



Armada Hoffer Properties Recaptures Two Prime Sites for Redevelopment

October 26, 2020

Company Terminates Its Two Leases With Regal Cinemas Upon Tenant Default

VIRGINIA BEACH, Va., Oct. 26, 2020 (GLOBE NEWSWIRE) -- Armada Hoffer Properties, Inc. (NYSE: AHH) announced today that it has reclaimed two prime sites for redevelopment – 3 acres within the Company's flagship development, the Town Center of Virginia Beach and nearly 10 acres adjacent to James Madison University in Harrisonburg, Virginia. Following the tenant's default, the Company terminated its two leases with Regal Cinemas for the freestanding locations in Virginia Beach and Harrisonburg, the only cinema leases in Armada Hoffer Properties' portfolio.

The Town Center of Virginia Beach is Armada Hoffer Properties' ongoing multi-phased, mixed-use, public-private partnership with the City of Virginia Beach. The 3-acre parcel formerly occupied by Regal Cinemas is strategically situated within the 17-block development in the middle of over one million square feet of commercial office and retail space, 750 apartment units, 175 residential condos, 400 hotel rooms, 25 restaurants, two performing arts theaters, and five parking garages offering 4,400 free spaces.

The Harrisonburg Regal site is located in the heart of the area's commercial corridor on University Boulevard within a half-mile walk of the campus of James Madison University. The existing 49,000 square foot building sits on nearly 10 acres currently used primarily for surface parking.

"Our advantage as a diversified, vertically-integrated, and development-focused firm is our ability to quickly respond to changing market conditions and identify opportunities in the face of adversity," said Louis Haddad, President & CEO of Armada Hoffer Properties. "We would have been pleased to see these two leases through to their contractual expirations. However, following Regal's default and recent decision to indefinitely suspend all operations, we regained full control over two prime pieces of real estate, thereby accelerating our long-term goal of redevelopment. As we've discussed on previous earnings calls, our focus and specialty is on creative mixed-use development and we envision both sites to feature a major multifamily component amongst other uses. We look forward to unlocking the full potential of both properties and as a result, maximizing value for both their respective communities and our shareholders."

About Armada Hoffer Properties, Inc.

Armada Hoffer Properties, Inc. (NYSE: AHH) is a vertically-integrated, self-managed real estate investment trust ("REIT") with four decades of experience developing, building, acquiring, and managing high-quality, institutional-grade office, retail, and multifamily properties located primarily in the Mid-Atlantic and Southeastern United States. In addition to developing and building properties for its own account, the Company also provides development and general contracting construction services to third-party clients. Founded in 1979 by Daniel A. Hoffer, the Company has elected to be taxed as a REIT for U.S. federal income tax purposes. For more information, visit ArmadaHoffer.com.

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 statements. When used, the words "anticipate," "believe," "expect," "intend," "may," "might," "plan," "estimate," "project," "should," "will," "result," and similar expressions, which do not relate solely to historical matters, are intended to identify forward-looking statements. Forward-looking statements may include, but are not limited to, comments relating to the Company's development pipeline, the timing of future dividend payments, if any, the Company's construction and development businesses, including backlog, timing of deliveries and estimated costs, and the Company's expectations and projections, including estimated rent collections, the estimated construction segment gross profit range, projected mezzanine loan interest income and expected financing activities such as issuances under the Company's at-the-market equity offering program. The Company's actual future results and trends may differ materially from expectations depending on a variety of factors discussed in the Company's filings with the Securities and Exchange Commission (the "SEC"). These factors include, without limitation: (a) the impact of the coronavirus (COVID-19) pandemic on macroeconomic conditions and economic conditions in the markets in which the Company operates, including, among others: (i) disruptions in, or a lack of access to, the capital markets or disruptions in the Company's ability to borrow amounts subject to existing construction loan commitments; (ii) adverse impacts to the Company's tenants' and other third parties' businesses and financial condition that adversely affect the ability and willingness of the Company's tenants and other third parties to satisfy their rent and other obligations to the Company, including deferred rent; (iii) the ability and willingness of the Company's tenants to renew their leases with the Company upon expiration of the leases or to re-lease the Company's properties on the same or better terms in the event of nonrenewal or early termination of existing leases; and (iv) federal, state and local government initiatives to mitigate the impact of the COVID-19 pandemic, including additional restrictions on business activities, shelter-in-place orders and other restrictions, and the timing and amount of economic stimulus or other initiatives; (b) the Company's ability to continue construction on development and construction projects, in each case on the timeframes and on terms currently anticipated; (c) the Company's ability to accurately assess and predict the impact of the COVID-19 pandemic on

the amount and timing of rent collections, results of operations, financial condition, acquisition and disposition activities and growth opportunities; (d) the Company's ability to maintain compliance with the covenants under its existing debt agreements or to obtain modifications to such covenants from the applicable lenders; and (e) the information under the heading "Risk Factors" included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 and in other filings the Company makes from time to time with the SEC, including the Company's Current Report on Form 8-K filed with the SEC on April 2, 2020.

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Source: Armada Hoffler Properties, Inc.