apartments		Virginia Beach, VA	✓	-	2018	-	131	131	-	29.0%	619,002	1,357.46
Smith's Landing ⁽⁹⁾		Blacksburg, VA	-	-	2009	284	-	284	100.0%	-	4,063,008	1,192.20
The Cosmopolitan ⁽⁹⁾⁽¹¹⁾		Virginia Beach, VA	✓	-	2006	-	306	306	-	93.8%	5,440,896	1,579.82
Total / Weighted Avg Multifamily Portfolio				-		966	662	1,628	97.1%	55.7%	\$25,210,902	\$1,253.64

- The net rentable square footage for each of our retail & office properties is the sum of (a) the square footage of existing leases, plus (b) for available space, management's estimate of net rentable square footage based, in part, on past leases. The net rentable square footage included in office leases is generally consistent with the Building Owners and Managers Association, or BOMA, 1996 measurement guidelines.
- Occupancy for each of our retail & office properties is calculated as (a) square footage under executed leases as of September 30, 2018, divided by (b) net rentable square feet, expressed as a percentage. Occupancy for our multifamily properties is calculated as (a) total units occupied as of September 30, 2018, divided by (b) total units available, expressed as a percentage.
- For the properties in our office and retail portfolios, annualized base rent, or ABR, is calculated by multiplying (a) monthly base rent (defined as cash base rent, before contractual tenant concessions and abatements, and excluding tenant reimbursements for expenses paid by us) as of September 30, 2018 for in-place leases as of such date by (b) 12, and does not give effect to periodic contractual rent increases or contingent rental revenue (e.g., percentage rent based on tenant sales thresholds). ABR per leased square foot is calculated by dividing (a) ABR by (b) square footage under in-place leases as of September 30, 2018. In the case of triple net or modified gross leases, our calculation of ABR does not include tenant reimbursements for real estate taxes, insurance, common area or other operating expenses.
- As of September 30, 2018, the Company occupied 41,103 square feet at these two properties at an ABR of \$1.3M, or \$30.95 per leased square foot, which amounts are reflected in this table. The rent paid by us is eliminated in accordance with GAAP in the consolidated financial statements.
- Includes ABR pursuant to a rooftop lease.
- Net rentable square feet at certain of our retail properties includes pad sites leased pursuant to the ground leases in the table to the right:

Properties Subject to Ground Lease	Square Footage Leased Pursuant to		ABR
	Number of Ground Leases	Ground Leases	
Bermuda Crossroads	2	11,000	\$179,685
Broad Creek Shopping Center	6	23,825	632,401
Hanbury Village	2	55,586	1,082,118
Harper Hill Commons	1	41,520	373,680
Indian Lakes	1	50,311	592,385
Lightfoot Marketplace	3	60,442	660,375
North Point Center	4	280,556	1,136,923
Oakland Marketplace	1	45,000	186,300
Sandbridge Commons	1	53,288	583,000
South Square	1	1,778	60,000
Stone House Square	1	3,650	181,500
Tyre Neck Harris Teeter	1	48,859	533,052
Total / Weighted Avg	24	675,815	\$6,201,420

- For the properties in our multifamily portfolio, ABR is calculated by multiplying (a) base rental payments for the month ended September 30, 2018 by (b) 12.
- The ABR for Liberty, Cosmopolitan, and Johns Hopkins Village excludes \$290K, \$791K and \$1.2M from ground floor retail leases, respectively.
- The Company leases the land underlying this property pursuant to a ground lease.
- Monthly rent per occupied unit is calculated by dividing total base rental payments for the month ended September 30, 2018 by the number of occupied beds.
- Excludes 36 units offline for redevelopment.

Development Pipeline

\$ in thousands

Schedule⁽¹⁾

Development, Not Delivered	Property Type	Estimated ⁽¹⁾	% Leased or LOI	Construction Start	Initial Occupancy	Stabilized Operation ⁽²⁾	Estimated Cost ⁽¹⁾	Construction Loan Commitment	Cost to Date	AHH Ownership %	Anchor Tenants & Other Notes
Lightfoot Outparcel Williamsburg, VA	Retail	NA	100%	1Q18	3Q18	1Q19	\$ 4,000	\$ -	\$ 3,000	70% ⁽³⁾	Panera
Summit Place (Meeting Street) Charleston, SC	Multifamily	114 units	NA	3Q17	3Q19	3Q19	53,000	34,750	30,000	90%	NA
Hoffler Place (King Street) Charleston, SC	Multifamily	74 units	NA	3Q17	3Q19	3Q19	48,000	31,750	28,500	93%	NA
Market at Mill Creek Mt. Pleasant, SC	Retail	73,000 SF	90%	1Q18	1Q19	2Q19	23,000	16,185	14,000	70% ⁽³⁾	Lowes Foods
Brooks Crossing Newport News, VA	Office	100,000 sf	100%	1Q18	1Q19	2Q19	20,000	15,625	9,000	65% ⁽³⁾	Huntington Ingalls Industries
Wills Wharf Baltimore, MD	Office	325,000 sf	60%	3Q18	1Q20	3Q20	117,000	TBD	11,000	100%	WeWork, Canopy by Hilton
Total Development, Not Delivered							265,000	98,310	95,500		
Development, Delivered Not Stabilized											
Brooks Crossing Newport News, VA	Retail	18,000 sf	66%	3Q15	3Q16	2Q19	3,000	-	3,000	65% ⁽³⁾	Misc. small shops
Greenside (Harding Place) Charlotte, NC	Multifamily	225 Units	31%	3Q16	3Q18	3Q19	47,000	29,750	46,000	80% ⁽³⁾	NA
Premier Apartments (Town Center Phase VI) Virginia Beach, VA	Multifamily	131 Units	50%	4Q16	3Q18	2Q19	29,000	18,622	28,500	100%	NA
Premier Retail (Town Center Phase VI) Virginia Beach, VA	Retail	39,000 sf	75%	4Q16	3Q18	3Q19	14,500	9,311	11,500	100%	Williams Sonoma, Pottery Barn
Total Development, Delivered Not Stabilized							93,500	57,683	89,000		
Total							\$358,500	\$155,993	\$184,500		
Joint Ventures - Minority Partner											
One City Center - 37% JV Durham, NC	Office	153,000 sf	86%	1Q16	3Q18	4Q18	Project Cost \$45,500	Construction Loan Commitment \$25,250	Equity Investment \$20,250	100%	Duke University, WeWork



Premier



Summit Place



One City Center

	Q3 2018	YTD
Capitalized Interest	\$1,463	\$3,517
Capitalized Overhead	\$907	\$2,626

- (1) Represents estimates that may change as the development process proceeds
- (2) First full stabilized quarter
- (3) AHH earns a preferred return on equity prior to any distributions to JV Partners

Redevelopment and Mezzanine Investments

\$ in thousands

Redevelopment	Property Type	Units Out of Service	% Leased or LOI	Schedule ⁽¹⁾			Estimated Cost ⁽¹⁾	Cost to Date
				Construction Start	Anticipated Completion	Same-Store Sales		
The Cosmopolitan Virginia Beach, VA	Multifamily	36 units	94%	1Q18	4Q19	1Q21	\$10,000	\$616

Mezzanine Investments	Property Type	Estimated ⁽¹⁾	% Leased or LOI	Initial Occupancy	Loan Maturity	Interest Rate	Option to Purchase	Loan Balance	Mezzanine Interest QTD
The Residences at Annapolis Junction ⁽²⁾ Annapolis Junction, MD	Multifamily	416 units	65%	3Q17	2Q20	10%	\$106,000	\$46,500	\$1,166
1405 Point (Point Street Apartments) Baltimore, MD	Multifamily	289 units	82%	1Q18	3Q21	8%	99,000	28,000	547
North Decatur Square (Whole Foods) Decatur, GA	Retail	86,000 sf	100%	4Q18	2Q22	15%	-	15,500	569
Nexton Square ⁽³⁾ Summerville, SC	Retail	120,000 sf	78%	2Q19	1Q19	10%	TBD	2,000	19
Delray Plaza (Whole Foods) Delray Beach, FL	Retail	83,000 sf	92%	3Q19	4Q20	15%	-	7,000	228
Total Mezzanine Investment							<u>\$205,000</u>	<u>\$99,000</u>	<u>\$2,529</u>



1405 Point



North Decatur Square



Wills Wharf

(1) Represents estimates that may change as the development process proceeds
 (2) Reached an agreement to sell our at-cost purchase option to the developer of Annapolis Junction
 (3) Represents a \$2M bridge loan entered during the quarter

Acquisitions & Dispositions

\$ in thousands

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

DISPOSITIONS									
Properties	Location	Square Feet/Units	Sale Price	Cash Proceeds	Gain on Sale	Cash Cap Rate	Disposition Date	Anchor Tenants	
Indian Lakes Wawa	Virginia Beach, VA	6,047	\$4,400	\$4,400	\$0	5.4%	2Q18	Wawa	
Commonwealth of VA Buildings	Virginia Beach & Chesapeake, VA	47,366	13,150	8,000	4,194	6.8%	3Q17	Commonwealth of VA	
Greentree Wawa	Chesapeake, VA	5,088	4,600	4,400	3,396	5.0%	1Q17	Wawa	
Oyster Point ⁽³⁾	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	
Oceaneering	Chesapeake, VA	154,000	30,000	10,000	4,987	6.7%	4Q15	Oceaneering International	
Whetstone Apartments	Durham, NC	203 units	35,625	17,600	7,210	5.7%	2Q15	NA	
Sentara Williamsburg	Williamsburg, VA	49,200	15,450	15,200	6,197	6.3%	1Q15	Sentara	
Virginia Natural Gas	Virginia Beach, VA	31,000	8,900	7,400	2,211	6.3%	4Q14	Virginia Natural Gas	
Total/Weighted Average		774,567 sf/ 203 units	\$209,475	\$156,600	\$58,635	7.2%			

(1) Contractual purchase price

(2) Value of OP Units/Stock at issuance

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

Construction Business Summary

\$ in thousands

	<u>Location</u>	<u>Total Contract Value</u>	<u>Work in Place as of 9/30/2018</u>	<u>Backlog</u>	<u>Estimated Date of Completion</u>
Highlighted Projects					
One City Center	Durham, NC	\$67,712	\$63,418	\$4,294	1Q 2019
Dinwiddie Municipal Complex	Dinwiddie, VA	24,225	21,547	2,678	2Q 2019
Sub Total		91,937	84,965	6,972	
All Other Projects					
		560,097	541,889	18,208	
Total		\$652,034	\$626,854	\$25,180	

Gross Profit Summary	<u>Q3 2018</u>	<u>Trailing 12 Months</u>
	(Unaudited)	
Revenue	\$19,950	\$96,297
Expense	(18,973)	(93,476)
Gross Profit	\$977	\$2,821



Same Store NOI by Segment

\$ in thousands

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

	Three months ended				Nine months ended			
	9/30/2018	9/30/2017	\$ Change	% Change	9/30/2018	9/30/2017	\$ Change	% Change
Office⁽¹⁾	(Unaudited)				(Unaudited)			
Revenue	\$5,149	\$4,673	\$476	10.2%	\$10,624	\$10,258	\$366	3.6%
Expenses ⁽²⁾	1,972	1,833	139	7.6%	4,175	3,903	272	7.0%
Net Operating Income	3,177	2,840	337	11.9%	6,449	6,355	94	1.5%
Retail⁽¹⁾								
Revenue	15,261	15,264	(3)	0.0%	45,978	45,685	293	0.6%
Expenses ⁽²⁾	3,836	3,892	(56)	-1.4%	11,293	11,091	202	1.8%
Net Operating Income	11,425	11,372	53	0.5%	34,685	34,594	91	0.3%
Multifamily⁽¹⁾								
Revenue	3,027	2,922	105	3.6%	8,800	8,619	181	2.1%
Expenses ⁽²⁾	1,321	1,263	58	4.6%	3,704	3,621	83	2.3%
Net Operating Income	1,706	1,659	47	2.8%	5,096	4,998	98	2.0%
Same Store Net Operating Income (NOI)	\$16,308	\$15,871	\$437	2.8%	\$46,230	\$45,947	\$283	0.6%
Net effect of straight-line rents	(\$421)	(115)	(306)		143	187	(44)	
Amortization of lease incentives and above (below) market rents	(\$53)	(49)	(4)		(315)	(301)	(14)	
Same store portfolio NOI, cash basis	\$15,834	\$15,707	\$127	0.8%	\$46,058	\$45,833	\$225	0.5%
NOI, Cash Basis:								
Office	\$2,724	\$2,863	(\$139)	-4.9%	\$6,420	\$6,900	(\$480)	-7.0%
Retail	11,393	11,173	220	2.0%	34,507	33,899	608	1.8%
Multifamily	1,717	1,671	46	2.8%	5,131	5,034	97	1.9%
	\$15,834	\$15,707	\$127	0.8%	\$46,058	\$45,833	\$225	0.5%
NOI:								
Office	\$3,177	\$2,840	\$337	11.9%	\$6,449	\$6,355	\$94	1.5%
Retail	11,425	11,372	53	0.5%	34,685	34,594	91	0.3%
Multifamily	1,706	1,659	47	2.8%	5,096	4,998	98	2.0%
	\$16,308	\$15,871	\$437	2.8%	\$46,230	\$45,947	\$283	0.6%

(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 \$493K and \$499K for the 3 months ended 9/30/18 & 9/30/17, respectively, as well as \$1.5M and \$1.4M for 9 months ended 9/30/18 & 9/30/17, respectively

Top 10 Tenants by Annualized Base Rent

23

AHH
LISTED
NYSE

\$ in thousands
As of September 30, 2018

Office Portfolio

Tenant	Number of Leases	Lease Expiration	Annualized Base Rent	% of Office Portfolio Annualized Base Rent	% of Total Portfolio Annualized Base Rent
Clark Nexsen	1	2029	\$ 2,537	12.2%	2.4%
Mythics	1	2030	1,160	5.6%	1.1%
Hampton University	2	2023 - 2024	1,054	5.1%	1.0%
Pender & Coward	1	2030	882	4.2%	0.8%
Kimley-Horn	1	2027	859	4.1%	0.8%
Troutman Sanders	1	2025	855	4.1%	0.8%
The Art Institute	1	2019	852	4.1%	0.8%
City of Va Beach Development Authority	1	2024	722	3.5%	0.7%
Cherry Bekaert	1	2022	708	3.4%	0.7%
Williams Mullen	1	2028	655	3.2%	0.6%
Top 10 Total			\$ 10,284	49.5%	9.7%

Retail Portfolio

Tenant	Number of Leases	Lease Expiration	Annualized Base Rent	% of Retail Portfolio Annualized Base Rent	% of Total Portfolio Annualized Base Rent
Kroger/Harris Teeter	12	2018 - 2036	\$ 6,423	11.0%	6.2%
Home Depot	2	2019 - 2023	2,236	3.8%	2.1%
Regal Cinemas	2	2019 - 2022	1,679	2.9%	1.6%
Bed, Bath, & Beyond	4	2020 - 2024	1,677	2.9%	1.6%
PetSmart	5	2020 - 2022	1,438	2.5%	1.4%
Food Lion	3	2019 - 2022	1,291	2.2%	1.2%
Dick's Sporting Goods	1	2020	840	1.4%	0.8%
Safeway	2	2021	821	1.4%	0.8%
Weis Markets	1	2028	802	1.4%	0.8%
Ross Dress for Less	2	2020 - 2022	762	1.3%	0.7%
Top 10 Total			\$ 17,969	30.8%	17.2%

Office 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 2018	-	-	1	9,337	\$ -	\$ -	0.0%	\$ -	\$ -	0.0%	-	\$ -	\$ -
Q2 2018	3	28,910	6	13,225	28.88	28.41	1.7%	27.68	30.86	-10.3%	8.77	2,169,711	75.05
Q1 2018	1	1,400	-	-	27.22	23.99	13.5%	27.24	26.45	3.0%	3.00	2,428	1.73
Q4 2017	6	38,387	2	2,582	24.87	23.93	3.9%	24.38	25.88	-5.8%	4.90	617,475	16.09

New Lease Summary⁽¹⁾

Quarter	Number of Leases Signed	Net rentable SF Signed	Cash Contractual Rent per SF	Weighted Average Lease Term (yrs)	TI & LC	TI & LC per SF
Q3 2018	1	1,806	\$ 26.00	5.00	\$ 14,958	\$ 8.28
Q2 2018	4	20,899	23.22	7.18	853,977	40.86
Q1 2018	3	17,668	23.59	8.28	930,376	52.66
Q4 2017	2	7,676	24.86	4.60	278,339	36.26



(1) Excludes new leases from properties in development

Office Lease Expirations

As of September 30, 2018

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring ⁽¹⁾	% Portfolio Net Rentable Square Feet	Annualized Base Rent	% of Portfolio Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available	-	73,502	7.7%	\$ -	-	\$ -
M-T-M	3	633	0.1%	20,400	0.1%	32.23
2018	2	10,114	1.1%	275,609	1.1%	27.25
2019	16	76,996	8.1%	1,978,031	7.9%	25.69
2020	7	26,537	2.8%	763,603	3.1%	28.78
2021	8	46,798	4.9%	1,327,389	5.3%	28.36
2022	9	73,394	7.7%	2,067,671	8.3%	28.17
2023	10	62,199	6.5%	1,780,649	7.1%	28.63
2024	7	102,931	10.8%	2,786,392	11.2%	27.07
2025	6	66,487	7.0%	1,836,480	7.4%	27.62
2026	4	17,084	1.8%	385,885	1.5%	22.59
2027	3	49,081	5.1%	1,416,099	5.7%	28.85
2028	6	63,319	6.6%	1,717,717	6.9%	27.13
Thereafter	9	284,195	29.8%	8,572,007	34.4%	30.16
Total / Weighted Average	90	953,270	100.0%	\$ 24,927,932	100.0%	\$ 28.33



Square Feet Under Lease	% of Portfolio ABR
2,500 or less	3.6%
2,501-10,000	16.3%
10,001-20,000	24.4%
20,001-40,000	25.5%
40,001-100,000	30.2%
Office Portfolio Total	100.0%

(1) Includes new leases from properties in development

Retail Lease Summary

Renewal Lease Summary					GAAP			Cash					
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	Weighted Average Lease Term (yrs)	TI & LC	TI & LC per SF
Q3 2018	10	28,101	11	19,775	\$ 29.36	\$ 27.23	7.8%	\$ 29.95	\$ 28.19	6.2%	5.23	\$ 115,732	\$ 4.12
Q2 2018	19	64,064	1	1,900	19.55	18.71	4.5%	19.33	19.13	1.0%	5.60	261,455	4.08
Q1 2018	19	61,029	3	9,700	21.14	19.65	7.6%	20.47	19.88	3.0%	6.33	433,976	7.11
Q4 2017	16	109,639	13	35,575	13.88	13.31	4.3%	13.70	13.63	0.5%	3.81	64,673	0.59

New Lease Summary ⁽¹⁾						
Quarter	Number of Leases Signed	Net rentable SF Signed	Cash Contractual Rent per SF	Weighted Average Lease Term (yrs)	TI & LC	TI & LC per SF
Q3 2018	7	10,444	\$ 19.60	5.95	\$ 366,032	\$ 35.05
Q2 2018	9	29,646	25.08	8.63	1,041,670	35.14
Q1 2018	5	14,196	15.57	5.10	223,542	15.75
Q4 2017	4	12,533	17.02	8.33	181,649	14.49

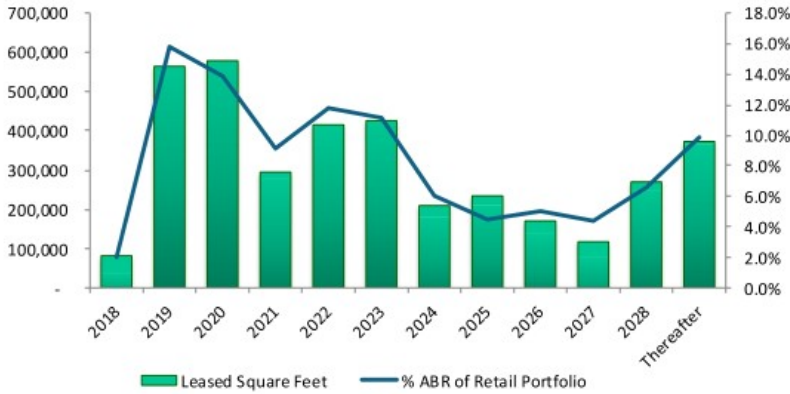


(1) Excludes new leases from properties in development

Retail Lease Expirations

As of September 30, 2018

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring ⁽¹⁾	% Portfolio Net Rentable Square Feet	Annualized Base Rent	% of Portfolio Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available	-	150,938	3.9%	\$ -	-	\$ -
M-T-M	2	2,600	0.1%	48,470	0.1%	18.64
2018	20	79,312	2.0%	1,099,381	1.9%	13.86
2019	81	565,905	14.6%	9,239,353	15.8%	16.33
2020	74	577,959	14.9%	8,101,156	13.9%	14.02
2021	65	294,511	7.6%	5,330,308	9.1%	18.10
2022	56	417,182	10.7%	6,882,975	11.8%	16.50
2023	56	424,881	10.9%	6,448,285	11.1%	15.18
2024	31	208,859	5.4%	3,477,358	6.0%	16.65
2025	20	235,282	6.1%	2,637,902	4.5%	11.21
2026	20	169,355	4.4%	2,930,571	5.0%	17.30
2027	18	118,786	3.1%	2,541,690	4.4%	21.40
2028	25	269,325	6.9%	3,865,069	6.6%	14.35
Thereafter	19	371,815	9.7%	5,699,310	9.9%	15.33
Total / Weighted Average	487	3,886,710	100.0%	\$ 58,301,828	100.0%	\$15.61



Square Feet Under Lease	% of Portfolio ABR
2,500 or less	13.4%
2,501-10,000	28.4%
10,001-20,000	15.2%
20,001-40,000	14.7%
40,001-100,000	23.7%
Greater than 100,000	4.6%
Retail Portfolio Total	100.0%

(1) Includes new leases from properties in development



ARMADA HOFFLER
PROPERTIES

Appendix
Definitions & Reconciliations



Net Operating Income:

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

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

Funds From Operations:

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

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

Normalized Funds From Operations:

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

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

Adjusted Funds From Operations:

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

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

Adjusted EBITDA:

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

Core EBITDA:

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

Core Debt:

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

Same Store Portfolio:

We define same store properties as those that we owned and operated for the entirety of the comparative periods presented. We generally consider a property to be in lease-up until the earlier of (i) the quarter after which the property reaches 80% occupancy or (ii) the thirteenth quarter after the property receives its certificate of occupancy. 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 and the assets are placed back into service. The following table shows the properties included in the same store and non-same store portfolio for the comparative periods presented.

Same Store vs. Non-Same Store Properties

	Three Months Ended 9/30/2018 to 2017		Nine Months Ended 9/30/2018 to 2017	
	Same Store	Non-Same Store	Same Store	Non-Same Store
Retail Properties				
249 Central Park Retail	X		X	
Alexander Pointe	X		X	
Bermuda Crossroads	X		X	
Broad Creek Shopping Center	X		X	
Brooks Crossing (Retail)		X		X
Broadmoor Plaza	X		X	
Columbus Village	X		X	
Columbus Village II	X		X	
Commerce Street Retail	X		X	
Courthouse 7-Eleven	X		X	
Dick's at Town Center	X		X	
Dimmock Square	X		X	
Greentree Shopping Center	X		X	
Fountain Plaza Retail	X		X	
Gainsborough Square	X		X	
Hanbury Village	X		X	
Harper Hill Commons	X		X	
Harrisonburg Regal	X		X	
Indian Lakes		X		X
Lexington Square		X		X
Lightfoot Marketplace		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

	Three Months Ended 9/30/2018 to 2017		Nine Months Ended 9/30/2018 to 2017	
	Same Store	Non-Same Store	Same Store	Non-Same Store
Retail Properties (Continued)				
Providence Plaza	X		X	
Renaissance Square	X		X	
Sandbridge Commons	X		X	
Socaslee Commons	X		X	
South Retail	X		X	
South Square	X		X	
Southgate Square	X		X	
Southshore Shops	X		X	
Stone House Square	X		X	
Studio 56 Retail	X		X	
Tyre Neck Harris Teeter	X		X	
Waynesboro Commons	X		X	
Wendover Village	X		X	
Wendover Village Outparcel		X		X
Office Properties				
4525 Main Street	X			X
Armada Hoffer Tower	X		X	
Commonwealth of VA - Chesapeake		X		X
Commonwealth of VA - Virginia Beach		X		X
One Columbus	X		X	
Two Columbus	X		X	
Multifamily Properties				
Encore Apartments	X		X	
Greenside Apartments		X		X
Liberty Apartments	X		X	
Premier Apartments		X		X
Smith's Landing	X		X	
The Cosmopolitan		X		X
Johns Hopkins Village		X		X

Reconciliation to Property Portfolio NOI

\$ in thousands

	Three months ended 9/30		Nine months ended 9/30	
	2018	2017	2018	2017
Office Same Store⁽¹⁾				
Rental revenues	\$5,149	\$4,673	\$10,624	\$10,258
Property expenses	1,972	1,833	4,175	3,903
NOI	3,177	2,840	6,449	6,355
Non-Same Store NOI ⁽²⁾	(94)	(10)	3,134	2,547
Segment NOI	\$3,083	\$2,830	\$9,583	\$8,902
Retail Same Store⁽¹⁾				
Rental revenues	\$15,261	\$15,264	\$45,978	\$45,685
Property expenses	3,836	3,892	11,293	11,091
NOI	11,425	11,372	34,685	34,594
Non-Same Store NOI ⁽²⁾	1,043	226	2,551	246
Segment NOI	\$12,468	\$11,598	\$37,236	\$34,840
Multifamily Same Store⁽¹⁾				
Rental revenues	\$3,027	\$2,922	\$8,800	\$8,619
Property expenses	1,321	1,263	3,704	3,621
NOI	1,706	1,659	5,096	4,998
Non-Same Store NOI ⁽²⁾	1,730	1,486	5,875	5,477
Segment NOI	\$3,436	\$3,145	\$10,971	\$10,475
Total Property Portfolio NOI	\$18,987	\$17,573	\$57,790	\$54,217

(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 9/30/2018			
	Office	Retail	Multifamily	Total
<u>Diversified Portfolio</u>				
NOI - Cash Basis	(\$0)	\$10,282	\$2,175	\$12,457
Net effect of straight-line rents	-	3	(169)	(166)
Amortization of lease incentives and (above) below market rents	-	180	(13)	167
NOI	(\$0)	\$10,465	\$1,993	\$12,458
<u>Town Center of Virginia Beach</u>				
NOI - Cash Basis	\$2,859	\$2,059	\$1,475	\$6,393
Net effect of straight-line rents	524	(59)	12	477
Amortization of lease incentives and (above) below market rents	(71)	(52)	-	(123)
Elimination of AHH rent	(222)	(99)	-	(321)
NOI	\$3,090	\$1,849	\$1,487	\$6,426
<u>NOI</u>				
Diversified Portfolio	(\$0)	\$10,465	\$1,993	\$12,458
Town Center of Virginia Beach	3,090	1,849	1,487	6,426
Unstabilized Properties	(7)	154	(44)	103
Total Property Portfolio NOI	\$3,083	\$12,468	\$3,436	\$18,987

