



Anticipated \$5.0 Million Third Quarter Gain From Annapolis Junction Purchase Option Sale to be Recognized Over the Next Four Quarters

October 4, 2018

Company Release - 10/4/2018 6:00 AM ET

Company Updates 2018 Full-Year Normalized FFO Guidance

Partial Pay Down of the Company's Mezzanine Loan Expected in the Fourth Quarter

VIRGINIA BEACH, Va., Oct. 04, 2018 (GLOBE NEWSWIRE) -- Armada Hoffer Properties, Inc. (NYSE: AHH) announced today that it has 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 announced that it has agreed to allow the developer to refinance the project and extend the maturity of the mezzanine loan in order to realize the full potential value upon expected stabilization in 2019. Although the full option payment is expected to be received in the fourth quarter, as a result of this change in strategy, the proper accounting treatment will be to recognize the \$5.0 million profit over the next four quarters. The Company expects the developer to close on these transactions in the fourth quarter of 2018, at which time the Company expects the developer to pay down the mezzanine loan balance by over \$10.0 million.

"While our partner evaluated a possible sale during 2018, we agreed that the pre-stabilized discount would be too great to accept and the potential future profit upon stabilization was too great to ignore," said Louis Haddad, President and CEO. "Current positive leasing momentum has the property nearly 65% leased as of today, and we are happy to see the project through to full stabilization in order for our partner to realize full value while allowing the Company to recognize additional fee and interest income. Furthermore, with nearly \$60 million raised year-to-date under the ATM program, the \$5.0 million of proceeds from the sale of the purchase option, and the anticipated partial repayment of our mezzanine loan, we remain confident in the overall strength of our balance sheet and continue to believe that the Company is well-positioned to execute on the opportunities in our development pipeline."

With this change in structure and the associated accounting treatment, the Company is updating 2018 full-year Normalized FFO guidance to \$1.00 to \$1.03 per share. The Company expects to provide details regarding the transaction and the change in guidance in its earnings release for the quarter ended September 30, 2018, which the Company plans to release on October 30, 2018.

About Armada Hoffer Properties, Inc.

Armada Hoffer 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, including, but not limited to, statements regarding the Company's full-year 2018 Normalized FFO guidance and related assumptions and expectations, the Company's development pipeline, the expected timing for closing certain transactions and the expected impact of such transactions on the Company's results. Forward-looking statements 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 statements. 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.

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