



2Q 2018 | 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 July 31, 2018, which has been furnished as Exhibit 99.1 to our Form 8-K filed on July 31, 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.

Corporate Profile

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 \$5.9 million, or \$0.09 per diluted share, for the quarter ended June 30, 2018 compared to net income of \$4.9 million, or \$0.08 per diluted share, for the quarter ended June 30, 2017.
- Normalized Funds From Operations (“FFO”) of \$15.2 million, or \$0.24 per diluted share, for the quarter ended June 30, 2018 compared to Normalized FFO of \$14.7 million, or \$0.25 per diluted share, for the quarter ended June 30, 2017.
- FFO of \$15.1 million, or \$0.24 per diluted share, for the quarter ended June 30, 2018 compared to FFO of \$14.2 million, or \$0.24 per diluted share, for the quarter ended June 30, 2017.
- The Company raised 2018 full-year Normalized FFO guidance to \$1.05 to \$1.08 per diluted share, up from \$1.00 to \$1.05 per diluted share.
- Same Store Net Operating Income (“NOI”) for the quarter ended June 30, 2018 increased 2.1% on a GAAP basis and 2.2% on a cash basis compared to the quarter ended June 30, 2017.
- In July 2018, the Company entered into a contract to sell the build to suit distribution center in Chesterfield, Virginia for a sales price of \$25.9 million, which is expected to close in the fourth quarter.
- In July 2018, the Company entered into an agreement regarding the sale of its at-cost purchase option to the developer of the Residences at Annapolis Junction Apartments. Combined with the anticipated repayment of its related mezzanine loan during the third quarter, the Company expects aggregate proceeds from these transactions in excess of \$50 million.
- In July 2018, the Company announced a new development project at Wills Wharf, a site in the Harbor Point area of Baltimore, Maryland. The Company plans to develop a 325,000 square foot mixed-use building with an estimated development cost of \$117 million.
- In July 2018, the Company announced a new development project, The Interlock, located in West Midtown Atlanta. This public private partnership with Georgia Tech is expected to contain 290,000 square feet of office and retail space. The Company's investment will be in the form of a mezzanine loan, and the Company will serve as the general contractor of the project.
- During the quarter ended June 30, 2018, the Company raised approximately \$50 million of gross proceeds through its at-the-market equity offering program at an average price of \$14.07 per share.
- During the quarter ended June 30, 2018, the Company leased 150,000 square feet including a 10-year lease with Shake Shack, leading the way to the re-development of the Columbus Village shopping center in the Town Center of Virginia Beach.
- The Company sold the Wawa parcel at Indian Lakes Crossing for a 5.35% capitalization rate, bringing the Harris Teeter-anchored center to an approximate 8% capitalization rate overall.

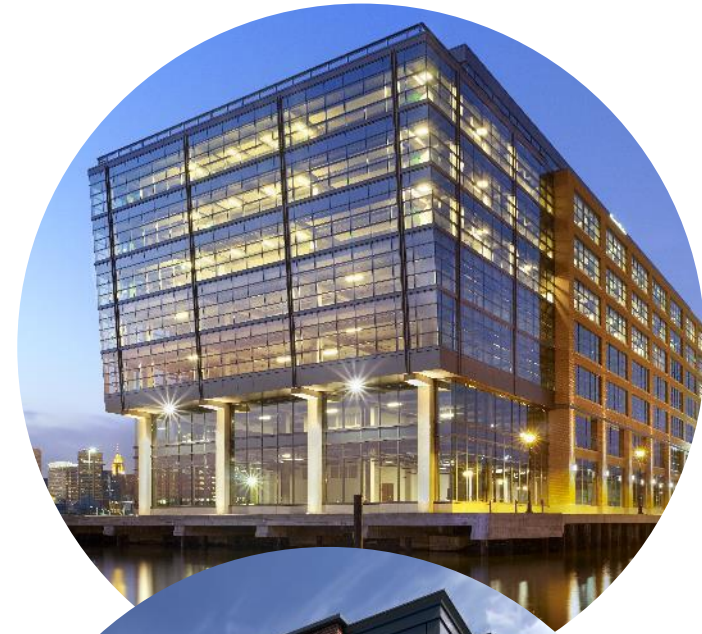
2018 Outlook & Assumptions

\$ in millions, except per share data

| Outlook | Low | High |
|-----------------------------------|---------|---------|
| Total NOI | \$78.8M | \$79.5M |
| Construction Segment Gross Profit | \$5.6M | \$6.4M |
| G&A expenses | \$10.8M | \$11.0M |
| Interest income | \$7.9M | \$8.1M |
| Interest expense | \$18.3M | \$18.8M |
| Normalized FFO per diluted share | \$1.05 | \$1.08 |

Guidance Assumptions

- Gain of \$5.0M to \$6.0M from the sale of Annapolis Junction purchase option during the third quarter
- Construction Segment Gross Profit includes a gain of \$2.4M to \$3.2M from the sale of the build to suit distribution center during the fourth quarter
- Acquisition of a Lowes Food center in the second half of the year
- No additional capital market activity
- Interest expense is calculated based on the Forward LIBOR Curve, which forecasts rates rising to 2.38% by year end
- Full year weighted average share count of 64.5 million



Summary Information

\$ in thousands, except per share data

| | Three months ended | | | | |
|-----------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 6/30/2018 | 3/31/2018 | 12/31/2017 | 9/30/2017 | 6/30/2017 |
| OPERATIONAL METRICS | | | | | |
| Net income | \$5,945 | \$6,983 | \$5,768 | \$10,461 | \$4,943 |
| Net income per diluted share | \$0.09 | \$0.11 | \$0.09 | \$0.17 | \$0.08 |
| Rental properties Net Operating Income (NOI) | 19,341 | 19,462 | 18,570 | 17,573 | 17,989 |
| General contracting and real estate services gross profit | 567 | 636 | 641 | 1,824 | 2,656 |
| Adjusted EBITDA ⁽¹⁾ | 19,466 | 19,399 | 18,345 | 19,203 | 19,272 |
| Funds From Operations (FFO) | 15,124 | 16,261 | 15,071 | 15,500 | 14,247 |
| FFO per diluted share | \$0.24 | \$0.26 | \$0.24 | \$0.25 | \$0.24 |
| Normalized FFO | 15,242 | 15,376 | 14,525 | 15,493 | 14,724 |
| Normalized FFO per diluted share | \$0.24 | \$0.25 | \$0.23 | \$0.25 | \$0.25 |
| Annualized dividend yield | 5.37% | 5.84% | 4.89% | 5.50% | 5.87% |
| CAPITALIZATION | | | | | |
| Total common shares outstanding | 48,768 | 45,205 | 44,938 | 44,937 | 44,932 |
| Operating Partnership units outstanding | 17,291 | 17,441 | 17,486 | 17,845 | 17,846 |
| Common shares and OP units outstanding | 66,059 | 62,646 | 62,424 | 62,782 | 62,778 |
| Market price per common share | \$14.90 | \$13.69 | \$15.53 | \$13.81 | \$12.95 |
| Equity market capitalization ⁽²⁾ | \$984,279 | \$857,624 | \$969,445 | \$867,019 | \$812,975 |
| Total debt ⁽³⁾ | 586,821 | 595,637 | 523,412 | 493,493 | 470,314 |
| Total market capitalization | 1,571,100 | 1,453,261 | 1,492,857 | 1,360,512 | 1,283,289 |
| Less: cash | (15,418) | (19,306) | (22,916) | (22,916) | (21,726) |
| Total enterprise value | <u>\$1,555,682</u> | <u>\$1,433,955</u> | <u>\$1,469,941</u> | <u>\$1,337,596</u> | <u>\$1,261,563</u> |
| BALANCE SHEET METRICS | | | | | |
| Core Debt/enterprise value | 34.1% | 38.4% | 33.0% | 34.2% | 30.9% |
| Fixed charge coverage ratio | 3.5x | 3.6x | 3.5x | 3.7x | 3.5x |
| Core Debt/Annualized Core EBITDA | 6.8x | 7.0x | 6.6x | 6.0x | 5.3x |
| CORE PORTFOLIO OCCUPANCY | | | | | |
| Office ⁽⁴⁾ | 93.7% | 92.2% | 89.9% | 89.2% | 89.9% |
| Retail ⁽⁴⁾ | 96.7% | 96.7% | 96.5% | 96.9% | 96.8% |
| Multifamily ⁽⁵⁾ | 89.2% | 96.1% | 92.9% | 94.3% | 91.6% |
| Weighted Average ⁽⁷⁾ | <u>94.8%</u> | <u>95.6%</u> | <u>94.2%</u> | <u>94.7%</u> | <u>94.2%</u> |

(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)

| | Three months | |
|--------------------------------------------------------------|--------------|------------|
| | ended | Annualized |
| | 6/30/2018 | 6/30/2018 |
| Diversified Portfolio | | |
| Office | \$0 | \$0 |
| Retail | 9,975 | 39,900 |
| Multifamily | 1,972 | 7,888 |
| Total diversified portfolio NOI | \$11,947 | \$47,789 |
| Virginia Beach Town Center | | |
| Office ⁽¹⁾ | \$3,282 | \$13,128 |
| Retail ⁽¹⁾ | 2,121 | 8,484 |
| Multifamily | 1,553 | 6,212 |
| Total Virginia Beach Town Center NOI | \$6,956 | \$27,824 |
| Stabilized portfolio NOI - cash basis | \$18,903 | \$75,613 |
| <u>Signed leases not yet occupied or in free rent period</u> | \$651 | \$2,604 |
| Timing of mid-quarter transaction | | |
| Acquisition | \$0 | \$0 |
| Disposition | (35) | (140) |
| Total timing mid-quarter transaction | (\$35) | (\$140) |
| Total | \$19,519 | \$78,077 |

Development Pipeline

| | 6/30/2018 |
|---------------------------|-----------|
| Income producing property | \$24,000 |
| Construction in progress | 143,000 |
| Other assets | 1,000 |
| Total cost to date | \$168,000 |

Taxable REIT Subsidiary (TRS)

| | Trailing 12 Months |
|----------------------------------|--------------------|
| General contracting gross profit | \$3,668 |

Non-Property Assets

| Non-Property Assets | As of 6/30/2018 |
|---------------------------------------------------|-----------------|
| Cash and cash equivalents | \$12,279 |
| Restricted cash | 3,139 |
| Accounts receivable | 16,444 |
| Notes receivable, including mezzanine investments | 93,478 |
| Construction receivables, including retentions | 19,868 |
| Equity method investments (Durham City Center JV) | 14,538 |
| Other assets | 56,393 |
| Land held for development | 1,474 |
| Total non-property assets | \$217,613 |

Liabilities & Share Count

| | As of 6/30/2018 |
|---------------------------------------------|-----------------|
| Liabilities | |
| Mortgages and notes payable | \$580,446 |
| Accounts payable and accrued liabilities | 11,525 |
| Construction payables, including retentions | 40,719 |
| Other liabilities | 42,711 |
| Total liabilities | \$675,401 |

Share Count

| | |
|--------------------------------------------|--------|
| Total common shares outstanding | 48,768 |
| Total OP units outstanding | 17,291 |
| Total common shares & OP units outstanding | 66,059 |

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

Summary Balance Sheet

\$ in thousands

| | As of | |
|----------------------------------------------------|--------------------------|--------------------|
| | 6/30/2018 (Unaudited) | 12/31/2017 |
| Assets | | |
| Real estate investments: | | |
| Income producing property | \$934,929 | \$910,686 |
| Held for development | 1,474 | 680 |
| Construction in progress | 157,795 | 83,071 |
| Accumulated depreciation | (177,966) | (164,521) |
| Net real estate investments | 916,232 | 829,916 |
| Cash and cash equivalents | 12,279 | 19,959 |
| Restricted cash | 3,139 | 2,957 |
| Accounts receivable, net | 16,444 | 15,691 |
| Notes receivable | 93,478 | 83,058 |
| Construction receivables, including retentions | 19,868 | 23,933 |
| Costs and estimated earnings in excess of billings | 1,287 | 245 |
| Equity method investments | 14,538 | 11,411 |
| Other assets | 55,106 | 55,953 |
| Total Assets | \$1,132,371 | \$1,043,123 |
| Liabilities and Equity | | |
| Indebtedness, net | \$580,446 | \$517,272 |
| Accounts payable and accrued liabilities | 11,525 | 15,180 |
| Construction payables, including retentions | 40,719 | 47,445 |
| Billings in excess of costs and estimated earnings | 1,711 | 3,591 |
| Other liabilities | 41,000 | 39,352 |
| Total Liabilities | 675,401 | 622,840 |
| Total Equity | 456,970 | 420,283 |
| Total Liabilities and Equity | \$1,132,371 | \$1,043,123 |

Summary Income Statement

In thousands, except per share data

| | Three months ended | | Six months ended | |
|---------------------------------------------------|--------------------|----------------|------------------|-----------------|
| | 6/30/2018 | 6/30/2017 | 6/30/2018 | 6/30/2017 |
| Revenues | (Unaudited) | | | |
| Rental revenues | \$28,598 | \$26,755 | \$57,297 | \$53,987 |
| General contracting and real estate services | 20,654 | 56,671 | 43,704 | 120,190 |
| Total Revenues | 49,252 | 83,426 | 101,001 | 174,177 |
| Expenses | | | | |
| Rental expenses | 6,522 | 6,171 | 12,946 | 12,239 |
| Real estate taxes | 2,735 | 2,595 | 5,548 | 5,104 |
| General contracting and real estate services | 20,087 | 54,015 | 42,501 | 115,211 |
| Depreciation and amortization | 9,179 | 9,304 | 18,457 | 18,779 |
| General and administrative | 2,764 | 2,678 | 5,725 | 5,664 |
| Acquisition, development & other pursuit costs | 9 | 369 | 93 | 416 |
| Impairment charges | 98 | 27 | 98 | 31 |
| Total Expenses | 41,394 | 75,159 | 85,368 | 157,444 |
| Operating Income | 7,858 | 8,267 | 15,633 | 16,733 |
| Interest income | 2,375 | 1,658 | 4,607 | 3,056 |
| Interest expense | (4,497) | (4,494) | (8,870) | (9,029) |
| Gain on real estate dispositions | - | - | - | 3,395 |
| Change in fair value of interest rate derivatives | (11) | (81) | 958 | 213 |
| Other income | 54 | 43 | 168 | 80 |
| Income before taxes | 5,779 | 5,393 | 12,496 | 14,448 |
| Income tax benefit (provision) | 166 | (450) | 432 | (752) |
| Net Income | \$5,945 | \$4,943 | \$12,928 | \$13,696 |
| Per Diluted Share & Unit | \$0.09 | \$0.08 | \$0.21 | \$0.24 |
| Weighted Average Shares & Units - Diluted | 63,214 | 59,936 | 62,878 | 57,718 |

FFO, Normalized FFO & Adjusted FFO⁽¹⁾

\$ in thousands, except per share data

| | Three months ended (Unaudited) | | | | |
|---------------------------------------------------------------------------|--------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 6/30/2018 | 3/31/2018 | 12/31/2017 | 9/30/2017 | 6/30/2017 |
| Funds From Operations | | | | | |
| Net income | \$5,945 | \$6,983 | \$5,768 | \$10,461 | \$4,943 |
| Earnings per diluted share | \$0.09 | \$0.11 | \$0.09 | \$0.17 | \$0.08 |
| Depreciation and amortization | 9,179 | 9,278 | 9,303 | 9,239 | 9,304 |
| Gains on dispositions of operating real estate ⁽²⁾ | - | - | - | (4,200) | - |
| FFO | \$15,124 | \$16,261 | \$15,071 | \$15,500 | \$14,247 |
| FFO per diluted share | \$0.24 | \$0.26 | \$0.24 | \$0.25 | \$0.24 |
| Normalized FFO | | | | | |
| Acquisition, development & other pursuit costs | 9 | 84 | 171 | 61 | 369 |
| Loss on extinguishment of debt | - | - | 50 | - | - |
| Impairment charges | 98 | - | 60 | 19 | 27 |
| Change in fair value of interest rate derivatives | 11 | (969) | (827) | (87) | 81 |
| Normalized FFO | \$15,242 | \$15,376 | \$14,525 | \$15,493 | \$14,724 |
| Normalized FFO per diluted share | \$0.24 | \$0.25 | \$0.23 | \$0.25 | \$0.25 |
| Adjusted FFO | | | | | |
| Non-cash stock compensation | 271 | 555 | 276 | 215 | 421 |
| Acquisition, development & other pursuit costs | (9) | (84) | (171) | (61) | (369) |
| Tenant improvements, leasing commissions, lease incentives ⁽³⁾ | (1,102) | (1,058) | (1,115) | (707) | (895) |
| Property related capital expenditures | (1,098) | (1,321) | (1,474) | (1,167) | (840) |
| Non-cash interest expense | 231 | 326 | 334 | 380 | 283 |
| Net effect of straight-line rents | (415) | (478) | (166) | (159) | (122) |
| Amortization of leasing incentives & above (below) market rents | (46) | (56) | (55) | (50) | (43) |
| AFFO | \$13,074 | \$13,260 | \$12,154 | \$13,944 | \$13,159 |
| Weighted Average Common Shares Outstanding | 45,928 | 45,132 | 44,937 | 44,934 | 42,091 |
| Weighted Average Operating Partnership ("OP") Units Outstanding | 17,286 | 17,406 | 17,490 | 17,845 | 17,845 |
| Total Weighted Average Common Shares and OP Units Outstanding | 63,214 | 62,538 | 62,427 | 62,779 | 59,936 |

(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 6/30/2018 | Maturity Date | Debt Maturities & Principal Payments | | | | | | Outstanding as of 6/30/2018 | |
|-------------------------------------------------------|-----------------|-----------------------------------|---------------|--------------------------------------|-----------------|-----------------|------------------|------------------|------------------|--------------------------------|------------------|
| | | | | 2018 | 2019 | 2020 | 2021 | 2022 | Thereafter | | |
| Secured Notes Payable - Core Debt | | | | | | | | | | | |
| Johns Hopkins Village | L+1.90% | 3.99% ⁽¹⁾ | 7/30/2018 | \$46,698 | | | | | | | \$46,698 |
| North Point Center Note 1 | 6.45% | 6.45% | 2/5/2019 | 111 | 9,352 | | | | | | 9,463 |
| Southgate Square | L+1.60% | 3.69% | 4/29/2021 | 440 | 880 | 880 | 19,682 | | | | 21,882 |
| 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 | 254 | 504 | 522 | 544 | 17,438 | | | 19,262 |
| Socastee Commons | 4.57% | 4.57% | 1/6/2023 | 49 | 105 | 109 | 115 | 120 | 4,223 | | 4,721 |
| Sandbridge Commons | L+1.75% | 3.84% | 1/17/2023 | 115 | 238 | 247 | 257 | 268 | 7,247 | | 8,372 |
| 249 Central Park Retail | L+1.60% | 3.69% | 8/10/2023 | 105 | 217 | 230 | 245 | 260 | 16,093 | | 17,150 |
| South Retail | L+1.60% | 3.69% | 8/10/2023 | 46 | 95 | 101 | 107 | 114 | 7,066 | | 7,529 |
| Fountain Plaza Retail | L+1.60% | 3.69% | 8/10/2023 | 64 | 131 | 139 | 147 | 156 | 9,684 | | 10,321 |
| North Point Center Note 2 | 7.25% | 7.25% | 9/15/2025 | 58 | 121 | 130 | 140 | 151 | 1,804 | | 2,404 |
| Smith's Landing | 4.05% | 4.05% | 6/1/2035 | 404 | 822 | 856 | 892 | 928 | 15,476 | | 19,378 |
| Liberty Apartments | 5.66% | 5.66% | 11/1/2043 | 118 | 260 | 273 | 291 | 308 | 13,317 | | 14,567 |
| The Cosmopolitan | 3.35% | 3.35% | 7/1/2051 | 375 | 766 | 792 | 819 | 847 | 41,243 | | 44,842 |
| Total - Secured Core Debt | | | | \$48,837 | \$13,773 | \$5,429 | \$78,807 | \$20,590 | \$116,153 | | \$283,589 |
| Secured Notes Payable - Development Pipeline | | | | | | | | | | | |
| Brooks Crossing Office Tower | L+1.60% | 3.69% | 7/1/2025 | | | 131 | | | | | 131 |
| Meeting Street | L+3.24% | 5.33% | 1/1/2021 | | | | 588 | | | | 588 |
| King Street | L+3.24% | 5.33% | 1/1/2021 | | | | 1,417 | | | | 1,417 |
| Lightfoot Marketplace | L+1.75% | 3.84% | 11/14/2018 | 10,500 | | | | | | | 10,500 |
| Harding Place | L+2.95% | 5.04% | 2/24/2020 | | | 14,884 | | | | | 14,884 |
| Town Center Block 9 | L+3.50% | 5.59% | 6/29/2020 | | | 12,712 | | | | | 12,712 |
| Total - Development Pipeline | | | | 10,500 | - | 27,227 | 2,005 | - | - | | 40,232 |
| Total Secured Notes Payable | | | | \$59,337 | \$13,773 | \$33,156 | \$80,812 | \$20,590 | \$116,153 | | \$323,821 |
| Unsecured Core Debt | | | | | | | | | | | |
| Senior unsecured line of credit | L+1.40% - 2.00% | 3.84% | 10/26/2021 | | | | 83,000 | | | | 83,000 |
| Senior unsecured term loan | L+1.35% - 1.95% | 3.79% | 10/26/2022 | | | | | 80,000 | | | 80,000 |
| Senior unsecured term loan | L+1.35% - 1.95% | 3.70% ⁽²⁾ | 10/26/2022 | | | | | 50,000 | | | 50,000 |
| Senior unsecured term loan | L+1.35% - 1.95% | 4.48% ⁽²⁾ | 10/26/2022 | | | | | 50,000 | | | 50,000 |
| Total - Unsecured Core Debt | | | | - | - | - | 83,000 | 180,000 | - | | 263,000 |
| Total Notes Payable excluding GAAP Adjustments | | | | \$59,337 | \$13,773 | \$33,156 | \$163,812 | \$200,590 | \$116,153 | | \$586,821 |
| Weighted Average Interest Rate | | | | 4.0% | 5.6% | 5.0% | 3.6% | 3.9% | 3.9% | | 4.0% |
| Balloon Payments | | | | 57,198 | 9,333 | 27,596 | 159,247 | 197,109 | 45,466 | | 495,949 |
| Principal amortization | | | | 2,139 | 4,440 | 5,560 | 4,565 | 3,481 | 70,687 | | 90,872 |
| Total Consolidated Debt | | | | \$59,337 | \$13,773 | \$33,156 | \$163,812 | \$200,590 | \$116,153 | | \$586,821 |
| Fixed-rate Debt⁽³⁾ | | | | 1,369 | 12,212 | 3,832 | 58,369 | 119,792 | 76,063 | | 271,637 |
| Variable-rate Debt⁽⁴⁾ | | | | 57,968 | 1,561 | 29,324 | 105,443 | 80,798 | 40,090 | | 315,184 |
| Total Consolidated Debt | | | | \$59,337 | \$13,773 | \$33,156 | \$163,812 | \$200,590 | \$116,153 | | \$586,821 |
| GAAP Adjustments | | | | | | | | | | | (6,375) |
| Total Notes Payable | | | | | | | | | | | \$580,446 |

(1) In July 2018, the Company refinanced the loan secured by Johns Hopkins Village. The new \$53.0 million floating-rate note bears an interest rate of LIBOR +1.25% and matures in August 2025. The Company simultaneously entered into an interest rate swap agreement that fixed the rate at 4.19%.

(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
6/30/2018

2.090%

Core Debt to Core EBITDA⁽¹⁾

\$ in thousands

| | Three months ended | | | | |
|---------------------------------------------------|--------------------|------------------|------------------|------------------|------------------|
| | 6/30/2018 | 3/31/2018 | 12/31/2017 | 9/30/2017 | 6/30/2017 |
| Net Income | \$5,945 | \$6,983 | \$5,768 | \$10,461 | \$4,943 |
| Excluding: | | | | | |
| Interest expense | 4,497 | 4,373 | 4,157 | 4,253 | 4,494 |
| Income tax provision (benefit) | (166) | (266) | (56) | 29 | 450 |
| Depreciation and amortization | 9,179 | 9,278 | 9,303 | 9,239 | 9,304 |
| (Gain) Loss on real estate dispositions | - | - | - | (4,692) | - |
| Change in fair value of interest rate derivatives | 11 | (969) | (827) | (87) | 81 |
| Adjusted EBITDA | \$19,466 | \$19,399 | \$18,345 | \$19,203 | \$19,272 |
| Other adjustments: | | | | | |
| Loss on extinguishment of debt | - | - | 50 | - | - |
| Non-cash stock compensation | 271 | 555 | 276 | 215 | 421 |
| Development Pipeline | (106) | (219) | (339) | (301) | (1,244) |
| Total Other Adjustments | 165 | 336 | (13) | (86) | (823) |
| Core EBITDA | \$19,631 | \$19,735 | \$18,332 | \$19,117 | \$18,449 |
| Total Debt⁽²⁾ | \$586,821 | \$595,637 | \$523,412 | \$493,493 | \$470,314 |
| Adjustments to Debt: | | | | | |
| (Less) Development Pipeline ⁽²⁾ | (40,232) | (25,377) | (15,879) | (12,894) | (58,942) |
| (Less) Cash & restricted cash | (15,418) | (19,306) | (22,916) | (22,916) | (21,726) |
| Core Debt | \$531,171 | \$550,954 | \$484,617 | \$457,683 | \$389,646 |
| Core Debt/Annualized Core EBITDA | 6.8x | 7.0x | 6.6x | 6.0x | 5.3x |

(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 | 44.8% | 3.9% | 4.0 Yrs |
| Secured Debt | 55.2% | 4.0% | 8.7 Yrs |
| Variable vs. Fixed-rate Debt | | | |
| Variable-rate Debt ⁽¹⁾ | 53.7% | 4.0% | 3.1 Yrs |
| Fixed-rate Debt ⁽²⁾⁽³⁾ | 46.3% | 4.0% | 10.7 Yrs |
| Fixed-rate and Hedged Debt ⁽²⁾⁽³⁾ | 88.9% | | |
| Total | | 4.0% | 6.6 Yrs |

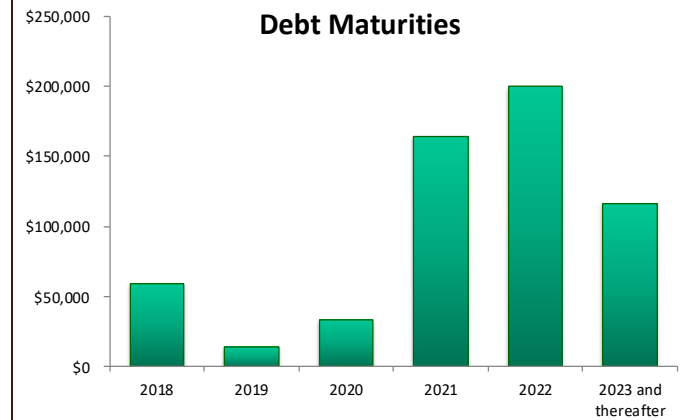
Unencumbered Summary

| | <u>6/30/2018</u> |
|---------------------------|------------------|
| % of Total Properties | 72.1% |
| % of Annualized Base Rent | 58.6% |

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 |
| Total Interest Rate Caps | | | 250,000 |
| Fixed-rate Debt ⁽²⁾⁽³⁾ | | | 271,637 |
| Fixed-rate and Hedged Debt | | | \$521,637 |
| % of Total ⁽³⁾ | | | 88.9% |

Debt Maturities



- (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

\$ in thousands

Capitalization as of June 30, 2018

| Debt | % of Total | Carrying Value |
|---------------------------|------------|------------------|
| Unsecured credit facility | 14% | \$83,000 |
| Unsecured term loans | 22% | 130,000 |
| Mortgages payable | 64% | 373,821 |
| Total debt | | <u>\$586,821</u> |

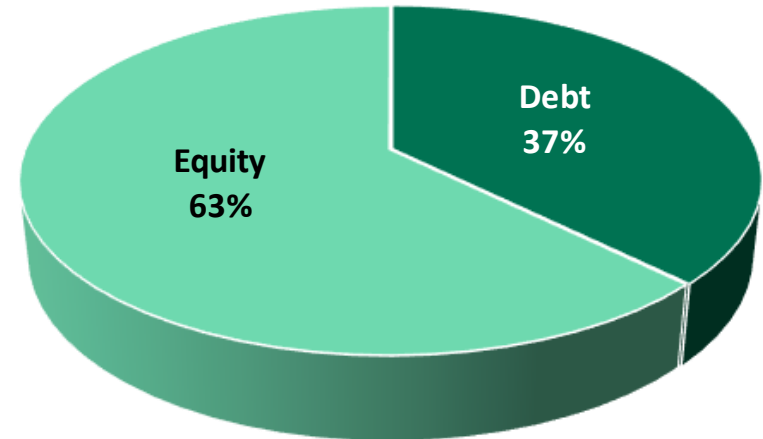
| Equity | % of Total | Shares/Units | Stock Price | Market Value |
|------------------------------|------------|--------------|-------------|------------------|
| Common stock (NYSE: AHH) | 74% | 48,768 | \$14.90 | \$726,643 |
| Common units | 26% | 17,291 | \$14.90 | 257,636 |
| Equity market capitalization | | 66,059 | | <u>\$984,279</u> |

| | |
|-----------------------------|-------------|
| Total market capitalization | \$1,571,100 |
| Debt/Market capitalization | 37.4% |

Dividend Data

| | Trailing 12 Months |
|------------------------------------|-----------------------|
| Common dividends and distributions | \$49,487 |
| AFFO | 52,432 |
| AFFO payout ratio | 94.4% |

Capital Structure as of June 30, 2018



Liquidity as of June 30, 2018

| | |
|--------------------------------------|------------------|
| Cash on hand | \$15,418 |
| Availability under credit facility | 64,900 |
| Availability under construction loan | <u>129,707</u> |
| | <u>\$210,025</u> |

Property Portfolio

16

AHH
LISTED
NYSE

As of June 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 SF ⁽³⁾ |
|-----------------------------------------------|-----------------------------------------------------|----------------------|-------------|------------------|------------|-----------------------------------------------|------------------------|------------------|-------------------------------|-----------------------------------|---------------------|----------------------------------|
| | | | | | | Core Properties | Development Properties | Total | | | | |
| Retail Properties | | | | | | | | | | | | |
| 249 Central Park Retail ⁽⁴⁾ | Cheesecake Factory, Brooks Brothers, Gordon Biersch | Virginia Beach, VA | ✓ | - | 2004 | 92,710 | - | 92,710 | 96.6% | - | \$2,550,126 | \$28.47 |
| Alexander Pointe | Harris Teeter | Salisbury, NC | | 100% | 1997 | 57,710 | - | 57,710 | 97.6% | - | 653,006 | 11.60 |
| Bermuda Crossroads ⁽⁶⁾ | Food Lion, OfficeMax | Chester, VA | | 100% | 2001 | 122,566 | - | 122,566 | 100.0% | - | 1,744,689 | 14.23 |
| Broad Creek Shopping Center ⁽⁶⁾⁽⁹⁾ | Home Depot, Food Lion, PetSmart | Norfolk, VA | | 100% | 1997/2001 | 251,504 | - | 251,504 | 99.4% | - | 3,859,756 | 15.44 |
| Broadmoor Plaza | Kroger, Staples, Jo-Ann Fabrics | South Bend, IN | | 100% | 1980 | 115,059 | - | 115,059 | 96.5% | - | 1,354,501 | 12.20 |
| Brooks Crossing | Various Small Shops | Newport News, VA | | 100% | 2016 | - | 18,349 | 18,349 | - | 66.3% | 169,380 | 13.92 |
| Columbus Village | Barnes & Noble, Shake Shack | Virginia Beach, VA | ✓ | 100% | 1980/2013 | 62,362 | - | 62,362 | 100.0% | - | 1,373,679 | 22.03 |
| Columbus Village II | Regal Cinemas, BB&B | Virginia Beach, VA | ✓ | 100% | 1995/1996 | 92,061 | - | 92,061 | 100.0% | - | 1,652,246 | 17.95 |
| Commerce Street Retail ⁽⁵⁾ | Yard House | Virginia Beach, VA | ✓ | 100% | 2008 | 19,173 | - | 19,173 | 100.0% | - | 862,176 | 44.97 |
| Courthouse 7-Eleven | 7-Eleven | Virginia Beach, VA | | 100% | 2011 | 3,177 | - | 3,177 | 100.0% | - | 139,311 | 43.85 |
| Dick's at Town Center | Dick's Sporting Goods, USI | Virginia Beach, VA | ✓ | 100% | 2002 | 103,335 | - | 103,335 | 100.0% | - | 1,251,255 | 12.11 |
| Dimmock Square | Best Buy, Old Navy | Colonial Heights, VA | | 100% | 1998 | 106,166 | - | 106,166 | 97.2% | - | 1,763,773 | 17.10 |
| Fountain Plaza Retail | Ruth's Chris, Ann Taylor | Virginia Beach, VA | ✓ | - | 2004 | 35,961 | - | 35,961 | 100.0% | - | 1,021,669 | 28.41 |
| Gainsborough Square | Food Lion, Rite Aid | Chesapeake, VA | | 100% | 1999 | 88,862 | - | 88,862 | 92.5% | - | 1,244,030 | 15.14 |
| Greentree Shopping Center | Various Small Shops | Chesapeake, VA | | 100% | 2014 | 15,719 | - | 15,719 | 83.7% | - | 266,752 | 20.28 |
| Hanbury Village ⁽⁶⁾ | Harris Teeter, Walgreens | Chesapeake, VA | | 32% | 2006/2009 | 116,635 | - | 116,635 | 98.6% | - | 2,478,218 | 21.54 |
| Harper Hill Commons ⁽⁶⁾ | Harris Teeter | Winston-Salem, NC | | 100% | 2004 | 96,914 | - | 96,914 | 81.0% | - | 901,154 | 11.48 |
| Harrisonburg Regal | Regal Cinemas | Harrisonburg, VA | | 100% | 1999 | 49,000 | - | 49,000 | 100.0% | - | 683,550 | 13.95 |
| Indian Lakes ⁽⁶⁾ | Harris Teeter | Virginia Beach, VA | | 100% | 2008 | 64,973 | - | 64,973 | 95.0% | - | 837,232 | 13.57 |
| Lightfoot Marketplace ⁽⁶⁾ | Harris Teeter, CHKD | Williamsburg, VA | | - | 2016 | 116,043 | - | 116,043 | 84.6% | - | 1,699,987 | 17.32 |
| North Hampton Market | PetSmart, Hobby Lobby | Taylors, SC | | 100% | 2004 | 114,935 | - | 114,935 | 99.0% | - | 1,446,417 | 12.72 |
| North Point Center ⁽⁶⁾ | Kroger, PetSmart, Home Depot, Costco | Durham, NC | | 67% | 1998/2009 | 496,246 | - | 496,246 | 100.0% | - | 3,765,929 | 7.59 |
| Oakland Marketplace ⁽⁶⁾ | Kroger | Oakland, TN | | 100% | 2004 | 64,600 | - | 64,600 | 97.8% | - | 456,780 | 7.23 |
| Parkway Centre | Publix | Moultrie, GA | | 100% | 2017 | 61,200 | - | 61,200 | 92.2% | - | 746,016 | 13.23 |
| Parkway Marketplace | Rite Aid | Virginia Beach, VA | | 100% | 1998 | 37,804 | - | 37,804 | 100.0% | - | 764,138 | 20.21 |
| Patterson Place | BB&B, PetSmart, DSW, AC Moore | Durham, NC | | 100% | 2004 | 160,942 | - | 160,942 | 96.1% | - | 2,436,235 | 15.75 |
| Perry Hall Marketplace | Safeway | Perry Hall, MD | | 100% | 2001 | 74,256 | - | 74,256 | 100.0% | - | 1,254,614 | 16.90 |
| Providence Plaza | Cranfill, Sumner & Hartzog, Chipotle | Charlotte, NC | | 100% | 2007/2008 | 103,118 | - | 103,118 | 97.5% | - | 2,677,842 | 26.64 |
| Renaissance Square | Harris Teeter | Davidson, NC | | 100% | 2008 | 80,467 | - | 80,467 | 87.3% | - | 1,204,252 | 17.14 |
| Sandbridge Commons ⁽⁶⁾ | Harris Teeter | Virginia Beach, VA | | - | 2015 | 69,417 | - | 69,417 | 100.0% | - | 914,182 | 13.17 |
| Socastee Commons | Bi-Lo | Myrtle Beach, SC | | - | 2000/2014 | 57,273 | - | 57,273 | 100.0% | - | 657,312 | 11.48 |
| South Retail | Iululemon, free people, CPK | Virginia Beach, VA | ✓ | - | 2002 | 38,515 | - | 38,515 | 100.0% | - | 954,156 | 24.77 |
| South Square ⁽⁶⁾ | Ross, Petco, Office Depot | Durham, NC | | 100% | 1977/2005 | 109,590 | - | 109,590 | 100.0% | - | 1,898,308 | 17.32 |
| Southgate Square | Burlington, PetSmart, Michaels | Colonial Heights, VA | | - | 1991/2016 | 220,131 | - | 220,131 | 89.7% | - | 2,686,351 | 13.61 |
| Southshore Shops | Buffalo Wild Wings | Midlothian, VA | | 100% | 2006 | 40,333 | - | 40,333 | 93.2% | - | 766,934 | 20.40 |
| Stone House Square ⁽⁶⁾ | Weis Markets | Hagerstown, MD | | 100% | 2008 | 112,274 | - | 112,274 | 93.1% | - | 1,795,355 | 17.18 |
| Studio 56 Retail | McCormick & Schmick's | Virginia Beach, VA | ✓ | 100% | 2007 | 11,594 | - | 11,594 | 100.0% | - | 418,009 | 36.05 |
| Tyre Neck Harris Teeter ⁽⁹⁾ | Harris Teeter | Portsmouth, VA | | 100% | 2011 | 48,859 | - | 48,859 | 100.0% | - | 533,052 | 10.91 |
| Waynesboro Commons | Kroger | Waynesboro, VA | | 100% | 1993 | 52,415 | - | 52,415 | 100.0% | - | 435,072 | 8.30 |
| Wendover Village | BB&B, T.J. Maxx, Petco | Greensboro, NC | | 100% | 2004 | 171,653 | - | 171,653 | 100.0% | - | 3,104,495 | 18.09 |
| Total / Weighted Avg Retail Portfolio | | | | 76% | | 3,735,552 | 18,349 | 3,753,901 | 96.7% | 66.3% | \$55,421,939 | \$15.29 |

Property Portfolio - Continued

As of June 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 ⁽³⁾ | ABR per Leased Sq ⁽³⁾ |
|---------------------------------------------------|----------------------------------------|--------------------|------------------|------------------|-----------------|-----------------------------------------------|------------------------|-------------------------------|----------------------------------------|-----------------------------------|------------------------------------------------|----------------------------------|
| | | | | | | Core Properties | Development Properties | Total | | | | |
| Office Properties | | | | | | | | | | | | |
| 4525 Main Street | Clark Nexsen, Anthropologie, Mythics | Virginia Beach, VA | ✓ | - | 2014 | 237,893 | - | 237,893 | 94.8% | - | \$6,340,806 | \$28.13 |
| Armada Hoffer Tower ⁽⁴⁾⁽⁵⁾ | AHH, Troutman Sanders, Williams Mullen | Virginia Beach, VA | ✓ | 100% | 2002 | 324,247 | - | 324,247 | 93.4% | - | 8,724,046 | 28.79 |
| One Columbus ⁽⁵⁾ | BB&T, HBA | Virginia Beach, VA | ✓ | 100% | 1984 | 128,876 | - | 128,876 | 92.2% | - | 2,915,156 | 24.52 |
| Two Columbus | The Art Institute | Virginia Beach, VA | ✓ | 100% | 2009 | 108,448 | - | 108,448 | 94.2% | - | 2,668,612 | 26.13 |
| Total / Weighted Average Office Portfolio | | | | 69% | | 799,464 | - | 799,464 | 93.7% | - | \$20,648,621 | \$27.55 |
| Multifamily | | | | | | | | | | | | |
| Property | Location | Town Center | Unencumbered ABR | Year Built | Core Properties | Redevelopment Properties | Total | Core Occupancy ⁽²⁾ | Redevelopment Occupancy ⁽²⁾ | ABR ⁽⁷⁾ | Monthly Rent per Occupied Unit ⁽¹⁰⁾ | |
| Encore Apartments | Virginia Beach, VA | ✓ | - | 2014 | 286 | - | 286 | 96.2% | - | \$4,305,600 | \$1,304.73 | |
| Johns Hopkins Village ⁽⁸⁾⁽⁹⁾ | Baltimore, MD | | - | 2016 | 157 | - | 157 | 59.2% | - | 4,193,052 | 1,039.94 | |
| Liberty Apartments ⁽⁸⁾⁽⁹⁾ | Newport News, VA | | - | 2013 | 197 | - | 197 | 90.9% | - | 2,302,932 | 1,071.57 | |
| Smith's Landing ⁽⁹⁾ | Blacksburg, VA | | - | 2009 | 284 | - | 284 | 97.5% | - | 3,846,900 | 1,157.31 | |
| The Cosmopolitan ⁽⁸⁾⁽¹¹⁾ | Virginia Beach, VA | ✓ | - | 2006 | - | 306 | 306 | - | 99.3% | 5,423,676 | 1,486.75 | |
| Total / Weighted Avg Multifamily Portfolio | | | | - | | 924 | 306 | 1,230 | 89.2% | 99.3% | \$20,072,160 | \$1,258.75 |

- (1) The net rentable square footage for each of our retail & office properties is the sum of (a) the square footage of existing leases, plus (b) for available space, management's estimate of net rentable square footage based, in part, on past leases. The net rentable square footage included in office leases is generally consistent with the Building Owners and Managers Association, or BOMA, 1996 measurement guidelines.
- (2) Occupancy for each of our retail & office properties is calculated as (a) square footage under executed leases as of June 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 June 30, 2018, divided by (b) total units available, expressed as a percentage.
- (3) For the properties in our office and retail portfolios, annualized base rent, or ABR, is calculated by multiplying (a) monthly base rent (defined as cash base rent, before contractual tenant concessions and abatements, and excluding tenant reimbursements for expenses paid by us) as of June 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 June 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.
- (4) As of June 30, 2018, the Company occupied 41,103 square feet at these two properties at an ABR of \$1.3M, or \$30.59 per leased square foot, which amounts are reflected in this table. The rent paid by us is eliminated in accordance with GAAP in the consolidated financial statements.
- (5) Includes ABR pursuant to a rooftop lease.
- (6) Net rentable square feet at certain of our retail properties includes pad sites leased pursuant to the ground leases in the table to the right:

| Properties Subject to Ground Lease | Number of Ground Leases | Square Footage Leased Pursuant to | |
|------------------------------------|-------------------------|-----------------------------------|--------------------|
| | | Ground Leases | ABR |
| Bermuda Crossroads | 2 | 11,000 | \$179,685 |
| Broad Creek Shopping Center | 6 | 23,825 | 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 | 1 | 51,750 | 543,375 |
| North Point Center | 4 | 280,556 | 1,145,393 |
| Oakland Marketplace | 1 | 45,000 | 186,300 |
| Sandbridge Commons | 1 | 53,288 | 582,971 |
| South Square | 1 | 1,778 | 60,000 |
| Stone House Square | 1 | 3,650 | 165,000 |
| Tyre Neck Harris Teeter | 1 | 48,859 | 533,052 |
| Total / Weighted Avg | 22 | 667,123 | \$6,076,360 |

- (7) For the properties in our multifamily portfolio, annualized base rent, or ABR, is calculated by multiplying (a) base rental payments for the month ended June 30, 2018 by (b) 12.
- (8) The ABR for Liberty, Cosmopolitan, Johns Hopkins Village excludes \$768K, \$675K and \$1.2M from ground floor retail leases, respectively.
- (9) The Company leases the land underlying this property pursuant to a ground lease.
- (10) Monthly rent per occupied unit is calculated by dividing total base rental payments for the month ended June 30, 2018 by the number of occupied beds.
- (11) Excludes 36 units offline for redevelopment.

Development Pipeline

\$ in thousands

| Development, Not Delivered | Property Type | Estimated ⁽¹⁾ | % Leased or LOI | Schedule ⁽¹⁾ | | | Estimated Cost ⁽¹⁾ | Construction Loan Commitment | Cost to Date | AHH Ownership % | Anchor Tenants & Other Notes |
|------------------------------------------------------|---------------|--------------------------|-----------------|-------------------------|-------------------|-------------------------------------|-------------------------------|-------------------------------------|--------------------------|--------------------|---------------------------------------------------------|
| | | | | Construction Start | Initial Occupancy | Stabilized Operation ⁽²⁾ | | | | | |
| Summit Place (Meeting Street) Charleston, SC | Multifamily | 114 units | NA | 3Q17 | 3Q19 | 3Q19 | \$53,000 | \$34,750 | \$23,500 | 90% | NA |
| Hoffler Place (King Street) Charleston, SC | Multifamily | 74 units | NA | 3Q17 | 3Q19 | 3Q19 | 48,000 | 31,750 | 22,000 | 93% | NA |
| Greenside (Harding Place) Charlotte, NC | Multifamily | 225 Units | NA | 3Q16 | 3Q18 | 3Q19 | 47,000 | 29,750 | 43,000 | 80% ⁽³⁾ | NA |
| Premier (Town Center Phase VI) Virginia Beach, VA | Mixed-use | 39,000 sf 131 Units | 47% | 4Q16 | 3Q18 | 2Q19 | 43,000 | 27,933 | 37,000 | 100% | Williams Sonoma, Pottery Barn |
| Market at Mill Creek Mt. Pleasant, SC | Retail | 73,000 SF | 87% | 1Q18 | 1Q19 | 1Q19 | 23,000 | 16,185 | 9,000 | 70% ⁽³⁾ | Lowes Foods |
| Brooks Crossing Newport News, VA | Office | 100,000 sf | 100% | 1Q18 | 1Q19 | 2Q19 | 21,000 | 15,625 | 6,000 | 65% ⁽³⁾ | Huntington Ingalls Industries |
| Lightfoot Outparcel Williamsburg, VA | Retail | NA | 90% | 1Q18 | 1Q19 | 1Q19 | 4,000 | - | 2,500 | 70% ⁽³⁾ | Panera, Valvoline |
| Wills Wharf Baltimore, MD | Office | 325,000 sf | 60% | 3Q18 | 1Q20 | 3Q20 | 117,000 | - | - | 100% | Anchor tenants not announced |
| Total Development, Not Delivered | | | | | | | \$356,000 | \$155,993 | \$143,000 | | |
| 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 |
| Lightfoot Marketplace Williamsburg, VA | Retail | 109,000 sf | 83% | 3Q14 | 3Q16 | 3Q18 | 24,000 | 10,500 | 22,000 | 70% ⁽³⁾ | Harris Teeter, CHKD |
| Total Development, Delivered Not Stabilized | | | | | | | 27,000 | 10,500 | 25,000 | | |
| Total | | | | | | | \$383,000 | \$166,493 | \$168,000 | | |
| Joint Ventures - Minority Partner | | | | | | | Project Cost | Construction Loan Commitment | Equity Investment | | |
| One City Center - 37% JV Durham, NC | Office | 153,000 sf | 81% | 1Q16 | 3Q18 | 4Q18 | \$44,000 | \$25,250 | \$15,000 | 100% | Duke University, WeWork AHH Equity requirement \$19M |



Premier



Summit Place



One City Center

| | Q2 2018 | YTD |
|----------------------|---------|---------|
| Capitalized Interest | \$1,263 | \$2,054 |
| Capitalized Overhead | \$993 | \$1,719 |

- (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 | Schedule ⁽¹⁾ | | | Estimated Cost ⁽¹⁾ | Cost to Date |
|----------------------------------------|---------------|----------------------|----------|-------------------------|------------------------|------------------|-------------------------------|--------------|
| | | | | Construction Start | Anticipated Completion | Same-Store Sales | | |
| The Cosmopolitan Virginia Beach, VA | Multifamily | 36 | 99% | 1Q18 | 4Q19 | 1Q21 | \$7,500 | \$300 |

| Mezzanine Investments | Property Type | Estimated ⁽¹⁾ | % Leased | Initial Occupancy | Loan Maturity ⁽²⁾ | Interest Rate | Option to Purchase | Loan Balance | Mezzanine Interest QTD |
|-------------------------------------------------------------------------------|---------------|--------------------------|----------|-------------------|------------------------------|---------------|--------------------|--------------|------------------------|
| 1405 Point (Point Street Apartments) Baltimore, MD | Multifamily | 289 units | 60% | 1Q18 | 3Q21 | 8% | \$99,000 | \$26,000 | \$493 |
| The Residences at Annapolis Junction ⁽³⁾ Annapolis Junction, MD | Multifamily | 416 units | 57% | 3Q17 | 2Q20 | 10% | 106,000 | 45,000 | 1,100 |
| North Decatur Square (Whole Foods) Decatur, GA | Retail | 86,000 | 98% | 1Q19 | 2Q22 | 15% | - | 15,000 | 531 |
| Delray Plaza (Whole Foods) Delray Beach, FL | Retail | 83,000 | 83% | 3Q19 | 4Q20 | 15% | - | 6,500 | 225 |
| Total Mezzanine Investment | | | | | | | \$205,000 | \$92,500 | \$2,349 |



1405 Point



The Residences at
Annapolis Junction



North Decatur Square

- (1) Represents estimates that may change as the development process proceeds
- (2) Transactions may occur resulting in the satisfaction of Note prior to maturity
- (3) In July 2018, the Company entered into an agreement regarding the sale of its purchase option to the project's developer. The company anticipates closing on the pending transaction in 3Q18.

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 | |
| 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 | | 2,199,341 | \$416,772 | \$127,700 | \$75,626 | 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 6/30/2018</u> | <u>Backlog</u> | <u>Estimated Date of Completion</u> |
|------------------------------------|-----------------|-----------------------------|--------------------------------------|-----------------|-------------------------------------|
| <u>Highlighted Projects</u> | | | | | |
| One City Center | Durham, NC | \$66,569 | \$59,702 | \$6,867 | 3Q 2018 |
| Dinwiddie Municipal Complex | Dinwiddie, VA | 23,904 | 18,210 | 5,694 | 2Q 2019 |
| Sub Total | | \$90,473 | \$77,912 | \$12,561 | |
| <u>All Other Projects</u> | | \$554,424 | \$529,064 | \$25,360 | |
| Total | | <u>\$644,897</u> | <u>\$606,976</u> | <u>\$37,921</u> | |

Gross Profit Summary

| | <u>Q2 2018</u> | <u>Trailing 12 Months</u> |
|--------------|----------------|---------------------------|
| | (Unaudited) | |
| Revenue | \$20,654 | \$117,548 |
| Expense | (20,087) | (113,880) |
| Gross Profit | \$567 | \$3,668 |



Same Store NOI by Segment

\$ in thousands
(Reconciliation to GAAP located in appendix pg. 35)

| | Three months ended | | | | Six months ended | | | |
|-----------------------------------------------------------------|--------------------|-----------------|--------------|-------------|------------------|-----------------|--------------|-------------|
| | 6/30/2018 | 6/30/2017 | \$ Change | % Change | 6/30/2018 | 6/30/2017 | \$ Change | % Change |
| Office⁽¹⁾ | (Unaudited) | | | | (Unaudited) | | | |
| Revenue | \$3,650 | \$3,367 | \$283 | 8.4% | \$7,103 | \$6,880 | \$223 | 3.2% |
| Expenses ⁽²⁾ | 1,346 | 1,283 | 63 | 4.9% | 2,691 | 2,514 | 177 | 7.0% |
| Net Operating Income | 2,304 | 2,084 | 220 | 10.6% | 4,412 | 4,366 | 46 | 1.1% |
| Retail⁽¹⁾ | | | | | | | | |
| Revenue | 15,295 | 15,199 | 96 | 0.6% | 30,717 | 30,421 | 296 | 1.0% |
| Expenses ⁽²⁾ | 3,650 | 3,621 | 29 | 0.8% | 7,457 | 7,200 | 257 | 3.6% |
| Net Operating Income | 11,645 | 11,578 | 67 | 0.6% | 23,260 | 23,221 | 39 | 0.2% |
| Multifamily⁽¹⁾ | | | | | | | | |
| Revenue | 2,918 | 2,860 | 58 | 2.0% | 5,773 | 5,697 | 76 | 1.3% |
| Expenses ⁽²⁾ | 1,225 | 1,207 | 18 | 1.5% | 2,383 | 2,358 | 25 | 1.1% |
| Net Operating Income | 1,693 | 1,653 | 40 | 2.4% | 3,390 | 3,339 | 51 | 1.5% |
| Same Store Net Operating Income (NOI) | \$15,642 | \$15,315 | \$327 | 2.1% | \$31,062 | \$30,926 | \$136 | 0.4% |
| Net effect of straight-line rents | \$126 | 111 | 15 | | 239 | 138 | 101 | |
| Amortization of lease incentives and above (below) market rents | (\$108) | (97) | (11) | | (213) | (204) | (9) | |
| Same store portfolio NOI, cash basis | \$15,660 | \$15,329 | \$331 | 2.2% | \$31,088 | \$30,860 | \$228 | 0.7% |
| NOI, Cash Basis: | | | | | | | | |
| Office | \$2,386 | \$2,266 | \$120 | 5.3% | \$4,560 | \$4,772 | (\$212) | -4.4% |
| Retail | 11,569 | 11,398 | 171 | 1.5% | 23,114 | 22,725 | 389 | 1.7% |
| Multifamily | 1,705 | 1,665 | 40 | 2.4% | 3,414 | 3,363 | 51 | 1.5% |
| | \$15,660 | \$15,329 | \$331 | 2.2% | \$31,088 | \$30,860 | \$228 | 0.7% |
| NOI: | | | | | | | | |
| Office | \$2,304 | \$2,084 | \$220 | 10.6% | \$4,412 | \$4,366 | \$46 | 1.1% |
| Retail | 11,645 | 11,578 | 67 | 0.6% | 23,260 | 23,221 | 39 | 0.2% |
| Multifamily | 1,693 | 1,653 | 40 | 2.4% | 3,390 | 3,339 | 51 | 1.5% |
| | \$15,642 | \$15,315 | \$327 | 2.1% | \$31,062 | \$30,926 | \$136 | 0.4% |

(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 \$499K and \$464K for the 3 months ended 6/30/18 & 6/30/17, respectively, as well as \$1M and \$941K for 6 months ended. 6/30/18 & 6/30/17, respectively

Top 10 Tenants by Annualized Base Rent

\$ in thousands
As of June 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 | 12.3% | 2.6% |
| Mythics | 1 | 2030 | 1,160 | 5.6% | 1.2% |
| Hampton University | 2 | 2023 - 2024 | 1,054 | 5.1% | 1.1% |
| Pender & Coward | 1 | 2030 | 882 | 4.3% | 0.9% |
| Kimley-Horn | 1 | 2027 | 859 | 4.2% | 0.9% |
| Troutman Sanders | 1 | 2025 | 855 | 4.1% | 0.9% |
| The Art Institute | 1 | 2019 | 852 | 4.1% | 0.9% |
| City of Va Beach Development Authority | 1 | 2024 | 722 | 3.5% | 0.8% |
| Cherry Bekaert | 1 | 2022 | 708 | 3.4% | 0.7% |
| Williams Mullen | 1 | 2028 | 655 | 3.2% | 0.7% |
| Top 10 Total | | | \$ 10,284 | 49.8% | 10.7% |

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 | 11.6% | 6.7% |
| Home Depot | 1 | 2019 | 1,730 | 3.1% | 1.8% |
| Regal Cinemas | 2 | 2019 - 2022 | 1,679 | 3.0% | 1.7% |
| Bed, Bath, & Beyond | 4 | 2020 - 2024 | 1,677 | 3.0% | 1.7% |
| PetSmart | 5 | 2020 - 2022 | 1,438 | 2.6% | 1.5% |
| Food Lion | 3 | 2019 - 2022 | 1,291 | 2.3% | 1.3% |
| Dick's Sporting Goods | 1 | 2020 | 840 | 1.5% | 0.9% |
| Safeway | 2 | 2021 | 821 | 1.5% | 0.9% |
| Weis Markets | 1 | 2028 | 802 | 1.4% | 0.8% |
| Ross Dress for Less | 2 | 2020 - 2022 | 762 | 1.4% | 0.8% |
| Top 10 Total | | | \$ 17,463 | 31.4% | 18.1% |

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 | | | |
| 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 |
| Q3 2017 | 2 | 10,454 | - | - | 25.06 | 24.82 | 1.0% | 25.21 | 25.46 | -1.0% | 4.24 | 48,791 | 4.67 |

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 |
|---------|-------------------------------|---------------------------|------------------------------------|-----------------------------------------|------------|-------------------|
| 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 |
| Q3 2017 | 1 | 2,690 | 24.50 | 5.00 | 95,630 | 35.55 |

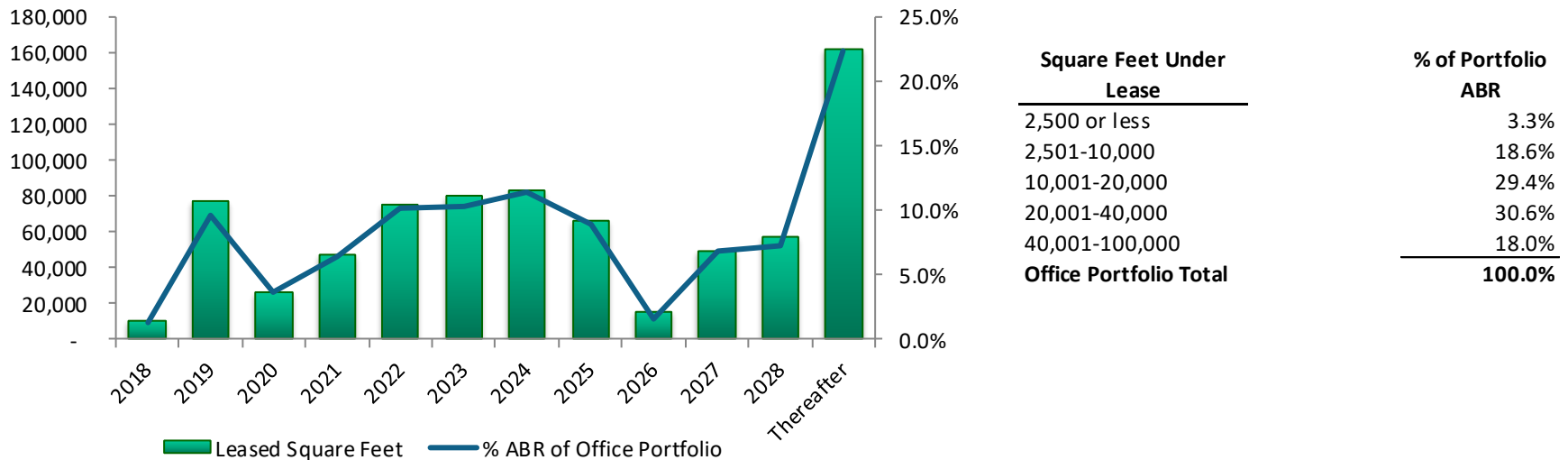


(1) Excludes new leases from properties in development

Office Lease Expirations

As of June 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 | - | 50,040 | 6.3% | \$ - | - | \$ - |
| M-T-M | 3 | 633 | 0.1% | 20,400 | 0.1% | 32.23 |
| 2018 | 3 | 10,114 | 1.3% | 276,809 | 1.3% | 27.37 |
| 2019 | 15 | 76,996 | 9.6% | 1,975,512 | 9.6% | 25.66 |
| 2020 | 7 | 26,537 | 3.3% | 760,633 | 3.7% | 28.66 |
| 2021 | 8 | 46,798 | 5.9% | 1,327,389 | 6.4% | 28.36 |
| 2022 | 10 | 75,200 | 9.4% | 2,097,429 | 10.2% | 27.89 |
| 2023 | 11 | 79,816 | 10.0% | 2,120,107 | 10.3% | 26.56 |
| 2024 | 5 | 83,508 | 10.4% | 2,356,472 | 11.4% | 28.22 |
| 2025 | 6 | 66,487 | 8.3% | 1,836,480 | 8.9% | 27.62 |
| 2026 | 3 | 15,140 | 1.9% | 329,509 | 1.6% | 21.76 |
| 2027 | 3 | 49,081 | 6.1% | 1,398,926 | 6.8% | 28.50 |
| 2028 | 4 | 56,844 | 7.1% | 1,511,810 | 7.3% | 26.60 |
| Thereafter | 4 | 162,270 | 20.3% | 4,637,145 | 22.4% | 28.58 |
| Total / Weighted Average | 82 | 799,464 | 100.0% | \$ 20,648,621 | 100.0% | \$ 27.55 |



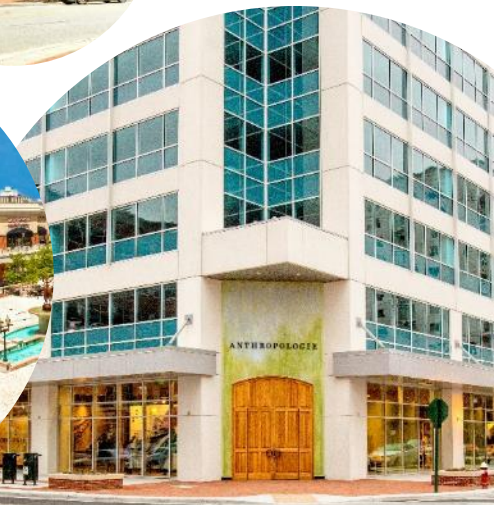
(1) Includes new leases from properties in development

Retail Lease Summary

| Renewal Lease Summary | | | | | GAAP | | | Cash | | | Weighted Average Lease Term (yrs) | TI & LC | TI & LC per SF |
|-----------------------|-------------------------|------------------------|-----------------|--------------------------|-------------------------|-------------------|------------------|-------------------------|-------------------|------------------|-----------------------------------|------------|----------------|
| 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 | | | |
| 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 |
| Q3 2017 | 10 | 39,610 | 5 | 9,695 | 17.59 | 16.19 | 8.6% | 17.41 | 16.37 | 6.4% | 3.98 | 126,239 | 3.19 |

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 |
|---------|-------------------------|------------------------|------------------------------|-----------------------------------|--------------|----------------|
| 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 |
| Q3 2017 | 4 | 7,024 | 15.72 | 4.85 | 68,422 | 9.74 |

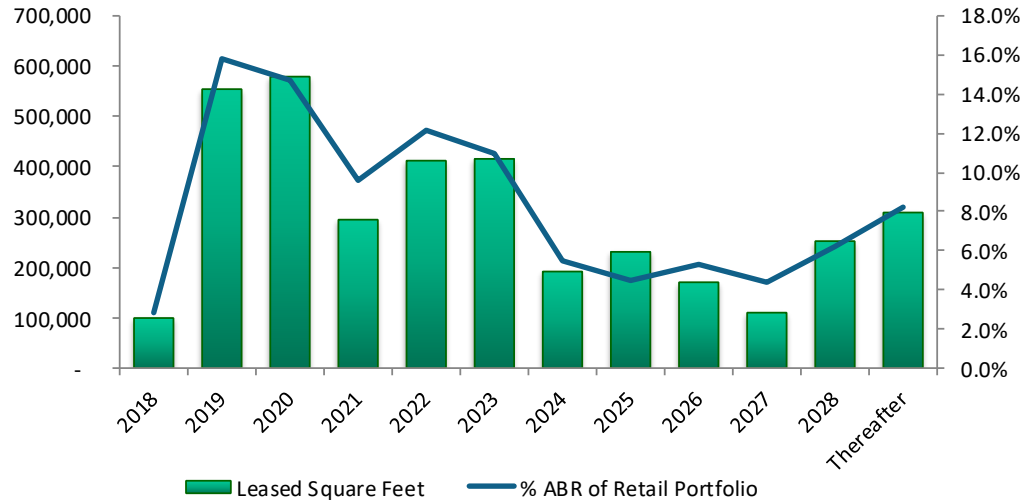


(1) Excludes new leases from properties in development

Retail Lease Expirations

As of June 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 | - | 129,272 | 3.4% | \$ - | - | \$ - |
| M-T-M | 3 | 2,728 | 0.1% | 49,190 | 0.1% | 18.03 |
| 2018 | 28 | 97,579 | 2.6% | 1,481,180 | 2.7% | 15.18 |
| 2019 | 82 | 554,049 | 14.8% | 8,760,922 | 15.8% | 15.81 |
| 2020 | 75 | 579,879 | 15.4% | 8,129,692 | 14.7% | 14.02 |
| 2021 | 63 | 295,746 | 7.9% | 5,344,346 | 9.6% | 18.07 |
| 2022 | 54 | 411,682 | 11.0% | 6,718,781 | 12.1% | 16.32 |
| 2023 | 53 | 416,106 | 11.1% | 6,101,704 | 11.0% | 14.66 |
| 2024 | 23 | 191,941 | 5.1% | 3,051,050 | 5.5% | 15.90 |
| 2025 | 19 | 231,449 | 6.2% | 2,498,296 | 4.5% | 10.79 |
| 2026 | 20 | 169,355 | 4.5% | 2,930,114 | 5.3% | 17.30 |
| 2027 | 16 | 111,686 | 3.0% | 2,423,159 | 4.4% | 21.70 |
| 2028 | 18 | 252,826 | 6.7% | 3,410,496 | 6.2% | 13.49 |
| Thereafter | 15 | 309,603 | 8.2% | 4,523,007 | 8.2% | 14.61 |
| Total / Weighted Average | 469 | 3,753,901 | 100.0% | \$ 55,421,939 | 100.0% | \$15.29 |



| Square Feet Under Lease | % of Portfolio ABR |
|-------------------------------|--------------------|
| 2,500 or less | 13.0% |
| 2,501-10,000 | 28.6% |
| 10,001-20,000 | 15.1% |
| 20,001-40,000 | 15.3% |
| 40,001-100,000 | 23.1% |
| Greater than 100,000 | 4.9% |
| Retail Portfolio Total | 100.0% |

| Square Feet Under Lease | % of Portfolio ABR |
|-------------------------------|--------------------|
| 2,500 or less | 13.0% |
| 2,501-10,000 | 28.6% |
| 10,001-20,000 | 15.1% |
| 20,001-40,000 | 15.3% |
| 40,001-100,000 | 23.1% |
| Greater than 100,000 | 4.9% |
| Retail Portfolio Total | 100.0% |

(1) Includes new leases from properties in development



Appendix

Definitions & Reconciliations

Definitions

Net Operating Income:

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

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

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.

Definitions

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.

Definitions

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 6/30/2018 to 2017 | | Six Months Ended 6/30/2018 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 |
| 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 | |

| | Three Months Ended 6/30/2018 to 2017 | | Six Months Ended 6/30/2018 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 | |
| Socastee Commons | X | | X | |
| South Retail | X | | X | |
| South Square | X | | X | |
| Southgate Square | X | | X | |
| Southshore Shops | X | | X | |
| Stone House Square | X | | X | |
| Studio 56 Retail | X | | X | |
| Tyre Neck Harris Teeter | X | | X | |
| Waynesboro Commons | X | | X | |
| Wendover Village | X | | X | |
| Wendover Village Outparcel | | X | | X |
| Office Properties | | | | |
| 4525 Main Street | | X | | X |
| Armada Hoffler 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 | |
| Liberty 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 6/30 | | Six months ended 6/30 | |
|---------------------------------------------|-------------------------|-----------------|-----------------------|-----------------|
| | 2018 | 2017 | 2018 | 2017 |
| <u>Office Same Store⁽¹⁾</u> | | | | |
| Rental revenues | \$3,650 | \$3,367 | \$7,103 | \$6,880 |
| Property expenses | 1,346 | 1,283 | 2,691 | 2,514 |
| NOI | 2,304 | 2,084 | 4,412 | 4,366 |
| Non-Same Store NOI ⁽²⁾ | 1,052 | 859 | 2,096 | 1,707 |
| Segment NOI | \$3,356 | \$2,943 | \$6,508 | \$6,073 |
| | | | | |
| <u>Retail Same Store⁽¹⁾</u> | | | | |
| Rental revenues | \$15,295 | \$15,199 | \$30,717 | \$30,421 |
| Property expenses | 3,650 | 3,621 | 7,457 | 7,200 |
| NOI | 11,645 | 11,578 | 23,260 | 23,221 |
| Non-Same Store NOI ⁽²⁾ | 744 | 1 | 1,500 | 20 |
| Segment NOI | \$12,389 | \$11,579 | \$24,760 | \$23,241 |
| | | | | |
| <u>Multifamily Same Store⁽¹⁾</u> | | | | |
| Rental revenues | \$2,918 | \$2,860 | \$5,773 | \$5,697 |
| Property expenses | 1,225 | 1,207 | 2,383 | 2,358 |
| NOI | 1,693 | 1,653 | 3,390 | 3,339 |
| Non-Same Store NOI ⁽²⁾ | 1,903 | 1,814 | 4,145 | 3,991 |
| Segment NOI | \$3,596 | \$3,467 | \$7,535 | \$7,330 |
| | | | | |
| Total Property Portfolio NOI | \$19,341 | \$17,989 | \$38,803 | \$36,644 |

(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 6/30/2018 | | | |
|-----------------------------------------------------------------|------------------------------|-----------------|----------------|-----------------|
| | Office | Retail | Multifamily | Total |
| <u>Diversified Portfolio</u> | | | | |
| NOI - Cash Basis | (\$0) | \$9,975 | \$1,972 | \$11,947 |
| Net effect of straight-line rents | - | 14 | 84 | 98 |
| Amortization of lease incentives and (above) below market rents | - | 181 | (13) | 168 |
| NOI | (\$0) | \$10,170 | \$2,043 | \$12,213 |
| <u>Town Center of Virginia Beach</u> | | | | |
| NOI - Cash Basis | \$3,282 | \$2,121 | \$1,553 | \$6,956 |
| Net effect of straight-line rents | 367 | (68) | - | 299 |
| Amortization of lease incentives and (above) below market rents | (72) | (50) | - | (122) |
| Elimination of AHH rent | (221) | (99) | - | (320) |
| NOI | \$3,356 | \$1,904 | \$1,553 | \$6,813 |
| <u>NOI</u> | | | | |
| Diversified Portfolio | (\$0) | \$10,170 | \$2,043 | \$12,213 |
| Town Center of Virginia Beach | 3,356 | 1,904 | 1,553 | 6,813 |
| Unstabilized Properties | - | 315 | - | 315 |
| Total Property Portfolio NOI | \$3,356 | \$12,389 | \$3,596 | \$19,341 |

