

**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): **May 1, 2018**

**ARMADA HOFFLER PROPERTIES, INC.**

(Exact name of registrant as specified in its charter)

**Maryland**

(State or other jurisdiction  
of incorporation)

**001-35908**

(Commission File Number)

**46-1214914**

(IRS Employer  
Identification No.)

**222 Central Park Avenue, Suite 2100**

**Virginia Beach, Virginia**

(Address of principal executive offices)

**23462**

(Zip Code)

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

**Not Applicable**

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

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

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

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

On May 1, 2018, Armada Hoffer Properties, Inc. (the “Company”) issued a press release announcing its financial position as of March 31, 2018, results of operations for the three months ended March 31, 2018 and other related information. Also on May 1, 2018, the Company made available on its website at [www.ArmadaHoffer.com](http://www.ArmadaHoffer.com) certain supplemental information concerning the Company’s financial results and operations for the three months ended March 31, 2018. Copies of such press release and supplemental information are furnished as Exhibits 99.1 and 99.2, respectively, to this Current Report on Form 8-K and are incorporated herein by reference.

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

**Item 7.01. Regulation FD Disclosure.**

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

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

<b>Exhibit No.</b>	<b>Description</b>
<a href="#">99.1</a>	<a href="#">Press release dated May 1, 2018 issued by Armada Hoffer Properties, Inc., providing its financial position as of March 31, 2018 and results of operations for the three months ended March 31, 2018.</a>
<a href="#">99.2</a>	<a href="#">Armada Hoffer Properties, Inc. First Quarter 2018 Supplemental Information</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: May 1, 2018

/s/ MICHAEL P. O'HARA

Michael P. O'Hara

Chief Financial Officer and Treasurer

## EXHIBIT INDEX

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<a href="#">99.2</a>	<a href="#">Armada Hoffer Properties, Inc. First Quarter 2018 Supplemental Information</a>



PRESS RELEASE

## ARMADA HOFFLER PROPERTIES REPORTS FIRST QUARTER 2018 RESULTS

**Net Income of \$0.11 Per Diluted Share**

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

**Company Reaffirmed 2018 Full-Year Normalized FFO Guidance**

VIRGINIA BEACH, VA, May 1, 2018 – Armada Hoffler Properties, Inc. (NYSE:AHH) today announced its results for the quarter ended March 31, 2018 and provided an update on current events.

### Highlights include:

- Net income of \$7.0 million, or \$0.11 per diluted share, for the quarter ended March 31, 2018 compared to net income of \$8.8 million, or \$0.16 per diluted share, for the quarter ended March 31, 2017.
- Normalized Funds From Operations (“FFO”) of \$15.4 million, or \$0.25 per diluted share, for the quarter ended March 31, 2018 compared to Normalized FFO of \$14.6 million, or \$0.26 per diluted share, for the quarter ended March 31, 2017.
- FFO of \$16.3 million, or \$0.26 per diluted share, for the quarter ended March 31, 2018 compared to FFO of \$14.8 million, or \$0.27 per diluted share, for the quarter ended March 31, 2017.
- Core operating property portfolio occupancy at 95.6% as of March 31, 2018 compared to 94.2% as of December 31, 2017.
- During the first quarter of 2018, positive releasing spreads were 7.8% on a GAAP basis and 3% on a cash basis.
- The Board of Directors declared a cash dividend of \$0.20 per common share for the first quarter of 2018. This represents a 5.3% increase over the prior quarter's cash dividend and the fourth increase in four years, totaling 25% dividend growth during that period.
- Added approximately 132,000 square feet of retail space through the acquisitions of Indian Lakes Crossing, a Harris Teeter-anchored center in Virginia Beach, Virginia and Parkway Centre, a Publix-anchored center in Moultrie, Georgia.
- After the end of the quarter, the Company entered into an agreement to sell the Wawa parcel at Indian Lakes Crossing for a 5.35% capitalization rate. Once complete, this will bring the Harris Teeter-anchored center to an approximate 8% capitalization rate overall.

Commenting on the Company’s results, Louis Haddad, President and CEO, said, “Next week marks the 5-year anniversary of our IPO. Our growth over the past five years has seen us nearly triple our market cap. We have also more than doubled the total return of the RMS REIT index over the 5-year period. The current environment is one in which our integrated business model typically thrives. We look forward to making several announcements in the near future that will serve to validate our ability to succeed in this economic landscape.”

### Financial Results

Net income for the first quarter decreased to \$7.0 million compared to \$8.8 million for the first quarter of 2017. The period-over-period change was primarily due to a \$1.7 million decrease in construction segment gross profits, which was driven by both lower revenues and a lower margin in this segment. Additionally, results for the first quarter of

2017 included a \$3.4 million gain on the sale of the Greentree Wawa as compared to no property sales during the first quarter of 2018. These decreases to net income were partially offset by higher interest income and a positive change in the fair value of interest rate derivatives.

Normalized FFO for the first quarter increased to \$15.4 million compared to \$14.6 million for the first quarter of 2017. FFO for the first quarter increased to \$16.3 million compared to \$14.8 million for the first quarter of 2017. The period-over-period changes in Normalized FFO and FFO were positively impacted by property acquisitions and higher interest income, which were partially offset by declines in construction segment gross profits and Same Store NOI. The temporary decrease in Same Store NOI was impacted by the relocation and expansion of one office tenant to 4525 Main Street, which is not currently included in the Same Store NOI calculation.

### Operating Performance

At the end of the first quarter, the Company's office, retail and multifamily core operating property portfolios were 92%, 97% and 96% occupied, respectively.

Total construction contract backlog was \$30.7 million at the end of the first quarter.

### Balance Sheet and Financing Activity

As of March 31, 2018, the Company had \$595.6 million of total debt outstanding, including \$108.0 million outstanding under its revolving credit facility. Total debt outstanding excludes unamortized GAAP fair value adjustments and deferred financing costs. Approximately 37.3% of the Company's debt had fixed interest rates or were subject to interest rate swaps as of March 31, 2018. After considering LIBOR interest rate caps with strike prices at or below 225 basis points as of March 31, 2018, 91% of the Company's debt was fixed or hedged.

During the quarter, the Company began to address the five loans originally schedule to mature during 2018. Both of the Columbus Village loans were paid off, and the Sandbridge Commons loan was extended for five years.

### Outlook

The Company reaffirmed its 2018 full-year guidance and expects 2018 Normalized FFO in the range of \$1.00 to \$1.05 per diluted share. The following table outlines the Company's updated assumptions along with Normalized FFO per diluted share estimates for the full-year 2018.

Full-year 2018 Guidance <sup>[1]</sup>	Expected Ranges	
Total NOI	\$79.5M	\$80.2M
Construction company annual segment gross profit	\$4.4M	\$7.5M
General and administrative expenses	\$10.7M	\$11.0M
Interest income	\$9.3M	\$9.5M
Interest expense <sup>[2]</sup>	\$19.8M	\$20.3M
Normalized FFO per diluted share <sup>[3]</sup>	\$1.00	\$1.05

<sup>[1]</sup> Includes the acquisition of one additional retail center, the disposition of the Wawa outparcel at Indian Lakes Crossing, and additional shares that may be issued under the ATM Program, assuming favorable market conditions.

<sup>[2]</sup> Interest expense is calculated based on the Forward LIBOR Curve, which forecasts rates rising to 2.25% by year end.

<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 63.6 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).

### **Webcast and Conference Call**

The Company will host a webcast and conference call on Tuesday, May 1, 2018 at 8:30 a.m. Eastern Time to review financial results and discuss recent events. The live webcast will be available through the Investors page of the Company's website, [www.ArmadaHoffler.com](http://www.ArmadaHoffler.com). To participate in the call, please dial 877-407-3982 (domestic) or 201-493-6780 (international). A replay of the conference call will be available through Friday, June 1, 2018 by dialing 844-512-2921 (domestic) or 412-317-6671 (international) and entering the pass code 13677669.

### **About Armada Hoffler Properties, Inc.**

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

### **Forward-Looking Statements**

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

### **Non-GAAP Financial Measures**

The Company calculates FFO in accordance with the standards established by the National Association of Real Estate Investment Trusts ("Nareit"). Nareit defines FFO as net income (loss) (calculated in accordance with GAAP), excluding gains (or losses) from sales of depreciable operating property, real estate related depreciation and amortization (excluding amortization of deferred financing costs) and after adjustments for unconsolidated partnerships and joint ventures.

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

will be used by investors as a basis to compare the Company's operating performance with that of other REITs.

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

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

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



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

	March 31, 2018	December 31, 2017
	(Unaudited)	
<b>ASSETS</b>		
Real estate investments:		
Income producing property	\$ 936,579	\$ 910,686
Held for development	1,473	680
Construction in progress	120,850	83,071
Accumulated depreciation	(171,205)	(164,521)
Net real estate investments	887,697	829,916
Cash and cash equivalents	15,804	19,959
Restricted cash	3,502	2,957
Accounts receivable, net	16,125	15,691
Notes receivable	88,973	83,058
Construction receivables, including retentions	21,336	23,933
Construction contract costs and estimated earnings in excess of billings	315	245
Equity method investments	12,821	11,411
Other assets	55,216	55,953
<b>Total Assets</b>	<b>\$ 1,101,789</b>	<b>\$ 1,043,123</b>
<b>LIABILITIES AND EQUITY</b>		
Indebtedness, net	\$ 589,634	\$ 517,272
Accounts payable and accrued liabilities	11,333	15,180
Construction payables, including retentions	41,516	47,445
Billings in excess of construction contract costs and estimated earnings	2,235	3,591
Other liabilities	40,170	39,352
<b>Total Liabilities</b>	<b>684,888</b>	<b>622,840</b>
<b>Total Equity</b>	<b>416,901</b>	<b>420,283</b>
<b>Total Liabilities and Equity</b>	<b>\$ 1,101,789</b>	<b>\$ 1,043,123</b>

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

	Three Months Ended March 31,	
	2018	2017
	(Unaudited)	
<b>Revenues</b>		
Rental revenues	\$ 28,699	\$ 27,232
General contracting and real estate services revenues	23,050	63,519
<b>Total revenues</b>	<b>51,749</b>	<b>90,751</b>
<b>Expenses</b>		
Rental expenses	6,424	6,068
Real estate taxes	2,813	2,509
General contracting and real estate services expenses	22,414	61,196
Depreciation and amortization	9,278	9,475
General and administrative expenses	2,961	2,986
Acquisition, development and other pursuit costs	84	47
Impairment charges	—	4
<b>Total expenses</b>	<b>43,974</b>	<b>82,285</b>
<b>Operating income</b>	<b>7,775</b>	<b>8,466</b>
Interest income	2,232	1,398
Interest expense	(4,373)	(4,535)
Gain on real estate dispositions	—	3,395
Change in fair value of interest rate derivatives	969	294
Other income	114	37
Income before taxes	6,717	9,055
Income tax benefit (provision)	266	(302)
Net income	6,983	8,753
Net income attributable to noncontrolling interests	(1,943)	(2,817)
<b>Net income attributable to stockholders</b>	<b>\$ 5,040</b>	<b>\$ 5,936</b>
Net income per diluted share and unit	\$ 0.11	\$ 0.16
Weighted average shares and units outstanding	62,538	55,475

ARMADA HOFFLER PROPERTIES, INC.  
RECONCILIATION OF NET INCOME TO FFO & NORMALIZED FFO  
(in thousands, except per share amounts)

	Three Months Ended March 31,	
	2018	2017
<b>Net income</b>	<b>\$ 6,983</b>	<b>\$ 8,753</b>
Depreciation and amortization	9,278	9,475
Gain on operating real estate dispositions	—	(3,395)
<b>Funds From Operations (FFO)</b>	<b>\$ 16,261</b>	<b>\$ 14,833</b>
Acquisition, development and other pursuit costs	84	47
Impairment charges	—	4
Change in fair value of interest rate derivatives	(969)	(294)
<b>Normalized FFO</b>	<b>\$ 15,376</b>	<b>\$ 14,590</b>
<b>Net income per diluted share and unit</b>	<b>\$ 0.11</b>	<b>\$ 0.16</b>
<b>FFO per diluted share and unit</b>	<b>\$ 0.26</b>	<b>\$ 0.27</b>
<b>Normalized FFO per diluted share and unit</b>	<b>\$ 0.25</b>	<b>\$ 0.26</b>
Weighted average common shares and units - diluted	62,538	55,475

**Contact:**

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



1Q 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 May 1, 2018, which has been furnished as Exhibit 99.1 to our Form 8-K filed on May 1, 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.

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**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

<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 Operating 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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# Highlights

- Net income of \$7.0 million, or \$0.11 per diluted share, for the quarter ended March 31, 2018 compared to net income of \$8.8 million, or \$0.16 per diluted share, for the quarter ended March 31, 2017.
  - Normalized Funds From Operations (“FFO”) of \$15.4 million, or \$0.25 per diluted share, for the quarter ended March 31, 2018 compared to Normalized FFO of \$14.6 million, or \$0.26 per diluted share, for the quarter ended March 31, 2017.
  - FFO of \$16.3 million, or \$0.26 per diluted share, for the quarter ended March 31, 2018 compared to FFO of \$14.8 million, or \$0.27 per diluted share, for the quarter ended March 31, 2017.
  - Core operating property portfolio occupancy at 95.6% as of March 31, 2018 compared to 94.2% as of December 31, 2017.
  - During the first quarter of 2018, positive releasing spreads were 7.8% on a GAAP basis and 3% on a cash basis.
  - The Board of Directors declared a cash dividend of \$0.20 per common share for the first quarter of 2018. This represents a 5.3% increase over the prior quarter's cash dividend and the fourth increase in four years, totaling 25% dividend growth during that period.
  - Added approximately 132,000 square feet of retail space through the acquisitions of Indian Lakes Crossing, a Harris Teeter-anchored center in Virginia Beach, Virginia and Parkway Centre, a Publix-anchored center in Moultrie, Georgia.
  - After the end of the quarter, the Company entered into an agreement to sell the Wawa parcel at Indian Lakes Crossing for a 5.35% capitalization rate. Once complete, this will bring the Harris Teeter-anchored center to an approximate 8% capitalization rate overall.
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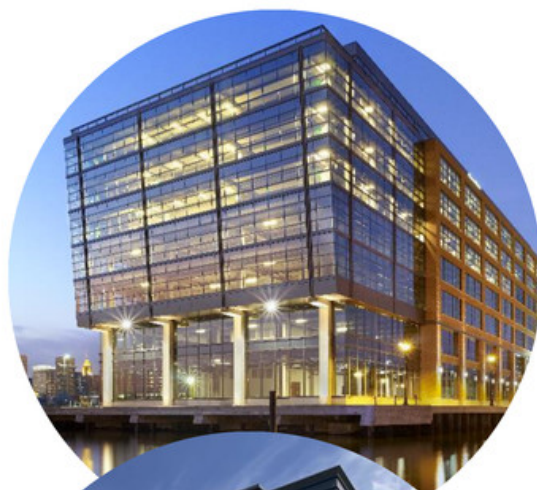
# 2018 Outlook & Assumptions

\$ in millions, except per share data

Outlook	Low	High
Total NOI	\$79.5M	\$80.2M
Construction Segment Gross Profit	\$4.4M	\$7.5M
G&A expenses	\$10.7M	\$11.0M
Interest income	\$9.3M	\$9.5M
Interest expense	\$19.8M	\$20.3M
Normalized FFO per diluted share	\$1.00	\$1.05

## Guidance Assumptions

- Raising \$42 million through the ATM program for a full year weighted average share count of 63.6 million
- Interest expense is calculated based on the Forward LIBOR Curve, which forecasts rates rising to 2.25% by year end
- Acquisition of a retail center in the second half of the year
- Disposition of the Wawa parcel at Indian Lakes Crossing at a 5.35% cap rate
- Disposition of a newly constructed distribution center in the fourth quarter of 2018



# Summary Information

\$ in thousands, except per share data

	Three months ended				
	3/31/2018	12/31/2017	9/30/2017	6/30/2017	3/31/2017
<b>OPERATIONAL METRICS</b>					
Net income	\$6,983	\$5,768	\$10,461	\$4,943	\$8,753
Net income per diluted share	<b>\$0.11</b>	<b>\$0.09</b>	<b>\$0.17</b>	<b>\$0.08</b>	<b>\$0.16</b>
Rental properties Net Operating Income (NOI)	19,462	18,570	17,573	17,989	18,655
General contracting and real estate services gross profit	636	641	1,824	2,656	2,323
Adjusted EBITDA <sup>(1)</sup>	19,399	18,345	19,203	19,272	19,376
Funds From Operations (FFO)	16,261	15,071	15,500	14,247	14,833
FFO per diluted share	<b>\$0.26</b>	<b>\$0.24</b>	<b>\$0.25</b>	<b>\$0.24</b>	<b>\$0.27</b>
Normalized FFO	15,376	14,525	15,493	14,724	14,590
Normalized FFO per diluted share	<b>\$0.25</b>	<b>\$0.23</b>	<b>\$0.25</b>	<b>\$0.25</b>	<b>\$0.26</b>
Annualized dividend yield	5.84%	4.89%	5.50%	5.87%	5.47%
<b>CAPITALIZATION</b>					
Total common shares outstanding	45,205	44,938	44,937	44,932	37,813
Operating Partnership units outstanding	17,441	17,486	17,845	17,846	17,859
Common shares and OP units outstanding	62,646	62,424	62,782	62,778	55,672
Market price per common share	\$13.69	\$15.53	\$13.81	\$12.95	\$13.89
Equity market capitalization <sup>(2)</sup>	\$857,624	\$969,445	\$867,019	\$812,975	\$773,284
Total debt <sup>(3)</sup>	595,637	523,412	493,493	470,314	527,504
Total market capitalization	1,453,261	1,492,857	1,360,512	1,283,289	1,300,788
Less: cash	(19,306)	(22,916)	(22,916)	(21,726)	(13,688)
Total enterprise value	\$1,433,955	\$1,469,941	\$1,337,596	\$1,261,563	\$1,287,100
<b>BALANCE SHEET METRICS</b>					
Core Debt/enterprise value	38.4%	33.0%	34.2%	30.9%	32.9%
Fixed charge coverage ratio	3.6x	3.5x	3.7x	3.5x	3.6x
Core Debt/Annualized Core EBITDA	7.0x	6.6x	6.0x	5.3x	6.0x
<b>CORE PORTFOLIO OCCUPANCY</b>					
Office <sup>(4)</sup>	92.2%	89.9%	89.2%	89.9%	87.7%
Retail <sup>(4)</sup>	96.7%	96.5%	96.9%	96.8%	96.7%
Multi family <sup>(5)</sup>	96.1%	92.9%	94.3%	91.6%	92.7%
Weighted Average <sup>(6)</sup>	<b>95.6%</b>	<b>94.2%</b>	<b>94.7%</b>	<b>94.2%</b>	<b>94.3%</b>

(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

# Net Asset Value Component Data

in thousands

Stabilized Portfolio NOI (Cash)		
	Three months ended	Annualized
	3/31/2018	3/31/2018
<b>Diversified Portfolio</b>		
Office	\$0	\$0
Retail	9,831	39,322
Multifamily	2,274	9,097
Total diversified portfolio NOI	\$12,105	\$48,419
<b>Virginia Beach Town Center</b>		
Office <sup>(1)</sup>	\$3,065	\$12,260
Retail <sup>(1)</sup>	2,171	8,684
Multifamily	1,584	6,336
Total Virginia Beach Town Center NOI	\$6,820	\$27,280
Stabilized portfolio NOI - cash basis	\$18,925	\$75,699
<b>Timing of mid-quarter transaction</b>		
Acquisition	\$80	\$320
Disposition	-	-
Total timing mid-quarter transaction	\$80	\$320
Signed leases still in free rent period	\$617	\$2,468
Total	\$19,622	\$78,487

Development Pipeline	
	3/31/2018
Income producing property	\$24,000
Construction in progress	111,000
Other assets	1,000
Total cost to date	\$136,000

Taxable REIT Subsidiary (TRS)	
	Trailing 12 Months
General contracting gross profit	\$5,757

Non-Property Assets	
Non-Property Assets	As of 3/31/2018
Cash and cash equivalents	\$15,804
Restricted cash	3,502
Accounts receivable	16,125
Notes receivable, including mezzanine investments	88,973
Construction receivables, including retentions	21,336
Equity method investments (Durham City Center JV)	12,821
Other assets	55,531
Land held for development	1,473
Total non-property assets	\$215,565

Liabilities & Share Count	
	As of 3/31/2018
<b>Liabilities</b>	
Mortgages and notes payable	\$589,634
Accounts payable and accrued liabilities	11,333
Construction payables, including retentions	41,516
Other liabilities	42,405
Total liabilities	\$684,888

Share Count	
Total common shares outstanding	45,205
Total OP units outstanding	17,441
Total common shares & OP units outstanding	62,646

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

# Summary Balance Sheet

\$ in thousands

	As of	
	3/31/2018 (Unaudited)	12/31/2017
<b>Assets</b>		
Real estate investments:		
Income producing property	\$936,579	\$910,686
Held for development	1,473	680
Construction in progress	120,850	83,071
Accumulated depreciation	<u>(171,205)</u>	<u>(164,521)</u>
Net real estate investments	887,697	829,916
Cash and cash equivalents	15,804	19,959
Restricted cash	3,502	2,957
Accounts receivable, net	16,125	15,691
Notes receivable	88,973	83,058
Construction receivables, including retentions	21,336	23,933
Costs and estimated earnings in excess of billings	315	245
Equity method investments	12,821	11,411
Other assets	<u>55,216</u>	<u>55,953</u>
<b>Total Assets</b>	<u><u>1,101,789</u></u>	<u><u>\$1,043,123</u></u>
<b>Liabilities and Equity</b>		
Indebtedness, net	\$589,634	\$517,272
Accounts payable and accrued liabilities	11,333	15,180
Construction payables, including retentions	41,516	47,445
Billings in excess of costs and estimated earnings	2,235	3,591
Other liabilities	<u>40,170</u>	<u>39,352</u>
<b>Total Liabilities</b>	684,888	622,840
<b>Total Equity</b>	416,901	420,283
<b>Total Liabilities and Equity</b>	<u><u>\$1,101,789</u></u>	<u><u>\$1,043,123</u></u>

# Summary Income Statement

In thousands, except per share data

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	<b>Three months ended</b>	
	<u>3/31/2018</u>	<u>3/31/2017</u>
	(Unaudited)	
<b>Revenues</b>		
Rental revenues	\$28,699	\$27,232
General contracting and real estate services	23,050	63,519
<b>Total Revenues</b>	<u>51,749</u>	<u>90,751</u>
<b>Expenses</b>		
Rental expenses	6,424	6,068
Real estate taxes	2,813	2,509
General contracting and real estate services	22,414	61,196
Depreciation and amortization	9,278	9,475
General and administrative	2,961	2,986
Acquisition, development & other pursuit costs	84	47
Impairment charges	-	4
<b>Total Expenses</b>	<u>43,974</u>	<u>82,285</u>
<b>Operating Income</b>	7,775	8,466
Interest income	2,232	1,398
Interest expense	(4,373)	(4,535)
Gain on real estate dispositions	-	3,395
Change in fair value of interest rate derivatives	969	294
Other income	114	37
Income before taxes	<u>6,717</u>	<u>9,055</u>
Income tax benefit (provision)	266	(302)
Net Income	<u>\$6,983</u>	<u>\$8,753</u>
Per Diluted Share & Unit	\$0.11	\$0.16
Weighted Average Shares & Units - Diluted	62,538	55,475

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

\$ in thousands, except per share data

	Three months ended (Unaudited)				
	3/31/2018	12/31/2017	9/30/2017	6/30/2017	3/31/2017
<b>Funds From Operations</b>					
<b>Net income</b>	<b>\$6,983</b>	<b>\$5,768</b>	<b>\$10,461</b>	<b>\$4,943</b>	<b>\$8,753</b>
Earnings per diluted share	\$0.11	\$0.09	\$0.17	\$0.08	\$0.16
Depreciation and amortization	9,278	9,303	9,239	9,304	9,475
Gains on dispositions of operating real estate <sup>(2)</sup>	-	-	(4,200)	-	(3,395)
<b>FFO</b>	<b>\$16,261</b>	<b>\$15,071</b>	<b>\$15,500</b>	<b>\$14,247</b>	<b>\$14,833</b>
FFO per diluted share	\$0.26	\$0.24	\$0.25	\$0.24	\$0.27
<b>Normalized FFO</b>					
Acquisition, development & other pursuit costs	84	171	61	369	47
Loss on extinguishment of debt	-	50	-	-	-
Impairment charges	-	60	19	27	4
Change in fair value of interest rate derivatives	(969)	(827)	(87)	81	(294)
<b>Normalized FFO</b>	<b>\$15,376</b>	<b>\$14,525</b>	<b>\$15,493</b>	<b>\$14,724</b>	<b>\$14,590</b>
Normalized FFO per diluted share	\$0.25	\$0.23	\$0.25	\$0.25	\$0.26
<b>Adjusted FFO</b>					
Non-cash stock compensation	555	276	215	421	411
Acquisition, development & other pursuit costs	(84)	(171)	(61)	(369)	(47)
Tenant improvements, leasing commissions, lease incentives <sup>(3)</sup>	(1,058)	(1,115)	(707)	(895)	(943)
Property related capital expenditures	(1,321)	(1,474)	(1,167)	(840)	(442)
Non-cash interest expense	326	334	380	283	277
Net effect of straight-line rents	(478)	(166)	(159)	(122)	(245)
Amortization of leasing incentives & above (below) market rents	(56)	(55)	(50)	(43)	(47)
<b>AFFO</b>	<b>\$13,260</b>	<b>\$12,154</b>	<b>\$13,944</b>	<b>\$13,159</b>	<b>\$13,554</b>
Weighted Average Common Shares Outstanding	45,132	44,937	44,934	42,091	37,622
Weighted Average Operating Partnership ("OP") Units Outstanding	17,406	17,490	17,845	17,845	17,853
Total Weighted Average Common Shares and OP Units Outstanding	62,538	62,427	62,779	59,936	55,475

(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

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\$ in thousands

Debt	Stated Rate	Effective Rate as of 3/31/2018	Maturity Date	Debt Maturities & Principal Payments						Outstanding as of 3/31/2018	
				2018	2019	2020	2021	2022	Thereafter		
<b>Secured Notes Payable - Core Debt</b>											
Johns Hopkins Village	L+1.90%	3.78%	7/30/2018	\$46,698							\$46,698
North Point Center Note 1	6.45%	6.45%	2/5/2019	165	9,352						9,517
Southgate Square	L+2.00%	3.88%	4/29/2021	390	561	584	19,024				20,559
249 Central Park Retail	L+1.95%	3.83%	8/10/2021	180	252	267	16,094				16,793
South Retail	L+1.95%	3.83%	8/10/2021	78	111	117	7,062				7,368
Fountain Plaza Retail	L+1.95%	3.83%	8/10/2021	108	152	161	9,689				10,110
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	373	504	522	544	17,438			19,381
Socastee Commons	4.57%	4.57%	1/6/2023	74	105	109	115	120	4,223		4,746
Sandbridge Commons	L+1.75%	3.63%	1/17/2023	172	238	247	257	268	7,247		8,429
North Point Center Note 2	7.25%	7.25%	9/15/2025	86	121	130	140	151	1,804		2,432
Smith's Landing	4.05%	4.05%	6/1/2035	596	822	856	892	928	15,476		19,570
Liberty Apartments	5.66%	5.66%	11/1/2043	182	260	273	291	308	13,317		14,631
The Cosmopolitan	3.35%	3.35%	7/1/2051	559	766	792	819	847	41,243		45,026
<b>Total - Secured Core Debt</b>				<b>\$49,661</b>	<b>\$13,526</b>	<b>\$5,208</b>	<b>\$110,495</b>	<b>\$20,060</b>	<b>\$83,310</b>		<b>\$282,260</b>
<b>Secured Notes Payable - Development Pipeline</b>											
Lightfoot Marketplace	L+1.75%	3.63%	11/14/2018	10,500							10,500
Harding Place	L+2.95%	4.83%	2/24/2020				8,251				8,251
Town Center Block 9	L+3.50%	5.38%	6/29/2020				6,626				6,626
<b>Total - Development Pipeline</b>				<b>10,500</b>	<b>-</b>	<b>14,877</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,377</b>
<b>Total Secured Notes Payable</b>				<b>\$60,161</b>	<b>\$13,526</b>	<b>\$20,085</b>	<b>\$110,495</b>	<b>\$20,060</b>	<b>\$83,310</b>		<b>\$307,637</b>
<b>Unsecured Core Debt</b>											
Senior unsecured line of credit	L+1.40% - 2.00%	3.43%	10/26/2021				108,000				108,000
Senior unsecured term loan	L+1.35% - 1.95%	3.38%	10/26/2022					130,000			130,000
Senior unsecured term loan	L+1.35% - 1.95%	3.50% <sup>(1)</sup>	10/26/2022					50,000			50,000
<b>Total - Unsecured Core Debt</b>				<b>-</b>	<b>-</b>	<b>-</b>	<b>108,000</b>	<b>180,000</b>	<b>-</b>	<b>-</b>	<b>288,000</b>
<b>Total Notes Payable excluding GAAP Adjustments</b>				<b>\$60,161</b>	<b>\$13,526</b>	<b>\$20,085</b>	<b>\$218,495</b>	<b>\$200,060</b>	<b>\$83,310</b>		<b>\$595,637</b>
Weighted Average Interest Rate				3.8%	5.7%	4.8%	3.5%	3.5%	4.0%		3.7%
Ballon Payments				57,198	9,333	14,877	214,104	197,109	12,814		505,435
Principal amortization				2,963	4,193	5,208	4,391	2,951	70,496		90,202
<b>Total Consolidated Debt</b>				<b>\$60,161</b>	<b>\$13,526</b>	<b>\$20,085</b>	<b>\$218,495</b>	<b>\$200,060</b>	<b>\$83,310</b>		<b>\$595,637</b>
Fixed-rate Debt <sup>(2)</sup>				2,035	12,212	3,832	58,369	69,792	76,063		222,303
Variable-rate Debt <sup>(3)</sup>				58,126	1,314	16,253	160,126	130,268	7,247		373,334
<b>Total Consolidated Debt</b>				<b>\$60,161</b>	<b>\$13,526</b>	<b>\$20,085</b>	<b>\$218,495</b>	<b>\$200,060</b>	<b>\$83,310</b>		<b>\$595,637</b>
GAAP Adjustments											(6,003)
<b>Total Notes Payable</b>											<b>\$589,634</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 3/31/2018 1.883%

# Core Debt to Core EBITDA<sup>(1)</sup>

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\$ in thousands

	Three months ended				
	3/31/2018	12/31/2017	9/30/2017	6/30/2017	3/31/2017
<b>Net Income</b>	\$6,983	\$5,768	\$10,461	\$4,943	\$8,753
Excluding:					
Interest expense	4,373	4,157	4,253	4,494	4,535
Income tax	(266)	(56)	29	450	302
Depreciation and amortization	9,278	9,303	9,239	9,304	9,475
(Gain) Loss on real estate dispositions	-	-	(4,692)	-	(3,395)
Change in fair value of interest rate derivatives	(969)	(827)	(87)	81	(294)
<b>Adjusted EBITDA</b>	\$19,399	\$18,345	\$19,203	\$19,272	\$19,376
Other adjustments:					
Loss on extinguishment of debt	-	50	-	-	-
Non-cash stock compensation	555	276	215	421	411
Development Pipeline	(219)	(339)	(301)	(1,244)	(2,154)
Total Other Adjustments	336	(13)	(86)	(823)	(1,743)
<b>Core EBITDA</b>	\$19,735	\$18,332	\$19,117	\$18,449	\$17,633
<b>Total Debt<sup>(2)</sup></b>	\$595,637	\$523,412	\$493,493	\$470,314	\$527,504
Adjustments to Debt:					
(Less) Development Pipeline <sup>(2)</sup>	(25,377)	(15,879)	(12,894)	(58,942)	(90,021)
(Less) Cash & restricted cash	(19,306)	(22,916)	(22,916)	(21,726)	(13,688)
<b>Core Debt</b>	\$550,954	\$484,617	\$457,683	\$389,646	\$423,795
<b>Core Debt/Annualized Core EBITDA</b>	<b>7.0x</b>	<b>6.6x</b>	<b>6.0x</b>	<b>5.3x</b>	<b>6.0x</b>

(1) See definitions on page 31

(2) Excludes GAAP Adjustments



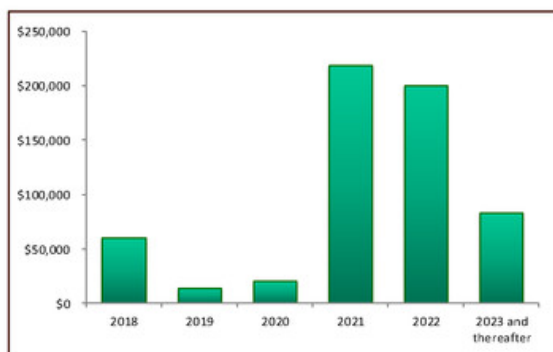
# Debt Information

\$ in thousands

Total Debt Composition			
	Percent of Debt	Weighted Average	
		Interest Rate	Maturity
<b>Secured vs. Unsecured Debt</b>			
Unsecured Debt	48.4%	3.4%	4.2 Yrs
Secured Debt	51.6%	3.9%	9.1 Yrs
<b>Variable vs. Fixed-rate Debt</b>			
Variable-rate Debt <sup>(1)</sup>	62.7%	3.6%	3.4 Yrs
Fixed-rate Debt <sup>(2)(3)</sup>	37.3%	3.8%	12.5 Yrs
Fixed-rate and Hedged Debt <sup>(2)(3)</sup>	91.0%		
<b>Total</b>		3.7%	6.8 Yrs

Unencumbered Summary	
	<b>3/31/2018</b>
% of Total Properties	72.1%
% of Annualized Base Rent	57.0%

Interest Rate Cap Agreements			
Effective Date	Maturity Date	Strike Rate	Notional Amount
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
November 28, 2017	December 1, 2019	1.50%	50,000
March 7, 2018	April 1, 2020	2.25%	50,000
<b>Total Interest Rate Caps</b>			<b>320,000</b>
Fixed-rate Debt <sup>(2)(3)</sup>			222,303
Fixed-rate and Hedged Debt			\$542,303
<b>% of Total<sup>(3)</sup></b>			<b>91.0%</b>



(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

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\$ in thousands

## Capitalization as of March 31, 2018

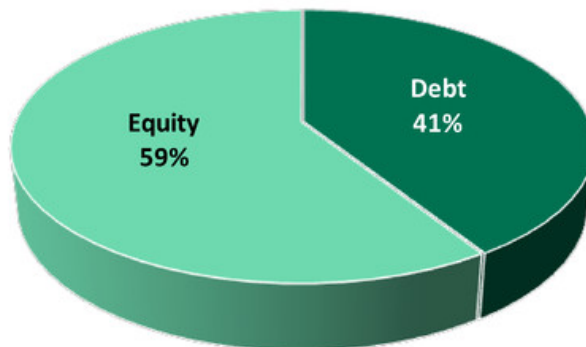
Debt	% of Total	Carrying Value
Unsecured credit facility	18%	\$108,000
Unsecured term loans	30%	180,000
Mortgages payable	52%	307,637
<b>Total debt</b>		<b>\$595,637</b>

Equity	% of Total	Shares/Units	Stock Price	Market Value
Common stock (NYSE: AHH)	72%	45,205	\$13.69	\$618,856
Common units	28%	17,441	\$13.69	238,767
<b>Equity market capitalization</b>		<b>62,646</b>		<b>\$857,624</b>
<b>Total market capitalization</b>				<b>\$1,453,261</b>
<b>Debt/Market capitalization</b>				<b>41.0%</b>

## Dividend Data

	Trailing 12 Months
Common dividends and distributions	\$46,521
AFFO	52,517
AFFO payout ratio	88.6%

## Capital Structure as of March 31, 2018



## Liquidity as of March 31, 2018

Cash on hand	\$19,306
Availability under credit facility	39,900
Availability under construction loan	112,609
<b>Total</b>	<b>\$171,815</b>

# Property Portfolio

As of March 31, 2018

Property	Anchor Tenant(s)	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 SF <sup>(3)</sup>
						Core Properties	Development Properties	Total				
<b>Retail Properties</b>												
249 Central Park Retail <sup>(4)</sup>	Chesapeake Factory, Brooks Brothers, Gordon Biersch	Virginia Beach, VA	✓	-	2004	92,710	-	92,710	96.6%	-	\$2,536,599	\$28.32
Alexander Pointe	Harris Teeter	Salisbury, NC		100%	1997	57,710	-	57,710	97.6%	-	653,006	11.60
Bermuda Crossroads <sup>(5)</sup>	Food Lion, OfficeMax	Chester, VA		100%	2001	122,566	-	122,566	100.0%	-	1,733,802	14.15
Broad Creek Shopping Center <sup>(6)(10)</sup>	Home Depot, Food Lion, PetSmart	Norfolk, VA		100%	1997/2001	251,504	-	251,504	100.0%	-	3,878,305	15.42
Broadmoor Plaza	Kroger, Staples, Jo-Ann Fabrics	South Bend, IN		100%	1980	115,059	-	115,059	92.2%	-	1,251,946	11.81
Brooks Crossing	Various Small Shops	Newport News, VA		100%	2016	-	18,349	18,349	-	66.3%	169,380	13.92
Columbus Village	Barnes & Noble	Virginia Beach, VA	✓	100%	1980/2013	66,594	-	66,594	88.5%	-	1,173,679	19.91
Columbus Village II	Regal Cinemas, B&B	Virginia Beach, VA	✓	100%	1995/1996	92,061	-	92,061	100.0%	-	1,652,246	17.95
Commerce Street Retail <sup>(5)</sup>	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%	-	1,241,201	12.01
Dimmock Square	Best Buy, Old Navy	Colonial Heights, VA		100%	1998	106,166	-	106,166	97.2%	-	1,751,738	16.98
Fountain Plaza Retail	Ruth's Chris, Ann Taylor	Virginia Beach, VA	✓	-	2004	35,961	-	35,961	100.0%	-	1,014,132	28.20
Gainsborough Square	Food Lion, Rite Aid	Chesapeake, VA		100%	1999	88,862	-	88,862	92.5%	-	1,243,905	15.14
Greentree Shopping Center	Various Small Shops	Chesapeake, VA		100%	2014	15,719	-	15,719	83.7%	-	264,750	20.12
Hanbury Village <sup>(6)</sup>	Harris Teeter, Walgreens	Chesapeake, VA		32%	2006/2009	116,635	-	116,635	98.6%	-	2,474,547	21.51
Harper Hill Commons <sup>(5)</sup>	Harris Teeter	Winston-Salem, NC		100%	2004	96,914	-	96,914	80.5%	-	897,209	11.50
Harrisonburg Regal	Regal Cinemas	Harrisonburg, VA		100%	1999	49,000	-	49,000	100.0%	-	683,550	13.95
Indian Lakes	Harris Teeter, Wawa	Virginia Beach, VA		100%	2008	71,020	-	71,020	95.4%	-	1,072,561	15.83
Lighthouse Marketplace <sup>(5)</sup>	Harris Teeter, CHKD	Williamsburg, VA		-	2016	-	116,043	116,043	-	79.0%	1,555,132	16.96
North Hampton Market	PetSmart, Hobby Lobby	Taylors, SC		100%	2004	114,935	-	114,935	99.0%	-	1,445,899	12.71
North Point Center <sup>(5)</sup>	Kroger, PetSmart, Home Depot, Costco	Durham, NC		67%	1998/2009	496,246	-	496,246	99.7%	-	3,747,254	7.57
Oakland Marketplace <sup>(5)</sup>	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%	-	743,616	13.18
Parkway Marketplace	Rite Aid	Virginia Beach, VA		100%	1998	37,804	-	37,804	100.0%	-	763,628	20.20
Patterson Place	B&B, PetSmart, DSW, AC Moore	Durham, NC		100%	2004	160,942	-	160,942	96.1%	-	2,434,084	15.73
Perry Hall Marketplace	Safeway	Perry Hall, MD		100%	2001	74,256	-	74,256	100.0%	-	1,252,304	16.86
Providence Plaza	Cranfill, Sumner & Hartzog, Chipotle	Charlotte, NC		100%	2007/2008	103,118	-	103,118	97.5%	-	2,645,055	26.32
Renaissance Square	Harris Teeter	Davidson, NC		100%	2008	80,467	-	80,467	84.3%	-	1,154,097	17.02
Sandbridge Commons <sup>(5)</sup>	Harris Teeter	Virginia Beach, VA		-	2015	69,417	-	69,417	100.0%	-	913,443	13.16
Socastee Commons	Bi-Lo	Myrtle Beach, SC		-	2000/2014	57,273	-	57,273	100.0%	-	657,312	11.48
South Retail	lululemon, free people, CPK	Virginia Beach, VA	✓	-	2002	38,515	-	38,515	100.0%	-	954,156	24.77
South Square <sup>(5)</sup>	Ross, Petco, Office Depot	Durham, NC		100%	1977/2005	109,590	-	109,590	100.0%	-	1,897,370	17.31
Southgate Square	Burlington, PetSmart, Michaels	Colonial Heights, VA		-	1991/2016	220,131	-	220,131	92.1%	-	2,773,889	13.69
Southshore Shops	Buffalo Wild Wings	Midlothian, VA		100%	2006	40,333	-	40,333	93.2%	-	765,980	20.37
Stone House Square <sup>(5)</sup>	Weis Markets	Hagerstown, MD		100%	2008	112,274	-	112,274	90.7%	-	1,752,315	17.21
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 <sup>(6)(10)</sup>	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%	-	433,546	8.27
Wendover Village	B&B, T.J. Maxx, Petco	Greensboro, NC		100%	2004	171,653	-	171,653	100.0%	-	3,101,318	18.07
<b>Total / Weighted Avg Retail Portfolio</b>				<b>76%</b>		<b>3,629,788</b>	<b>134,392</b>	<b>3,764,180</b>	<b>96.7%</b>	<b>77.3%</b>	<b>\$55,092,282</b>	<b>\$15.24</b>

# Property Portfolio - Continued

As of March 31, 2018

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>(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%	-	\$6,229,535	\$28.13
Armada Hoffer Tower <sup>(4)(5)</sup>	AHH, Troutman Sanders, Williams Mullen	Virginia Beach, VA	✓	100%	2002	324,242	-	324,242	93.6%	-	8,824,034	29.07
One Columbus <sup>(5)</sup>	BB&T, HBA	Virginia Beach, VA	✓	100%	1984	129,272	-	129,272	95.0%	-	2,999,277	24.43
Two Columbus	The Art Institute	Virginia Beach, VA	✓	100%	2009	108,448	-	108,448	82.5%	-	3,372,732	26.53
<b>Total / Weighted Average Office Portfolio</b>				<b>70%</b>		<b>799,855</b>	<b>-</b>	<b>799,855</b>	<b>92.2%</b>	<b>-</b>	<b>\$20,425,577</b>	<b>\$27.71</b>
<b>Multifamily</b>												
		Location	Town Center	Unencumbered ABR	Year Built	Core Properties	Redevelopment Properties	Total	Core Occupancy <sup>(7)</sup>	Redevelopment Occupancy <sup>(7)</sup>	ABR <sup>(7)</sup>	Monthly Rent per Occupied Unit
Encore Apartments		Virginia Beach, VA	✓	-	2014	286	-	286	95.1%	-	\$4,214,196	\$1,291.11
Johns Hopkins Village <sup>(8)(9)</sup>		Baltimore, MD	-	-	2016	157	-	157	98.8%	-	6,651,169	\$87.99 <sup>(10)</sup>
Liberty Apartments <sup>(9)</sup>		Newport News, VA	-	-	2013	197	-	197	89.9%	-	2,262,936	1,065.03
Smith's Landing <sup>(11)</sup>		Blacksburg, VA	-	-	2009	284	-	284	100.0%	-	3,875,748	1,137.25
The Cosmopolitan <sup>(8)(11)</sup>		Virginia Beach, VA	✓	-	2006	-	307	307	-	99.3%	5,652,177	1,544.31
<b>Total / Weighted Avg Multifamily Portfolio</b>						<b>924</b>	<b>307</b>	<b>1,231</b>	<b>96.1%</b>	<b>99.3%</b>	<b>\$22,656,226</b>	<b>\$1,246.26</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 March 31, 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 March 31, 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 March 31, 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 March 31, 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 March 31, 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.

(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	
		Ground Leases	ABR
Bermuda Crossroads	2	11,000	\$170,610
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	2	56,358	828,335
Lightfoot Marketplace	1	51,750	543,375
North Point Center	4	280,556	1,130,718
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	48,859	533,052
<b>Total / Weighted Avg</b>	<b>23</b>	<b>673,170</b>	<b>\$6,288,590</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 March 31, 2018 by (b) 12.

(8) The ABR for Liberty, Cosmopolitan, Johns Hopkins Village excludes \$245K, \$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 March 31, 2018 by the number of occupied beds.

(11) Excludes 35 units offline for redevelopment.

# Development Pipeline

\$ in thousands

Development, Not Delivered	Property Type	Estimated <sup>(1)</sup>	% Leased	Schedule <sup>(1)</sup>			Estimated Cost <sup>(1)</sup>	Construction Loan Commitment	Cost to Date	AHH Ownership %
				Construction Start	Initial Occupancy	Stabilized Operation <sup>(2)</sup>				
Summit Place (Meeting Street) Charleston, SC	Multifamily	114 units	NA	3Q17	3Q19	3Q19	\$53,000	\$34,750	\$18,000	90%
Hoffer Place (King Street) Charleston, SC	Multifamily	74 units	NA	3Q17	3Q19	3Q19	48,000	31,750	17,000	93%
Greenside (Harding Place) Charlotte, NC	Multifamily	225 Units	NA	3Q16	3Q18	1Q20	47,000	29,750	36,000	80% <sup>(3)</sup>
Premier (Town Center Phase VI) Virginia Beach, VA	Mixed-use	39,000 SF 131 Units	47%	4Q16	3Q18	3Q19	43,000	27,933	31,000	100%
Market at Mill Creek Mt. Pleasant, SC	Retail	73,000 SF	80%	1Q18	1Q19	1Q19	23,000	-	5,000	70% <sup>(3)</sup>
Brooks Crossing Newport News, VA	Office	100,000 sf	100%	1Q18	1Q19	2Q19	22,000	-	3,000	65% <sup>(3)</sup>
Lightfoot Outparcel Williamsburg, VA	Retail	NA	90%	1Q18	1Q19	1Q19	4,000	-	1,000	70% <sup>(3)</sup>
Total Development, Not Delivered							\$240,000	\$124,183	\$111,000	
<b>Development, Delivered Not Stabilized</b>										
Brooks Crossing Newport News, VA	Retail	18,000 sf	66%	3Q15	3Q16	4Q18	3,000	-	3,000	65% <sup>(3)</sup>
Lightfoot Marketplace Williamsburg, VA	Retail	109,000 sf	79%	3Q14	3Q16	3Q18	25,000	10,500	22,000	70% <sup>(3)</sup>
Total Development, Delivered Not Stabilized							28,000	10,500	25,000	
Total							\$268,000	\$134,683	\$136,000	
<b>Joint Ventures - Minority Partner</b>							<b>Project Cost</b>	<b>Construction Loan Commitment</b>	<b>Equity Investment</b>	
One City Center - 37% JV Durham, NC	Office	153,000 sf	81%	1Q16	3Q18	4Q18	\$44,000	\$25,250	\$13,000	100%



Premier



Summit Place



One City Center

	Q1 2018
Capitalized Interest	\$791
Capitalized Overhead	\$726

(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

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\$ in thousands

Redevelopment	Property Type	Units Out of Service	% Leased	Schedule <sup>(1)</sup>			Estimated Cost <sup>(1)</sup>	Cost to Date
				Construction Start	Anticipated Completion	Same-Store Sales		
The Cosmopolitan Virginia Beach, VA	Multifamily	35 units	99%	1Q18	4Q19	1Q21	\$7,500	\$0

Mezzanine Investments	Property Type	Estimated <sup>(1)</sup>	% Leased	Initial Occupancy	Loan Maturity <sup>(2)</sup>	Interest Rate	Option to Purchase	Loan Balance	Mezzanine Interest QTD
1405 Point (Point Street Apartments) Baltimore, MD	Multifamily	289 units	39%	1Q18	3Q21	8%	\$98,000	\$23,000	\$486
The Residences at Annapolis Junction Annapolis Junction, MD	Multifamily	416 units	44%	3Q17	2Q20	10%	106,000	44,000	1,100
North Decatur Square (Whole Foods) Decatur, GA	Retail	86,000 sf	93%	1Q19	2Q22	15%	-	15,000	460
Delray Plaza (Whole Foods) Delray Beach, FL	Retail	83,000 sf	79%	3Q19	4Q20	15%	-	6,000	222
Total Mezzanine Investment							\$204,000	\$88,000	\$2,268



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

# Acquisitions & Dispositions

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\$ 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	
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	
<b>Total/Weighted Average</b>		<b>2,199,341</b>	<b>\$416,772</b>	<b>\$127,700</b>	<b>\$75,626</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	
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	
<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 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 3/31/2018</u>	<u>Backlog</u>	<u>Estimated Date of Completion</u>
<b><u>Highlighted Projects</u></b>					
One City Center	Durham, NC	\$65,422	\$53,912	\$11,510	3Q 2018
Dinwiddie Municipal Complex	Dinwiddie, VA	23,904	14,002	9,902	2Q 2019
Sub Total		\$89,326	\$67,914	\$21,412	
<b><u>All Other Projects</u></b>					
		\$527,764	\$518,443	\$9,321	
<b>Total</b>		<b>\$617,090</b>	<b>\$586,357</b>	<b>\$30,733</b>	

<b>Gross Profit Summary</b>		
	<u>Q1 2018</u>	<u>Trailing 12 Months</u>
	(Unaudited)	
Revenue	\$23,050	\$153,565
Expense	(22,414)	(147,808)
Gross Profit	\$636	\$5,757





# Same Store NOI by Segment

\$ in thousands

(Reconciliation to GAAP located in appendix pg. 35)

	Three months ended			
	3/31/2018	3/31/2017	\$ Change	% Change
<b>Office<sup>(1)</sup></b>	(Unaudited)			
Revenue	\$3,454	\$3,514	(\$60)	-1.7%
Expenses <sup>(2)</sup>	1,345	1,232	113	9.2%
Net Operating Income	2,109	2,282	(173)	-7.6%
<b>Retail<sup>(1)</sup></b>				
Revenue	15,424	15,222	202	1.3%
Expenses <sup>(2)</sup>	3,807	3,579	228	6.4%
Net Operating Income	11,617	11,643	(26)	-0.2%
<b>Multifamily<sup>(1)</sup></b>				
Revenue	2,854	2,837	17	0.6%
Expenses <sup>(2)</sup>	1,157	1,151	6	0.5%
Net Operating Income	1,697	1,686	11	0.7%
<b>Same Store Net Operating Income (NOI)</b>	<b>\$15,423</b>	<b>\$15,611</b>	<b>(\$188)</b>	<b>-1.2%</b>
Net effect of straight-line rents	114	27	87	
Amortization of lease incentives and above (below) market rents	(105)	(107)	2	
<b>Same store portfolio NOI, cash basis</b>	<b>\$15,432</b>	<b>\$15,531</b>	<b>(\$99)</b>	<b>-0.6%</b>
<b>NOI, Cash Basis:</b>				
Office	\$2,175	\$2,506	(\$331)	-13.2%
Retail	11,548	11,327	221	2.0%
Multifamily	1,708	1,697	11	0.6%
	\$15,431	\$15,530	(\$99)	-0.6%
<b>NOI:</b>				
Office	\$2,109	\$2,282	(\$173)	-7.6%
Retail	11,617	11,643	(26)	-0.2%
Multifamily	1,697	1,686	11	0.7%
	\$15,423	\$15,611	(\$188)	-1.2%

(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 \$820K for the 3 months ended 3/31/18 and \$770K for the 3 months ended 3/31/17.

# Top 10 Tenants by Annualized Base Rent

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\$ in thousands  
As of March 31, 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	\$ 2,536	12.4%	2.6%
Hampton University	2	2023 - 2024	1,054	5.2%	1.1%
Mythics	1	2030	1,052	5.2%	1.1%
Pender & Coward	1	2030	882	4.3%	0.9%
Kimley-Horn	1	2027	859	4.2%	0.9%
Troutman Sanders	2	2025	855	4.2%	0.9%
The Art Institute	3	2019	852	4.2%	0.9%
City of Va Beach Development Authority	1	2024	722	3.5%	0.7%
Cherry Bekaert	1	2022	708	3.5%	0.7%
Williams Mullen	1	2028	655	3.2%	0.7%
<b>Top 10 Total</b>			<b>\$ 10,175</b>	<b>49.9%</b>	<b>10.5%</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	12	2018 - 2036	\$ 6,423	11.7%	6.5%
Home Depot	2	2019 - 2023	2,236	4.1%	2.3%
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%	0.8%
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>\$ 17,969</b>	<b>32.6%</b>	<b>18.3%</b>

# Office Lease Summary

Renewal Lease Summary				GAAP			Cash			Weighted			
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	Average Lease Term (yrs)	TI & LC	TI & LC per SF
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
Q2 2017	2	13,420	-	-	27.94	27.22	2.7%	27.38	28.42	-3.7%	7.21	153,873	11.47

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
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
Q2 2017	2	7,541	24.39	4.36	259,901	34.47

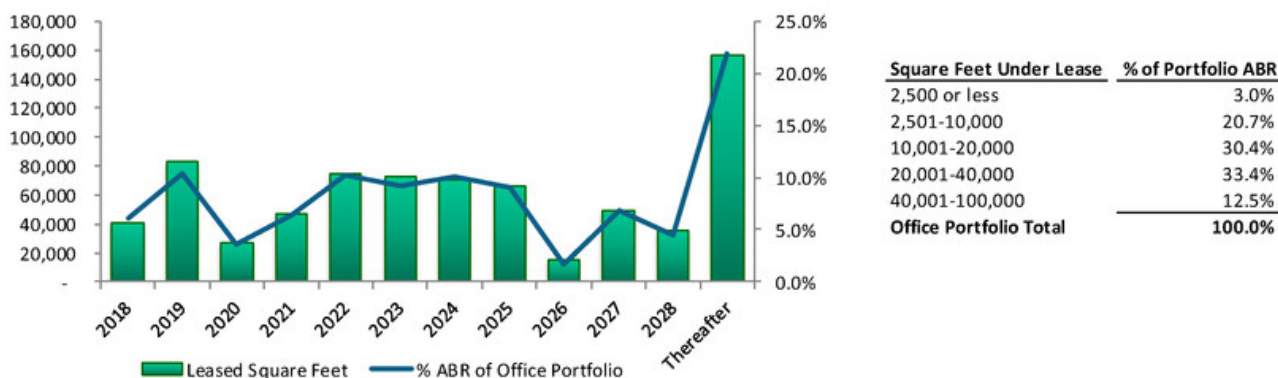


(1) Excludes new leases from properties in development

# Office Lease Expirations

As of March 31, 2018

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	-	62,720	7.8%	\$ -	-	\$ -
M-T-M	3	633	0.1%	20,400	0.1%	32.23
2018	10	39,734	5.0%	1,256,716	6.2%	31.63
2019	14	83,018	10.4%	2,107,955	10.3%	25.39
2020	7	26,537	3.3%	743,109	3.6%	28.00
2021	8	46,798	5.9%	1,301,888	6.4%	27.82
2022	10	75,200	9.4%	2,096,512	10.3%	27.88
2023	9	72,805	9.1%	1,874,882	9.2%	25.75
2024	4	70,617	8.8%	2,070,299	10.1%	29.32
2025	6	66,487	8.3%	1,836,317	9.0%	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	2	34,945	4.4%	919,342	4.5%	26.31
Thereafter	3	156,140	19.5%	4,469,722	21.9%	28.63
<b>Total / Weighted Average</b>	<b>82</b>	<b>799,855</b>	<b>100.0%</b>	<b>\$ 20,425,577</b>	<b>100.0%</b>	<b>\$ 27.71</b>



(1) Includes new leases from properties in development

# Retail Lease Summary

Renewal Lease Summary		GAAP							Cash			Weighted	
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	Average Lease Term (yrs)	TI & LC	TI & LC per SF
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
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

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
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
Q2 2017	9	14,315	20.66	7.65	376,170	26.28



(1) Excludes new leases from properties in development

# Retail Lease Expirations

As of March 31, 2018

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	-	148,735	4.0%	\$ -	-	\$ -
M-T-M	3	2,728	0.1%	49,190	0.1%	18.03
2018	44	141,597	3.8%	2,463,125	4.5%	17.40
2019	86	576,504	15.3%	9,091,761	16.5%	15.77
2020	76	581,371	15.4%	8,135,904	14.8%	13.99
2021	62	293,348	7.8%	5,306,908	9.6%	18.09
2022	55	415,682	11.0%	6,781,045	12.3%	16.31
2023	40	380,812	10.1%	5,282,494	9.6%	13.87
2024	20	181,126	4.8%	2,877,184	5.2%	15.88
2025	18	229,957	6.1%	2,462,076	4.5%	10.71
2026	19	166,665	4.4%	2,887,074	5.2%	17.32
2027	17	117,733	3.1%	2,656,495	4.8%	22.56
2028	13	233,722	6.2%	2,967,989	5.4%	12.70
Thereafter	13	294,200	7.9%	4,131,037	7.5%	14.04
<b>Total / Weighted Average</b>	<b>466</b>	<b>3,764,180</b>	<b>100.0%</b>	<b>\$ 55,092,282</b>	<b>100.0%</b>	<b>\$ 15.24</b>



Square Feet Under Lease	% of Portfolio ABR
2,500 or less	13.0%
2,501-10,000	28.3%
10,001-20,000	15.1%
20,001-40,000	15.4%
40,001-100,000	23.3%
Greater than 100,000	4.9%
<b>Retail Portfolio Total</b>	<b>100.0%</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. 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.

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# Same Store vs. Non-Same Store Properties

	Three Months Ended 3/31/2018 to 2017			Three Months Ended 3/31/2018 to 2017	
	Same Store	Non-Same Store		Same Store	Non-Same Store
<b>Retail Properties</b>					
249 Central Park Retail	X				
Alexander Pointe	X				
Bermuda Crossroads	X				
Broad Creek Shopping Center	X				
Brooks Crossing (Retail)		X			
Broadmoor Plaza	X				
Columbus Village	X				
Columbus Village II	X				
Commerce Street Retail	X				
Courthouse 7-Eleven	X				
Dick's at Town Center	X				
Dimmock Square	X				
Greentree Shopping Center	X				
Fountain Plaza Retail	X				
Gainsborough Square	X				
Hanbury Village	X				
Harper Hill Commons	X				
Harrisonburg Regal	X				
Indian Lakes		X			
Lightfoot Marketplace		X			
North Hampton Market	X				
North Point Center	X				
Oakland Marketplace	X				
Parkway Centre		X			
Parkway Marketplace	X				
Patterson Place	X				
Perry Hall Marketplace	X				
<b>Retail Properties (Continued)</b>					
Providence Plaza			X		
Renaissance Square			X		
Sandbridge Commons			X		
Socastee Commons			X		
South Retail			X		
South Square			X		
Southgate Square			X		
Southshore Shops			X		
Stone House Square			X		
Studio 56 Retail			X		
Tyre Neck Harris Teeter			X		
Waynesboro Commons			X		
Wendover Village			X		
Wendover Village Outparcel				X	
<b>Office Properties</b>					
4525 Main Street				X	
Armada Hoffer Tower			X		
Commonwealth of VA - Chesapeake				X	
Commonwealth of VA - Virginia Beach				X	
One Columbus			X		
Two Columbus			X		
<b>Multifamily Properties</b>					
Encore Apartments			X		
Liberty Apartments			X		
Smith's Landing			X		
The Cosmopolitan				X	
Johns Hopkins Village				X	

# Reconciliation to Property Portfolio NOI

\$ in thousands

	Three months ended 3/31	
	2018	2017
<u>Office Same Store<sup>(1)</sup></u>		
Rental revenues	\$3,454	\$3,514
Property expenses	1,345	1,232
NOI	2,109	2,282
Non-Same Store NOI <sup>(2)</sup>	1,043	849
Segment NOI	\$3,152	\$3,131
<u>Retail Same Store<sup>(1)</sup></u>		
Rental revenues	\$15,424	\$15,222
Property expenses	3,807	3,579
NOI	11,617	11,643
Non-Same Store NOI <sup>(2)</sup>	754	18
Segment NOI	\$12,371	\$11,661
<u>Multifamily Same Store<sup>(1)</sup></u>		
Rental revenues	\$2,854	\$2,837
Property expenses	1,157	1,151
NOI	1,697	1,686
Non-Same Store NOI <sup>(2)</sup>	2,242	2,177
Segment NOI	\$3,939	\$3,863
<b>Total Property Portfolio NOI</b>	<b>\$19,462</b>	<b>\$18,655</b>

(1) See page 32 for the Same Store vs. Non-Same Store properties

(2) Includes expenses associated with the companies in house asset management division.

# Reconciliation to Property Portfolio NOI

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AHH  
LISTED  
NYSE

\$ in thousands

	Three months ended 3/31/2018			
	Office	Retail	Multifamily	Total
<b>Diversified Portfolio</b>				
NOI - Cash Basis	\$0	\$9,831	\$2,274	\$12,105
Net effect of straight-line rents	-	3	78	81
Amortization of lease incentives and (above) below market rents	-	177	-	177
NOI	\$0	\$10,011	\$2,352	\$12,363
<b>Town Center of Virginia Beach</b>				
NOI - Cash Basis	\$3,065	\$2,171	\$1,584	\$6,820
Net effect of straight-line rents	381	(59)	3	325
Amortization of lease incentives and (above) below market rents	(70)	(50)	-	(120)
Elimination of AHH rent	(224)	(98)	-	(322)
NOI	\$3,152	\$1,964	\$1,587	\$6,703
<b>NOI</b>				
Diversified Portfolio	\$0	\$10,011	\$2,352	\$12,363
Town Center of Virginia Beach	3,152	1,964	1,587	6,703
Unstabilized Properties	-	396	-	396
<b>Total Property Portfolio NOI</b>	<b>\$3,152</b>	<b>\$12,371</b>	<b>\$3,939</b>	<b>\$19,462</b>

# Reconciliation to GAAP Net Income

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AHH  
LISTED  
NYSE

\$ in thousands

	Three months ended 3/31/2018					
	Office	Retail	Multifamily	Total Rental Properties	General Contracting & Real Estate Services	Total
Segment revenues	\$ 5,100	\$ 16,711	\$ 6,888	\$ 28,699	\$ 23,050	\$ 51,749
Segment expenses	1,948	4,340	2,949	9,237	22,414	31,651
Net operating income	\$ 3,152	\$ 12,371	\$ 3,939	\$ 19,462	\$ 636	\$ 20,098
Depreciation and amortization						(9,278)
General and administrative expenses						(2,961)
Acquisition, development and other pursuit costs						(84)
Interest income						2,232
Interest expense						(4,373)
Change in fair value of interest rate derivatives						969
Other income (loss) benefit						114
Income tax benefit (provision)						266
Net income						<u>\$ 6,983</u>

