

**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): **February 11, 2016**

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 February 11, 2016, Armada Hoffler Properties, Inc. (the "Company") issued a press release announcing its financial position as of December 31, 2015, results of operations for the three and twelve months ended December 31, 2015 and other related information. Also on February 11, 2016, the Company made available on its website at www.ArmadaHoffler.com certain supplemental information concerning the Company's financial results and operations for the three and twelve months ended December 31, 2015. 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.

Exhibit No.	Description
99.1	Press Release, dated February 11, 2016, issued by Armada Hoffler Properties, Inc., providing its financial position as of December 31, 2015 and results of operations for the three and twelve months ended December 31, 2015.

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: February 11, 2016

/s/ MICHAEL P. O'HARA

Michael P. O'Hara

Chief Financial Officer and Treasurer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release, dated February 11, 2016, issued by Armada Hoffler Properties, Inc., providing its financial position as of December 31, 2015 and results of operations for the three and twelve months ended December 31, 2015.
99.2	Armada Hoffler Properties, Inc. Fourth Quarter 2015 Supplemental Information.



PRESS RELEASE

**ARMADA HOFFLER PROPERTIES REPORTS FOURTH QUARTER AND
FULL YEAR 2015 RESULTS**

**Normalized FFO of \$0.24 Per Diluted Share for the Fourth Quarter and
\$0.93 Per Diluted Share for the Full Year**

**Company Introduces 2016 Full-Year Normalized FFO Guidance of
\$0.93 to \$0.97 Per Diluted Share**

Board of Directors Increases First Quarter 2016 Cash Dividend 5.9% to \$0.18 Per Share

VIRGINIA BEACH, VA, February 11, 2016 — Armada Hoffler Properties, Inc. (NYSE: AHH) today announced its results for the quarter and year ended December 31, 2015.

Highlights include:

- Funds From Operations (“FFO”) of \$9.6 million, or \$0.22 per diluted share, for the quarter ended December 31, 2015 compared to FFO of \$8.0 million, or \$0.20 per diluted share, for the quarter ended December 31, 2014. FFO of \$35.9 million, or \$0.87 per diluted share, for the year ended December 31, 2015 compared to FFO of \$28.1 million, or \$0.80 per diluted share, for the year ended December 31, 2014.
- Normalized FFO of \$10.6 million, or \$0.24 per diluted share, for the quarter ended December 31, 2015 compared to Normalized FFO of \$8.2 million, or \$0.20 per diluted share, for the quarter ended December 31, 2014. Normalized FFO of \$38.7 million, or \$0.93 per diluted share, for the year ended December 31, 2015 compared to Normalized FFO of \$28.6 million, or \$0.82 per diluted share, for the year ended December 31, 2014.
- Same Store Net Operating Income (“NOI”) for the quarter ended December 31, 2015 up 2.0% on a GAAP basis and 4.5% on a cash basis compared to the fourth quarter of 2014. Same Store NOI for the year ended December 31, 2015 up 3.2% on a GAAP basis and 5.5% on a cash basis compared to the year ended December 31, 2014.
- Core operating property portfolio occupancy at 95.3% compared to 95.7% as of December 31, 2014.
- Agreed to invest up to \$23 million in the new Point Street Apartments development project in the Harbor Point area of Baltimore, Maryland with options to acquire a controlling interest upon the project’s completion.

-
- Completed the sale of the recently delivered Oceaneering International office building for \$30 million, representing a 20% profit.
 - To date, in 2016, the Company:
 - Completed the sale of the Richmond Tower office building for \$78 million.
 - Acquired a \$170.5 million retail portfolio totaling 1.1 million square feet across 11 properties with the net proceeds from the Oceaneering and Richmond Tower sales and borrowings on its unsecured revolving credit facility.
 - Announced a cash dividend of \$0.18 per common share for the first quarter of 2016, representing a 5.9% increase over the prior quarter’s cash dividend.

Commenting on the Company’s results, Louis Haddad, President and CEO, said, “We closed the year at the high end of our expected range and reported our sixth consecutive quarter of Same Store NOI growth. As we look ahead to 2016, I continue to be optimistic about our Company and the potential opportunities in our predevelopment pipeline. I am excited that our Board has agreed to raise our first quarter 2016 dividend almost 6%, demonstrating our commitment to enhancing value and returning it to shareholders.”

Financial Results

Net income for the fourth quarter increased 62% to \$8.4 million compared to \$5.2 million for the fourth quarter of 2014. Net income for the full year increased 144% to \$31.2 million compared to \$12.8 million for the full year 2014.

FFO for the fourth quarter increased 20% to \$9.6 million compared to \$8.0 million for the fourth quarter of 2014. FFO for the full year increased 28% to \$35.9 million compared to \$28.1 million for the full year 2014. Normalized FFO for the fourth quarter increased 30% to \$10.6 million compared to \$8.2 million for the fourth quarter of 2014. Normalized FFO for the full year increased 35% to \$38.7 million compared to \$28.6 million for the full year 2014.

The period-over-period increases in net income, FFO and Normalized FFO were primarily attributable to property acquisitions, the delivery and stabilization of new real estate development projects and organic Same Store NOI growth, partially offset by higher interest expense. Both net income and FFO were negatively impacted by higher acquisition, development and other pursuit costs. The period-over-period increases in net income were also positively impacted by higher gains on real estate sales, partially offset by higher depreciation and amortization from acquired properties and new properties placed into service.

Operating Performance

At the end of the year, the Company’s office, retail and multifamily core operating property portfolios were 95.8%, 95.5% and 94.2% occupied, respectively.

Total construction contract backlog was \$83.4 million at the end of the year.

Balance Sheet and Financing Activity

In January 2016, the Company increased the total borrowing capacity on its unsecured credit facility to \$225 million, consisting of a \$75 million term loan and \$150 million revolving credit facility.

At December 31, 2015, the Company had \$382 million of total debt outstanding, including \$74 million outstanding under its \$150 million revolving credit facility. Total debt outstanding excludes unamortized GAAP fair value adjustments and deferred financing costs. Approximately 57% of the Company's debt had fixed interest rates or were subject to interest rate swap locks at December 31, 2015. After considering LIBOR interest rate caps with strike prices at or below 150 basis points, 100% of the Company's debt was fixed or hedged at December 31, 2015.

During the fourth quarter, the Company raised \$3.7 million of gross proceeds under the At-The-Market ("ATM") continuous equity offering program at a weighted average price of \$10.21 per share. In December, the Company completed an underwritten public offering of 3.5 million shares of common stock at \$10.70 per share, generating net proceeds of \$35.1 million.

Outlook

The Company is introducing its 2016 full-year guidance. The Company expects 2016 Normalized FFO in the range of \$0.93 to \$0.97 per diluted share. The following table outlines the Company's assumptions along with Normalized FFO per share estimates for the full-year 2016.

3

Full-year 2016 Guidance [1]	Expected Ranges	
Total GAAP NOI	\$62.3M	\$63.0M
Construction company annual segment gross profit	\$4.7M	\$5.2M
General and administrative expenses	\$8.8M	\$9.1M
Interest income	\$2.9M	\$3.1M
Interest expense	\$16.3M	\$16.9M
Normalized FFO per diluted share [2]	\$0.93	\$0.97

[1] Includes the sale of the five non-core properties by June 30, 2016 and the impact of the two pending pipeline projects, as well as additional shares that may be issued under the ATM program, assuming favorable market conditions.

[2] 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 47.2 million weighted average shares and units outstanding, including shares issued under the ATM program.

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 under the Investor Relations section.

Webcast and Conference Call

The Company will host a webcast and conference call on Thursday, February 11, 2016 at 8:30 a.m. Eastern Time to review financial results and discuss recent events. The live webcast will be available through the Investor Relations page of the Company's website, www.ArmadaHoffler.com, or through 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 Friday, March 11, 2016 by dialing 877-870-5176 (domestic) or 858-384-5517 (international) and entering the pass code 13627723.

About Armada Hoffler Properties, Inc.

Armada Hoffler Properties, Inc. is a full service real estate company with extensive experience developing, building, owning and managing high-quality, institutional-grade office, retail and multifamily properties in attractive markets throughout the Mid-Atlantic United States. The Company has elected to be taxed as a real estate investment trust ("REIT") for U.S. federal income tax purposes.

4

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, 2014, and 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. 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

5

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 on page nine of this release.

6

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

	December 31,	
	2015 (Unaudited)	2014
Assets		
Real estate investments:		
Income producing property	\$ 579,000	\$ 513,918
Held for development	1,180	—
Construction in progress	53,411	81,082
Accumulated depreciation	(125,380)	(116,099)
Net real estate investments	508,211	478,901
Real estate investments held for sale	40,232	8,538
Cash and cash equivalents	26,989	25,883
Restricted cash	2,824	4,224
Accounts receivable, net	21,982	20,548
Notes receivable	7,825	—
Construction receivables, including retentions	36,535	19,432
Construction costs and estimated earnings in excess of billings	88	272
Other assets	44,861	30,224
Total Assets	<u>\$ 689,547</u>	<u>\$ 588,022</u>
Liabilities and Equity		
Indebtedness	\$ 377,593	\$ 356,345
Accounts payable and accrued liabilities	6,472	8,358
Construction payables, including retentions	52,067	42,399
Billings in excess of construction costs and estimated earnings	2,224	1,053
Other liabilities	25,471	17,961
Total Liabilities	<u>463,827</u>	<u>426,116</u>
Total Equity	<u>225,720</u>	<u>161,906</u>
Total Liabilities and Equity	<u>\$ 689,547</u>	<u>\$ 588,022</u>

7

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

	Three Months Ended December 31,		Year Ended December 31,	
	2015	2014	2015	2014
	(Unaudited)		(Unaudited)	
Revenues				
Rental revenues	\$ 21,771	\$ 17,521	\$ 81,172	\$ 64,746
General contracting and real estate services	41,309	32,060	171,268	103,321
Total revenues	<u>63,080</u>	<u>49,581</u>	<u>252,440</u>	<u>168,067</u>
Expenses				
Rental expenses	4,948	4,437	19,204	16,667
Real estate taxes	2,110	1,512	7,782	5,743
General contracting and real estate services	40,203	30,947	165,344	98,754
Depreciation and amortization	6,162	4,976	23,153	17,569
General and administrative	2,100	1,943	8,397	7,711
Acquisition, development and other pursuit costs	885	55	1,935	229
Impairment charges	18	—	41	15
Total expenses	<u>56,426</u>	<u>43,870</u>	<u>225,856</u>	<u>146,688</u>
Operating income	6,654	5,711	26,584	21,379
Interest income	126	—	126	—
Interest expense	(3,411)	(2,671)	(13,333)	(10,648)
Loss on extinguishment of debt	(102)	—	(512)	—
Gain on real estate dispositions	4,987	2,211	18,394	2,211
Other income (expense)	72	(90)	(110)	(113)
Income before taxes	8,326	5,161	31,149	12,829
Income tax benefit (provision)	117	65	34	(70)
Net income	<u>\$ 8,443</u>	<u>5,226</u>	<u>31,183</u>	<u>12,759</u>
Per diluted share	\$ 0.19	\$ 0.13	\$ 0.75	\$ 0.36
Weighted average shares - diluted	43,438	39,796	41,383	35,071

8

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

	Three Months Ended December 31,		Year Ended December 31,	
	2015	2014	2015	2014
	(Unaudited)		(Unaudited)	
Net income	\$ 8,443	\$ 5,226	\$ 31,183	\$ 12,759
Depreciation and amortization	6,162	4,976	23,153	17,569
Gain on real estate dispositions	(4,987)	(2,211)	(18,394)	(2,211)
Funds From Operations (FFO)	\$ 9,618	\$ 7,991	\$ 35,942	\$ 28,117
Acquisition, development and other pursuit costs	885	55	1,935	229
Impairment charges	18	—	41	15
Loss on extinguishment of debt	102	—	512	—
Derivative mark-to-market adjustments	(9)	110	229	233
Normalized FFO	\$ 10,614	\$ 8,156	\$ 38,659	\$ 28,594
FFO per diluted share	\$ 0.22	\$ 0.20	\$ 0.87	\$ 0.80
Normalized FFO per diluted share	\$ 0.24	\$ 0.20	\$ 0.93	\$ 0.82
Weighted average shares - diluted	43,438	39,796	41,383	35,071

Contact:

Michael P. O'Hara
Armada Hoffler Properties, Inc.

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2015 NAREIT
Investor CARE Awards
Communications & Reporting Excellence

 **WINNER**

Small Cap Equity REIT Silver

Armada Hoffler Properties, Inc.

Fourth Quarter 2015 Supplemental Information



Table of Contents

Forward Looking Statements	3
Corporate Profile	4
Highlights	5
2016 Outlook	6
Summary Information	7
Summary Balance Sheet	8
Summary Income Statement	9
FFO, Normalized FFO & Adjusted FFO	10
Outstanding Debt	11
Core Debt to Core EBITDA	12
Debt Information	13
Property Portfolio	14
Property Portfolio - Continued	15
Development Pipeline	16
Acquisitions & Dispositions	17
Construction Business Summary	18
Same Store NOI by Segment	19
Top 10 Tenants by Annualized Base Rent	20
Office Lease Summary	21
Office Lease Expirations	22
Retail Lease Summary	23
Retail Lease Expirations	24
Net Asset Value Component Data	26
Retail Portfolio Acquisition	28
NOI Contribution	29
Proforma Top 10 Tenants	30
Appendix - Definitions & Reconciliations	31
Definitions	32
Reconciliation to Property Portfolio NOI	36
Reconciliation to GAAP Net Income	37

Forward Looking Statements

This Supplemental Information should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2015, and the unaudited condensed consolidated financial statements appearing in our press release dated February 11, 2016, which has been furnished as Exhibit 99.1 to our Form 8-K filed on February 11, 2016. The Company makes statements in this Supplemental Information 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 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, funds available for distribution and net operating income are forward-looking statements. You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "intends," "plans," "estimates" or "anticipates" or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, estimates, data or methods, which may be incorrect or imprecise, and actual results may vary materially from those anticipated, estimated or projected. The Company does not guarantee that the transactions and events described will happen as described (or that they will happen at all). For further discussion of risk factors and other events that could impact our future results, please refer to the section entitled "Risk Factors" in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC"), and the documents subsequently filed by us from time to time with the SEC.

Corporate Profile

Armada Hoffler Properties, Inc. (NYSE: AHH) is a full service real estate company that develops, constructs and owns institutional grade office, retail and multifamily properties in the Mid-Atlantic United States. The Company also provides general contracting and development services to third-party clients throughout the Mid-Atlantic and Southeastern regions. Armada Hoffler Properties, Inc. was founded in 1979 and is headquartered in Virginia Beach, VA. The Company has elected to be taxed as a real estate investment trust ("REIT") for U.S. federal income tax purposes.

Board of Directors

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

Corporate Officers

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

Analyst Coverage

Janney, Montgomery, & Scott LLC Robert Stevenson (646) 840-3217 robertstevenson@janney.com	Raymond James & Associates Bill Crow (727) 567-2594 rj.milligan@raymondjames.com	Robert W. Baird & Co. David Rodgers (216) 737-7341 drodgers@rwbaird.com	Stifel, Nicolaus & Company, Inc. John Guinee (443) 224-1307 jwguinee@stifel.com	Wunderlich Securities Craig Kucera (540) 277-3366 ckucera@wundernet.com
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Investor Relations Contact

Michael P. O'Hara
Chief Financial Officer and Treasurer
(757) 366-6684
mohara@armadahoffler.com



Highlights

- Funds From Operations (“FFO”) of \$9.6 million, or \$0.22 per diluted share, for the quarter ended December 31, 2015 compared to FFO of \$8.0 million, or \$0.20 per diluted share, for the quarter ended December 31, 2014. FFO of \$35.9 million, or \$0.87 per diluted share, for the year ended December 31, 2015 compared to FFO of \$28.1 million, or \$0.80 per diluted share, for the year ended December 31, 2014.
- Normalized FFO of \$10.6 million, or \$0.24 per diluted share, for the quarter ended December 31, 2015 compared to Normalized FFO of \$8.2 million, or \$0.20 per diluted share, for the quarter ended December 31, 2014. Normalized FFO of \$38.7 million, or \$0.93 per diluted share, for the year ended December 31, 2015 compared to Normalized FFO of \$28.6 million, or \$0.82 per diluted share, for the year ended December 31, 2014.
- Same Store Net Operating Income (“NOI”) for the quarter ended December 31, 2015 up 2.0% on a GAAP basis and 4.5% on a cash basis compared to the fourth quarter of 2014. Same Store NOI for the year ended December 31, 2015 up 3.2% on a GAAP basis and 5.5% on a cash basis compared to the year ended December 31, 2014.
- Core operating property portfolio occupancy at 95.3% compared to 95.7% as of December 31, 2014.
- Agreed to invest up to \$23 million in the new Point Street Apartments development project in the Harbor Point area of Baltimore, Maryland with options to acquire a controlling interest upon the project’s completion.
- Completed the sale of the recently delivered Oceaneering International office building for \$30 million, representing a 20% profit.
- To date, in 2016, the Company:
 - Completed the sale of the Richmond Tower office building for \$78 million.
 - Acquired a \$170.5 million retail portfolio totaling 1.1 million square feet across 11 properties with the net proceeds from the Oceaneering and Richmond Tower sales and borrowings on its unsecured revolving credit facility (see page 27-30 for additional detail).
 - Announced a cash dividend of \$0.18 per common share for the first quarter of 2016, representing a 5.9% increase over the prior quarter’s cash dividend.

2016 Outlook

The Company is introducing its 2016 full-year guidance. The Company expects 2016 Normalized FFO in the range of \$0.93 to \$0.97 per diluted share. The following table outlines the Company's assumptions along with Normalized FFO per share estimates for the full-year 2016.

Full-year 2016 Guidance ^[1]	Expected Ranges	
Total GAAP NOI	\$62.3M	\$63.0M
Construction company annual segment gross profit	\$4.7M	\$5.2M
General and administrative expenses	\$8.8M	\$9.1M
Interest income	\$2.9M	\$3.1M
Interest expense	\$16.3M	\$16.9M
Normalized FFO per diluted share ^[2]	\$0.93	\$0.97

[1] Includes the sale of the five non-core properties by June 30, 2016 and the impact of the two pending pipeline projects, as well as additional shares that may be issued under the ATM program, assuming favorable market conditions.

[2] 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 assumes 47.2 million weighted average shares and units outstanding, including shares issued under the ATM program.

Summary Information

\$ in thousands, except per share data

	Three months ended				
	12/31/2015	9/30/2015	6/30/2015	3/31/2015	12/31/2014
OPERATIONAL METRICS					
Rental revenues	\$21,771	\$21,303	\$19,908	\$18,190	\$17,521
General contracting and real estate services revenues	41,309	53,822	47,066	29,071	32,060
Rental properties Net Operating Income (NOI)	14,713	14,382	13,318	11,773	11,572
General contracting and real estate services gross profit	1,106	2,106	1,783	929	1,113
EBITDA ⁽¹⁾	12,912	14,290	12,195	9,844	10,597
Net income	8,443	4,337	10,285	8,118	5,226
Funds From Operations (FFO)	9,618	10,654	8,841	6,829	7,991
FFO per diluted share	\$0.22	\$0.25	\$0.22	\$0.17	\$0.20
Normalized FFO	10,614	10,996	9,675	7,374	8,156
Normalized FFO per diluted share	\$0.24	\$0.26	\$0.24	\$0.19	\$0.20
CAPITALIZATION					
Total common shares outstanding	30,076	26,261	25,855	25,084	25,023
Operating Partnership ("OP") units outstanding	16,027	16,043	14,769	14,776	14,776
Common shares and OP units outstanding	46,103	42,304	40,624	39,860	39,799
Market price per common share	\$10.48	\$9.77	\$9.99	\$10.66	\$9.49
Equity market capitalization	483,159	413,310	405,834	424,908	377,693
Total debt	382,013	421,442	388,288	382,501	360,671
Total market capitalization	865,172	834,752	794,122	807,409	738,364
Less: cash	(29,813)	(19,434)	(30,446)	(35,505)	(30,107)
Total enterprise value	\$835,359	\$815,318	\$763,676	\$771,904	\$708,257
BALANCE SHEET METRICS					
Core debt/enterprise value	37.0%	44.6%	36.3%	28.6%	30.3%
Fixed charge coverage ratio	3.1x	3.3x	3.0x	2.6x	3.1x
Core Debt/Annualized Core EBITDA	6.1x	6.6x	6.0x	6.0x	5.3x
CORE PORTFOLIO OCCUPANCY					
Office ⁽³⁾	95.8%	95.5%	94.6%	93.5%	95.2%
Retail ⁽²⁾	95.5%	96.2%	95.6%	97.4%	96.4%
Multifamily ⁽⁴⁾	94.2%	94.9%	96.5%	96.6%	95.7%
Weighted Average ⁽⁵⁾	95.3%	95.6%	95.3%	95.6%	95.7%

(1) Excludes gains on real estate dispositions

(2) Excludes unamortized GAAP adjustments

(3) Office and retail occupancy based on occupied square feet as a % of respective total

(4) Multifamily occupancy based on occupied units as a % of respective total

(5) Total occupancy weighted by annualized base rent



Summary Balance Sheet

\$ in thousands

	As of	
	<u>12/31/2015</u> (Unaudited)	<u>12/31/2014</u>
Assets		
Real estate investments:		
Income producing property	\$579,000	\$513,918
Held for development	1,180	-
Construction in progress	53,411	81,082
Accumulated depreciation	<u>(125,380)</u>	<u>(116,099)</u>
Net real estate investments	508,211	478,901
Real estate investments held for sale	40,232	8,538
Cash and cash equivalents	26,989	25,883
Restricted cash	2,824	4,224
Accounts receivable, net	21,982	20,548
Notes receivable	7,825	-
Construction receivables, including retentions	36,535	19,432
Costs and estimated earnings in excess of billings	88	272
Other assets	<u>44,861</u>	<u>30,224</u>
Total Assets	<u>\$689,547</u>	<u>\$588,022</u>
Liabilities and Equity		
Indebtedness	\$377,593	\$356,345
Accounts payable and accrued liabilities	6,472	8,358
Construction payables, including retentions	52,067	42,399
Billings in excess of costs and estimated earnings	2,224	1,053
Other liabilities	<u>25,471</u>	<u>17,961</u>
Total Liabilities	463,827	426,116
Total Equity	225,720	161,906
Total Liabilities and Equity	<u>\$689,547</u>	<u>\$588,022</u>

Summary Income Statement

Amounts in thousands, except per share data

	Three months ended		Year Ended	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Revenues	(Unaudited)		(Unaudited)	
Rental revenues	\$21,771	\$17,521	\$81,172	\$64,746
General contracting and real estate services	41,309	32,060	171,268	103,321
Total Revenues	63,080	49,581	252,440	168,067
Expenses				
Rental expenses	4,948	4,437	19,204	16,667
Real estate taxes	2,110	1,512	7,782	5,743
General contracting and real estate services	40,203	30,947	165,344	98,754
Depreciation and amortization	6,162	4,976	23,153	17,569
General and administrative	2,100	1,943	8,397	7,711
Acquisition, development & other pursuit costs	885	55	1,935	229
Impairment charges	18	-	41	15
Total Expenses	56,426	43,870	225,856	146,688
Operating Income	6,654	5,711	26,584	21,379
Interest income	126	-	126	-
Interest expense	(3,411)	(2,671)	(13,333)	(10,648)
Loss on extinguishment of debt	(102)	-	(512)	-
Gain on real estate dispositions	4,987	2,211	18,394	2,211
Other income (loss)	72	(90)	(110)	(113)
Income before taxes	8,326	5,161	31,149	12,829
Income tax benefit (provision)	117	65	34	(70)
Net Income	\$8,443	\$5,226	\$31,183	\$12,759
Per Diluted Share	\$0.19	\$0.13	\$0.75	\$0.36
Weighted Average Shares-Diluted	43,438	39,796	41,383	35,071

FFO, Normalized FFO & Adjusted FFO⁽¹⁾

\$ in thousands, except per share data

	Three months ended				Year Ended December 31,	
	12/31/2015	9/30/2015	6/30/2015	3/31/2015	2015	2014
Funds From Operations			(Unaudited)		(Unaudited)	
Net income	\$8,443	\$4,337	\$10,285	\$8,118	\$31,183	\$12,759
Depreciation and amortization	6,162	6,317	5,766	4,908	23,153	17,569
Gain on real estate dispositions	(4,987)	-	(7,210)	(6,197)	(18,394)	(2,211)
FFO	\$9,618	\$10,654	\$8,841	\$6,829	\$35,942	\$28,117
FFO per diluted share	\$0.22	\$0.25	\$0.22	\$0.17	\$0.87	\$0.80
Normalized FFO						
Acquisition, development & other pursuit costs	885	288	591	171	1,935	229
Loss on extinguishment of debt	102	3	180	227	512	-
Impairment charges	18	-	23	-	41	15
Derivative (income) losses	(9)	51	40	147	229	233
Normalized FFO	\$10,614	\$10,996	\$9,675	\$7,374	\$38,659	\$28,594
Normalized FFO per diluted share	\$0.24	\$0.26	\$0.24	\$0.19	\$0.93	\$0.82
Adjusted FFO						
Non-cash stock compensation	176	173	203	379	931	917
Acquisition, development & other pursuit costs	(885)	(288)	(591)	(171)	(1,935)	(229)
Tenant improvements, leasing commissions ⁽²⁾	(509)	(992)	(756)	(484)	(2,741)	(5,311)
Leasing incentives ⁽²⁾	-	-	-	-	-	(462)
Property related capital expenditures	(563)	(640)	(366)	(149)	(1,718)	(1,479)
Non-cash interest expense	215	233	240	318	1,006	514
GAAP Adjustments						
Net effect of straight-line rents	(134)	(309)	(545)	(646)	(1,634)	(1,887)
Amortization of leasing incentives & above (below) market rents	174	170	217	177	738	633
Government development grants	-	300	-	-	300	300
AFFO	\$9,088	\$9,643	\$8,077	\$6,798	\$33,606	\$21,590
AFFO per diluted share	\$0.21	\$0.23	\$0.20	\$0.17	\$0.81	\$0.62
Weighted Average Common Shares Outstanding	27,411	25,958	25,587	25,042	26,006	20,946
Weighted Average Operating Partnership ("OP") Units Outstanding	16,027	15,919	14,769	14,776	15,377	14,125
Total Weighted Average Common shares and OP units outstanding	43,438	41,877	40,356	39,818	41,383	35,071



(1) See definitions on pages 32-33

(2) Excludes first generation rental space.

Outstanding Debt

\$ in thousands

Debt	Stated Rate	Effective Rate as of 12/31/2015	Maturity Date	Debt Maturities & Principal Payments						Amount Outstanding as of 12/31/2015	
				2016	2017	2018	2019	2020	Thereafter		
Secured Notes Payable - Core Debt											
249 Central Park Retail	5.99%	5.99%	9/8/2016	\$15,282							\$15,282
South Retail	5.99%	5.99%	9/8/2016	6,742							6,742
Fountain Plaza Retail	5.99%	5.99%	9/8/2016	7,641							7,641
Encore Apartments	L+1.95%	2.37%	1/30/2017		25,184						25,184
North Point Note 5	L+2.00%	3.57% ⁽¹⁾	2/1/2017	21	643						664
Oyster Point	L+1.40% - 2.00%	2.17%	2/28/2017		6,400						6,400
Harrisonburg Regal	6.06%	6.06%	6/8/2017	207	3,256						3,463
Commonwealth of Virginia - Chesapeake	L+1.90%	2.32%	8/28/2017		4,933						4,933
Hanbury Village	6.67%	6.67%	10/11/2017	261	20,709						20,970
Sandbridge Commons	L+1.85%	2.27%	1/17/2018	238	247	8,525					9,010
Columbus Village Note 1	L+2.00%	3.05% ⁽¹⁾	4/5/2018	171	179	6,079					6,429
Columbus Village Note 2	L+2.00%	2.42%	4/5/2018	46	47	2,217					2,310
North Point Center Note 1	6.45%	6.45%	2/5/2019	193	205	219	9,352				9,969
Socastee Commons	4.57%	4.57%	1/6/2023	90	95	100	105	109	4,458		4,957
North Point Center Note 2	7.25%	7.25%	9/15/2025	98	105	113	121	130	2,095		2,662
Smith's Landing	4.05%	4.05%	6/1/2035	715	747	779	811	843	17,331		21,226
Liberty Apartments	5.66%	5.66%	11/1/2043	308	325	344	364	385	18,586		20,312
The Cosmopolitan	3.75%	3.75%	7/1/2051	636	660	686	712	739	43,086		46,519
Total - Secured Core Debt				\$32,649	\$63,735	\$19,062	\$11,465	\$2,206	\$85,556		\$214,673
Secured Notes Payable - Development Pipeline											
4525 Main Street	L+1.95%	2.37%	1/30/2017		31,613						31,613
Lightfoot Marketplace	L+1.90%	2.32%	11/14/2017		7,759						7,759
Johns Hopkins Village	L+1.90%	2.32%	7/30/2018			3,968					3,968
Total - Development Pipeline				-	39,372	3,968	-	-	-		43,340
Total Secured Notes Payable				\$32,649	\$103,107	\$23,030	\$11,465	\$2,206	\$85,556		\$258,013
Unsecured Core Debt											
Senior unsecured line of credit	L+1.40% - 2.00%	2.17%	2/20/2019				74,000				74,000
Senior unsecured term loan	L+1.35% - 1.95%	2.12% ⁽¹⁾	2/20/2020					50,000			50,000
Total - Unsecured Core Debt				-	-	-	74,000	50,000	-		124,000
Total Notes Payable excluding GAAP Adjustments				\$32,649	\$103,107	\$23,030	\$85,465	\$52,206	\$85,556		\$382,013
Balloon Payments				29,281	100,194	20,731	83,333	50,000	5,567		289,106
Principal amortization				3,368	2,913	2,299	2,132	2,206	79,989		92,907
Total Consolidated Debt				\$32,649	\$103,107	\$23,030	\$85,465	\$52,206	\$85,556		\$382,013
Fixed-rate Debt⁽²⁾				32,365	26,924	8,320	11,465	52,206	85,556		216,836
Variable-rate Debt⁽³⁾				284	76,183	14,710	74,000	-	-		165,177
Total Consolidated Debt				\$32,649	\$103,107	\$23,030	\$85,465	\$52,206	\$85,556		\$382,013
GAAP Adjustments											(4,420)
Total Notes Payable											\$377,593



(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 0.422%

Core Debt to Core EBITDA⁽¹⁾

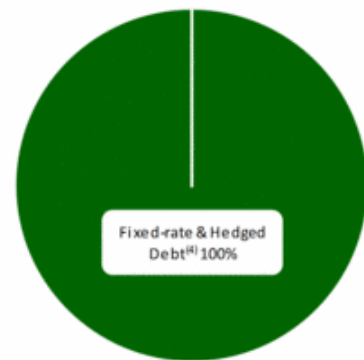
\$ in thousands

	Three months ended				
	12/31/2015	9/30/2015	6/30/2015	3/31/2015	12/31/2014
Net Income	\$8,443	\$4,337	\$10,285	\$8,118	\$5,226
Excluding:					
Interest expense	3,411	3,518	3,358	3,046	2,671
Income tax	(117)	118	(4)	(31)	(65)
Depreciation and amortization	6,162	6,317	5,766	4,908	4,976
Gain on real estate dispositions	(4,987)	-	(7,210)	(6,197)	(2,211)
EBITDA	\$12,912	\$14,290	\$12,195	\$9,844	\$10,597
Adjustments to EBITDA:					
Loss on extinguishment of debt	102	3	180	227	-
Derivative (income) losses	(9)	51	40	147	110
Non-cash stock compensation	176	173	203	379	197
Development Pipeline	(606)	(738)	(1,086)	(1,386)	(802)
Total Other Adjustments	(337)	(511)	(663)	(633)	(495)
Core EBITDA	\$12,575	\$13,779	\$11,532	\$9,211	\$10,102
Total Debt ⁽²⁾	\$382,013	\$421,442	\$388,288	\$382,501	\$360,671
Adjustments to Debt:					
(Less) Development Pipeline ⁽²⁾	(43,340)	(37,987)	(80,877)	(126,554)	(116,158)
(Less) Cash & restricted cash	(29,813)	(19,434)	(30,446)	(35,505)	(30,107)
Core Debt	\$308,860	\$364,021	\$276,965	\$220,442	\$214,406
Core Debt/Annualized Core EBITDA	6.1x	6.6x	6.0x	6.0x	5.3x

Debt Information

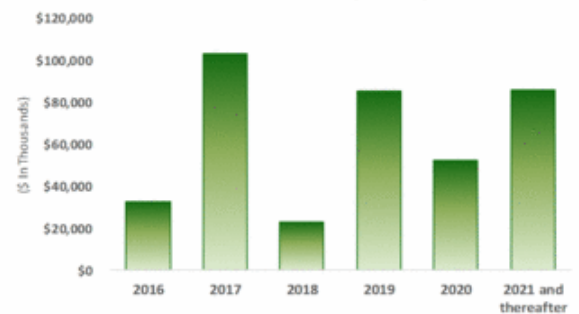
\$ in thousands

Total Debt Composition			
	Percent of Debt	Weighted Average	
		Interest Rate	Maturity
Secured vs. Unsecured Debt			
Unsecured Debt	32.8%	2.2%	3.5 Yrs
Secured Debt	67.2%	1.7%	4.6 Yrs
Variable vs. Fixed-rate Debt			
Variable-rate Debt ⁽¹⁾	43.2%	2.2%	2.6 Yrs
Fixed-rate Debt ⁽²⁾⁽³⁾	56.8%	5.0%	16.8 Yrs
Fixed-rate and Hedged Debt ⁽²⁾⁽³⁾⁽⁴⁾	100.0%		
Total		3.5%	8.8 Yrs



Interest Rate Cap Agreements At or Below 1.50%			
Effective Date	Maturity Date	Strike Rate	Notional Amount
September 1, 2013	March 1, 2016	1.50%	\$40,000
October 4, 2013	April 1, 2016	1.50%	18,500
March 14, 2014	March 1, 2017	1.25%	50,000
October 26, 2015	October 15, 2017	1.25%	75,000
Total Interest Rate Caps at or Below 1.50%			\$183,500
Fixed-rate Debt ⁽²⁾⁽³⁾			216,836
Fixed-rate and Hedged Debt			\$400,336
% of Total ⁽³⁾			100.0%

Debt Maturities & Principal Payments



- (1) Excludes debt subject to interest rate swap locks.
- (2) Includes debt subject to interest rate swap locks.
- (3) Excludes GAAP adjustments.
- (4) Includes interest rate caps less than or equal to 1.50%

Property Portfolio

As of 12/31/15

Property	Anchor Tenant	Location	Town Center	Unencumbered ABR	Year Built	Net Rentable Square Feet ⁽¹⁾	Core Occupancy ⁽²⁾	ABR ⁽³⁾	ABR per Leased Sq ⁽⁴⁾
Retail Properties - Excluding Properties Subject to Ground Lease									
249 Central Park Retail ⁽⁵⁾	Cheesecake Factory, Brooks Brothers, Gordon Biersch	Virginia Beach, VA	✓	-	2004	91,366	89.7%	\$2,291,649	\$27.98
Bermuda Crossroads	Food Lion, OfficeMax	Chester, VA		100%	2001	111,566	91.3%	1,450,214	14.23
Broad Creek Shopping Center	Home Depot, Food Lion, PetSmart	Norfolk, VA		100%	1997-2001	227,659	98.8%	3,169,973	14.09
Columbus Village	Barnes & Noble	Virginia Beach, VA	✓	-	1980-2013	66,594	93.5%	1,200,454	19.27
Commerce Street Retail ⁽⁵⁾	Yard House	Virginia Beach, VA	✓	100%	2008	19,173	100.0%	788,234	41.11
Courthouse 7 Eleven	7 Eleven	Virginia Beach, VA		100%	2011	3,177	100.0%	125,015	39.35
Dick's at Town Center	Dick's Sporting Goods, USI	Virginia Beach, VA	✓	100%	2002	103,335	100.0%	1,221,866	11.82
Dimmock Square	Best Buy, Old Navy	Colonial Heights, VA		100%	1998	106,166	97.2%	1,723,682	16.71
Fountain Plaza Retail	Ruth's Chris, Ann Taylor	Virginia Beach, VA	✓	-	2004	35,961	100.0%	1,031,983	28.70
Gainsborough Square	Food Lion, Rite Aid	Chesapeake, VA		100%	1999	88,862	87.8%	1,183,308	15.16
Greentree Shopping Center	Wawa	Chesapeake, VA		100%	2014	15,751	85.7%	283,246	20.97
Hanbury Village	Walgreens, Starbucks	Chesapeake, VA		32%	2006-2009	61,049	92.8%	1,347,642	23.78
Harrisonburg Regal	Regal Cinemas	Harrisonburg, VA		-	1999	49,000	100.0%	683,550	13.95
North Point Center	Kroger, PetSmart, BB&B, Costco	Durham, NC		52%	1998-2009	215,690	95.9%	2,526,028	12.21
Parkway Marketplace	Rite Aid	Virginia Beach, VA		100%	1998	37,804	100.0%	751,484	19.88
Perry Hall Marketplace	Safeway	Perry Hall, MD		100%	2001	74,256	98.0%	1,166,761	16.04
Providence Plaza	Edward Jones, Chipotle, Choate Const.	Charlotte, NC		100%	2007-2008	103,118	97.4%	2,491,308	24.79
Sandbridge Commons	Heartland Dental	Virginia Beach, VA		-	2015	16,156	79.3%	259,150	20.24
South Retail	lululemon, free people	Virginia Beach, VA	✓	-	2002	38,515	100.0%	936,020	24.30
Socastee Commons	Bi-Lo	Myrtle Beach, SC		-	2000-2014	57,573	100.0%	661,896	11.50
Stone House Square	Weis Markets	Hagerstown, MD		100%	2008	108,693	90.4%	1,560,983	15.89
Studio 56 Retail	McCormick & Schmick's	Virginia Beach, VA	✓	100%	2007	11,594	100.0%	373,360	32.20
Total / Weighted Avg Retail Portfolio				66%		1,643,058	95.5%	\$27,227,808	\$17.35

- (1) The net rentable square footage for each of our retail properties is the sum of (a) the square footage of existing leases, plus (b) for available space, the field verified square footage.
- (2) Occupancy for each of our retail properties is calculated as (a) square footage under executed leases as of December 31, 2015, divided by (b) net rentable square feet, expressed as a percentage.
- (3) For the properties in our retail portfolios, annualized base rent, or ABR, is calculated by multiplying (a) base rental payments for executed leases as of December 31, 2015 (defined as cash base rents before abatements) excluding tenant reimbursements for expenses paid by the landlord, by (b) 12. ABR per leased square foot is calculated by dividing (a) ABR, by (b) square footage under executed leases as of December 31, 2015. In the case of triple net or modified gross leases, ABR does not include tenant reimbursements for real estate taxes, insurance, common area or other operating expenses. Excludes the square footage of land subject to ground leases.
- (4) As of December 31, 2015, the Company occupied 8,995 square feet at this property at an ABR of \$295,900, or \$32.90 per leased square foot, which amounts are reflected in this table. The rent paid by us is eliminated in accordance with GAAP.
- (5) Includes \$32,760 of ABR pursuant to a rooftop lease.

Property Portfolio - Continued

As of 12/31/15

Property	Anchor Tenant	Location	Town Center	Unencumbered ABR	Year Built	Net Rentable Square Feet (RSF) ⁽¹⁾			Core Occupancy ⁽²⁾	Development Leased ⁽³⁾	ABR ⁽⁴⁾	ABR per Leased sq ⁽⁵⁾
						Core Properties	Development Properties	Total				
Office Properties												
4525 Main Street	Clark Nexsen, Anthropologie, west elm	Virginia Beach, VA	✓	-	2014	-	237,893	237,893	-	57.8%	\$3,833,278	\$27.90
Armada Hoffer Tower ⁽⁶⁾	ABR, Troutman Sanders, Williams Mullen	Virginia Beach, VA	✓	100%	2002	323,970	-	323,970	97.6%	-	8,742,774	27.65
Commonwealth of VA - Chesapeake	Commonwealth of VA	Chesapeake, VA		-	2015	36,227	-	36,227	100.0%	-	645,927	17.83
Commonwealth of VA - Virginia Beach	Commonwealth of VA	Virginia Beach, VA		100%	2015	11,139	-	11,139	100.0%	-	245,058	22.00
One Columbus	BBT, HBA	Virginia Beach, VA	✓	100%	1984	129,424	-	129,424	93.2%	-	2,898,551	24.04
Oyster Point	GSA, SunTrust Bank	Newport News, VA		-	1989	100,139	-	100,139	83.8%	-	1,734,946	20.67
Richmond Tower	Williams Mullen	Richmond, VA		100%	2010	206,969	-	206,969	98.6%	-	7,885,208	38.64
Two Columbus	The Art Institute, Kinley Horn	Virginia Beach, VA	✓	100%	2009	108,448	-	108,448	97.5%	-	2,830,859	26.77
Total / Weighted Average Office Portfolio				78%		916,316	237,893	1,154,209	95.8%	57.8%	\$28,816,601	\$28.38
Retail Properties Subject to Ground Lease												
Bermuda Crossroads ⁽⁷⁾	IHOP, O'Charley's	Chester, VA		-	2001	11,000	-	11,000	100.0%	-	\$163,350	\$14.85
Broad Creek Shopping Center ⁽⁸⁾	7-Eleven, Ruby Tuesday's, Home Depot	Norfolk, VA		-	1997-2001	24,818	-	24,818	100.0%	-	597,564	24.08
Greentree Shopping Center	Wawa	Chesapeake, VA		-	2014	5,088	-	5,088	100.0%	-	230,004	45.21
Hanbury Village ⁽⁹⁾	Harris Teeter, Walgreens	Chesapeake, VA		-	2006-2009	55,586	-	55,586	100.0%	-	1,067,598	19.21
North Point Center ⁽¹⁰⁾	Home Depot, Costco	Durham, NC		15%	1998-2009	280,556	-	280,556	100.0%	-	1,083,666	3.86
Sandbridge Commons	Harris Teeter	Virginia Beach, VA		-	2015	53,288	-	53,288	100.0%	-	583,000	10.94
Stone House Square	Capitol One Bank	Hagerstown, MD		100%	2008	3,650	-	3,650	100.0%	-	165,000	45.21
Tyre Neck Harris Teeter ⁽⁹⁾	Harris Teeter	Portsmouth, VA		100%	2011	48,859	-	48,859	100.0%	-	508,134	10.40
Total / Weighted Avg Retail Portfolio Subject to Ground Leases				19%		482,845	-	482,845	100.0%	-	\$4,398,316	\$9.11
Units												
Multifamily												
Encore Apartments		Virginia Beach, VA	✓	-	2014	286	-	286	87.4%	-	\$3,707,184	\$12.74
Liberty Apartments ⁽⁹⁾		Newport News, VA		-	2014	197	-	197	94.2%	-	2,131,824	1.32
Smith's Landing ⁽¹⁰⁾		Blacksburg, VA		-	2009	284	-	284	98.6%	-	3,539,076	1.11
The Cosmopolitan ⁽⁹⁾		Virginia Beach, VA	✓	-	2006	342	-	342	96.2%	-	6,230,016	1.64
Total / Weighted Avg Multifamily Portfolio				-		1,109	-	1,109	94.2%	-	\$15,608,100	\$1.45

- The net rentable square footage for each of our 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.
- Occupancy for each of our office properties is calculated as (a) square footage under executed leases as of December 31, 2015, 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 December 31, 2015, divided by (b) total units available, expressed as a percentage.
- For the properties in our office portfolios, annualized base rent, or ABR, is calculated by multiplying (a) base rental payments for executed leases as of December 31, 2015 (defined as cash base rents (before abatements) excluding tenant reimbursements for expenses paid by the landlord), by (b) 12. ABR per leased square foot is calculated by dividing (a) ABR, by (b) square footage under executed leases as of December 31, 2015. In the case of triple net or modified gross leases, ABR does not include tenant reimbursements for real estate taxes, insurance, common area or other operating expenses.
- As of December 31, 2015, the Company occupied 18,984 square feet at this property at an ABR of \$559,294 or \$29.46 per leased square foot, which amounts are reflected in this table. The rent paid by us is eliminated in accordance with GAAP. In addition, effective March 1, 2013, the Company subleases approximately 5,000 square feet of space from a tenant at this property.
- Pursuant to this ground lease, the Company owns the land and the tenant owns the improvements thereto. The Company will succeed to the ownership of the improvements to the land upon the termination of the ground lease.
- The Company leases the land underlying this property and re-leases it to our tenant under a ground lease pursuant to which our tenant owns the improvements on the land.
- For the properties in our multifamily portfolio, annualized base rent, or ABR, is calculated by multiplying (a) base rental payments for the month ended December 31, 2015 by (b) 12.
- ABR per occupied rentable square foot is calculated by dividing (a) ABR, by (b) net rentable square footage of occupied units as of December 31, 2015.
- The ABR for Liberty and Cosmopolitan excludes \$206,000 and \$912,000 from ground floor retail leases, concurrently.
- The Company leases the land underlying this property pursuant to a ground lease.

Development Pipeline

\$ in thousands



Development, Not Delivered	Property Type	Estimated	% Leased	Schedule ⁽¹⁾			Estimated Cost ⁽¹⁾	Cost to Date	AHH Ownership %	Anchor Tenants
				Start	Initial Occupancy	Stabilized Operation ⁽²⁾				
Johns Hopkins Village Baltimore, MD	Multifamily	157 units	55%	1Q15	3Q16	3Q16	\$68,000	\$30,000	80% ⁽³⁾	CVS ⁽⁴⁾
Brooks Crossing Phase 1 Newport News, VA	Mixed-use	50,000 sf	NA	3Q15	3Q16	3Q17	10,000	1,000	65% ⁽³⁾	LOI outstanding
Lightfoot Marketplace Williamsburg, VA	Retail	109,000 sf ⁽⁵⁾	71%	3Q14	3Q16	2Q17	24,000	16,000	60% ⁽³⁾	Harris Teeter, CHKD
Total Development, Not Delivered							102,000	47,000		
Development, Delivered Not Stabilized										
4525 Main Street Virginia Beach, VA	Office	239,000 sf	58%	1Q13	3Q14	2Q17	51,000	45,000	100%	Clark Nexsen, Development Authority of Virginia Beach, Anthropologie
Total							\$153,000	\$92,000		
							Option Purchase Price	Loan Balance		
Joint Ventures and Other Investments										
Point Street Apartments Inner Harbor Baltimore, MD \$23M Mezzanine Loan at 8% interest	Multifamily	289 units	NA	1Q16	3Q17	3Q18	93,000	8,000	Option to purchase 88% within 27 months of completion	

	Q4 2015	Year to Date
Capitalized Interest	\$172	\$811
Capitalized Overhead	\$497	\$2,088

- (1) Represents the expected 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) Ground floor retail tenant
- (5) Includes space subject to ground lease



Acquisitions & Dispositions

\$ in thousands

ACQUISITIONS

Properties	Location	Square Feet	Purchase Price ⁽¹⁾	Cash Cap Rate	Purchase Date	Property Type	% Leased as of 12/31/15	Anchor Tenants
Retail Portfolio (11 properties)	Mid-Atlantic	1,082,681	\$170,500	7.2%	1Q16	Retail	94%	Harris Teeter, Bed Bath & Beyond
Providence Plaza	Charlotte, NC	103,118	\$26,200	7.3%	3Q15	Retail	97%	Chipotle
Socastee Commons	Myrtle Beach, SC	57,573	\$8,600	7.3%	3Q15	Retail	100%	BiLo
Columbus Village	Virginia Beach, VA	65,746	\$21,025	6.4%	3Q15	Retail	100%	Barnes & Noble
Perry Hall Marketplace & Stone House Square	Maryland	182,949	\$39,555	7.4%	2Q15	Retail	93%	Safeway & Weis Markets
Dimmock Square	Colonial Heights, VA	106,166	\$19,662	7.3%	3Q14	Retail	100%	Old Navy, Best Buy, Pier 1
Total/Weighted Average		1,598,233	\$285,542	7.2%				

DISPOSITIONS

Properties	Location	Square Feet/Units	Sale Price	Cash Cap Rate	Disposition Date	Property Type	% Leased at closing	Anchor Tenants
Oyster Point	Newport News, VA	100,139	\$6,500	TBD	1Q17 ⁽²⁾	Office	84% ⁽³⁾	GSA
Richmond Tower	Richmond, VA	206,969	\$78,000	7.9%	1Q16	Office	99%	Williams Mullen
Oceanearing	Chesapeake, VA	154,000	\$30,000	6.7%	4Q15	Office	100%	Oceanearing International
Whetstone Apartments	Durham, NC	203 units	\$35,625	5.7%	2Q15	Multifamily	26%	NA
Sentara Williamsburg	Williamsburg, VA	49,200	\$15,450	6.3%	1Q15	Office	100%	Sentara
Virginia Natural Gas	Virginia Beach, VA	31,000	\$8,900	6.3%	4Q14	Office	100%	Virginia Natural Gas
Total/Weighted Average		541,308sf/ 203 units	\$174,475	7.0%				

(1) Non-GAAP purchase price

(2) Anticipated closing date. The disposition is subject to customary conditions and, accordingly, there can be no assurance that this transaction will be completed on the terms set forth herein or at all.

(3) As of 12/31/15



Construction Business Summary

\$ in thousands

	<u>Location</u>	<u>Total Contract Value</u>	<u>Work in Place as of 12/31/2015</u>	<u>Backlog</u>	<u>Estimated Date of Completion</u>
Highlighted Projects					
Exelon	Baltimore, MD	\$178,932	\$152,034	\$26,898	2Q 2016
27th Street Hotel	Virginia Beach, VA	50,977	10,621	40,356	2Q 2017
Four Seasons Condominium Expansion	Baltimore, MD	36,369	28,958	7,411	1Q 2016
Sub Total		\$266,278	\$191,613	\$74,665	
All Other Projects					
		136,589	127,821	8,768	
Total		\$402,867	\$319,434	\$83,433	

Gross Profit Summary

	<u>Q4 2015</u>	<u>Trailing 12 Months</u>
	(Unaudited)	
Revenue	\$41,309	\$171,268
Expense	(40,203)	(165,344)
Gross Profit	\$1,106	\$5,924



Same Store NOI by Segment

\$ in thousands
(Reconciliation to GAAP located in appendix pg. 36)

	Three months ended				Year Ended			
	12/31/2015	12/31/2014	\$ Change	% Change	12/31/2015	12/31/2014	\$ Change	% Change
Office⁽¹⁾								
					(Unaudited)			
Revenue	\$6,182	\$6,243	(\$61)	-1.0%	\$24,698	\$24,615	\$83	0.3%
Expenses	2,013	2,020	(7)	-0.3%	8,175	8,140	35	0.4%
Net Operating Income	4,169	4,223	(54)	-1.3%	16,523	16,475	48	0.3%
Retail⁽¹⁾								
Revenue	6,632	6,318	314	5.0%	23,948	22,986	962	4.2%
Expenses	1,904	1,793	111	6.2%	7,160	6,962	198	2.8%
Net Operating Income	4,728	4,525	203	4.5%	16,788	16,024	764	4.8%
Multifamily⁽¹⁾								
Revenue	3,090	2,974	116	3.9%	12,159	11,638	521	4.5%
Expenses	1,336	1,277	59	4.6%	5,249	5,148	101	2.0%
Net Operating Income	1,754	1,697	57	3.4%	6,910	6,490	420	6.5%
Same Store Net Operating Income (NOI), GAAP basis	\$10,651	\$10,445	\$206	2.0%	\$40,221	\$38,989	\$1,232	3.2%
Net effect of straight-line rents	66	(206)	272		(103)	(1,059)	956	
Amortization of lease incentives and above (below) market rents	146	152	(6)		562	613	(51)	
Same store portfolio NOI, cash basis	\$10,863	\$10,391	\$472	4.5%	\$40,680	\$38,543	\$2,137	5.5%
Cash Basis:								
Office	\$4,114	\$3,993	\$121	3.0%	\$16,098	\$15,120	\$978	6.5%
Retail	4,981	4,670	311	6.7%	17,569	16,817	752	4.5%
Multifamily	1,768	1,728	40	2.3%	7,014	6,606	408	6.2%
	\$10,863	\$10,391	\$472	4.5%	\$40,680	\$38,543	\$2,137	5.5%
GAAP Basis:								
Office	\$4,169	\$4,223	(\$54)	-1.3%	\$16,523	\$16,475	\$48	0.3%
Retail	4,728	4,525	203	4.5%	16,788	16,024	764	4.8%
Multifamily	1,754	1,697	57	3.4%	6,910	6,490	420	6.5%
	\$10,651	\$10,445	\$206	2.0%	\$40,221	\$38,989	\$1,232	3.2%



(1) See page 35 for Same Store vs. Non - Same Store Properties

Top 10 Tenants by Annualized Base Rent

\$ in thousands
As of December 31, 2015

Office Portfolio - Top 10 Tenants

Tenant	Number of Leases	Lease Expiration	Annualized Base Rent	% of Office Portfolio Annualized Base Rent	% of Total Portfolio Annualized Base Rent
Williams Mullen	3	2026	\$ 8,857	30.7%	11.6%
Clark Nexsen	1	2029	2,438	8.5%	3.2%
Cherry Bekaert	3	2022	977	3.4%	1.3%
Hampton University	2	2024	973	3.4%	1.3%
Commonwealth of Virginia	2	2030	891	3.1%	1.2%
GSA	1	2017	855	3.0%	1.1%
Pender & Coward	1	2030	819	2.8%	1.1%
Troutman Sanders	1	2025	806	2.8%	1.1%
The Art Institute	1	2019	803	2.8%	1.1%
Kimley-Horn	1	2018	703	2.4%	0.9%
Top 10 Total			\$ 18,121	62.9%	23.8%

Retail Portfolio - Top 10 Tenants

Tenant	Number of Leases	Lease Expiration	Annualized Base Rent	% of Retail Portfolio Annualized Base Rent	% of Total Portfolio Annualized Base Rent
Home Depot	2	2019	\$ 2,190	6.9%	2.9%
Harris Teeter	2	2030	1,505	4.8%	2.0%
Food Lion	3	2020	1,283	4.1%	1.7%
Dick's Sporting Goods	1	2020	840	2.7%	1.1%
Weis Markets	1	2028	802	2.5%	1.1%
Safeway	2	2021	798	2.5%	1.0%
Regal Cinemas	1	2019	684	2.2%	0.9%
PetSmart	2	2021	649	2.1%	0.9%
Kroger	1	2018	553	1.7%	0.7%
Yard House	1	2023	538	1.7%	0.7%
Top 10 Total			\$ 9,842	31.1%	12.9%



See Page 30 for top 10 tenants after the Richmond Tower disposition and acquisition of the 6 core retail properties in the recently closed portfolio transaction

Office Lease Summary

Renewal Lease Summary

Quarter	Number of Leases Signed	Net rentable SF Signed	Leases Expiring	Net rentable SF Expiring	GAAP			Cash			Weighted Average Lease Term (yrs)	TI & LC	TI & LC per SF
					Contractual Rent per SF	Prior Rent per SF	Annual Change in Rent per SF	Contractual Rent per SF	Prior Rent per SF	Annual Change in Rent per SF			
Q4 2015	2	5,708	2	3,947	\$24.50	\$23.50	\$1.01	\$24.39	\$23.68	\$0.71	1.31	\$3,682	\$0.65
Q3 2015	4	16,609	4	9,554	23.69	22.29	1.40	24.28	23.81	0.46	5.95	138,923	8.36
Q2 2015	-	-	-	-	-	-	-	-	-	-	-	-	-
Q1 2015	1	1,120	1	2,153	37.00	37.00	-	37.00	37.00	-	4.00	3,315	2.96

New Lease Summary ⁽¹⁾

Quarter	Number of Leases Signed	Net rentable SF Signed	Contractual Rent per SF	Weighted Average Lease Term (yrs)	TI & LC	TI & LC per SF
Q4 2015	2	9,920	\$30.13	7.17	\$421,094	\$42.45
Q3 2015	3	13,500	21.37	6.02	166,463	12.33
Q2 2015	1	3,500	18.25	3.00	22,345	6.38
Q1 2015	-	-	-	-	-	-

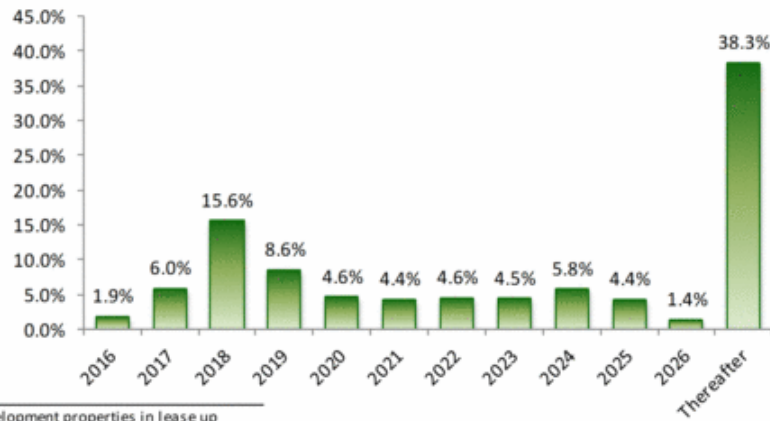


(1) Excludes new leases from properties in development



Office Lease Expirations

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring ⁽¹⁾	% Portfolio Net Rentable Square Feet	Annualized Base Rent	% of Portfolio Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available	-	138,936	12.0%	\$ -	-	\$ -
2016	15	20,204	1.8%	542,980	1.9%	26.87
2017	8	70,966	6.1%	1,715,975	6.0%	24.18
2018	20	160,652	13.9%	4,492,140	15.6%	27.96
2019	16	103,761	9.0%	2,484,581	8.6%	23.95
2020	4	52,028	4.5%	1,337,775	4.6%	25.71
2021	6	52,009	4.5%	1,257,492	4.4%	24.18
2022	3	48,117	4.2%	1,326,903	4.6%	27.58
2023	5	53,560	4.6%	1,284,542	4.5%	23.98
2024	0	60,751	5.3%	1,659,613	5.8%	27.32
2025	4	43,292	3.8%	1,264,013	4.4%	29.20
2026	3	16,822	1.5%	399,883	1.4%	23.77
Thereafter	9	333,111	28.9%	11,050,704	38.3%	33.17
Total / Weighted Average	93	1,154,209	100.0%	\$28,816,601	100.0%	\$28.38



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	Annual Change in Rent per SF	Contractual Rent per SF	Prior Rent per SF	Annual Change in Rent per SF	Average Lease Term (yrs)	TI & LC	TI & LC per SF
Q4 2015	6	33,274	4	27,146	\$20.63	\$18.73	\$1.89	\$20.55	\$19.45	\$1.09	4.54	\$ -	\$ -
Q3 2015	11	28,760	5	24,491	25.03	24.67	0.37	23.96	26.42	(2.46)	2.68	96,077	3.34
Q2 2015	4	10,352	3	5,255	19.81	17.65	2.16	19.37	19.25	0.11	4.37	-	-
Q1 2015	-	-	4	12,120	-	-	-	-	-	-	-	-	-

New Lease Summary						
Quarter	Number of Leases Signed	Net rentable SF Signed	Contractual Rent per SF	Weighted Average Lease Term (yrs)	TI & LC	TI & LC per SF
Q4 2015	4	24,825	\$21.83	6.64	\$421,094	\$16.96
Q3 2015	1	3,606	19.00	10.00	42,190	11.70
Q2 2015	3	5,012	13.69	5.59	65,253	13.02
Q1 2015	4	20,531	18.00	9.08	1,575,260	76.73



ARMADA HOFFLER (1) Excludes new leases from properties in development
PROPERTIES

Retail Lease Expirations

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring ⁽¹⁾	% Portfolio Net Rentable Square Feet	Annualized Base Rent	% of Portfolio Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available	-	73,318	4.5%	\$ -	-	\$ -
2016	35	80,932	4.9%	1,801,982	6.6%	22.27
2017	27	136,361	8.3%	2,010,077	7.4%	14.74
2018	45	232,282	14.1%	4,186,759	15.4%	18.02
2019	32	352,718	21.5%	5,311,612	19.5%	15.06
2020	32	225,792	13.7%	3,352,617	12.3%	14.85
2021	13	145,268	8.8%	2,329,277	8.6%	16.03
2022	11	112,092	6.8%	1,722,131	6.3%	15.36
2023	8	70,386	4.3%	1,798,522	6.6%	25.55
2024	7	54,779	3.3%	1,241,686	4.6%	22.67
2025	11	48,178	2.9%	1,363,419	5.0%	28.30
2026	5	20,151	1.2%	476,553	1.8%	23.65
Thereafter	6	90,801	5.5%	1,633,172	6.0%	17.99
Total / Weighted Average	232	1,643,058	100.0%	\$27,227,808	100.0%	\$17.35



Components of Net Asset Value

Stabilized Portfolio Cash NOI ÷ Market Cap Rate = Stabilized Portfolio Value

+

Investment in Development Pipeline

+

Trailing 12 Months General Contracting and Real Estate Services x Appropriate Multiple = TRS Value

+

Other Assets

-

Liabilities

NAV

Net Asset Value Component Data

In thousands

Stabilized Portfolio NOI (Cash)		
	Three months ended	Annualized
	12/31/2015	12/31/2015
Diversified Portfolio		
Office	\$2,350	\$9,402
Retail	5,417	21,667
Multifamily	965	3,860
Total Diversified Portfolio NOI	\$8,732	\$34,928
Virginia Beach Town Center		
Office ⁽¹⁾	\$2,342	\$9,368
Retail ⁽¹⁾	1,618	6,472
Multifamily	1,708	6,833
Total Virginia Beach Town Center NOI	\$5,668	\$22,673
Stabilized Portfolio NOI (Cash)	\$14,400	\$57,602

Development Pipeline		12/31/2015
Income producing property		\$41,000
Construction in progress		46,750
Other assets		4,250
Total cost to date (p. 16)		\$92,000
Land held for development		1,180

Taxable REIT Subsidiary (TRS)		Trailing 12 Months
		12/31/2015
General contracting and real estate services		\$5,924

Other Assets		As of 12/31/2015
Other Assets		
Cash and Cash Equivalents		\$26,989
Restricted Cash		2,824
Accounts Receivable		21,982
Notes Receivable		7,825
Construction receivables, including retentions		36,535
Other Assets		44,949
Total Other Assets		\$141,104

Liabilities & Share Count		As of 12/31/2015
Liabilities		
Mortgages and notes payable		\$377,593
Accounts payable and accrued liabilities		6,472
Construction payables, including retentions		52,067
Other Liabilities		27,695
Total Liabilities		\$463,827

Share Count		Three months ended
		12/31/2015
Weighted average common shares outstanding		27,411
Weighted average operating partnership ("OP") Units Outstanding		16,027
Total weighted average common shares and OP units outstanding		43,438



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



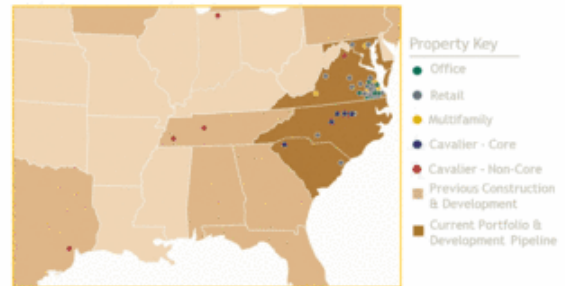
Retail Portfolio Acquisition



Retail Portfolio Acquisition

\$ in thousands

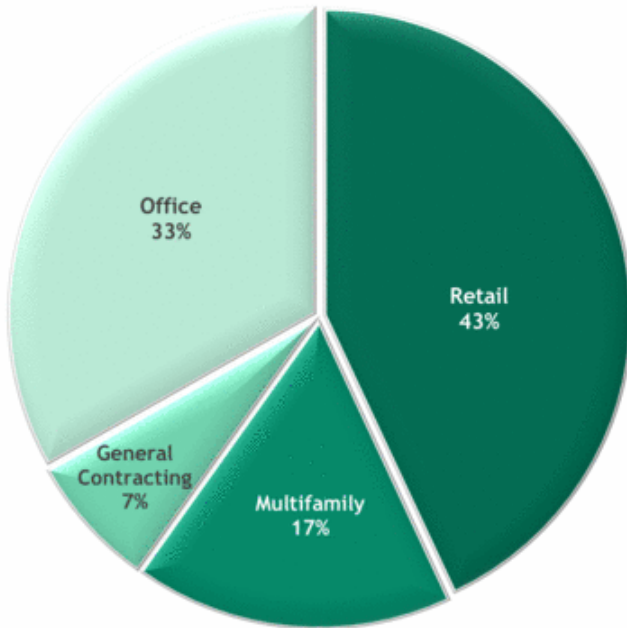
	SF	Anchors (Shadow)	Occupancy ⁽¹⁾	NOI ⁽²⁾	% of Total Portfolio NOI
Property - To Hold (Core Retail Properties)					
South Square Raleigh-Durham-Chapel Hill, NC	109,590	Ross, Petco, Office Depot, (Target), (Sam's Club)	100%		
Patterson Place Raleigh-Durham-Chapel Hill, NC	160,942	Bed Bath & Beyond, PetSmart, Total Wine & More, A.C. Moore, (The Home Depot), (Kohl's), (Kroger)	100%		
Wendover Village Winston-Salem, NC	135,758	Bed Bath & Beyond, Golfsmith, T.J. Maxx, Petco, Five Below, (Costco)	100%		
Alexander Pointe Charlotte, NC	57,710	Harris Teeter	100%		
Harper Hill Commons Greensboro, NC	96,914	Harris Teeter	79%		
Northhampton Market Greenville-Spartanburg, SC	114,935	Petsmart, Hobby Lobby, Dollar Tree, (Target)	96%		
Sub Total/Weighted Average	675,849		96%	9,100	75%
Properties Under Evaluation					
Willowbrook Commons Nashville, TN	93,600	Kroger	91%		
Oakland Marketplace Memphis, TN	64,600	Kroger	96%		
Waynesboro Commons Waynesboro, VA	52,415	Kroger	100%		
Broadmoor Plaza South Bend, IN	115,059	Kroger, Staples, Jo-Ann Fabrics	94%		
Kroger Junction, Pasadena, TX	81,158	Kroger, Family Dollar	78%		
Sub Total/Weighted Average	406,832		91%	3,100	25%
Total/Weighted Average	1,082,681		94%	\$12,200	100%



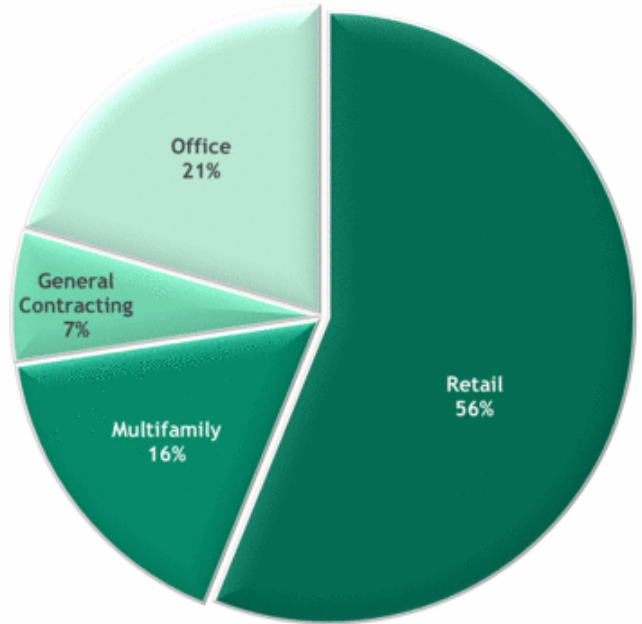
(1) As of January 14, 2016
 (2) Based on 2016 budget adjusted for a full year of operation

NOI Contribution

As of 12/31/15



Proforma⁽¹⁾



Proforma Top 10 Tenants

\$ in thousands

Office

Retail

As of 12/31/15

Tenant	Annualized Base Rent	% of Retail Portfolio	% of Total Portfolio
Williams Mullen	\$ 8,857	30.7%	11.6%
Clark Nexsen	2,438	8.5%	3.2%
Cherry Bekaert	977	3.4%	1.3%
Hampton University	973	3.4%	1.3%
Commonwealth of Virginia	891	3.1%	1.2%
GSA	855	3.0%	1.1%
Pender & Coward	819	2.8%	1.1%
Troutman Sanders	806	2.8%	1.1%
The Art Institute	803	2.8%	1.1%
Kimley-Horn	703	2.4%	0.9%
Top 10 Total	\$ 18,121	62.9%	23.8%

Tenant	Annualized Base Rent	% of Retail Portfolio	% of Total Portfolio
Home Depot	\$ 2,190	6.9%	2.9%
Harris Teeter	1,505	4.8%	2.0%
Food Lion	1,283	4.1%	1.7%
Dick's Sporting Goods	840	2.7%	1.1%
Weis Markets	802	2.5%	1.1%
Safeway	798	2.5%	1.0%
Regal Cinemas	684	2.2%	0.9%
PetSmart	649	2.1%	0.9%
Kroger	553	1.7%	0.7%
Yard House	538	1.7%	0.7%
Top 10 Total	\$ 9,842	31.1%	12.9%

Proforma⁽¹⁾

Tenant	Annualized Base Rent	% of Office Portfolio	% of Total Portfolio
Clark Nexsen	\$ 2,438	11.6%	3.1%
Williams Mullen	1,494	7.1%	1.9%
Hampton University	973	4.6%	1.3%
Commonwealth of Virginia	891	4.3%	1.1%
GSA	855	4.1%	1.1%
Pender & Coward	819	3.9%	1.1%
Troutman Sanders	806	3.8%	1.0%
The Art Institute	803	3.8%	1.0%
Cherry Bekaert	735	3.5%	0.9%
Kimley-Horn	703	3.4%	0.9%
Top 10 Total	\$ 10,516	50.2%	13.6%

Tenant	Annualized Base Rent	% of Retail Portfolio	% of Total Portfolio
Harris Teeter	\$ 2,853	9.0%	3.7%
Home Depot	2,190	6.9%	2.8%
Food Lion	1,283	4.0%	1.7%
PetSmart	1,137	3.6%	1.5%
Bed, Bath & Beyond	1,077	3.4%	1.4%
Dick's Sporting Goods	840	2.6%	1.1%
Weis Markets	802	2.5%	1.0%
Safeway	798	2.5%	1.0%
Ross	755	2.4%	1.0%
Petco	739	2.3%	1.0%
Top 10 Total	\$ 12,473	39.3%	16.1%



(1) Reflects January closing of Richmond Tower and the acquisition of the 6 Core Retail properties in recently closed portfolio transaction



ARMADA HOFFLER
P R O P E R T I E S

Appendix –
Definitions &
Reconciliations

Definitions

Net Operating Income:

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

Funds From Operations:

We calculate Funds From Operations (“FFO”) in accordance with the standards established by the National Association of Real Estate Investment Trusts (“NAREIT”). NAREIT defines FFO as net income (loss) (calculated in accordance with accounting principles generally accepted in the United States (“GAAP”)), excluding gains (or losses) from sales of depreciable operating property, real estate related depreciation and amortization (excluding amortization of deferred financing costs) and after adjustments for unconsolidated partnerships and joint ventures.

FFO is a supplemental non-GAAP financial measure. Management uses FFO as a supplemental performance measure because it believes that FFO is beneficial to investors as a starting point in measuring our operational performance. Specifically, in excluding real estate related depreciation and amortization and gains and losses from property dispositions, which do not relate to or are not indicative of operating performance, FFO provides a performance measure that, when compared period-over-period, captures trends in occupancy rates, rental rates and operating costs. Other equity REITs may not calculate FFO in accordance with the NAREIT definition as we do, and, accordingly, our FFO may not be comparable to such other REITs’ FFO.

Definitions

Normalized Funds From Operations:

We calculate Normalized Funds From Operations (“Normalized FFO”) as FFO calculated in accordance with the standards established by NAREIT, adjusted for acquisition, development and other pursuit costs, gains or losses from the early extinguishment of debt, impairment charges, mark-to-market adjustments on interest rate derivatives and other noncomparable 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, acquisition, development and other pursuit costs, tenant improvement, leasing commission and leasing incentive costs associated with second generation rental space, capital expenditures, non-cash interest expense, straight-line rents, the amortization of leasing incentives and above (below) market rents and proceeds from government development grants.

Management believes that AFFO provides useful supplemental information to investors regarding our operating performance as it provides a consistent comparison of our operating performance across time periods and allows investors to more easily compare our operating results with other REITs. However, other REITs may use different methodologies for calculating AFFO or similarly entitled FFO measures and, accordingly, our AFFO may not always be comparable to AFFO or other similarly entitled FFO measures of other REITs.

Definitions

EBITDA:

We calculate EBITDA as net income (loss) (calculated in accordance with GAAP), excluding interest expense, income taxes and depreciation and amortization. We also exclude gains (or losses) from sales of depreciable operating property from our calculation of EBITDA. Management believes 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.

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.

Same Store vs. Non-Same Store Properties

	Comparison of Three Months Ended 12/31/2015 to 2014		Comparison of Year Ended 12/31/2015 to 2014	
	Same Store	Non-Same Store	Same Store	Non-Same Store
Office Properties				
4525 Main Street		X		X
Armada Hoffer Tower	X		X	
Commonwealth of VA - Chesapeake		X		X
Commonwealth of VA - Virginia Beach		X		X
Oceanering		X		X
One Columbus	X		X	
Oyster Point	X		X	
Richmond Tower	X		X	
Sentara Williamsburg		X		X
Two Columbus	X		X	
Virginia Natural Gas		X		X
Retail Properties				
249 Central Park Retail	X		X	
Bermuda Crossroads	X		X	
Broad Creek Shopping Center	X		X	
Columbus Village		X		X
Commerce Street Retail	X		X	
Courthouse 7-Eleven	X		X	
Dick's at Town Center	X		X	
Dimmock Square	X			X
Fountain Plaza Retail	X		X	
Gainsborough Square	X		X	
Greentree Shopping Center		X		X
Hanbury Village	X		X	
Harrisonburg Regal	X		X	
North Point Center	X		X	
Parkway Marketplace	X		X	
Providence Plaza		X		X
Perry Hall Marketplace		X		X
Sandbridge Commons		X		X
Socastee Commons		X		X
South Retail	X		X	
Stone House Square		X		X
Studio 56 Retail	X		X	
Tyre Neck Harris Teeter	X		X	
Multifamily Properties				
Encore Apartments		X		X
Liberty Apartments		X		X
Smith's Landing	X		X	
The Cosmopolitan	X		X	
Whetstone Apartments		X		X

Reconciliation to Property Portfolio NOI

\$ in thousands

	Three months ended 12/31		Year Ended 12/31	
	2015	2014	2015	2014
Office Same Store⁽¹⁾				
Rental revenues	\$6,182	\$6,243	\$24,698	\$24,615
Property expenses	2,013	2,020	8,175	8,140
NOI	4,169	4,223	16,523	16,475
Non-Same Store NOI	1,074	984	5,123	2,642
Segment NOI	\$5,243	\$5,207	\$21,646	\$19,117
Retail Same Store⁽¹⁾				
Rental revenues	\$6,632	\$6,318	\$23,948	\$22,986
Property expenses	1,904	1,793	7,160	6,962
NOI	4,728	4,525	16,788	16,024
Non-Same Store NOI	2,081	74	6,433	824
Segment NOI	\$6,809	\$4,599	\$23,221	\$16,848
Multifamily Same Store⁽¹⁾				
Rental revenues	\$3,090	\$2,974	\$12,159	\$11,638
Property expenses	1,336	1,277	5,249	5,148
NOI	1,754	1,697	6,910	6,490
Non-Same Store NOI	907	69	2,409	(119)
Segment NOI	2,661	1,766	\$9,319	\$6,371
Total Property Portfolio NOI	\$14,713	\$11,572	\$54,186	\$42,336

Reconciliation to Property Portfolio NOI

\$ in thousands

Three months ended 12/31/2015

Diversified Portfolio

	Office	Retail	Multifamily	Total
Cash NOI	\$2,350	\$5,417	\$965	\$8,732
Net effect of straight-line rents	152	(47)	2	107
Amortization of lease incentives and (above) below market rents	(12)	6	(13)	(20)
GAAP NOI	\$2,490	\$5,376	\$954	\$8,820

Town Center of Virginia Beach

	Office	Retail	Multifamily	Total
Cash NOI	\$2,342	\$1,618	\$1,708	\$5,668
Net effect of straight-line rents	(16)	(22)	(0)	(38)
Amortization of lease incentives and (above) below market rents	(25)	(85)	-	(110)
Elimination of AHH rent	(172)	(78)	-	(250)
GAAP NOI	\$2,129	\$1,433	\$1,708	\$5,270

GAAP NOI

	Office	Retail	Multifamily	Total
Diversified Portfolio	\$2,490	\$5,376	\$954	\$8,820
Town Center of Virginia Beach	2,129	1,433	1,708	5,270
Unstabilized Properties	625	-	(1)	624
Total Property Portfolio NOI	\$5,243	\$6,809	\$2,661	\$14,713

Reconciliation to GAAP Net Income

\$ in thousands

	Three months ended 12/31/2015					
	Office	Retail	Multifamily	Total Property Portfolio	General Contracting & Real Estate Services	Total
Segment revenues	\$ 7,687	\$ 9,349	\$ 4,735	\$ 21,771	\$ 41,309	\$ 63,080
Segment expenses	2,444	2,540	2,074	7,058	40,203	47,261
Net operating income	\$ 5,243	\$ 6,809	\$ 2,661	\$ 14,713	\$ 1,106	\$ 15,819
Depreciation and amortization						(6,162)
General and administrative expenses						(2,100)
Acquisition, development and other pursuit costs						(885)
Impairment charges						(18)
Interest income						126
Interest expense						(3,411)
Loss on extinguishment of debt						(102)
Gain on real estate dispositions						4,987
Other income (loss)						72
Income tax benefit (provision)						117
Net income						\$ 8,443

	Year Ended 12/31/2015					
	Office	Retail	Multifamily	Total Rental Properties	General Contracting & Real Estate Services	Total
Segment revenues	\$ 31,534	\$ 32,064	\$ 17,574	\$ 81,172	\$ 171,268	\$ 252,440
Segment expenses	9,888	8,843	8,255	26,986	165,344	192,330
Net operating income	\$ 21,646	\$ 23,221	\$ 9,319	\$ 54,186	\$ 5,924	\$ 60,110
Depreciation and amortization						(23,153)
General and administrative expenses						(8,397)
Acquisition, development and other pursuit costs						(1,935)
Impairment charges						(41)
Interest income						126
Interest expense						(13,333)
Loss on extinguishment of debt						(512)
Gain on real estate dispositions						18,394
Other income (loss)						(110)
Income tax benefit (provision)						34
Net income						\$ 31,183

