
**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): November 3, 2015

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

On November 3, 2015, Armada Hoffler Properties, Inc. (the “Company”) issued a press release announcing its financial position as of September 30, 2015, results of operations for the three and nine months ended September 30, 2015 and other related information. Also on November 3, 2015, 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 nine months ended September 30, 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.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release, dated November 3, 2015, issued by Armada Hoffler Properties, Inc., providing its financial position as of September 30, 2015 and results of operations for the three and nine months ended September 30, 2015.
99.2	Armada Hoffler Properties, Inc. Third Quarter 2015 Supplemental Information.

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: November 3, 2015

/s/ MICHAEL P. O'HARA

Michael P. O'Hara

Chief Financial Officer and Treasurer

EXHIBIT INDEX

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99.2	Armada Hoffler Properties, Inc. Third Quarter 2015 Supplemental Information.



PRESS RELEASE

ARMADA HOFFLER PROPERTIES REPORTS THIRD QUARTER 2015 RESULTS

Normalized FFO of \$0.26 Per Diluted Share

Core Operating Property Portfolio at 95.6% Occupancy

Company Raised 2015 Full-Year Normalized FFO Guidance

VIRGINIA BEACH, VA, November 3, 2015 – Armada Hoffer Properties, Inc. (NYSE: AHH) today announced its results for the quarter ended September 30, 2015.

Highlights include:

- Funds From Operations (“FFO”) of \$10.7 million, or \$0.25 per diluted share, for the quarter ended September 30, 2015 compared to FFO of \$7.3 million, or \$0.21 per diluted share, for the quarter ended September 30, 2014.
- Normalized FFO of \$11.0 million, or \$0.26 per diluted share, for the quarter ended September 30, 2015 compared to Normalized FFO of \$7.5 million, or \$0.22 per diluted share, for the quarter ended September 30, 2014.
- The Company raised its 2015 full-year Normalized FFO guidance range to \$0.91 to \$0.93 per diluted share, from its previous guidance range of \$0.88 to \$0.91 per diluted share.
- Core operating property portfolio occupancy up to 95.6% compared to 95.1% as of September 30, 2014.
- Increased quarterly GAAP Same Store Net Operating Income (“NOI”) 2.9% and cash Same Store NOI 5.7% compared to the third quarter of 2014.
- Added 225,000 square feet to the Company’s core operating property portfolio with the acquisitions of Providence Plaza in Charlotte, North Carolina, Columbus Village in Virginia Beach, Virginia and Socastee Commons in Myrtle Beach, South Carolina.
- Stabilized Encore Apartments in the Town Center of Virginia Beach, Virginia and Liberty Apartments in Newport News, Virginia, representing 483 residential units at a combined occupancy of 91.9%, and added both to the Company’s core operating property portfolio.

- In October, the Company:
 - Agreed to invest up to \$23.0 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 \$30.0 million, representing a 20% profit.

Commenting on the Company's results, Louis Haddad, President and CEO, said, "Our fifth consecutive quarter of Same Store NOI growth, the stabilization of the remaining two assets in our multifamily portfolio, the acquisition of 225,000 square feet of stabilized retail space and better than expected construction gross profits have allowed us to once again raise our earnings guidance for the year. Combined with today's announcement of our investment in the Point Street Apartments development project, this quarter perfectly illustrates the broad and diverse capabilities of our unique business model."

Financial Results

Net income for the third quarter increased 57.5% to \$4.3 million, or \$0.10 per diluted share, compared to \$2.8 million, or \$0.08 per diluted share, for the third quarter of 2014. FFO for the third quarter increased 45.5% to \$10.7 million, or \$0.25 per diluted share, compared to \$7.3 million, or \$0.21 per diluted share, for the third quarter of 2014. Normalized FFO for the third quarter increased 47.3% to \$11.0 million, or \$0.26 per diluted share, compared to \$7.5 million, or \$0.22 per diluted share, for the third quarter of 2014.

The year-over-year increases in net income, FFO and Normalized FFO were primarily attributable to higher gross profits from the Company's construction business, organic growth in the Same Store property portfolio, property acquisitions and the delivery and stabilization of new real estate development projects.

Operating Performance

At the end of the third quarter, the Company's office, retail and multifamily core operating property portfolios were 95.5%, 96.2% and 94.9% occupied, respectively.

Total construction contract backlog was \$118.2 million at the end of the third quarter.

Balance Sheet and Financing Activity

At the end of the third quarter, the Company had total outstanding debt of \$420.1 million, including \$106.0 million outstanding under the \$150.0 million revolving credit facility.

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Approximately 51.5% of the Company's debt had fixed interest rates or were subject to interest rate swap locks at September 30, 2015. After considering LIBOR interest rate caps with strike prices at or below 150 basis points, approximately 77.3% of the Company's debt was fixed or hedged at September 30, 2015. In October, the Company entered into a \$75.0 million LIBOR interest rate cap agreement with a strike price of 125 basis points. With this new LIBOR interest rate cap, approximately 95.2% of the Company's debt is fixed or hedged.

During the third quarter, the Company raised \$4.1 million of gross proceeds under the At-The-Market ("ATM") continuous equity offering program at a weighted average price of \$10.11 per share. In July, the Company closed on a \$50.0 million construction loan to fund the Johns Hopkins Village project.

Outlook

The Company raised 2015 full-year Normalized FFO guidance due to better than expected multifamily leasing and third party construction gross profit. The following table outlines the Company's assumptions along with Normalized FFO per share estimates for the full-year 2015.

<u>Full-year 2015 Guidance [1]</u>	<u>Expected Ranges</u>	
Total GAAP NOI	\$53.7M	\$53.9M
Construction company annual segment gross profit	\$ 5.8M	\$ 6.1M
General and administrative expenses	\$ 8.3M	\$ 8.5M
Interest expense	\$13.3M	\$13.5M
Normalized FFO per diluted share [2]	\$ 0.91	\$ 0.93

[1] Excludes the impact of any future, unannounced acquisitions, dispositions or other capital markets activity, except for the announced disposition of Oceaneering and additional shares that may be issued under the ATM program, assuming favorable market conditions.

[2] Normalized FFO excludes certain items, including debt extinguishment losses, property acquisition 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 41.1 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.

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Webcast and Conference Call

The Company will host a webcast and conference call on Tuesday, November 3, 2015 at 8:30 a.m. Eastern Time to review quarterly 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 Thursday, December 3, 2015 by dialing 877-870-5176 (domestic) or 858-384-5517 (international) and entering the pass code 13618525.

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.

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.

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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 on page eight of this release.

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

	September 30, 2015 (Unaudited)	December 31, 2014
Assets		
Real estate investments:		
Income producing property	\$ 649,029	\$ 513,918
Held for development	1,180	—
Construction in progress	35,407	81,082
Accumulated depreciation	(129,996)	(116,099)
Net real estate investments	555,620	478,901
Real estate investments held for sale	—	8,538
Cash and cash equivalents	15,191	25,883
Restricted cash	4,243	4,224
Accounts receivable, net	22,006	20,548
Construction receivables, including retentions	48,097	19,432
Construction costs and estimated earnings in excess of billings	289	272
Other assets	48,647	33,108
Total Assets	\$ 694,093	\$ 590,906
Liabilities and Equity		
Indebtedness	\$ 420,145	\$ 359,229
Accounts payable and accrued liabilities	6,278	8,358
Construction payables, including retentions	54,159	42,399
Billings in excess of construction costs and estimated earnings	2,512	1,053
Other liabilities	25,350	17,961
Total Liabilities	508,444	429,000
Total Equity	185,649	161,906
Total Liabilities and Equity	\$ 694,093	\$ 590,906

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
	(Unaudited)			
Revenues				
Rental revenues	\$21,303	\$16,713	\$ 59,401	\$ 47,225
General contracting and real estate services	53,822	31,532	129,959	71,261
Total revenues	<u>75,125</u>	<u>48,245</u>	<u>189,360</u>	<u>118,486</u>
Expenses				
Rental expenses	4,865	4,414	14,256	12,230
Real estate taxes	2,056	1,480	5,672	4,231
General contracting and real estate services	51,716	30,468	125,141	67,807
Depreciation and amortization	6,317	4,567	16,991	12,593
General and administrative	1,873	1,741	6,297	5,768
Acquisition, development and other pursuit costs	288	174	1,050	174
Impairment charges	—	15	23	15
Total expenses	<u>67,115</u>	<u>42,859</u>	<u>169,430</u>	<u>102,818</u>
Operating income	8,010	5,386	19,930	15,668
Interest expense	(3,518)	(2,734)	(9,922)	(7,977)
Loss on extinguishment of debt	(3)	—	(410)	—
Gain on real estate dispositions	—	—	13,407	—
Other (expense) income	(34)	59	(182)	(23)
Income before taxes	4,455	2,711	22,823	7,668
Income tax benefit (provision)	(118)	43	(83)	(135)
Net income	<u>\$ 4,337</u>	<u>2,754</u>	<u>22,740</u>	<u>7,533</u>
Per diluted share	\$ 0.10	\$ 0.08	\$ 0.56	\$ 0.23
Weighted average shares - diluted	41,877	34,557	40,691	33,479

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
	(Unaudited)			
Net income	\$ 4,337	\$ 2,754	\$ 22,740	\$ 7,533
Depreciation and amortization	6,317	4,567	16,991	12,593
Gain on real estate dispositions	—	—	(13,407)	—
Funds From Operations (FFO)	\$10,654	\$ 7,321	\$ 26,324	\$20,126
Acquisition, development and other pursuit costs	288	174	1,050	174
Impairment charges	—	15	23	15
Loss on extinguishment of debt	3	—	410	—
Derivative mark-to-market adjustments	51	(46)	238	123
Normalized FFO	\$10,996	\$ 7,464	\$ 28,045	\$20,438
FFO per diluted share	\$ 0.25	\$ 0.21	\$ 0.65	\$ 0.60
Normalized FFO per diluted share	\$ 0.26	\$ 0.22	\$ 0.69	\$ 0.61
Weighted average shares - diluted	41,877	34,557	40,691	33,479

Contact:

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

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2015 NAREIT
Investor CARE Awards
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WINNER

Small Cap Equity REIT Silver



ARMADA HOFFLER PROPERTIES, INC.

THIRD QUARTER 2015 SUPPLEMENTAL INFORMATION



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FORWARD LOOKING STATEMENTS

This Supplemental Information should be read in conjunction with our Quarterly Report on Form 10-Q for the quarter ended September 30, 2015, and the unaudited condensed consolidated financial statements appearing in our press release dated November 3, 2015, which has been furnished as Exhibit 99.1 to our Form 8-K filed on November 3, 2015. 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	Raymond James & Associates	Robert W. Baird & Co.	Stifel, Nicolaus & Company, Inc.	Wunderlich Securities
Robert Stevenson	Bill Crow	David Rodgers	John Guinee	Craig Kucera
(646) 840-3217	(727) 567-2594	(216) 737-7341	(443) 224-1307	(540) 277-3366
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Investor Relations Contact

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Highlights

- Funds From Operations (“FFO”) of \$10.7 million, or \$0.25 per diluted share, for the quarter ended September 30, 2015 compared to FFO of \$7.3 million, or \$0.21 per diluted share, for the quarter ended September 30, 2014.
- Normalized FFO of \$11.0 million, or \$0.26 per diluted share, for the quarter ended September 30, 2015 compared to Normalized FFO of \$7.5 million, or \$0.22 per diluted share, for the quarter ended September 30, 2014.
- The Company raised its 2015 full-year Normalized FFO guidance range to \$0.91 to \$0.93 per diluted share, from its previous guidance range of \$0.88 to \$0.91 per diluted share.
- Core operating property portfolio occupancy up to 95.6% compared to 95.1% as of September 30, 2014.
- Increased quarterly GAAP Same Store Net Operating Income (“NOI”) 2.9% and cash Same Store NOI 5.7% compared to the third quarter of 2014.
- Added 225,000 square feet to the Company’s core operating property portfolio with the acquisitions of Providence Plaza in Charlotte, North Carolina, Columbus Village in Virginia Beach, Virginia and Socastee Commons in Myrtle Beach, South Carolina.
- Stabilized Encore Apartments in the Town Center of Virginia Beach, Virginia and Liberty Apartments in Newport News, Virginia, representing 483 residential units at a combined occupancy of 91.9%, and added both to the Company’s core operating property portfolio.
- In October, the Company:
 - Agreed to invest up to \$23.0 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 \$30.0 million, representing a 20% profit.

2015 Outlook

The Company raised 2015 full-year Normalized FFO guidance due to better than expected multifamily leasing and third party construction gross profit. The following table outlines the Company's assumptions along with Normalized FFO per share estimates for the full-year 2015.

Full-year 2015 Guidance ^[1]	Expected Ranges	
Total GAAP NOI	\$53.7M	\$53.9M
Construction company annual segment gross profit	\$5.8M	\$6.1M
General and administrative expenses	\$8.3M	\$8.5M
Interest expense	\$13.3M	\$13.5M
Normalized FFO per diluted share ^[2]	\$0.91	\$0.93

[1] Excludes the impact of any future, unannounced acquisitions, dispositions or other capital markets activity, except for the announced disposition of Oceaneering and additional shares that may be issued under the ATM program, assuming favorable market conditions.

[2] Normalized FFO excludes certain items, including debt extinguishment losses, property acquisition 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 41.1 million weighted average shares and units outstanding, including shares issued under the ATM program.

SUMMARY INFORMATION

Amounts in thousands, except per share data

	Three months ended				
	9/30/2015	6/30/2015	3/31/2015	12/31/2014	9/30/2014
OPERATIONAL METRICS					
Rental revenues	\$21,303	\$19,908	\$18,190	\$17,521	\$16,713
General contracting and real estate services revenues	53,822	47,066	29,071	32,060	31,532
Rental properties Net Operating Income (NOI)	14,382	13,318	11,773	11,572	10,819
General contracting and real estate services gross profit	2,106	1,783	929	1,113	1,064
EBITDA ⁽¹⁾	14,290	12,195	9,844	10,597	10,012
Net income	4,337	10,285	8,118	5,226	2,754
Funds From Operations (FFO)	10,654	8,841	6,829	7,991	7,321
FFO per diluted share	\$0.25	\$0.22	\$0.17	\$0.20	\$0.21
Normalized FFO	10,996	9,675	7,374	8,156	7,464
Normalized FFO per diluted share	\$0.26	\$0.24	\$0.19	\$0.20	\$0.22
CAPITALIZATION					
Total common shares outstanding	26,261	25,855	25,084	25,023	25,019
Operating Partnership ("OP") units outstanding	16,043	14,769	14,776	14,776	14,776
Common shares and OP units outstanding	42,304	40,624	39,860	39,799	39,795
Market price per common share	\$9.77	\$9.99	\$10.66	\$9.49	\$9.08
Equity market capitalization	413,310	405,834	424,908	377,693	361,339
Total debt	420,145	386,871	381,072	359,229	335,792
Total market capitalization	833,455	792,705	805,980	736,922	697,131
Less: cash	(19,434)	(30,446)	(35,505)	(30,107)	(21,526)
Total enterprise value	\$814,021	\$762,259	\$770,475	\$706,815	\$675,605
BALANCE SHEET METRICS					
Core debt/enterprise value	46.9%	40.3%	33.2%	34.6%	35.7%
Fixed charge coverage ratio	3.3x	3.0x	2.6x	3.1x	2.9x
Core Debt/Annualized Core EBITDA	6.9x	6.7x	6.9x	6.1x	6.3x
CORE PORTFOLIO OCCUPANCY					
Office ⁽²⁾	95.5%	94.6%	93.5%	95.2%	94.8%
Retail ⁽²⁾	96.2%	95.6%	97.4%	96.4%	94.7%
Multifamily ⁽³⁾	94.9%	96.5%	96.6%	95.7%	96.6%
Weighted Average ⁽⁴⁾	95.6%	95.3%	95.6%	95.7%	95.1%

(1) Excludes gains on real estate dispositions

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

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

(4) Total occupancy weighted by annualized base rent

SUMMARY BALANCE SHEET

\$ in thousands

	As of	
	9/30/2015 (Unaudited)	12/31/2014
Assets		
Real estate investments:		
Income producing property	\$649,029	\$513,918
Held for development	1,180	-
Construction in progress	35,407	81,082
Accumulated depreciation	(129,996)	(116,099)
Net real estate investments	555,620	478,901
Real estate investments held for sale	-	8,538
Cash and cash equivalents	15,191	25,883
Restricted cash	4,243	4,224
Accounts receivable, net	22,006	20,548
Construction receivables, including retentions	48,097	19,432
Costs and estimated earnings in excess of billings	289	272
Other assets	48,647	33,108
Total Assets	<u>\$694,093</u>	<u>\$590,906</u>
Liabilities and Equity		
Indebtedness	\$420,145	\$359,229
Accounts payable and accrued liabilities	6,278	8,358
Construction payables, including retentions	54,159	42,399
Billings in excess of costs and estimated earnings	2,512	1,053
Other liabilities	25,350	17,961
Total Liabilities	508,444	429,000
Total Equity	185,649	161,906
Total Liabilities and Equity	<u>\$694,093</u>	<u>\$590,906</u>

SUMMARY INCOME STATEMENT

Amounts in thousands, except per share data

	Three months ended		Nine Months Ended	
	9/30/2015	9/30/2014	9/30/2015	9/30/2014
Revenues				
Rental revenues	\$21,303	\$16,713	\$59,401	\$47,225
General contracting and real estate services	53,822	31,532	129,959	71,261
Total Revenues	75,125	48,245	189,360	118,486
Expenses				
Rental expenses	4,865	4,414	14,256	12,230
Real estate taxes	2,056	1,480	5,672	4,231
General contracting and real estate services	51,716	30,468	125,141	67,807
Depreciation and amortization	6,317	4,567	16,991	12,593
General and administrative	1,873	1,741	6,297	5,768
Acquisition, development & other pursuit costs	288	174	1,050	174
Impairment charges	-	15	23	15
Total Expenses	67,115	42,859	169,430	102,818
Operating Income	8,010	5,386	19,930	15,668
Interest expense	(3,518)	(2,734)	(9,922)	(7,977)
Loss on extinguishment of debt	(3)	-	(410)	-
Gain on real estate dispositions	-	-	13,407	-
Other income (loss)	(34)	59	(182)	(23)
Income before taxes	4,455	2,711	22,823	7,668
Income tax benefit (provision)	(118)	43	(83)	(135)
Net Income	\$4,337	\$2,754	\$22,740	\$7,533
Per Diluted Share	\$0.10	\$0.08	\$0.56	\$0.23
Weighted Average Shares-Diluted	41,877	34,557	40,691	33,479

FFO, NORMALIZED FFO & ADJUSTED FFO

\$ in thousands, except per share data

	Three months ended				
	9/30/2015	6/30/2015	3/31/2015 (Unaudited)	12/31/2014	9/30/2014
Funds From Operations					
Net income	\$4,337	\$10,285	\$8,118	\$5,226	\$2,754
Depreciation and amortization	6,317	5,766	4,908	4,976	4,567
Gain on real estate dispositions	-	(7,210)	(6,197)	(2,211)	-
FFO	\$10,654	\$8,841	\$6,829	\$7,991	\$7,321
FFO per diluted share	\$0.25	\$0.22	\$0.17	\$0.20	\$0.21
Normalized FFO					
Acquisition costs	288	591	171	55	174
Loss on extinguishment of debt	3	180	227	-	-
Impairment charges	-	23	-	-	15
Derivative (income) losses	51	40	147	110	(46)
Normalized FFO	\$10,996	\$9,675	\$7,374	\$8,156	\$7,464
Normalized FFO per diluted share	\$0.26	\$0.24	\$0.19	\$0.20	\$0.22
Adjusted FFO					
Non-cash stock compensation	173	203	379	197	198
Acquisition costs	(288)	(591)	(171)	(55)	(174)
Tenant improvements, leasing commissions ⁽¹⁾	(992)	(756)	(484)	(3,114)	(981)
Leasing incentives ⁽¹⁾	-	-	-	(334)	(65)
Property related capital expenditures	(640)	(366)	(149)	(583)	(355)
Non-cash interest expense	233	240	318	104	117
GAAP Adjustments					
Net effect of straight-line rents	(309)	(545)	(646)	(394)	(803)
Amortization of leasing incentives & above (below) market rents	170	217	177	172	144
Government development grants	300	-	-	-	300
AFFO	\$9,643	\$8,077	\$6,798	\$4,149	\$5,845
AFFO per diluted share	\$0.23	\$0.20	\$0.17	\$0.10	\$0.17

OUTSTANDING DEBT

\$ in thousands

Debt	Stated Rate	Effective Rate as of 9/30/2015	Maturity Date	Debt Maturities & Principal Payments						Amount Outstanding as of 9/30/2015	
				2015	2016	2017	2018	2019	Thereafter		
Secured Notes Payable - Core Debt											
249 Central Park Retail	5.99%	5.99%	9/8/2016	73	15,282						15,355
South Retail	5.99%	5.99%	9/8/2016	32	6,742						6,774
Fountain Plaza Retail	5.99%	5.99%	9/8/2016	37	7,641						7,678
Encore Apartments	L+1.95%	2.15%	1/30/2017			25,184					25,184
North Point Note 5	L+2.00%	3.57% ⁽¹⁾	2/1/2017	6	21	643					670
Harrisonburg Regal	6.06%	6.06%	6/8/2017	50	207	3,256					3,513
Commonwealth of Virginia - Chesapeake	L+1.90%	2.10%	8/28/2017			4,933					4,933
Hanbury Village	6.67%	6.67%	10/11/2017	64	261	20,709					21,034
Sandbridge Commons	L+1.85%	2.05%	1/17/2018		238	247	8,188				8,673
Oceaneering	L+1.75%	1.95%	2/28/2018		300	360	18,047				18,707
Columbus Village Note 1	L+2.00%	3.05% ⁽¹⁾	4/5/2018	41	171	179	6,079				6,470
Columbus Village Note 2	L+2.00%	2.20%	4/5/2018	13	44	47	2,217				2,321
North Point Center Note 1	6.45%	6.45%	2/5/2019	46	193	205	219	9,352			10,015
Socastee Commons ⁽²⁾	4.57%	4.57%	1/6/2023	22	90	95	100	105	4,567		4,979
North Point Center Note 2	7.25%	7.25%	9/15/2025	23	98	105	113	121	2,225		2,685
Smith's Landing	4.05%	4.05%	6/1/2035	183	730	760	791	824	18,115		21,402
Liberty Apartments ⁽²⁾	5.66%	5.66%	11/1/2043	75	308	325	344	364	18,971		20,387
The Cosmopolitan	3.75%	3.75%	7/1/2051	156	636	660	686	712	43,825		46,675
Total - Secured Core Debt				\$822	\$32,961	\$57,708	\$36,784	\$11,477	\$87,703		\$227,455
Secured Notes Payable - Development Pipeline											
4525 Main Street	L+1.95%	2.15%	1/30/2017			31,613					31,613
Lightfoot Marketplace	L+1.90%	2.10%	11/14/2017			6,374					6,374
Total - Development Pipeline				-	-	37,987	-	-	-	-	37,987
Total Secured Notes Payable				\$822	\$32,961	\$95,695	\$36,784	\$11,477	\$87,703		\$265,442
Unsecured Core Debt											
Senior unsecured line of credit	L+1.40% - 2.00%	1.75%	2/20/2019					106,000			106,000
Senior unsecured term loan	L+1.35% - 1.95%	1.70% ⁽¹⁾	2/20/2020						50,000		50,000
Total - Unsecured Core Debt				-	-	-	-	106,000	50,000		156,000
Unamortized fair value adjustments				(10)	(37)	(39)	(40)	(41)	(1,130)		(1,297)
Total Notes Payable				\$812	\$32,924	\$95,656	\$36,744	\$117,436	\$136,573		\$420,145
Ballon Payments				-	29,281	92,409	34,413	115,333	55,567		327,003
Principal amortization				812	3,643	3,247	2,331	2,103	81,006		93,142
Total Consolidated Debt				\$812	\$32,924	\$95,656	\$36,744	\$117,436	\$136,573		\$420,145
Fixed-rate Debt ⁽³⁾				799	32,342	26,898	8,292	11,436	136,573		216,340
Variable-rate Debt ⁽⁴⁾				13	582	68,758	28,452	106,000	-		203,805
Total Consolidated Debt				\$812	\$32,924	\$95,656	\$36,744	\$117,436	\$136,573		\$420,145

(1) Subject to an interest rate swap lock.

(2) Principal balance excluding any unamortized fair value adjustments recognized upon acquisition.

(3) Includes debt subject to interest rate swap locks.

(4) Excludes debt subject to interest rate swap locks.

30 Day LIBOR 0.199%

CORE DEBT TO CORE EBITDA

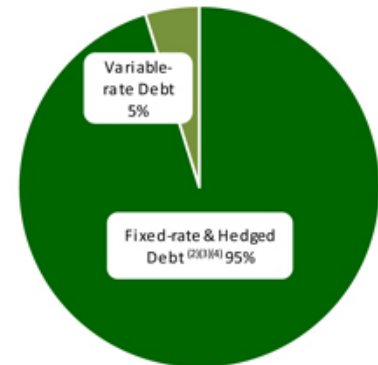
\$ in thousands

	Three months ended				
	9/30/2015	6/30/2015	3/31/2015	12/31/2014	9/30/2014
Net Income	\$4,337	\$10,285	\$8,118	\$5,226	\$2,754
Excluding:					
Interest expense	3,518	3,358	3,046	2,671	2,734
Income tax	118	(4)	(31)	(65)	(43)
Depreciation and amortization	6,317	5,766	4,908	4,976	4,567
Gain on real estate dispositions	-	(7,210)	(6,197)	(2,211)	-
EBITDA	\$14,290	\$12,195	\$9,844	\$10,597	\$10,012
Adjustments to EBITDA:					
Loss on extinguishment of debt	3	180	227	-	-
Derivative (income) losses	51	40	147	110	(46)
Non-cash stock compensation	173	203	379	197	198
Development Pipeline	(738)	(1,086)	(1,386)	(802)	(523)
Total Other Adjustments	(511)	(663)	(633)	(495)	(371)
Core EBITDA	\$13,779	\$11,532	\$9,211	\$10,102	\$9,641
Total Debt	\$420,145	\$386,871	\$381,072	\$359,229	\$335,792
Adjustments to Debt:					
(Less) Development Pipeline	(37,987)	(79,460)	(125,125)	(114,716)	(94,537)
Core Debt	\$382,158	\$307,411	\$255,947	\$244,513	\$241,255
Core Debt/Annualized Core EBITDA	6.9x	6.7x	6.9x	6.1x	6.3x

DEBT INFORMATION

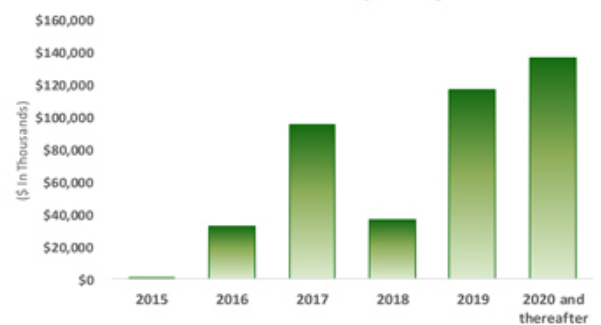
\$ in thousands

Total Debt Composition			
	Percent of Debt	Weighted Average	
		Interest Rate	Maturity
Secured vs. Unsecured Debt			
Unsecured Debt	37.1%	1.7%	3.7 Yrs
Secured Debt	62.9%	4.0%	11.5 Yrs
Variable vs. Fixed-rate Debt			
Variable-rate Debt ⁽¹⁾	48.4%	1.9%	3.0 Yrs
Fixed-rate Debt ⁽²⁾⁽³⁾	51.6%	5.0%	17.0 Yrs
Fixed-rate and Hedged Debt ⁽²⁾⁽³⁾⁽⁴⁾	95.2%		
Total		3.1%	8.6 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⁾			217,637
Fixed-rate and Hedged Debt			\$401,137
% of Total ⁽³⁾			95.2%

Debt Maturities & Principal Payments



(1) Excludes debt subject to interest rate swap locks.

(2) Includes debt subject to interest rate swap locks.

(3) Excludes unamortized fair value adjustments.

(4) Includes interest rate caps greater than or equal to 1.50%

PROPERTY PORTFOLIO

As of 9/30/15

Property	Location	Town Center	Unencumbered ABR	Year Built	Net Rentable Square Feet (RSF) ⁽¹⁾			Core Occupancy ⁽²⁾	Development Leased ⁽²⁾	ABR ⁽³⁾	ABR per Leased SF ⁽³⁾
					Core Properties	Development Properties	Total				
Office Properties											
4525 Main Street	Virginia Beach, VA	✓	-	2014	-	237,893	237,893	-	57.8%	\$3,830,938	\$27.88
Armada Hoffer Tower ⁽⁶⁾	Virginia Beach, VA	✓	100%	2002	323,966	-	323,966	95.8%	-	8,418,375	27.13
Commonwealth of VA - Chesapeake	Chesapeake, VA	-	-	2015	36,227	-	36,227	100.0%	-	645,927	17.83
Commonwealth of VA - Virginia Beach	Virginia Beach, VA	-	100%	2015	11,139	-	11,139	100.0%	-	245,058	22.00
Oceanering	Chesapeake, VA	-	-	2015	154,000	-	154,000	100.0%	-	1,909,600	12.40
One Columbus	Virginia Beach, VA	✓	100%	1984	129,424	-	129,424	93.2%	-	2,874,579	23.84
Oyster Point	Newport News, VA	-	-	1989	100,139	-	100,139	83.8%	-	1,734,946	20.67
Richmond Tower	Richmond, VA	-	100%	2010	206,969	-	206,969	98.6%	-	7,885,208	38.64
Two Columbus	Virginia Beach, VA	✓	100%	2009	108,464	-	108,464	93.8%	-	2,687,851	26.41
Total / Weighted Average Office Portfolio⁽³⁾			73%		1,070,328	237,893	1,308,221	95.5%	57.8%	\$30,232,482	\$26.08
Retail Properties											
249 Central Park Retail ⁽¹⁾	Virginia Beach, VA	✓	-	2004	91,171	-	91,171	88.3%	-	\$2,321,519	\$28.83
Bermuda Crossroads	Chester, VA	-	100%	2001	111,566	-	111,566	100.0%	-	1,553,357	13.92
Broad Creek Shopping Center	Norfolk, VA	-	100%	1997-2001	227,659	-	227,659	98.8%	-	3,149,859	14.00
Columbus Village	Virginia Beach, VA	✓	-	1980-2013	65,746	-	65,746	100.0%	-	1,303,871	19.83
Commerce Street Retail ⁽²⁾	Virginia Beach, VA	✓	100%	2008	19,173	-	19,173	100.0%	-	788,234	41.11
Courthouse 7-Eleven	Virginia Beach, VA	-	100%	2011	3,177	-	3,177	100.0%	-	125,015	39.35
Dick's at Town Center	Virginia Beach, VA	✓	100%	2002	103,335	-	103,335	100.0%	-	1,221,866	11.82
Dimmock Square	Colonial Heights, VA	-	100%	1998	106,166	-	106,166	97.2%	-	1,711,475	16.59
Fountain Plaza Retail	Virginia Beach, VA	✓	-	2004	35,961	-	35,961	100.0%	-	1,035,184	28.79
Gainsborough Square	Chesapeake, VA	-	100%	1999	88,862	-	88,862	89.3%	-	1,203,218	15.16
Greentree Shopping Center	Chesapeake, VA	-	100%	2014	15,751	-	15,751	85.7%	-	281,918	20.87
Hanbury Village	Chesapeake, VA	-	32%	2006-2009	61,049	-	61,049	92.8%	-	1,349,742	23.82
Harrisonburg Regal	Harrisonburg, VA	-	-	1999	49,000	-	49,000	100.0%	-	683,550	13.95
North Point Center	Durham, NC	-	52%	1998-2009	215,690	-	215,690	95.9%	-	2,526,028	12.21
Parkway Marketplace	Virginia Beach, VA	-	100%	1998	37,804	-	37,804	92.9%	-	700,401	18.95
Perry Hall Marketplace	Perry Hall, MD	-	100%	2001	74,256	-	74,256	100.0%	-	1,201,771	16.18
Providence Plaza	Charlotte, NC	-	100%	2007-2008	103,118	-	103,118	97.4%	-	2,490,026	24.78
Sandridge Commons	Virginia Beach, VA	-	-	2015	16,155	-	16,155	79.8%	-	260,830	20.24
South Retail	Virginia Beach, VA	✓	-	2002	38,515	-	38,515	100.0%	-	936,020	24.30
Socastee Commons	Myrtle Beach, SC	-	-	2000-2014	57,573	-	57,573	100.0%	-	661,896	11.50
Stone House Square	Hagerstown, MD	-	100%	2008	108,693	-	108,693	88.3%	-	1,524,901	15.92
Studio 56 Retail	Virginia Beach, VA	✓	100%	2007	11,594	-	11,594	100.0%	-	373,360	32.20
Total / Weighted Avg Retail Portfolio⁽³⁾			66%		1,642,014	1,642,014	1,642,014	96.2%	57.8%	\$27,404,041	\$17.35
Subtotal / Weighted Average Retail and Office Portfolio			70%		2,712,342	237,893	2,950,235	95.9%	57.8%	\$57,636,524	\$21.05
Retail Properties Subject to Ground Lease											
Bermuda Crossroads ⁽¹⁾	Chester, VA	-	-	2001	11,000	-	11,000	100.0%	-	\$163,350	\$14.85
Broad Creek Shopping Center ⁽²⁾	Norfolk, VA	-	-	1997-2001	24,818	-	24,818	100.0%	-	588,126	23.70
Greentree Shopping Center	Chesapeake, VA	-	-	2014	5,088	-	5,088	100.0%	-	230,004	45.21
Hanbury Village ⁽²⁾	Chesapeake, VA	-	-	2006-2009	55,586	-	55,586	100.0%	-	1,067,598	19.21
North Point Center ⁽¹⁾	Durham, NC	-	15%	1998-2009	280,556	-	280,556	100.0%	-	1,062,853	3.79
Sandridge Commons	Virginia Beach, VA	-	-	2015	53,288	-	53,288	100.0%	-	583,000	10.94
Stone House Square	Hagerstown, MD	-	100%	2008	3,650	-	3,650	100.0%	-	165,000	45.21
Tyre Neck Harris Teeter ⁽²⁾	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	482,845	100.0%	57.8%	\$4,368,065	\$9.05
Subtotal / Total Weighted Average Retail (including ground leases) and Office Portfolio			66%		3,195,187	237,893	3,433,080	96.5%	57.8%	\$62,004,589	\$19.25
Units											
Multifamily											
Encore Apartments	Virginia Beach, VA	✓	-	2014	286	-	286	88.8%	-	\$3,743,424	\$13.74
Liberty Apartments ⁽¹⁴⁾	Newport News, VA	-	-	2014	197	-	197	96.7%	-	2,210,148	1.34
Smith's Landing ⁽¹⁵⁾	Blacksburg, VA	-	-	2009	284	-	284	100.0%	-	3,578,580	1.11
The Cosmopolitan ⁽¹⁴⁾	Virginia Beach, VA	✓	-	2006	342	-	342	94.7%	-	6,150,660	1.63
Total / Weighted Avg Multifamily Portfolio					1,109	1,109	1,109	94.9%	57.8%	\$15,682,812	\$1.45

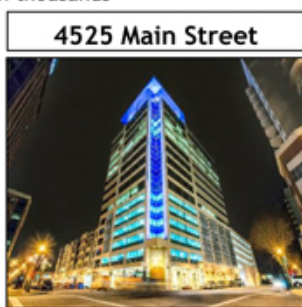


PROPERTY PORTFOLIO FOOTNOTES

- 1)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. 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 office and retail properties is calculated as (a) square footage under executed leases as of September 30, 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 September 30, 2015, 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) base rental payments for executed leases as of September 30, 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 September 30, 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.
- 4)As of September 30,2015, the Company occupied 18,984 square feet at this property at an ABR of \$413,753 or \$21.79 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.
- 5)Includes square footage and ABR pursuant to leases for space occupied by the Company.
- 6)As of September 30, 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.
- 7)Includes \$32,760 of ABR pursuant to a rooftop lease.
- 8)Reflects square footage and ABR pursuant to leases for space occupied by the Company.
- 9)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.
- 10)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.
- 11)Excludes the square footage of land subject to ground leases.
- 12)For the properties in our multifamily portfolio, annualized base rent, or ABR, is calculated by multiplying (a) base rental payments for the month ended September 30, 2015 by (b) 12.
- 13)ABR per occupied rentable square foot is calculated by dividing (a) ABR, by (b) net rentable square footage of occupied units as of September 30, 2015.
- 14)The ABR for Liberty and Cosmopolitan excludes \$205,000 and \$918,000 from ground floor retail leases, concurrently.
- 15)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 ⁽³⁾	Cost to Date	AHH Ownership %	Anchor Tenants
				Start	Initial Occupancy	Stabilized Operation ⁽²⁾				
Johns Hopkins Village Baltimore, MD	Multifamily	157 units	NA	1Q15	3Q16	4Q16	\$68,000	\$17,000	80% ⁽³⁾	CVS ⁽⁴⁾
Brooks Crossing Newport News, VA	Retail	38,000 sf	NA	3Q15	3Q16	1Q17	7,000	-	65%	LOI outstanding
Lightfoot Marketplace Williamsburg, VA	Retail	109,000 sf ⁽⁵⁾	51%	3Q14	2Q16	2Q17	24,000	14,000	60% ⁽³⁾	Harris Teeter
Total Development, Not Delivered							99,000	31,000		
Development, Delivered Not Stabilized										
4525 Main Street Virginia Beach, VA	Office	239,000 sf	58%	1Q13	3Q14	4Q16	51,000	45,000	100%	Clark Nexsen, Development Authority of Virginia Beach, Anthropologie
Total							<u>150,000</u>	<u>\$76,000</u>		
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	-	Option to purchase up to 88% within 27 months of completion	

	Q3 2015	Year to Date
Capitalized Interest	\$119	\$639
Capitalized Overhead	\$474	\$1,591



- (1) Represents estimates that may change as the development process proceeds
- (2) First full stabilized quarter
- (3) AHH earns a preferred return on equity prior to any distributions to JV Partners
- (4) Ground floor retail tenant
- (5) Includes space subject to ground lease

ACQUISITIONS & DISPOSITIONS

\$ in thousands

ACQUISITIONS							
Properties	Location	Square Feet	Purchase Price ⁽¹⁾	Purchase Date	Property Type	% Leased as of 9/30/15	Anchor Tenants
Providence Plaza	Charlotte, NC	103,118 sf	\$26,200	3Q15	Retail	97%	Chipotle
Socastee Commons	Myrtle Beach, SC	57,573 sf	\$8,600	3Q15	Retail	100%	BiLo
Columbus Village	Virginia Beach, VA	65,746 sf	\$21,025	3Q15	Retail	100%	Barnes & Noble
Perry Hall Marketplace & Stone House Square	Maryland	182,949 sf	\$39,555	2Q15	Retail	93%	Safeway & Weis Markets
Dimmock Square	Colonial Heights, VA	106,166 sf	\$19,662	3Q14	Retail	100%	Old Navy, Best Buy, Pier 1

DISPOSITIONS							
Properties	Location	Square Feet/Units	Sale Price	Disposition Date	Property Type	% Leased at closing & 9/30/15 for pending transactions	Anchor Tenants
Oyster Point	Newport News, VA	100,139 sf	\$6,500	1Q17 ⁽²⁾	Office	84%	GSA
Oceaneering	Chesapeake, VA	154,000 sf	\$30,000	4Q15	Office	100%	Oceaneering International
Whetstone Apartments	Durham, NC	203 units	\$35,625	2Q15	Multifamily	26%	NA
Sentara Williamsburg	Williamsburg, VA	49,200 sf	\$15,450	1Q15	Office	100%	Sentara
Virginia Natural Gas	Virginia Beach, VA	31,000 sf	\$8,900	4Q14	Office	100%	Virginia Natural Gas

(1) Non-GAAP purchase price

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



CONSTRUCTION BUSINESS SUMMARY

\$ in thousands

	<u>Location</u>	<u>Total Contract Value</u>	<u>Work in Place as of 9/30/2015</u>	<u>Backlog</u>	<u>Estimated Date of Completion</u>
Highlighted Projects					
Exelon	Baltimore, MD	\$176,597	\$127,855	\$48,742	2Q 2016
27th Street Hotels	Virginia Beach, VA	55,127	6,455	48,672	2Q 2017
Four Seasons Condominium Expansion	Baltimore, MD	33,968	25,433	8,535	1Q 2016
Sub Total		\$265,692	\$159,743	\$105,949	
All Other Projects		130,673	118,430	12,243	
Total		<u>\$396,365</u>	<u>\$278,173</u>	<u>\$118,192</u>	

Gross Profit Summary

	<u>Q3 2015</u>	<u>Trailing 12 Months</u>
	(Unaudited)	
Revenue	\$53,822	\$162,019
Expense	(51,716)	(156,088)
Gross Profit	\$2,106	\$5,931

ARMADA HOFFLER
PROPERTIES



SAME STORE NOI BY SEGMENT

\$ in thousands

	Three months ended				Nine Months Ended			
	9/30/2015	9/30/2014	\$ Change	% Change	9/30/2015	9/30/2014	\$ Change	% Change
Office⁽¹⁾								
Revenue	\$6,113	\$6,199	(\$86)	-1.4%	\$18,516	\$18,372	\$144	0.8%
Expenses	2,033	2,097	(64)	-3.1%	6,162	6,123	39	0.6%
Net Operating Income	4,080	4,102	(22)	-0.5%	12,354	12,249	105	0.9%
Retail⁽¹⁾								
Revenue	5,947	5,765	182	3.2%	17,818	17,206	612	3.6%
Expenses	1,786	1,739	47	2.7%	5,333	5,253	80	1.5%
Net Operating Income	4,161	4,026	135	3.4%	12,485	11,953	532	4.5%
Multifamily⁽¹⁾								
Revenue	3,105	2,979	126	4.2%	9,069	8,664	405	4.7%
Expenses	1,342	1,386	(44)	-3.2%	3,913	3,874	39	1.0%
Net Operating Income	1,763	1,593	170	10.7%	5,156	4,790	366	7.6%
Same Store Net Operating Income (NOI), GAAP basis	\$10,004	\$9,721	\$283	2.9%	\$29,995	\$28,992	\$1,003	3.5%
Net effect of straight-line rents	24	(248)	272		(171)	(860)	690	
Amortization of lease incentives and above (below) market rents	135	145	(9)		415	453	(38)	
Same store portfolio NOI, cash basis	\$10,163	\$9,618	\$546	5.7%	\$30,240	\$28,585	\$1,655	5.8%
Cash Basis:								
Office	\$4,016	\$3,808	\$208	5.5%	\$11,984	\$11,125	\$859	7.7%
Retail	4,362	4,189	173	4.1%	13,010	12,585	425	3.4%
Multifamily	1,785	1,621	164	10.1%	5,246	4,874	371	7.6%
	\$10,163	\$9,618	\$546	5.7%	\$30,240	\$28,585	\$1,655	5.8%
GAAP Basis:								
Office	\$4,080	\$4,102	(\$22)	-0.5%	\$12,354	\$12,249	\$105	0.9%
Retail	4,161	4,026	135	3.4%	12,485	11,953	532	4.5%
Multifamily	1,763	1,593	170	10.7%	5,156	4,790	366	7.6%
	\$10,004	\$9,721	\$283	2.9%	\$29,995	\$28,992	\$1,003	3.5%



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

TOP 10 TENANTS BY ANNUALIZED BASE RENT

\$ in thousands
As of September 30, 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	29.3%	11.4%
Clark Nexsen	1	2029	2,438	8.1%	3.1%
Oceaneering International, Inc.	1	2030	1,910	6.3%	2.5%
Hampton University	2	2024	973	3.2%	1.3%
Cherry Bekaert	3	2022	967	3.2%	1.2%
Commonwealth of Virginia	2	2030	891	2.9%	1.1%
GSA	1	2017	855	2.8%	1.1%
Pender & Coward	1	2030	819	2.7%	1.1%
Troutman Sanders	1	2025	806	2.7%	1.0%
The Art Institute	1	2019	803	2.7%	1.0%
Top 10 Total			\$ 19,318	63.9%	24.9%

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%	2.8%
Harris Teeter	3	2030	2,014	6.3%	2.6%
Food Lion	3	2020	1,283	4.0%	1.7%
Dick's Sporting Goods	1	2020	840	2.6%	1.1%
Weis Markets, Inc.	1	2028	802	2.5%	1.0%
Safeway Inc.	2	2021	798	2.5%	1.0%
Regal Cinemas	1	2019	684	2.2%	0.9%
PetSmart	2	2018	629	2.0%	0.8%
Kroger	1	2018	553	1.7%	0.7%
Yard House	1	2023	538	1.7%	0.7%
Top 10 Total			\$ 10,330	32.5%	13.3%

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			
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
Q4 2014	6	26,386	3	5,726	21.08	21.23	(0.15)	20.50	22.14	(1.65)	3.65	182,728	6.93

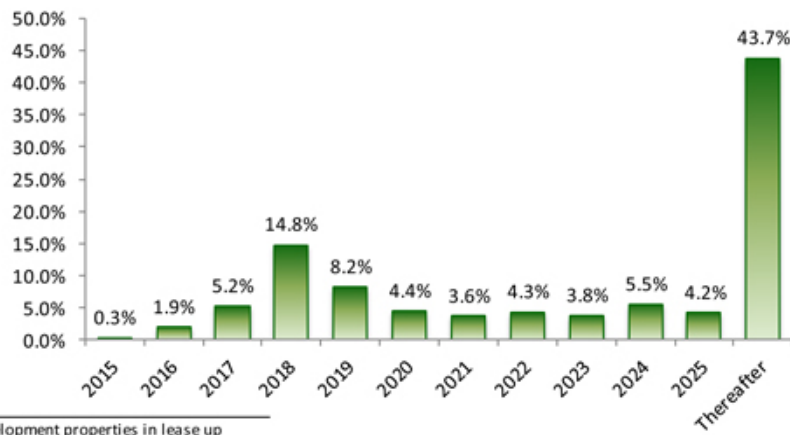
New Lease Summary

Quarter	Number of Leases Signed	Net rentable SF Signed	Contractual Rent per SF	Weighted Average Lease Term (yrs)	TI & LC	TI & LC per SF
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	-	-	-	-	-	-
Q4 2014	1	4,754	17.50	10.00	103,266	21.72



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	-	148,868	11.4%	\$ -	-	\$ -
2015	3	3,947	0.3%	86,547	0.3%	21.93
2016	14	22,037	1.7%	586,348	1.9%	26.61
2017	6	65,186	5.0%	1,577,882	5.2%	24.21
2018	20	160,652	12.3%	4,471,903	14.8%	27.84
2019	14	103,761	7.9%	2,476,291	8.2%	23.87
2020	6	52,028	4.0%	1,337,775	4.4%	25.71
2021	5	46,089	3.5%	1,100,317	3.6%	23.87
2022	3	48,117	3.7%	1,314,453	4.3%	27.32
2023	2	53,560	4.1%	1,141,494	3.8%	21.31
2024	3	60,751	4.6%	1,659,613	5.5%	27.32
2025	4	43,292	3.3%	1,261,673	4.2%	29.14
Thereafter	11	499,933	38.2%	13,218,187	43.7%	26.44
Total / Weighted Average	91	1,308,221	100.0%	\$30,232,482	100.0%	\$26.08



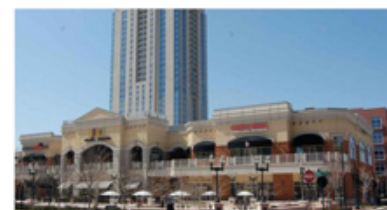
RETAIL LEASE SUMMARY

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			
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	-	-	-	-	-	-	-	-	-
Q4 2014	6	17,361	2	2,991	24.91	21.35	3.57	24.80	23.10	1.71	4.37	18,858	1.09

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
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
Q4 2014	1	2,140	16.00	5.00	2,140	1.00



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	-	62,762	3.8%	\$ -	-	\$ -
2015	9	32,450	2.0%	655,891	2.4%	20.21
2016	38	96,600	5.9%	2,245,823	8.2%	23.25
2017	28	156,475	9.5%	2,325,545	8.5%	14.86
2018	44	231,083	14.1%	4,110,266	15.0%	17.79
2019	32	353,518	21.5%	5,326,354	19.4%	15.07
2020	30	219,092	13.3%	3,227,202	11.8%	14.73
2021	11	140,768	8.6%	2,227,907	8.1%	15.83
2022	10	91,978	5.6%	1,385,663	5.1%	15.07
2023	6	49,460	3.0%	1,331,093	4.9%	26.91
2024	7	54,779	3.3%	1,241,686	4.5%	22.67
2025	11	48,258	2.9%	1,365,099	5.0%	28.29
Thereafter	9	104,791	6.4%	1,961,510	7.2%	18.72
Total / Weighted Average	235	1,642,014	100.0%	\$27,404,041	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
	9/30/2015	9/30/2015
Diversified Portfolio		
Office	\$2,548	\$10,191
Retail	4,826	19,302
Multifamily	812	3,248
Total Diversified Portfolio NOI	\$8,185	\$32,741
Virginia Beach Town Center		
Office ⁽¹⁾	\$2,332	\$9,329
Retail ⁽¹⁾	1,603	6,412
Multifamily	1,750	7,000
Total Virginia Beach Town Center NOI	\$5,685	\$22,741
Stabilized Portfolio NOI (Cash)	\$13,870	\$55,482

Development Pipeline		
	9/30/2015	
Income producing property	\$41,000	
Construction in progress	30,000	
Other assets	5,000	
Total cost to date (p. 16)	\$76,000	
Land held for development		1,180

Taxable REIT Subsidiary (TRS)	
	Trailing 12 Months
	9/30/2015
General contracting and real estate services	\$5,931

Other Assets	
	As of 9/30/2015
Other Assets	
Cash and Cash Equivalents	\$15,191
Restricted Cash	4,243
Accounts Receivable	22,006
Construction receivables, including retentions	48,097
Other Assets	48,936
Total Other Assets	\$138,473

Liabilities & Share Count	
	As of 9/30/2015
Liabilities	
Mortgages and notes payable	\$420,145
Accounts payable and accrued liabilities	6,278
Construction payables, including retentions	54,159
Other Liabilities	27,862
Total Liabilities	\$508,444

Share Count	
	Three months ended
	9/30/2015
Weighted average common shares outstanding	25,958
Weighted average operating partnership ("OP") Units Outstanding	15,919
Total weighted average common shares and OP units outstanding	41,877



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



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.

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 9/30/2015 to 2014		Comparison of Nine Months Ended 9/30/2015 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
Oceaneering		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 9/30		Nine Months Ended 9/30	
	2015	2014	2015	2014
Office Same Store⁽¹⁾				
Rental revenues	\$6,113	\$6,199	\$18,516	\$18,372
Property expenses	2,033	2,097	6,162	6,123
NOI	4,080	4,102	12,354	12,249
Non-Same Store NOI	1,520	842	4,049	1,661
Segment NOI	\$5,600	\$4,944	\$16,403	\$13,910
Retail Same Store⁽¹⁾				
Rental revenues	\$5,947	\$5,765	\$17,818	\$17,206
Property expenses	1,786	1,739	5,333	5,253
NOI	4,161	4,026	12,485	11,953
Non-Same Store NOI	2,074	265	3,927	296
Segment NOI	\$6,235	\$4,291	\$16,412	\$12,249
Multifamily Same Store⁽¹⁾				
Rental revenues	\$3,105	\$2,979	\$9,069	\$8,664
Property expenses	1,342	1,386	3,913	3,874
NOI	1,763	1,593	5,156	4,790
Non-Same Store NOI	784	(9)	1,502	(185)
Segment NOI	2,547	1,584	\$6,658	\$4,605
Total Property Portfolio NOI	\$14,382	\$10,819	\$39,473	\$30,764



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

RECONCILIATION TO PROPERTY PORTFOLIO NOI

\$ in thousands

	Three months ended 9/30/2015			
	Office	Retail	Multifamily	Total
Diversified Portfolio				
Cash NOI	\$2,548	\$4,826	\$812	\$8,185
Net effect of straight-line rents	192	(16)	7	183
Amortization of lease incentives and (above) below market rents	(12)	8	(13)	(17)
GAAP NOI	\$2,728	\$4,818	\$806	\$8,351
Town Center of Virginia Beach				
Cash NOI	\$2,332	\$1,603	\$1,750	\$5,685
Net effect of straight-line rents	(4)	(21)	(9)	(34)
Amortization of lease incentives and (above) below market rents	(25)	(85)	-	(110)
Elimination of AHH rent	(170)	(78)	-	(248)
GAAP NOI	\$2,134	\$1,419	\$1,741	\$5,294
GAAP NOI				
Diversified Portfolio	\$2,728	\$4,818	\$806	\$8,351
Town Center of Virginia Beach	2,134	1,419	1,741	5,294
Unstabilized Properties	738	(1)	-	737
Total Property Portfolio NOI	\$5,600	\$6,235	\$2,547	\$14,382

RECONCILIATION TO GAAP NET INCOME

\$ in thousands

	Three months ended 9/30/2015					
	Office	Retail	Multifamily	Total Property Portfolio	General Contracting & Real Estate Services	Total
Segment revenues	\$ 8,092	\$ 8,523	\$ 4,688	\$ 21,303	\$ 53,822	\$ 75,125
Segment expenses	2,492	2,288	2,141	6,921	51,716	58,637
Net operating income	\$ 5,600	\$ 6,235	\$ 2,547	\$ 14,382	\$ 2,106	\$ 16,488
Depreciation and amortization						(6,317)
General and administrative expenses						(1,873)
Acquisition, development and other pursuit costs						(288)
Impairment charges						-
Interest expense						(3,518)
Loss on extinguishment of debt						(3)
Gain on real estate dispositions						-
Other income (loss)						(34)
Income tax benefit (provision)						(118)
Net income						\$ 4,337

	Nine Months Ended 9/30/2015					
	Office	Retail	Multifamily	Total Rental Properties	General Contracting & Real Estate Services	Total
Segment revenues	\$ 23,847	\$ 22,715	\$ 12,839	\$ 59,401	\$ 129,959	\$ 189,360
Segment expenses	7,444	6,303	6,181	19,928	125,141	145,069
Net operating income	\$ 16,403	\$ 16,412	\$ 6,658	\$ 39,473	\$ 4,818	\$ 44,291
Depreciation and amortization						(16,991)
General and administrative expenses						(6,297)
Acquisition, development and other pursuit costs						(1,050)
Impairment charges						(23)
Interest expense						(9,922)
Loss on extinguishment of debt						(410)
Gain on real estate dispositions						13,407
Other income (loss)						(182)
Income tax benefit (provision)						(83)
Net income						\$ 22,740