

**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 31, 2017**

**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))

**Item 2.02. Results of Operations and Financial Condition.**

On October 31, 2017, Armada Hoffler Properties, Inc. (the “Company”) issued a press release announcing its financial position as of September 30, 2017, results of operations for the three months ended September 30, 2017 and other related information. Also on October 31, 2017, the Company made available on its website at [www.ArmadaHoffler.com](http://www.ArmadaHoffler.com) certain supplemental information concerning the Company’s financial results and operations for the three months ended September 30, 2017. 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.

<u>Exhibit No.</u>	<u>Description</u>
99.1	<a href="#"><u>Press Release, dated October 31, 2017, issued by Armada Hoffler Properties, Inc., providing its financial position as of September 30, 2017 and results of operations for the three months ended September 30, 2017.</u></a>
99.2	<a href="#"><u>Armada Hoffler Properties, Inc. Third Quarter 2017 Supplemental Information.</u></a>

**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 31, 2017

/s/ MICHAEL P. O'HARA

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Michael P. O'Hara

Chief Financial Officer and Treasurer

## EXHIBIT INDEX

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PRESS RELEASE

## ARMADA HOFFLER PROPERTIES REPORTS THIRD QUARTER 2017 RESULTS

**Net Income of \$0.17 Per Diluted Share**

**Normalized FFO of \$0.25 Per Diluted Share**

**Company Raised 2017 Full-Year Normalized FFO Guidance**

VIRGINIA BEACH, VA, October 31, 2017 – Armada Hoffler Properties, Inc. (NYSE:AHH) today announced its results for the quarter ended September 30, 2017 and provided an update on current events.

### Highlights include:

- Net income of \$10.5 million, or \$0.17 per diluted share, for the quarter ended September 30, 2017 compared to net income of \$7.9 million, or \$0.15 per diluted share, for the quarter ended September 30, 2016.
- Normalized Funds From Operations (“FFO”) of \$15.5 million, or \$0.25 per diluted share, for the quarter ended September 30, 2017 compared to Normalized FFO of \$13.2 million, or \$0.26 per diluted share, for the quarter ended September 30, 2016.
- FFO of \$15.5 million, or \$0.25 per diluted share, for the quarter ended September 30, 2017 compared to FFO of \$13.1 million, or \$0.25 per diluted share, for the quarter ended September 30, 2016.
- Raised 2017 full-year Normalized FFO guidance range to \$0.98 to \$1.00 per diluted share from the previously reported guidance range of \$0.97 to \$0.99 per diluted share.
- Core operating property portfolio occupancy at 94.7% as of September 30, 2017 compared to 94.2% as of June 30, 2017.
- Completed the sale of two properties leased by the Commonwealth of Virginia on July 13, 2017 for an aggregate sales price of \$13.2 million representing a 38% profit over development cost.
- Acquired the outparcel phase of Wendover Village in Greensboro, North Carolina for \$14.3 million. The Company previously acquired the primary phase of Wendover Village in January 2016.
- Delivered the initial phase of the Annapolis Junction multifamily asset in Howard County, Maryland and have leased over 80 units to date.
- After the end of the quarter, the Company:
  - Announced that Williams Sonoma and Pottery Barn will be the anchor tenants of Phase VI of the Town Center of Virginia Beach, further solidifying Town Center as a prime shopping destination in the region.
  - Broke ground on two student housing properties in historic downtown Charleston, South Carolina representing \$100 million of new development.
  - Closed on a new expanded and unsecured \$300 million credit facility that includes a \$150 million term loan with Bank of America, N.A. serving as the administrative agent, while Regions Bank and PNC Bank, National Association each served as joint lead arranger and syndication agent.
  - Invested in the development of a \$20 million Whole Foods anchored center located in Delray Beach, Florida.
  - Updated company logo and branding, including enhanced corporate website launched in October 2017.

Commenting on the Company’s results, Louis Haddad, President and CEO, said, “We remain extremely bullish on the performance of our company. With an accretive pipeline nearing delivery, positive releasing spreads and a solid balance

sheet, we believe we are poised for significant growth over the next few years. When combining these factors with a well-covered dividend that has increased annually, now yielding in excess of five percent, we feel that we are delivering exceptional value to our shareholders."

## Financial Results

Net income for the third quarter increased to \$10.5 million compared to \$7.9 million for the third quarter of 2016. The period-over-period change was primarily due to a \$0.5 million increase in construction segment gross profits, which was driven by both higher revenues and a higher margin in this segment, a \$0.9 million increase in interest income and a \$0.9 million increase in gains from real estate dispositions.

Normalized FFO for the third quarter increased to \$15.5 million compared to \$13.2 million for the third quarter of 2016. FFO for the third quarter increased to \$15.5 million compared to \$13.1 million for the third quarter of 2016. The period-over-period changes in Normalized FFO and FFO were positively impacted by property acquisitions, higher interest income and construction segment gross profits, which were partially offset by higher interest expense and declines in Same Store NOI. The decrease in Same Store NOI is impacted by a decrease in multifamily occupancy due to the ongoing construction in the Town Center of Virginia Beach and the relocation and expansion of two office tenants to 4525 Main Street, which is not currently included in the Same Store NOI calculation.

## Operating Performance

At the end of the third quarter, the Company's office, retail and multifamily core operating property portfolios were 89.2%, 96.9% and 94.3% occupied, respectively.

Total construction contract backlog was \$76.7 million at the end of the third quarter.

## Balance Sheet and Financing Activity

As of September 30, 2017, the Company had \$493.5 million of total debt outstanding, including \$58.0 million outstanding under its revolving credit facility. Total debt outstanding excludes unamortized GAAP fair value adjustments and deferred financing costs. Approximately 47.6% of the Company's debt had fixed interest rates or were subject to interest rate swaps as of September 30, 2017. After considering LIBOR interest rate caps with strike prices at or below 150 basis points as of September 30, 2017, 100% of the Company's debt was fixed or hedged.

Subsequent to the end of the third quarter, the Company continued to take actions to enhance flexibility and strengthen its balance sheet, including closing on its new, expanded and unsecured \$300 million credit facility that includes a \$150 million term loan.

## Outlook

The Company raised its 2017 full-year guidance and now expects 2017 Normalized FFO in the range of \$0.98 to \$1.00 per diluted share. The following table outlines the Company's assumptions along with Normalized FFO per diluted share estimates for the full-year 2017.

Full-year 2017 Guidance <sup>[1]</sup>	Expected Ranges	
Total NOI	\$72.6M	\$73.0M
Construction company annual segment gross profit	\$7.2M	\$7.5M
General and administrative expenses	\$10.4M	\$10.6M
Interest income	\$6.9M	\$7.1M
Interest expense <sup>[2]</sup>	\$17.2M	\$17.5M
Normalized FFO per diluted share <sup>[3]</sup>	\$0.98	\$1.00

<sup>[1]</sup> Excludes the impact of any future acquisitions and dispositions and assumes there will be no additional capital market activities.

<sup>[2]</sup> Interest expense is calculated based on the Forward LIBOR Curve.

<sup>[3]</sup> 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 60.2 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](http://www.ArmadaHoffler.com) under the Investors section.

### **Webcast and Conference Call**

The Company will host a webcast and conference call on Tuesday, October 31, 2017 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](http://www.ArmadaHoffler.com), or through [www.viavid.com](http://www.viavid.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 Thursday, November 30, 2017 by dialing 844-512-2921 (domestic) or 412-317-6671 (international) and entering the pass code 13670678.

### **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, 2016, and the other documents filed by the Company with the Securities and Exchange Commission.

### **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. Management also believes 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, 2017	December 31, 2016
	(Unaudited)	
<b>ASSETS</b>		
Real estate investments:		
Income producing property	\$ 906,225	\$ 894,078
Held for development	680	680
Construction in progress	62,948	13,529
Accumulated depreciation	(157,932)	(139,553)
Net real estate investments	811,921	768,734
Cash and cash equivalents	19,721	21,942
Restricted cash	3,195	3,251
Accounts receivable, net	15,826	15,052
Notes receivable	75,522	59,546
Construction receivables, including retentions	35,923	39,433
Construction contract costs and estimated earnings in excess of billings	110	110
Equity method investments	11,169	10,235
Other assets	57,611	64,165
<b>Total Assets</b>	<b>\$ 1,030,998</b>	<b>\$ 982,468</b>
<b>LIABILITIES AND EQUITY</b>		
Indebtedness, net	\$ 488,609	\$ 522,180
Accounts payable and accrued liabilities	14,383	10,804
Construction payables, including retentions	48,160	51,130
Billings in excess of construction contract costs and estimated earnings	5,232	10,167
Other liabilities	41,181	39,209
<b>Total Liabilities</b>	<b>597,565</b>	<b>633,490</b>
Redeemable noncontrolling interest	2,000	—
<b>Total Equity</b>	<b>431,433</b>	<b>348,978</b>
<b>Total Liabilities and Equity</b>	<b>\$ 1,030,998</b>	<b>\$ 982,468</b>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
	(Unaudited)			
<b>Revenues</b>				
Rental revenues	\$ 27,096	\$ 25,305	\$ 81,083	\$ 72,839
General contracting and real estate services revenues	41,201	38,552	161,391	108,555
<b>Total revenues</b>	<b>68,297</b>	<b>63,857</b>	<b>242,474</b>	<b>181,394</b>
<b>Expenses</b>				
Rental expenses	6,830	5,834	19,069	16,234
Real estate taxes	2,693	2,356	7,797	7,087
General contracting and real estate services expenses	39,377	37,274	154,588	104,336
Depreciation and amortization	9,239	8,885	28,018	25,636
General and administrative expenses	2,098	2,156	7,762	6,864
Acquisition, development and other pursuit costs	61	345	477	1,486
Impairment charges	19	149	50	184
<b>Total expenses</b>	<b>60,317</b>	<b>56,999</b>	<b>217,761</b>	<b>161,827</b>
<b>Operating income</b>	<b>7,980</b>	<b>6,858</b>	<b>24,713</b>	<b>19,567</b>
Interest income	1,910	1,024	4,966	1,928
Interest expense	(4,253)	(4,124)	(13,282)	(11,893)
Loss on extinguishment of debt	—	(82)	—	(82)
Gain on real estate dispositions	4,692	3,753	8,087	30,440
Change in fair value of interest rate derivatives	87	498	300	(2,264)
Other income	74	35	154	154
Income before taxes	10,490	7,962	24,938	37,850
Income tax provision	(29)	(16)	(781)	(240)
Net income	10,461	7,946	24,157	37,610
Net income attributable to noncontrolling interests	(2,973)	(2,734)	(7,262)	(12,994)
<b>Net income attributable to stockholders</b>	<b>\$ 7,488</b>	<b>\$ 5,212</b>	<b>\$ 16,895</b>	<b>\$ 24,616</b>
Net income per diluted share and unit	\$ 0.17	\$ 0.15	\$ 0.41	\$ 0.77
Weighted average shares and units outstanding	62,779	51,512	59,423	48,869

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,	
	2017	2016	2017	2016
	(Unaudited)			
<b>Net income</b>	\$ 10,461	\$ 7,946	\$ 24,157	\$ 37,610
Depreciation and amortization	9,239	8,885	28,018	25,636
Gain on operating real estate dispositions <sup>(1)</sup>	(4,200)	(3,753)	(7,595)	(30,010)
<b>Funds From Operations (FFO)</b>	<b>\$ 15,500</b>	<b>\$ 13,078</b>	<b>\$ 44,580</b>	<b>\$ 33,236</b>
Acquisition, development and other pursuit costs	61	345	477	1,486
Impairment charges	19	149	50	184
Loss on extinguishment of debt	—	82	—	82
Change in fair value of interest rate derivatives	(87)	(498)	(300)	2,264
<b>Normalized FFO</b>	<b>\$ 15,493</b>	<b>\$ 13,156</b>	<b>\$ 44,807</b>	<b>\$ 37,252</b>
<b>Net income per diluted share and unit</b>	<b>\$ 0.17</b>	<b>\$ 0.15</b>	<b>\$ 0.41</b>	<b>\$ 0.77</b>
<b>FFO per diluted share and unit</b>	<b>\$ 0.25</b>	<b>\$ 0.25</b>	<b>\$ 0.75</b>	<b>\$ 0.68</b>
<b>Normalized FFO per diluted share and unit</b>	<b>\$ 0.25</b>	<b>\$ 0.26</b>	<b>\$ 0.75</b>	<b>\$ 0.76</b>
Weighted average shares and units outstanding	62,779	51,512	59,423	48,869

(1) The adjustment for gain on operating real estate dispositions excludes the gain recognized in the three months ended March 31, 2016 on the Newport News Economic Authority building because this building was sold before being placed in service. Additionally, 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

3Q 2017 | SUPPLEMENTAL FINANCIAL PACKAGE



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This Supplemental Financial Package should be read in conjunction with the unaudited condensed consolidated financial statements appearing in our press release dated October 31, 2017, which has been furnished as Exhibit 99.1 to our Form 8-K filed on October 31, 2017. 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.

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.

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### Board of Directors

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

### Corporate Officers

<b>Louis S. Haddad</b>	President and Chief Executive Officer
<b>Michael P. O'Hara</b>	Chief Financial Officer and Treasurer
<b>Eric L. Smith</b>	Chief Investment Officer and Corporate Secretary
<b>Eric E. Apperson</b>	President of Construction
<b>Shelly R. Hampton</b>	President of Asset Management

### Investor Relations

<b>Michael P. O'Hara</b> (757) 366-6684	Chief Financial Officer and Treasurer mohara@armadahoffler.com
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### Analyst Coverage

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& Scott LLC**  
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- Net income of \$10.5 million, or \$0.17 per diluted share, for the quarter ended September 30, 2017 compared to net income of \$7.9 million, or \$0.15 per diluted share, for the quarter ended September 30, 2016.
  - Normalized Funds From Operations ("FFO") of \$15.5 million, or \$0.25 per diluted share, for the quarter ended September 30, 2017 compared to Normalized FFO of \$13.2 million, or \$0.26 per diluted share, for the quarter ended September 30, 2016.
  - FFO of \$15.5 million, or \$0.25 per diluted share, for the quarter ended September 30, 2017 compared to FFO of \$13.1 million, or \$0.25 per diluted share, for the quarter ended September 30, 2016.
  - Raised 2017 full-year Normalized FFO guidance range - now \$0.98 to \$1.00 per diluted share - from its previous guidance range of \$0.97 to \$0.99 per diluted share.
  - Core operating property portfolio occupancy at 94.7% as of September 30, 2017 compared to 94.2% as of June 30, 2017.
  - Completed the sale of two properties leased by the Commonwealth of Virginia on July 13, 2017 for an aggregate sales price of \$13.2 million representing a 38% profit over development cost.
  - Acquired the outparcel phase of Wendover Village in Greensboro, North Carolina for \$14.3 million. The Company previously acquired the primary phase of Wendover Village in January 2016.
  - Delivered the initial phase of the Annapolis Junction multifamily asset in Howard County, Maryland and leased over 80 units to date.
  - After the end of the quarter, the Company:
    - Announced that Williams Sonoma and Pottery Barn will be the anchor tenants of Phase VI of development in the Town Center of Virginia Beach, further solidifying Town Center as a prime shopping destination in the region.
    - Broke ground on two student housing properties in historic downtown Charleston, South Carolina representing \$100 million of new development.
    - Closed on a new expanded and unsecured \$300 million credit facility that includes \$150 million term loan with a syndicate of banks co-led by Bank of America, PNC and Regions Bank.
    - Invested in the development of a \$20 million Whole Foods anchored center located in Delray Beach, Florida.
    - Updated company logo and branding including enhanced corporate website launched in October 2017.
-



Outlook	Low	High
Total NOI	\$72.6M	\$73.0M
Construction Segment Gross Profit	\$7.2M	\$7.5M
G&A expenses	\$10.4M	\$10.6M
Interest income	\$6.9M	\$7.1M
Interest expense	\$17.2M	\$17.5M
Normalized FFO per diluted share	\$0.98	\$1.00

## Guidance Assumptions

No additional capital market activities.

•

Interest expense is calculated based on the Forward LIBOR Curve.

•

Full year weighted average share count of 60.2 million.

\$ in thousands, except per share data

	Three months ended				
	9/30/2017	6/30/2017	3/31/2017	12/31/2016	9/30/2016
<b>OPERATIONAL METRICS</b>					
Net income	\$10,461	\$4,943	\$8,753	\$5,145	\$7,946
Net income per diluted share	\$0.17	\$0.08	\$0.16	\$0.09	\$0.15
Rental properties Net Operating Income (NOI)	17,573	17,989	18,655	18,304	17,115
General contracting and real estate services gross profit	1,824	2,656	2,323	1,436	1,278
Adjusted EBITDA <sup>(1)</sup>	19,203	19,272	19,376	18,097	16,720
Funds From Operations (FFO)	15,500	14,247	14,833	14,744	13,078
FFO per diluted share	\$0.25	\$0.24	\$0.27	\$0.27	\$0.25
Normalized FFO	15,493	14,724	14,590	13,669	13,156
Normalized FFO per diluted share	\$0.25	\$0.25	\$0.26	\$0.25	\$0.26
Annualized dividend yield	5.50%	5.87%	5.47%	4.94%	5.37%
<b>CAPITALIZATION</b>					
Total common shares outstanding	44,937	44,932	37,813	37,490	34,256
Operating Partnership units outstanding	17,845	17,846	17,859	17,794	17,793
Common shares and OP units outstanding	62,782	62,778	55,672	55,284	52,049
Market price per common share	\$13.81	\$12.95	\$13.89	\$14.57	\$13.40
Equity market capitalization <sup>(2)</sup>	\$867,019	\$812,975	\$773,284	\$805,488	\$697,457
Total debt <sup>(3)</sup>	493,493	470,314	527,504	527,082	519,209
Total market capitalization	1,360,512	1,283,289	1,300,788	1,332,570	1,216,666
Less: cash	(22,916)	(21,726)	(13,688)	(25,193)	(27,361)
Total enterprise value	\$1,337,596	\$1,261,563	\$1,287,100	\$1,307,377	\$1,189,305
<b>BALANCE SHEET METRICS</b>					
Core Debt/enterprise value	34.2%	30.9%	32.9%	31.7%	34.3%
Fixed charge coverage ratio	3.7x	3.5x	3.6x	3.3x	3.4x
Core Debt/Annualized Core EBITDA	6.0x	5.3x	6.0x	6.3x	6.4x
<b>CORE PORTFOLIO OCCUPANCY</b>					
Office <sup>(4)</sup>	89.2%	89.9%	87.7%	86.8%	96.4%
Retail <sup>(4)</sup>	96.9%	96.8%	96.7%	95.8%	96.4%
Multifamily <sup>(5)</sup>	94.3%	91.6%	92.7%	94.3%	95.8%
Weighted Average <sup>(6)</sup>	94.7%	94.2%	94.3%	93.8%	96.2%

(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) Total occupancy weighted by annualized base rent

In thousands

Stabilized Portfolio NOI (Cash)			Taxable REIT Subsidiary (TRS)	
	Three months ended	Annualized		Trailing 12 Months
	9/30/2017	9/30/2017		
<b>Diversified Portfolio</b>			General contracting Gross Profit	\$8,239
Office	\$82	\$328	<b>Non-Property Assets</b>	
Retail	9,227	36,908	<b>Non-Property Assets</b>	As of 9/30/2017
Multifamily	1,637	6,548	Cash and Cash Equivalents	\$19,721
Total Diversified Portfolio NOI	\$10,946	\$43,784	Restricted Cash	3,195
			Accounts Receivable	15,826
<b>Virginia Beach Town Center</b>			Notes Receivable	75,522
Office <sup>(1)</sup>	\$2,989	\$11,956	Construction receivables, including retentions	35,923
Retail <sup>(1)</sup>	1,973	7,892	Equity method investments (Durham City Center JV)	11,169
Multifamily	1,495	5,980	Other Assets	57,721
Total Virginia Beach Town Center NOI	\$6,457	\$25,828	Land held for development	680
			Total Non-Property Assets	\$219,757
<b>Timing of mid-quarter transaction</b>			<b>Liabilities &amp; Share Count</b>	
Acquisition	\$76	\$304		As of 9/30/2017
Disposition	(82)	(328)	<b>Liabilities</b>	
Total timing Mid-Quarter transaction	(\$6)	(\$24)	Mortgages and notes payable	\$488,609
			Accounts payable and accrued liabilities	14,383
Stabilized Portfolio NOI - Cash Basis	\$17,397	\$69,588	Construction payables, including retentions	48,160
			Other Liabilities	46,413
Signed leases not occupied or still in free rent period	\$301	\$1,204	Total Liabilities	\$597,565
Total	\$17,698	\$70,792	<b>Share Count</b>	
				Three months ended
<b>Development Pipeline</b>				9/30/2017
		9/30/2017	Weighted average common shares outstanding	44,934
Income producing property		\$25,000	Weighted average OP Units Outstanding	17,845
Construction in progress		57,000	Total weighted average common shares & OP units outstanding	62,779
Other assets		2,000		
Total cost to date		\$84,000		

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

# Summary Balance Sheet

\$ in thousands

	As of	
	9/30/2017 (Unaudited)	12/31/2016
<b>Assets</b>		
Real estate investments:		
Income producing property	\$906,225	\$894,078
Held for development	680	680
Construction in progress	62,948	13,529
Accumulated depreciation	(157,932)	(139,553)
Net real estate investments	<u>811,921</u>	<u>768,734</u>
Cash and cash equivalents	19,721	21,942
Restricted cash	3,195	3,251
Accounts receivable, net	15,826	15,052
Notes receivable	75,522	59,546
Construction receivables, including retentions	35,923	39,433
Costs and estimated earnings in excess of billings	110	110
Equity method investments	11,169	10,235
Other assets	57,611	64,165
<b>Total Assets</b>	<u><u>\$1,030,998</u></u>	<u><u>\$982,468</u></u>
<b>Liabilities and Equity</b>		
Indebtedness, net	\$488,609	\$522,180
Accounts payable and accrued liabilities	14,383	10,804
Construction payables, including retentions	48,160	51,130
Billings in excess of costs and estimated earnings	5,232	10,167
Other liabilities	41,181	39,209
<b>Total Liabilities</b>	<u>597,565</u>	<u>633,490</u>
Redeemable noncontrolling interest	2,000	-
<b>Total Equity</b>	<u>431,433</u>	<u>348,978</u>
<b>Total Liabilities and Equity</b>	<u><u>\$1,030,998</u></u>	<u><u>\$982,468</u></u>

# Summary Income Statement

Amounts in thousands, except per share data

	Three months ended		Nine months ended	
	9/30/2017	9/30/2016	9/30/2017	9/30/2016
<b>Revenues</b>	(Unaudited)			
Rental revenues	\$27,096	\$25,305	\$81,083	\$72,839
General contracting and real estate services	41,201	38,552	161,391	108,555
<b>Total Revenues</b>	<b>68,297</b>	<b>63,857</b>	<b>242,474</b>	<b>181,394</b>
<b>Expenses</b>				
Rental expenses	6,830	5,834	19,069	16,234
Real estate taxes	2,693	2,356	7,797	7,087
General contracting and real estate services	39,377	37,274	154,588	104,336
Depreciation and amortization	9,239	8,885	28,018	25,636
General and administrative	2,098	2,156	7,762	6,864
Acquisition, development & other pursuit costs	61	345	477	1,486
Impairment charges	19	149	50	184
<b>Total Expenses</b>	<b>60,317</b>	<b>56,999</b>	<b>217,761</b>	<b>161,827</b>
<b>Operating Income</b>	<b>7,980</b>	<b>6,858</b>	<b>24,713</b>	<b>19,567</b>
Interest income	1,910	1,024	4,966	1,928
Interest expense	(4,253)	(4,124)	(13,282)	(11,893)
Loss on extinguishment of debt	-	(82)	-	(82)
Gain on real estate dispositions	4,692	3,753	8,087	30,440
Change in fair value of interest rate derivatives	87	498	300	(2,264)
Other income	74	35	154	154
Income before taxes	10,490	7,962	24,938	37,850
Income tax provision	(29)	(16)	(781)	(240)
<b>Net Income</b>	<b>\$10,461</b>	<b>\$7,946</b>	<b>\$24,157</b>	<b>\$37,610</b>
Per Diluted Share & Unit	\$0.17	\$0.15	\$0.41	\$0.77
Weighted Average Shares & Units - Diluted	62,779	51,512	59,423	48,869

# FFO, Normalized FFO & Adjusted FFO<sup>(1)</sup>

\$ in thousands, except per share data

	Three months ended (Unaudited)				
	9/30/2017	6/30/2017	3/31/2017	12/31/2016	9/30/2016
<b>Funds From Operations</b>					
Net income	\$10,461	\$4,943	\$8,753	\$5,145	\$7,946
Earnings per diluted share	\$0.17	\$0.08	\$0.16	\$0.09	\$0.15
Depreciation and amortization <sup>(2)</sup>	9,239	9,304	9,475	9,692	8,885
Gains on dispositions of operating real estate	(4,200)	-	(3,395)	(93)	(3,753)
<b>FFO</b>	<b>\$15,500</b>	<b>\$14,247</b>	<b>\$14,833</b>	<b>\$14,744</b>	<b>\$13,078</b>
FFO per diluted share	\$0.25	\$0.24	\$0.27	\$0.27	\$0.25
<b>Normalized FFO</b>					
Acquisition, development & other pursuit costs	61	369	47	77	345
Loss on extinguishment of debt	-	-	-	-	82
Impairment charges	19	27	4	171	149
Change in fair value of interest rate derivatives	(87)	81	(294)	(1,323)	(498)
<b>Normalized FFO</b>	<b>\$15,493</b>	<b>\$14,724</b>	<b>\$14,590</b>	<b>\$13,669</b>	<b>\$13,156</b>
Normalized FFO per diluted share	\$0.25	\$0.25	\$0.26	\$0.25	\$0.26
<b>Adjusted FFO</b>					
Non-cash stock compensation	215	421	411	218	212
Acquisition, development & other pursuit costs	(61)	(369)	(47)	(77)	(345)
Tenant improvements, leasing commissions <sup>(2)</sup>	(707)	(840)	(943)	(507)	(233)
Property related capital expenditures	(1,167)	(895)	(442)	(434)	(514)
Non-cash interest expense	380	283	277	293	219
Net effect of straight-line rents	(159)	(122)	(245)	(246)	(158)
Amortization of leasing incentives & above (below) market rents	(50)	(43)	(47)	(24)	116
<b>AFFO</b>	<b>\$13,944</b>	<b>\$13,159</b>	<b>\$13,554</b>	<b>\$12,892</b>	<b>\$12,453</b>
Weighted Average Common Shares Outstanding	44,934	42,091	37,622	36,465	33,792
Weighted Average Operating Partnership ("OP") Units Outstanding	17,845	17,845	17,853	17,793	17,720
Total Weighted Average Common Shares and OP Units Outstanding	62,779	59,936	55,475	54,258	51,512

(1) See definitions on pages 28-29

(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 9/30/2017	Maturity Date	Debt Maturities & Principal Payments						Amount Outstanding as of 9/30/2017	
				2017	2018	2019	2020	2021	Thereafter		
<b>Secured Notes Payable - Core Debt</b>											
Sandbridge Commons	L+1.85%	3.08%	1/17/2018	\$63	\$8,467						\$8,530
Columbus Village Note 1	L+2.00%	3.05% <sup>(1)</sup>	4/5/2018	44	6,080						6,124
Columbus Village Note 2	L+2.00%	3.23%	4/5/2018	14	2,218						2,232
Johns Hopkins Village	L+1.90%	3.13%	7/30/2018		46,698						46,698
North Point Center Note 1	6.45%	6.45%	2/5/2019	52	219	9,352					9,623
Southgate Square	L+2.00%	3.23%	4/29/2021	112	539	561	584	19,075			20,871
249 Central Park Retail	L+1.95%	3.18%	8/8/2021	63	229	243	258	16,117			16,910
South Retail	L+1.95%	3.18%	8/8/2021	27	101	107	113	7,072			7,420
Fountain Plaza Retail	L+1.95%	3.18%	8/8/2021	36	138	147	156	9,703			10,180
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	129	485	504	522	544	17,438		19,622
Socastee Commons	4.57%	4.57%	1/6/2023	24	100	105	109	115	4,343		4,796
North Point Center Note 2	7.25%	7.25%	9/15/2025	28	113	121	130	140	1,954		2,486
Smith's Landing	4.05%	4.05%	6/1/2035	197	791	824	858	890	16,394		19,954
Liberty Apartments	5.66%	5.66%	11/1/2043	84	344	364	385	415	18,171		19,763
The Cosmopolitan	3.35%	3.35%	7/1/2051	181	741	766	792	819	42,091		45,390
<b>Total - Secured Core Debt</b>				<b>\$1,054</b>	<b>\$67,263</b>	<b>\$13,376</b>	<b>\$5,057</b>	<b>\$110,458</b>	<b>\$100,391</b>		<b>\$297,599</b>
<b>Secured Notes Payable - Development Pipeline</b>											
Lightfoot Marketplace	L+1.90%	3.13%	11/14/2017	12,894							12,894
<b>Total - Development Pipeline</b>				<b>12,894</b>							<b>12,894</b>
<b>Total Secured Notes Payable</b>				<b>\$13,948</b>	<b>\$67,263</b>	<b>\$13,376</b>	<b>\$5,057</b>	<b>\$110,458</b>	<b>\$100,391</b>		<b>\$310,493</b>
<b>Unsecured Core Debt</b>											
Senior unsecured line of credit	L+1.40% - 2.00%	2.78%	2/20/2019			58,000					58,000
Senior unsecured term loan	L+1.35% - 1.95%	2.73%	2/20/2020				75,000				75,000
Senior unsecured term loan	L+1.35% - 1.95%	3.50% <sup>(1)</sup>	2/20/2020				50,000				50,000
<b>Total - Unsecured Core Debt</b>						<b>58,000</b>	<b>125,000</b>				<b>183,000</b>
<b>Total Notes Payable excluding GAAP Adjustments</b>				<b>\$13,948</b>	<b>\$67,263</b>	<b>\$71,376</b>	<b>\$130,057</b>	<b>\$110,458</b>	<b>\$100,391</b>		<b>\$493,493</b>
Weighted Average Interest Rate				3.2%	3.2%	3.3%	3.1%	3.3%	4.1%		3.4%
Ballon Payments				12,894	62,884	67,333	125,000	106,274	22,676		397,061
Principal amortization				1,054	4,379	4,043	5,057	4,184	77,715		96,432
<b>Total Consolidated Debt</b>				<b>\$13,948</b>	<b>\$67,263</b>	<b>\$71,376</b>	<b>\$130,057</b>	<b>\$110,458</b>	<b>\$100,391</b>		<b>\$493,493</b>
GAAP Adjustments										(4,884)	
<b>Total Notes Payable</b>											<b>\$488,609</b>

- (1) Subject to an interest rate swap lock
- (2) Includes debt subject to interest rate swap locks
- (3) Excludes debt subject to interest rate swap locks

30 Day LIBOR as of 9/30/2017	1.232%
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# Core Debt to Core EBITDA<sup>(1)</sup>

\$ in thousands

	Three months ended				
	9/30/2017	6/30/2017	3/31/2017	12/31/2016	9/30/2016
<b>Net Income</b>	\$10,461	\$4,943	\$8,753	\$5,145	\$7,946
Excluding:					
Interest expense	4,253	4,494	4,535	4,573	4,124
Income tax	29	450	302	103	16
Depreciation and amortization	9,239	9,304	9,475	9,692	8,885
Gain on real estate dispositions	(4,692)	-	(3,395)	(93)	(3,753)
Change in fair value of interest rate derivatives	(87)	81	(294)	(1,323)	(498)
<b>Adjusted EBITDA</b>	\$19,203	\$19,272	\$19,376	\$18,097	\$16,720
Other adjustments:					
Loss on extinguishment of debt	-	-	-	-	82
Non-cash stock compensation	215	421	411	218	212
Development Pipeline	(301)	(1,244)	(2,154)	(1,917)	(1,058)
Total Other Adjustments	(86)	(823)	(1,743)	(1,699)	(764)
<b>Core EBITDA</b>	\$19,117	\$18,449	\$17,633	\$16,398	\$15,956
<b>Total Debt<sup>(2)</sup></b>	\$493,493	\$470,314	\$527,504	\$527,082	\$519,209
Adjustments to Debt:					
(Less) Development Pipeline <sup>(2)</sup>	(12,894)	(58,942)	(90,021)	(88,069)	(84,321)
(Less) Cash & restricted cash	(22,916)	(21,726)	(13,688)	(25,193)	(27,361)
<b>Core Debt</b>	\$457,683	\$389,646	\$423,795	\$413,820	\$407,527
<b>Core Debt/Annualized Core EBITDA</b>	<b>6.0x</b>	<b>5.3x</b>	<b>6.0x</b>	<b>6.3x</b>	<b>6.4x</b>

(1) See definitions on page 30

(2) Excludes GAAP Adjustments

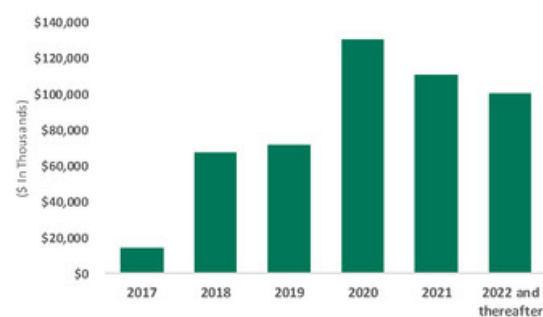


\$ in thousands

Total Debt Composition				
	Percent of Debt	Weighted Average		
		Interest Rate	Maturity	
<b>Secured vs. Unsecured Debt</b>				
Unsecured Debt	37.1%	3.0%	2.1 Yrs	
Secured Debt	62.9%	3.6%	9.8 Yrs	
<b>Variable vs. Fixed-rate Debt</b>				
Variable-rate Debt <sup>(1)</sup>	52.4%	3.0%	2.0 Yrs	
Fixed-rate Debt <sup>(2)(3)</sup>	47.6%	3.8%	12.4 Yrs	
Fixed-rate and Hedged Debt <sup>(2)(3)</sup>	100.0%			
<b>Total</b>		<b>3.4%</b>	<b>6.9 Yrs</b>	



Interest Rate Cap Agreements			
Effective Date	Maturity Date	Strike Rate	Notional Amount
October 26, 2015	October 15, 2017	1.25%	\$75,000
February 25, 2016	March 1, 2018	1.50%	75,000
June 17, 2016	June 17, 2018	1.00%	70,000
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
<b>Total Interest Rate Caps</b>			<b>370,000</b>
Fixed-rate Debt <sup>(2)(3)</sup>			234,758
Fixed-rate and Hedged Debt			\$604,758
<b>% of Total<sup>(3)</sup></b>			<b>100.0%</b>



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

\$ in thousands

## Capitalization as of September 30, 2017

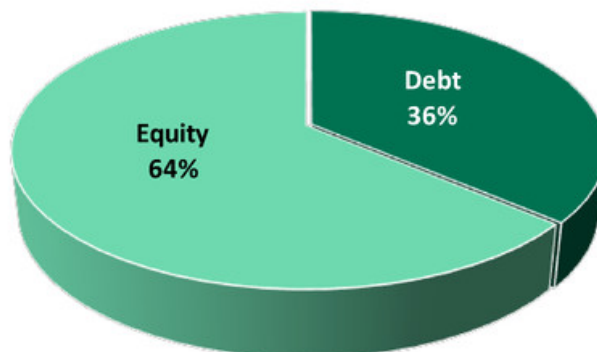
Debt	% of Total	Carrying Value
Unsecured Credit Facility	12%	\$58,000
Unsecured Term Loans	25%	125,000
Mortgages Payable	63%	310,493
<b>Total Debt</b>		<b>\$493,493</b>

Equity	% of Total	Shares/Units	Stock Price	Market Value
Common Stock (NYSE: AHH)	72%	44,937	\$13.81	\$620,580
Common Units	28%	17,845	\$13.81	246,439
<b>Equity Market Capitalization</b>		<b>62,782</b>		<b>\$867,019</b>
<b>Total Market Capitalization</b>				<b>\$1,360,512</b>
<b>Debt/Market Capitalization</b>				<b>36.3%</b>

## Dividend Data

	Trailing 12 Months
Common Dividends and Distributions	\$40,881
AFFO	53,549
AFFO Payout Ratio	76.3%

## Capital Structure as of September 30, 2017



## Liquidity as of September 30, 2017

Cash on Hand	\$22,916
Availability under Credit Facility	87,900
<b>Total</b>	<b>\$110,816</b>

As of 9/30/17

Property	Anchor Tenant	Location	Town Center	Unencumbered ABR	Year Built	Net Rentable Square Feet (RSF) <sup>(1)</sup>			Core Occupancy <sup>(2)</sup>	Development Leased <sup>(2)</sup>	ABR <sup>(3)</sup>	ABR per Leased Sq <sup>(3)</sup>
						Core Properties	Development Properties	Total				
<b>Retail Properties</b>												
249 Central Park Retail <sup>(4)</sup>	Cheesecake Factory, Brooks Brothers, Gordon Biersch	Virginia Beach, VA	✓	-	2004	92,710	-	92,710	96.6%	-	\$2,524,250	\$28.18
Alexander Pointe	Harris Teeter	Salisbury, NC		100%	1997	57,710	-	57,710	97.6%	-	651,177	11.56
Bermuda Crossroads <sup>(5)</sup>	Food Lion, OfficeMax	Chester, VA		100%	2001	122,566	-	122,566	93.7%	-	1,692,599	14.73
Broad Creek Shopping Center <sup>(6)(14)</sup>	Home Depot, Food Lion, PetSmart	Norfolk, VA		100%	1997/2001	250,416	-	250,416	100.0%	-	3,853,161	15.39
Broadmoor Plaza	Kroger, Staples, Jo-Ann Fabrics	South Bend, IN		100%	1980	115,059	-	115,059	92.2%	-	1,251,347	11.80
Brooks Crossing	Various Small Shops	Newport News, VA		100%	2016	-	18,349	18,349	-	59.8%	151,380	13.80
Columbus Village	Barnes & Noble	Virginia Beach, VA	✓	-	1980/2013	66,594	-	66,594	88.5%	-	1,145,259	19.42
Columbus Village II	Regal Cinemas, B&B	Virginia Beach, VA	✓	100%	1995/1996	92,061	-	92,061	100.0%	-	1,580,083	17.16
Commerce Street Retail <sup>(5)</sup>	Yard House	Virginia Beach, VA	✓	100%	2008	19,173	-	19,173	100.0%	-	856,862	44.69
Courthouse 7-Eleven	7-Eleven	Virginia Beach, VA		100%	2011	3,177	-	3,177	100.0%	-	139,280	43.84
Dick's at Town Center	Dick's Sporting Goods, USI	Virginia Beach, VA	✓	100%	2002	103,335	-	103,335	100.0%	-	1,241,201	12.01
Dimmock Square	Best Buy, Old Navy	Colonial Heights, VA		100%	1998	106,166	-	106,166	97.2%	-	1,746,579	16.93
Fountain Plaza Retail	Ruth's Chris, Ann Taylor	Virginia Beach, VA	✓	-	2004	35,961	-	35,961	100.0%	-	1,016,048	28.25
Gainsborough Square	Food Lion, Rite Aid	Chesapeake, VA		100%	1999	88,862	-	88,862	92.5%	-	1,243,647	15.14
Greentree Shopping Center	Various Small Shops	Chesapeake, VA		100%	2014	15,719	-	15,719	92.6%	-	308,670	21.21
Hanbury Village <sup>(5)</sup>	Harris Teeter, Walgreens	Chesapeake, VA		32%	2006/2009	116,635	-	116,635	97.0%	-	2,422,431	21.40
Harper Hill Commons <sup>(6)</sup>	Harris Teeter	Winston-Salem, NC		100%	2004	96,914	-	96,914	80.5%	-	895,528	11.47
Harrisonburg Regal	Regal Cinemas	Harrisonburg, VA		100%	1999	49,000	-	49,000	100.0%	-	683,550	13.95
Lightfoot Marketplace <sup>(6)</sup>	Harris Teeter, CHKD	Williamsburg, VA		-	2016	-	107,643	107,643	-	72.6%	1,113,223	14.24
North Hampton Market	PetSmart, Hobby Lobby	Taylors, SC		100%	2004	114,935	-	114,935	99.0%	-	1,435,735	12.62
North Point Center <sup>(5)</sup>	Kroger, PetSmart, Home Depot, Costco	Durham, NC		67%	1998/2009	496,246	-	496,246	99.7%	-	3,685,430	7.45
Oakland Marketplace <sup>(5)</sup>	Kroger	Oakland, TN		100%	2004	64,600	-	64,600	97.8%	-	455,030	7.20
Parkway Marketplace	Rite Aid	Virginia Beach, VA		100%	1998	37,804	-	37,804	100.0%	-	757,100	20.03
Patterson Place	B&B, PetSmart, DSW, AC Moore	Durham, NC		100%	2004	160,942	-	160,942	96.1%	-	2,441,875	15.78
Perry Hall Marketplace	Safeway	Perry Hall, MD		100%	2001	74,256	-	74,256	100.0%	-	1,252,232	16.86
Providence Plaza	Cranfill, Sumner & Hartzog, Chipotle	Charlotte, NC		100%	2007/2008	103,118	-	103,118	97.5%	-	2,633,953	26.21
Renaissance Square	Harris Teeter	Davidson, NC		100%	2008	80,467	-	80,467	92.2%	-	1,290,781	17.39
Sandbridge Commons <sup>(6)</sup>	Harris Teeter	Virginia Beach, VA		-	2015	69,417	-	69,417	100.0%	-	911,934	13.14
Socastee Commons	Bi-Lo	Myrtle Beach, SC		-	2000/2014	57,273	-	57,273	100.0%	-	656,700	11.47
South Retail	lululemon, free people, CPK	Virginia Beach, VA	✓	-	2002	38,515	-	38,515	84.9%	-	889,762	27.20
South Square <sup>(6)</sup>	Ross, Petco, Office Depot	Durham, NC		100%	1977/2005	109,590	-	109,590	100.0%	-	1,898,676	17.33
Southgate Square	Burlington, PetSmart, Michaels	Colonial Heights, VA		-	1991/2016	220,131	-	220,131	96.3%	-	2,891,335	13.65
Southshore Shops	Buffalo Wild Wings	Midlothian, VA		100%	2006	40,333	-	40,333	97.5%	-	787,682	20.02
Stone House Square <sup>(6)</sup>	Weis Markets	Hagerstown, MD		100%	2008	112,274	-	112,274	90.7%	-	1,741,160	17.10
Studio 56 Retail	McCormick & Schmick's	Virginia Beach, VA	✓	100%	2007	11,594	-	11,594	100.0%	-	378,009	32.60
Tyre Neck Harris Teeter <sup>(6)(14)</sup>	Harris Teeter	Portsmouth, VA		100%	2011	48,808	-	48,808	100.0%	-	532,495	10.91
Waynesboro Commons	Kroger	Waynesboro, VA		100%	1993	52,415	-	52,415	100.0%	-	428,996	8.18
Wendover Village	B&B, T.J. Maxx, Petco	Greensboro, NC		100%	2004	171,653	-	171,653	100.0%	-	3,099,534	18.06
<b>Total / Weighted Avg Retail Portfolio</b>				<b>73%</b>		<b>3,496,429</b>	<b>125,992</b>	<b>3,622,421</b>	<b>96.9%</b>	<b>70.7%</b>	<b>\$52,684,694</b>	<b>\$15.14</b>

As of 9/30/17

Property	Anchor Tenant	Location	Town Center	Unencumbered ABR	Year Built	Net Rentable Square Feet (RSF) <sup>(1)</sup>			Core Occupancy <sup>(2)</sup>	ABR <sup>(3)</sup>	ABR per Leased sqft <sup>(4)</sup>
						Core Properties	Development Properties	Total			
<b>Office Properties</b>											
4525 Main Street	Clark Nexsen, Anthropologie, Mythics	Virginia Beach, VA	✓	-	2014	237,893	-	237,893	93.1%	\$6,220,970	\$28.10
Armada Hoffer Tower <sup>(4)(5)</sup>	AHH, Troutman Sanders, Williams Mullen	Virginia Beach, VA	✓	100%	2002	324,242	-	324,242	91.9%	8,527,722	28.61
One Columbus <sup>(5)</sup>	BB&T, HBA	Virginia Beach, VA	✓	100%	1984	129,272	-	129,272	85.7%	2,764,511	24.96
Two Columbus	The Art Institute	Virginia Beach, VA	✓	100%	2009	108,448	-	108,448	76.9%	2,225,954	26.69
<b>Total / Weighted Average Office Portfolio</b>				<b>68%</b>		<b>799,855</b>	<b>-</b>	<b>799,855</b>	<b>89.2%</b>	<b>\$19,739,156</b>	<b>\$27.66</b>
<b>Multifamily</b>											
		Location	Town Center	Unencumbered ABR	Year Built	Core Properties	Development Properties	Total	Core Occupancy <sup>(2)</sup>	ABR <sup>(7)</sup>	ABR per Occupied Unit <sup>(10)</sup>
Encore Apartments		Virginia Beach, VA	✓	-	2014	286	-	286	93.4%	\$4,134,000	\$1,290.26
Johns Hopkins Village <sup>(8)(9)</sup>		Baltimore, MD		-	2016	157	-	157	100.0%	6,743,574	989.37
Liberty Apartments <sup>(9)</sup>		Newport News, VA		-	2013	197	-	197	90.0%	2,242,988	1,054.23
Smith's Landing <sup>(9)</sup>		Blacksburg, VA		-	2009	284	-	284	100.0%	3,864,864	1,134.06
The Cosmopolitan <sup>(8)</sup>		Virginia Beach, VA	✓	-	2006	342	-	342	90.4%	5,857,657	1,579.73
<b>Total / Weighted Avg Multifamily Portfolio</b>				<b>0%</b>		<b>1,266</b>	<b>-</b>	<b>1,266</b>	<b>94.3%</b>	<b>\$22,843,083</b>	<b>\$1,253.42</b>

- (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 September 30, 2017, 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, 2017, 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 September 30, 2017 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, 2017. 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 September 30, 2017, the Company occupied 41,103 square feet at these two properties at an ABR of \$1.2M, or \$30.06 per leased square foot, which amounts are reflected in this table. The rent paid by us is eliminated in accordance with GAAP.
- (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 below:
- | Properties Subject to Ground Lease | Number of Ground Leases | Square Footage Leased Pursuant to Ground Leases |                    |
|------------------------------------|-------------------------|---|--------------------|
|                                    |                         | Number of Ground Leases                         | ABR                |
| Bermuda Crossroads                 | 2                       | 11,000  | \$163,350          |
| Broad Creek Shopping Center        | 6                       | 22,737  | 607,081            |
| Hanbury Village                    | 2                       | 55,586  | 1,082,118          |
| Harper Hill Commons                | 1                       | 41,520  | 373,680            |
| Lightfoot Marketplace              | 1                       | 51,750  | 542,858            |
| North Point Center                 | 4                       | 280,556   | 1,083,597          |
| 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   | 165,000            |
| Tyre Neck Harris Teeter            | 1                       | 48,808  | 532,495            |
| <b>Total / Weighted Avg</b>        | <b>21</b>               | <b>615,673</b>                                  | <b>\$5,379,479</b> |
- (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 September 30, 2017 by (b) 12.
- (8) The ABR for Liberty, Cosmopolitan, Johns Hopkins Village excludes \$242K, \$770K, \$1.2M from ground floor retail leases, respectively.
- (9) The Company leases the land underlying this property pursuant to a ground lease.
- (10) ABR per Occupied Unit is calculated using occupied beds for the month ended September 30, 2017 by total beds.

# Development Pipeline

\$ in thousands

Development, Not Delivered	Property Type	Estimated <sup>(1)</sup>	% Leased	Schedule <sup>(1)</sup>			Estimated Cost <sup>(1)</sup>	Cost to Date	AHH Ownership %	Anchor Tenants & Other Notes
				Construction Start	Initial Occupancy	Stabilized Operation <sup>(2)</sup>				
Meeting Street Charleston, SC	Multifamily	114 units	NA	3Q17	3Q19	3Q19	\$53,000	\$9,000	90%	NA
King Street Charleston, SC	Multifamily	74 units	NA	3Q17	3Q19	3Q19	48,000	10,000	93%	NA
Harding Place Charlotte, NC	Multifamily	225 Units	NA	3Q16	3Q18	1Q20	47,000	22,000	80% <sup>(3)</sup>	NA
Town Center Phase VI Virginia Beach, VA	Mixed-use	39,000 SF 131 Units	46%	4Q16	3Q18	3Q19	43,000	16,000	100%	Williams Sonoma, Pottery Barn
Brooks Crossing Newport News, VA	Office	100,000 sf	100%	1Q18	1Q19	2Q19	22,000	1,000	65% <sup>(3)</sup>	Huntington Ingalls Industries <sup>(4)</sup>
Total Development, Not Delivered							\$213,000	\$58,000		
<b>Development, Delivered Not Stabilized</b>										
Brooks Crossing Newport News, VA	Retail	18,000 sf	60%	3Q15	3Q16	2Q18	3,000	3,000	65% <sup>(3)</sup>	Misc. small shops
Lightfoot Marketplace Williamsburg, VA	Retail	109,000 sf	73%	3Q14	3Q16	2Q18	25,000	23,000	70% <sup>(3)</sup>	Harris Teeter, CHKD
Total Development, Delivered Not Stabilized							\$28,000	\$26,000		
Total							\$241,000	\$84,000		
<b>Joint Ventures - Minority Partner</b>										
One City Center - 37% JV Durham, NC	Mixed-use	152,000 sf	36%	1Q16	2Q18	2Q19	\$36,000	\$11,000	100%	Duke University AHH Equity requirement \$11.0M
<b>Mezzanine Investments</b>										
Point Street Apartments Baltimore, MD	Multifamily	289 units	NA	1Q16	1Q18	2Q19	\$92,000	\$22,000	Option to purchase 88% upon completion	\$23M Mezzanine financing by AHH, earning 8% interest income
Annapolis Junction Annapolis Junction, MD	Multifamily	416 units	5%	2Q16	3Q17	1Q19	102,000	42,000	Option to purchase 88% upon completion	\$43M Mezzanine financing by AHH, earning 10% interest income
Total Mezzanine Investment							\$194,000	\$64,000		

	Q3 2017	Year to Date
Capitalized Interest	\$379	\$791
Capitalized Overhead	\$571	\$1,713



Town Center Phase VI



Meeting Street



One City Center



Point Street Apts.

- (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
- (4) Signed letter of intent

\$ in thousands

ACQUISITIONS									
Properties	Location	Square Feet	Purchase Price <sup>(1)</sup>	Reinvested 1031 Proceeds	\$ Value of OP Units/Stock <sup>(2)</sup>	Cash Cap Rate	Purchase Date	Anchor Tenants	
Wendover Village Outparcel	Greensboro, NC	35,895	\$14,300	\$7,900	\$0	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	
<b>Total/Weighted Average</b>		<b>2,067,121</b>	<b>\$390,872</b>	<b>\$127,700</b>	<b>\$74,002</b>	<b>7.1%</b>			

DISPOSITIONS									
Properties	Location	Square Feet/Units	Sale Price	Cash Proceeds	Gain on Sale	Cash Cap Rate	Disposition Date	Anchor Tenants	
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	Newport News, VA	100,139	6,500	-	3,793	16.4% <sup>(3)</sup>	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	
Oceanneering	Chesapeake, VA	154,000	30,000	10,000	4,987	6.7%	4Q15	Oceanneering 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	
<b>Total/Weighted Average</b>		<b>768,520 sf/ 203 units</b>	<b>\$205,075</b>	<b>\$152,200</b>	<b>\$58,635</b>	<b>7.2%</b>			

(1) Contractual purchase price

(2) Value of OP Units/Stock at issuance

(3) Anchor tenant vacated 9/30/16, which would represent a 2.5% Cash Cap Rate

\$ in thousands

	<u>Location</u>	<u>Total Contract Value</u>	<u>Work in Place as of 9/30/2017</u>	<u>Backlog</u>	<u>Estimated Date of Completion</u>
<b>Highlighted Projects</b>					
Point Street Apartments	Baltimore, MD	\$73,230	\$54,254	\$18,976	1Q 2018
Annapolis Junction Apartments	Annapolis Junction, MD	69,325	64,676	4,649	1Q 2018
Durham City Center	Durham, NC	63,787	37,586	26,201	2Q 2018
Dinwiddie Municipal Complex	Dinwiddie, VA	23,125	5,192	17,933	2Q 2019
Sub Total		\$229,467	\$161,708	\$67,759	
<b>All Other Projects</b>		\$378,041	\$369,057	\$8,984	
<b>Total</b>		<b>\$607,508</b>	<b>\$530,765</b>	<b>\$76,743</b>	

<b>Gross Profit Summary</b>	<u>Q3 2017</u>	<u>Trailing 12 Months</u>
	<small>(Unaudited)</small>	
Revenue	\$41,201	\$211,866
Expense	(39,377)	(203,627)
Gross Profit	\$1,824	\$8,239



# Same Store NOI by Segment

\$ in thousands

(Reconciliation to GAAP located in appendix pg. 32)

	Three months ended				Nine months ended			
	9/30/2017	9/30/2016	\$ Change	% Change	9/30/2017	9/30/2016	\$ Change	% Change
<b>Office<sup>(1)(2)</sup></b>	(Unaudited)				(Unaudited)			
Revenue	\$3,378	\$3,595	(\$217)	-6.0%	\$10,258	\$10,805	(\$547)	-5.1%
Expenses	1,451	1,407	44	3.1%	4,085	3,986	99	2.5%
Net Operating Income	1,927	2,188	(261)	-11.9%	6,173	6,819	(646)	-9.5%
<b>Retail<sup>(1)</sup></b>								
Revenue	13,166	12,989	177	1.4%	28,297	27,846	451	1.6%
Expenses	3,721	3,359	362	10.8%	8,107	7,717	390	5.1%
Net Operating Income	9,445	9,630	(185)	-1.9%	20,190	20,129	61	0.3%
<b>Multifamily<sup>(1)(2)</sup></b>								
Revenue	4,793	4,872	(79)	-1.6%	14,230	14,354	(124)	-0.9%
Expenses	2,356	2,206	150	6.8%	6,595	6,342	253	4.0%
Net Operating Income	2,437	2,666	(229)	-8.6%	7,635	8,012	(377)	-4.7%
<b>Same Store Net Operating Income (NOI)</b>	<b>\$13,809</b>	<b>\$14,484</b>	<b>(\$675)</b>	<b>-4.7%</b>	<b>\$33,998</b>	<b>\$34,960</b>	<b>(\$962)</b>	<b>-2.8%</b>
Net effect of straight-line rents	81	(30)	111		534	71	463	
Amortization of lease incentives and above (below) market rents	(23)	(17)	(6)		346	365	(19)	
<b>Same store portfolio NOI, cash basis</b>	<b>\$13,867</b>	<b>\$14,437</b>	<b>(\$570)</b>	<b>-3.9%</b>	<b>\$34,877</b>	<b>\$35,396</b>	<b>(\$519)</b>	<b>-1.5%</b>
<b>NOI, Cash Basis:</b>								
Office	\$2,066	\$2,216	(\$150)	-6.8%	\$6,718	\$6,833	(\$115)	-1.7%
Retail	9,365	9,547	(182)	-1.9%	20,498	20,518	(20)	-0.1%
Multifamily	2,436	2,674	(238)	-8.9%	7,661	8,044	(383)	-4.8%
	<b>\$13,867</b>	<b>\$14,437</b>	<b>(\$570)</b>	<b>-3.9%</b>	<b>\$34,877</b>	<b>\$35,396</b>	<b>(\$519)</b>	<b>-1.5%</b>
<b>NOI:</b>								
Office	\$1,927	\$2,188	(\$261)	-11.9%	\$6,173	\$6,819	(\$646)	-9.5%
Retail	9,445	9,630	(185)	-1.9%	20,190	20,129	61	0.3%
Multifamily	2,437	2,666	(229)	-8.6%	7,635	8,012	(377)	-4.7%
	<b>\$13,809</b>	<b>\$14,484</b>	<b>(\$675)</b>	<b>-4.7%</b>	<b>\$33,998</b>	<b>\$34,960</b>	<b>(\$962)</b>	<b>-2.8%</b>

(1) See page 31 for Same Store vs. Non - Same Store Properties

(2) The decrease in Same Store NOI is the impact of a decrease in multifamily occupancy due to the ongoing construction in the Town Center of Virginia Beach and the relocation and expansion of two office tenants to 4525 Main Street, which is not currently included in the Same Store NOI calculation.



# Top 10 Tenants by Annualized Base Rent

\$ in thousands  
 As of September 30, 2017

## 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	\$ 2,536	12.8%	2.7%
Mythics	1	2030	1,052	5.3%	1.1%
Hampton University	2	2023 - 2024	1,033	5.2%	1.1%
Pender & Coward	1	2030	860	4.4%	0.9%
Kimley-Horn	1	2027	859	4.4%	0.9%
Troutman Sanders	2	2025	838	4.2%	0.9%
The Art Institute	3	2019	835	4.2%	0.9%
City of Va Beach Development Authority	1	2024	722	3.7%	0.8%
Cherry Bekaert	1	2022	698	3.5%	0.7%
Williams Mullen	1	2028	643	3.3%	0.7%
<b>Top 10 Total</b>			<b>\$ 10,077</b>	<b>51.0%</b>	<b>10.6%</b>

## 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	11	2018 - 2036	\$ 5,829	11.1%	6.1%
Home Depot	2	2019 - 2023	2,190	4.2%	2.3%
Bed, Bath, & Beyond	4	2020 - 2024	1,677	3.2%	1.8%
Regal Cinemas	2	2019 - 2022	1,607	3.0%	1.7%
PetSmart	5	2020 - 2022	1,438	2.7%	1.5%
Food Lion	3	2019 - 2022	1,290	2.4%	1.4%
Dick's Sporting Goods	1	2020	840	1.6%	0.9%
Safeway	2	2021	821	1.6%	0.9%
Weis Markets	1	2028	802	1.5%	0.8%
Ross Dress for Less	2	2020 - 2022	762	1.4%	0.8%
<b>Top 10 Total</b>			<b>\$ 17,256</b>	<b>32.8%</b>	<b>18.1%</b>

### 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 2017	2	10,454	-	-	\$25.06	\$24.82	1.0%	\$25.21	\$25.46	-1.0%	4.24	\$48,791	\$4.67
Q2 2017	2	13,420	-	-	27.94	27.22	2.7%	27.38	28.42	-3.7%	7.21	153,873	11.47
Q1 2017	2	7,782	2	4,752	31.61	25.72	22.9%	32.30	29.25	10.4%	1.00	23,314	3.00
Q4 2016	1	22,950	1	777	30.66	26.58	15.3%	28.00	29.75	-5.9%	10.00	569,907	24.83

### New Lease Summary <sup>(1)</sup>

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 2017	1	2,690	\$24.50	5.00	\$95,630	\$35.55
Q2 2017	2	7,541	24.39	4.36	259,901	34.47
Q1 2017	3	13,491	23.92	4.53	390,548	28.95
Q4 2016	-	-	-	-	-	-

(1) Excludes new leases from properties in development



Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring <sup>(1)</sup>	% Portfolio Net Rentable Square Feet	Annualized Base Rent	% of Portfolio Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available	-	86,182	10.8%	\$0.00	-	\$0.00
2017	3	6,426	0.8%	158,973	0.8%	24.74
2018	13	56,147	7.0%	1,680,218	8.5%	29.93
2019	15	92,870	11.6%	2,360,103	12.0%	25.41
2020	5	20,864	2.6%	611,115	3.1%	29.29
2021	7	45,175	5.6%	1,260,445	6.4%	27.90
2022	9	71,629	9.0%	1,971,470	10.0%	27.52
2023	5	49,380	6.2%	1,277,315	6.5%	25.87
2024	3	60,751	7.6%	1,733,377	8.8%	28.53
2025	6	66,487	8.3%	1,851,949	9.4%	27.85
2026	3	15,140	1.9%	327,423	1.7%	21.63
2027	3	49,081	6.1%	1,395,538	7.1%	28.43
Thereafter	7	179,723	22.5%	5,111,229	25.9%	28.44
<b>Total / Weighted Average</b>	<b>79</b>	<b>799,855</b>	<b>100.0%</b>	<b>\$19,739,156.27</b>	<b>100.0%</b>	<b>\$27.66</b>



(1) Includes new leases from properties in development

Renewal Lease Summary	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 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
Q2 2017	14	73,961	7	14,087	19.46	18.75	3.8%	19.60	18.85	3.9%	3.78	93,362	1.26
Q1 2017	13	121,282	2	3,174	16.46	15.37	7.1%	16.42	15.51	5.9%	5.95	461,039	3.80
Q4 2016	8	57,227	8	23,035	16.81	17.07	-1.5%	16.25	17.13	-5.1%	6.50	443,344	7.75

New Lease Summary <sup>(1)</sup>	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 2017	4	7,024	\$15.72	4.85	\$68,422	\$9.74
Q2 2017	9	14,315	20.66	7.65	376,170	26.28
Q1 2017	6	13,698	22.91	5.70	204,418	14.92
Q4 2016	6	21,078	13.25	8.39	365,657	17.35



(1) Excludes new leases from properties in development

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring <sup>(1)</sup>	% Portfolio Net Rentable Square Feet	Annualized Base Rent	% of Portfolio Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available	-	143,613	4.0%	\$ -	-	\$ -
M-T-M	4	4,728	0.1%	68,990	0.1%	14.59
2017	13	35,575	1.0%	647,252	1.2%	18.19
2018	69	277,458	7.7%	4,586,350	8.7%	16.53
2019	86	586,282	16.2%	9,162,423	17.4%	15.63
2020	71	560,530	15.5%	7,736,284	14.7%	13.80
2021	53	268,089	7.4%	4,927,208	9.4%	18.38
2022	48	395,285	10.9%	6,276,821	11.9%	15.88
2023	23	281,414	7.8%	3,913,011	7.4%	13.90
2024	17	166,518	4.6%	2,632,422	5.0%	15.81
2025	17	224,827	6.2%	2,378,977	4.5%	10.58
2026	19	166,665	4.6%	2,878,811	5.5%	17.27
2027	14	105,286	2.9%	2,274,209	4.3%	21.60
Thereafter	16	406,151	11.2%	5,201,936	9.9%	12.81
<b>Total / Weighted Average</b>	<b>450</b>	<b>3,622,421</b>	<b>100.0%</b>	<b>\$ 52,684,694</b>	<b>100.0%</b>	<b>\$15.14</b>



(1) Includes new leases from properties in development



## 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.

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**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.

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**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. The following table shows the properties included in the same store and non-same store portfolio for the comparative periods presented.

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	Three Months Ended 9/30/2017 to 2016		Nine Months Ended 9/30/2017 to 2016	
	Same Store	Non-Same Store	Same Store	Non-Same Store
<b>Retail Properties</b>				
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	
Lightfoot Marketplace		X		X
North Hampton Market	X			X
North Point Center	X		X	
Oakland Marketplace	X			X
Parkway Marketplace	X		X	
Patterson Place	X			X
Perry Hall Marketplace	X		X	
Providence Plaza	X		X	
Renaissance Square		X		X

	Three Months Ended 9/30/2017 to 2016		Nine Months Ended 9/30/2017 to 2016	
	Same Store	Non-Same Store	Same Store	Non-Same Store
<b>Retail Properties (Continued)</b>				
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				
<b>Office Properties</b>				
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	
<b>Multifamily Properties</b>				
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 9/30		Nine months ended 9/30	
	2017	2016	2017	2016
<b>Office Same Store<sup>(1)</sup></b>				
Rental revenues	\$3,378	\$3,595	\$10,258	\$10,805
Property expenses	1,451	1,407	4,085	3,986
NOI	1,927	2,188	6,173	6,819
Non-Same Store NOI	907	1,051	2,735	3,421
Segment NOI	\$2,834	\$3,239	\$8,908	\$10,240
<b>Retail Same Store<sup>(1)</sup></b>				
Rental revenues	\$13,166	\$12,989	\$28,297	\$27,846
Property expenses	3,721	3,359	8,107	7,717
NOI	9,445	9,630	20,190	20,129
Non-Same Store NOI	2,148	1,107	14,644	10,583
Segment NOI	\$11,593	\$10,737	\$34,834	\$30,712
<b>Multifamily Same Store<sup>(1)</sup></b>				
Rental revenues	\$4,793	\$4,872	\$14,230	\$14,354
Property expenses	2,356	2,206	6,595	6,342
NOI	2,437	2,666	7,635	8,012
Non-Same Store NOI	709	473	2,840	554
Segment NOI	\$3,146	\$3,139	\$10,475	\$8,566
<b>Total Property Portfolio NOI</b>	<b>\$17,573</b>	<b>\$17,115</b>	<b>\$54,217</b>	<b>\$49,519</b>

(1) See page 31 for the Same Store vs. Non-Same Store properties

\$ in thousands

Three months ended 9/30/2017

Diversified Portfolio

NOI - Cash Basis	
Net effect of straight-line rents	
Amortization of lease incentives and (above) below market rents	
NOI	

Office	Retail	Multifamily	Total
\$82	\$9,227	\$1,637	\$10,946
-	95	17	112
-	176	(15)	161
\$82	\$9,498	\$1,639	\$11,219

Town Center of Virginia Beach

NOI - Cash Basis	
Net effect of straight-line rents	
Amortization of lease incentives and (above) below market rents	
Elimination of AHH rent	
NOI	

Office	Retail	Multifamily	Total
\$2,989	\$1,973	\$1,495	\$6,457
51	(26)	12	37
(74)	(50)	-	(124)
(214)	(96)	-	(310)
2,752	1,801	1,507	\$6,060

NOI

Diversified Portfolio	
Town Center of Virginia Beach	
Unstabilized Properties	
<b>Total Property Portfolio NOI</b>	

Office	Retail	Multifamily	Total
\$82	\$9,498	\$1,639	\$11,219
2,752	1,801	1,507	6,060
-	294	-	294
<b>\$2,834</b>	<b>\$11,593</b>	<b>\$3,146</b>	<b>\$17,573</b>

# Reconciliation to GAAP Net Income

\$ in thousands

Three months ended 9/30/2017

	Office	Retail	Multifamily	Total Rental Properties	General Contracting & Real Estate Services	Total
Segment revenues	\$ 4,762	\$ 15,880	\$ 6,454	\$ 27,096	\$ 41,201	\$ 68,297
Segment expenses	1,928	4,287	3,308	9,523	39,377	48,900
Net operating income	\$ 2,834	\$ 11,593	\$ 3,146	\$ 17,573	\$ 1,824	\$ 19,397
Depreciation and amortization						(9,239)
General and administrative expenses						(2,098)
Acquisition, development and other pursuit costs						(61)
Impairment charges						(19)
Interest income						1,910
Interest expense						(4,253)
Gain on real estate dispositions						4,692
Change in fair value of interest rate derivatives						87
Other income						74
Income tax provision						(29)
Net income						\$ 10,461

Nine months ended 9/30/2017

	Office	Retail	Multifamily	Total Rental Properties	General Contracting & Real Estate Services	Total
Segment revenues	\$ 14,427	\$ 47,089	\$ 19,567	\$ 81,083	\$ 161,391	\$ 242,474
Segment expenses	5,519	12,255	9,092	26,866	154,588	181,454
Net operating income	\$ 8,908	\$ 34,834	\$ 10,475	\$ 54,217	\$ 6,803	\$ 61,020
Depreciation and amortization						(28,018)
General and administrative expenses						(7,762)
Acquisition, development and other pursuit costs						(477)
Impairment charges						(50)
Interest income						4,966
Interest expense						(13,282)
Loss on extinguishment of debt						-
Gain on real estate dispositions						8,087
Change in fair value of interest rate derivatives						300
Other income						154
Income tax provision						(781)
Net income						\$ 24,157

