
**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 12, 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 February 12, 2015, Armada Hoffler Properties, Inc. (the "Company") issued a press release announcing its financial position as of December 31, 2014, results of operations for the three and twelve months ended December 31, 2014 and other related information. Also on February 12, 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 twelve months ended December 31, 2014. 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 February 12, 2015, issued by Armada Hoffler Properties, Inc., providing its financial position as of December 31, 2014 and results of operations for the three and twelve months ended December 31, 2014.
99.2	Armada Hoffler Properties, Inc. Fourth Quarter 2014 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: February 12, 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. Fourth Quarter 2014 Supplemental Information.



PRESS RELEASE

ARMADA HOFFLER PROPERTIES REPORTS FOURTH QUARTER 2014 RESULTS**FFO of \$0.20 Per Diluted Share****Operating Property Portfolio at 95.7% Occupancy****Company Introduces 2015 Normalized FFO Guidance of****\$0.85 to \$0.90 Per Diluted Share**

VIRGINIA BEACH, VA, February 12, 2015 — Armada Hoffler Properties, Inc. (NYSE: AHH) today announced its results for the quarter ended December 31, 2014.

Highlights include:

- Funds From Operations (“FFO”) of \$8.0 million, or \$0.20 per diluted share, for the quarter ended December 31, 2014. FFO of \$28.1 million, or \$0.80 per diluted share, for the full-year 2014.
- Core FFO of \$7.9 million, or \$0.20 per diluted share, for the quarter ended December 31, 2014. Core FFO of \$29.4 million, or \$0.84 per diluted share, for the full-year 2014.
- Occupancy up to 95.7%, compared to 95.1% as of September 30, 2014 and 94.4% as of December 31, 2013.
- Increased quarterly GAAP and Cash Same Store Net Operating Income (“NOI”) 2.9% and 3.0%, respectively, compared to the fourth quarter of 2013.
- Increased annual GAAP and Cash Same Store NOI 2.0% and 0.7%, respectively, compared to the full-year 2013.
- In the fourth quarter, completed the sale of the Virginia Natural Gas office building for approximately \$8.9 million, representing a cap rate of 6.25%.
- In January 2015, completed the sale of the Sentara Williamsburg office building for approximately \$15.4 million, representing a cap rate of 6.3%.
- Entered into agreements to acquire two grocery anchored retail centers located in Maryland. These pending acquisitions will add over 185,000 square feet to the Company’s portfolio with a combined occupancy of approximately 90%. The Company intends to acquire 100% interests in these centers in exchange for a combination of common stock and cash including the net proceeds from the Sentara Williamsburg sale. These acquisitions are expected to be accretive to 2015 FFO per diluted share and are expected to close by the end of the first quarter of 2015. Both transactions are subject to customary closing conditions.

- Entered into a commitment with a syndicate of banks co-led by Bank of America and Regions Bank for a new, expanded and unsecured \$200 million credit facility that includes a \$50 million term loan.
- Declared a cash dividend of \$0.17 per common share for the first quarter of 2015, representing a 6.3% increase over the prior quarter's cash dividend. The first quarter dividend will be payable on April 9, 2015 to stockholders of record on April 1, 2015.

"We continue to be very pleased by the performance and trajectory of our Company," commented Louis Haddad, Chief Executive Officer. "We delivered all of our 2014 projects on schedule and on budget and are poised to deliver four more projects and complete two property acquisitions in the first quarter of 2015. On the financing front, we entered into a commitment for a new unsecured credit facility and increased our dividend by 6.3%."

Financial Results

Net income for the fourth quarter increased 82% to \$5.2 million compared to \$2.9 million for the fourth quarter of 2013.

FFO for the fourth quarter increased 20% to \$8.0 million compared to \$6.7 million for the fourth quarter of 2013. Core FFO for the fourth quarter increased 12% to \$7.9 million compared to \$7.1 million for the fourth quarter of 2013.

The quarter-over-quarter increases in net income, FFO and Core FFO reflect the Dimmock Square acquisition as well as higher occupancy and Same Store NOI in each of the Company's operating property segments. The quarter-over-quarter increases in net income and FFO also reflect the positive initial performance of the development pipeline projects that the Company delivered in 2014. Net income for the fourth quarter also included a \$2.2 million gain on the sale of the Virginia Natural Gas office building.

Financial results on a per diluted share basis for the fourth quarter of 2014 were affected by the Company's underwritten public offering of 5.75 million shares of common stock in September 2014. Net income for the fourth quarter was \$0.13 per diluted share compared to \$0.09 per diluted share for the fourth quarter of 2013. FFO for the fourth quarter was \$0.20 per diluted share compared to \$0.21 per diluted share for the fourth quarter of 2013. Core FFO for the fourth quarter was \$0.20 per diluted share compared to \$0.22 per diluted share for the fourth quarter of 2013.

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Operating Performance

The Company executed new and renewal office and retail leases totaling over 50,000 square feet in the fourth quarter. At the end of the quarter, the Company's office, retail and multifamily operating property portfolios were 95.2%, 96.4% and 95.7% occupied, respectively.

Balance Sheet and Financing Activity

At the end of the fourth quarter, the Company had total outstanding debt of approximately \$359.2 million, including \$59.0 million outstanding on its existing revolving credit facility. Approximately 40% of the Company's debt had fixed interest rates at December 31, 2014 and, after considering interest rate swaps and LIBOR interest rate caps with strike prices at or below 150 basis points, approximately 73% of the Company's debt was fixed or hedged at December 31, 2014.

Outlook

The Company is introducing its 2015 full-year guidance. The Company expects 2015 Normalized FFO in the range of \$0.85 to \$0.90 per diluted share.

"We believed that Core FFO, which adjusted for the initial performance of our development pipeline projects, was a useful supplemental performance measure for 2014 because of the number of multifamily deliveries unique to that year," said Mike O'Hara, Chief Financial Officer. "Going forward, rather than Core FFO, we will report Normalized FFO that will not adjust for our non-stabilized development pipeline activity and non-cash stock compensation but will exclude certain items, including debt extinguishment costs, property acquisition costs, mark-to-market adjustments for interest rate derivatives and other non-comparable items. Normalized FFO was \$0.20 per diluted share for the fourth quarter and \$0.82 per diluted share for the full-year 2014."

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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</u> ^[1]	<u>Expected Ranges</u>	
Total GAAP NOI ^[2]	\$52.3M	\$53.3M
Construction company annual segment gross profit	\$ 4.5M	\$ 5.0M
General and administrative expenses	\$ 8.3M	\$ 8.6M
Interest expense ^[3]	\$14.0M	\$15.0M
Normalized FFO per diluted share ^[4]	\$ 0.85	\$ 0.90

[1] Includes the impact of two pending acquisitions scheduled to close by the end of the first quarter of 2015 but excludes the impact of any other future acquisitions, dispositions or other capital markets activity.

[2] Includes in excess of \$8.5 million from development pipeline projects.

[3] The mid-point of the range reflects the assumption factors in the LIBOR yield curve which anticipates increasing LIBOR during the year.

[4] Assumes 40.2 million weighted average shares and units outstanding.

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 12, 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 March 12, 2015, by dialing 877-870-5176 (domestic) or 858-384-5517 (international) and entering the pass code 13598676.

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

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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, and financing activities, the new unsecured credit facility, as well as acquisitions most notably the two pending acquisitions in Maryland, 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, 2013, 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.

-MORE-

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, in 2014 the Company further adjusted FFO to arrive at Core FFO, which eliminated certain of these items, including, but not limited to, the impact of non-stabilized development pipeline projects and non-cash stock compensation expense.

Going forward, management believes that Normalized FFO is a more useful performance measure that will not adjust for the non-stabilized development pipeline impact or non-cash stock compensation but will exclude certain items, including but not limited to, debt extinguishment costs 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, Core FFO and Normalized FFO, a reconciliation of net income calculated in accordance with GAAP to FFO, Normalized FFO and Core FFO has been included on page nine of this release.

-MORE-

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

	December 31,	
	2014 (Unaudited)	2013
Assets		
Real estate investments:		
Income producing property	\$ 513,918	\$ 406,239
Construction in progress	81,082	56,737
Accumulated depreciation	(116,099)	(105,228)
Net real estate investments	478,901	357,748
Real estate investments held for sale	8,538	—
Cash and cash equivalents	25,883	18,882
Restricted cash	4,224	2,160
Accounts receivable, net	20,548	18,272
Construction receivables, including retentions	19,432	12,633
Construction costs and estimated earnings in excess of billings	272	1,178
Other assets	33,108	24,409
Total Assets	\$ 590,906	\$ 435,282
Liabilities and Equity		
Indebtedness	\$ 359,229	\$ 277,745
Accounts payable and accrued liabilities	8,358	6,463
Construction payables, including retentions	42,399	28,139
Billings in excess of construction costs and estimated earnings	1,053	1,541
Other liabilities	17,961	15,873
Total Liabilities	429,000	329,761
Total Equity	161,906	105,521
Total Liabilities and Equity	\$ 590,906	\$ 435,282

-MORE-

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

	Three Months Ended December 31,		Year Ended December 31,	
	2014	2013	2014	2013
	(Unaudited)		(Unaudited)	
Revenues				
Rental revenues	\$17,521	\$14,992	\$ 64,746	\$ 57,520
General contracting and real estate services	32,060	19,373	103,321	82,516
Total revenues	<u>49,581</u>	<u>34,365</u>	<u>168,067</u>	<u>140,036</u>
Expenses				
Rental expenses	4,437	3,557	16,667	14,025
Real estate taxes	1,512	1,347	5,743	5,124
General contracting and real estate services	30,947	17,945	98,754	78,813
Depreciation and amortization	4,976	3,786	17,569	14,898
General and administrative	1,943	1,725	7,711	6,937
Acquisition, development and other pursuit costs	55	—	229	—
Impairment charges	—	47	15	580
Total expenses	<u>43,870</u>	<u>28,407</u>	<u>146,688</u>	<u>120,377</u>
Operating income	5,711	5,958	21,379	19,659
Interest expense	(2,671)	(2,501)	(10,648)	(12,303)
Loss on extinguishment of debt	—	(135)	—	(2,387)
Gain on acquisitions and dispositions	2,211	—	2,211	9,460
Other (expense) income	(90)	(46)	(113)	297
Income before taxes	5,161	3,276	12,829	14,726
Income tax benefit (provision)	65	(410)	(70)	(273)
Net income	5,226	2,866	12,759	14,453
Net income attributable to Predecessor	—	—	—	(2,020)
Net income attributable to stockholders and unitholders	<u>\$ 5,226</u>	<u>\$ 2,866</u>	<u>\$ 12,759</u>	<u>\$ 12,433</u>
Per Share:				
Basic and Diluted	\$ 0.13	\$ 0.09	\$ 0.36	\$ 0.39
Weighted Average Common Shares and Units:				
Basic and Diluted	39,796	32,223	35,071	32,105

-MORE-

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

	Three Months Ended December 31,		Year Ended December 31,
	2014	2013	2014
	(Unaudited)		(Unaudited)
Net income	\$ 5,226	\$ 2,866	\$ 12,759
Depreciation and amortization	4,976	3,786	17,569
Gain on dispositions	(2,211)	—	(2,211)
Funds From Operations (FFO)	\$ 7,991	\$ 6,652	\$ 28,117
Acquisition costs	55	—	229
Loss on extinguishment of debt	—	135	—
Loan modification costs	—	27	—
Impairment charges	—	47	15
Derivative mark-to-market adjustments	110	53	233
Normalized FFO	\$ 8,156	\$ 6,914	\$ 28,594
Derivative mark-to-market adjustments	(110)	(53)	(233)
Non-cash stock compensation	197	237	917
Non-stabilized development projects	(305)	—	79
Core FFO	\$ 7,938	\$ 7,098	\$ 29,357
FFO per diluted share	\$ 0.20	\$ 0.21	\$ 0.80
Normalized FFO per diluted share	\$ 0.20	\$ 0.21	\$ 0.82
Core FFO per diluted share	\$ 0.20	\$ 0.22	\$ 0.84
Common Shares and Units Outstanding	39,796	32,223	35,071

Contact:

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Armada Hoffler Properties, Inc.
Vice President of Investor Relations
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Phone: (757) 366-6692

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Armada Hoffler Properties, Inc.

Fourth Quarter 2014 Supplemental Information



Table of Contents

Forward Looking Statements	3
Corporate Profile	4
Quarter Results and Financial Summary	5
Highlights	6
2015 Outlook	7
Summary Information	8
Summary Balance Sheet	9
Summary Income Statement	10
Normalized FFO, Core FFO & AFFO	11
Summary of Outstanding Debt	12
Core Debt to Core EBITDA	13
Debt Information	14
Portfolio Summary & Business Segment Overview	15
Stabilized Portfolio Summary	16
Stabilized Portfolio Summary Footnotes	17
Development Pipeline	18
Acquisitions & Dispositions	19
Construction Business Summary	20
Operating Results & Property-Type Segment Analysis	21
Same Store NOI by Segment	22
Top 10 Tenants by Annual Base Rent	23
Office Lease Summary	24
Retail Lease Summary	26
Historical Occupancy	28
Net Asset Value Component Data	31
Appendix - Definitions & Reconciliations	32
Definitions	33
Reconciliations	38

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, 2014, and the unaudited consolidated financial statements appearing in our press release dated February 12, 2015, which has been furnished as Exhibit 99.1 to our Form 8-K filed on February 12, 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, core 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,” “approximately,” “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, data or methods which may be incorrect or imprecise and the Company may not be able to realize them. 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

Corporate Information

Armada Hoffler Properties, Inc. (NYSE: AHH) 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.

Management & Board

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
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	Vice President of Operations and Corporate Secretary

Analyst Coverage

Raymond James & Associates Bill Crow (727) 567-2594 bill.crow@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

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Vice President of Investor Relations
(757) 366-6692
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Fourth Quarter Results and Financial Summary

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



Highlights

- Funds From Operations (“FFO”) of \$8.0 million, or \$0.20 per diluted share, for the quarter ended December 31, 2014. FFO of \$28.1 million, or \$0.80 per diluted share, for the full-year 2014.
- Core FFO of \$7.9 million, or \$0.20 per diluted share, for the quarter ended December 31, 2014. Core FFO of \$29.4 million, or \$0.84 per diluted share, for the full-year 2014.
- Occupancy up to 95.7%, compared to 95.1 % as of September 30, 2014 and 94.4% as of December 31, 2013.
- Increased quarterly GAAP and Cash Same Store Net Operating Income (“NOI”) 2.9% and 3.0%, respectively, compared to the fourth quarter of 2013.
- Increased annual GAAP and Cash Same Store NOI 2.0% and 0.7%, respectively, compared to the full-year 2013.
- In the fourth quarter, completed the sale of the Virginia Natural Gas office building for approximately \$8.9 million, representing a cap rate of 6.25%.
- In January 2015, completed the sale of the Sentara Williamsburg office building for approximately \$15.4 million, representing a cap rate of 6.3%.
- Entered into agreements to acquire two grocery anchored retail centers located in Maryland. These pending acquisitions will add over 185,000 square feet to the Company’s portfolio with a combined occupancy of approximately 90%. The Company intends to acquire 100% interests in these centers in exchange for a combination of common stock and cash including the net proceeds from the Sentara Williamsburg sale. These acquisitions are expected to be accretive to 2015 FFO per diluted share and are expected to close by the end of the first quarter of 2015. Both transactions are subject to customary closing conditions.
- Entered into a commitment with a syndicate of banks co-led by Bank of America and Regions Bank for a new, expanded and unsecured \$200 million senior credit facility that includes a \$50 million term loan.
- Declared a cash dividend of \$0.17 per common share for the first quarter of 2015, representing a 6.3% increase over the prior quarter’s cash dividend. The first quarter dividend will be payable on April 9, 2015 to stockholders of record on April 1, 2015.
- Introduces 2015 Normalized FFO guidance in the range of \$0.85 to \$0.90 per diluted share.

2015 Outlook

Full-year 2015 Guidance	Expected Ranges	
Total GAAP NOI	\$52.3M	\$53.3M
Construction company annual segment gross profit	\$4.5M	\$5.0M
General and administrative expenses	\$8.3M	\$8.6M
Interest expense	\$14.0M	\$15.0M
Normalized FFO per diluted share	\$0.85	\$0.90

Summary Information

\$ in thousands, except per share

Market Capitalization

	12/31/2014	
	% of Total Equity	Total Market Capitalization
Market Data		
Total Common Shares Outstanding	63%	25,023
Operating Partnership ("OP") Units Outstanding	37%	14,776
Common shares and OP units outstanding	100%	39,799
Market price per common share		\$9.49
Equity market capitalization		\$377,689
Total debt		359,229
Total market capitalization		\$736,918
Less: cash		(30,107)
Total enterprise value		\$706,811

Stable Portfolio Metrics

	12/31/2014
Rentable square feet or number of units:	
Office ⁽¹⁾	918,162
Retail ⁽²⁾	1,200,738
Multifamily ⁽³⁾	626
Occupancy:	
Office ⁽⁴⁾	95.2%
Retail ⁽⁴⁾	96.4%
Multifamily ⁽⁵⁾	95.7%
Weighted Average ⁽⁶⁾	95.7%

(1) Excludes 4525 Main Street

(2) Excludes Greentree Shopping Center

(3) Excludes Liberty, Encore, and Whetstone Apartments

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

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

(6) Total occupancy weighted by annualized base rent

(7) Excludes \$2.2M gain on disposition

Key Financials

Financial Information:	Three months ended
	12/31/2014
Rental revenues	\$17,521
General contracting and real estate services revenues	32,060
Rental properties Net Operating Income (NOI)	11,572
General contracting and real estate services gross profit	1,113
Net income	5,226
Funds From Operations (FFO)	7,991
FFO per diluted share	\$0.20
Normalized FFO	8,156
Normalized FFO per diluted share	\$0.20
Core FFO	7,938
Core FFO per diluted share	\$0.20
Weighted Average Shares/Units Outstanding	39,796

Debt Metrics

Key Metrics	Three months ended
	12/31/2014
Core debt/enterprise value	34.6%
Fixed charge coverage ratio:	
EBITDA ⁽⁷⁾	\$10,597
Interest	2,671
Principal	800
Total Fixed Charges	3,471
Fixed charge coverage ratio	3.05x
Core Debt/Annualized Core EBITDA	6.1x



Summary Balance Sheet

\$ in thousands

	As of	
	<u>12/31/2014</u>	<u>12/31/2013</u>
Assets	(Unaudited)	
Real estate investments:		
Income producing property	\$513,918	\$406,239
Construction in progress	81,082	56,737
Accumulated depreciation	<u>(116,099)</u>	<u>(105,228)</u>
Net real estate investments	478,901	357,748
Real estate investments held-for-sale	8,538	-
Cash and cash equivalents	25,883	18,882
Restricted cash	4,224	2,160
Accounts receivable, net	20,548	18,272
Construction receivables, including retentions	19,432	12,633
Costs and estimated earnings in excess of billings	272	1,178
Other assets	<u>33,108</u>	<u>24,409</u>
Total Assets	<u>\$590,906</u>	<u>\$435,282</u>
Liabilities and Equity		
Indebtedness	\$359,229	\$277,745
Accounts payable and accrued liabilities	8,358	6,463
Construction payables, including retentions	42,399	28,139
Billings in excess of costs and estimated earnings	1,053	1,541
Other liabilities	<u>17,961</u>	<u>15,873</u>
Total Liabilities	429,000	329,761
Total Equity	161,906	105,521
Total Liabilities and Equity	<u>\$590,906</u>	<u>\$435,282</u>

Summary Income Statement

\$ in thousands

	Three months ended		Year ended	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Revenues	(Unaudited)		(Unaudited)	
Rental revenues	\$17,521	\$14,992	\$64,746	\$57,520
General contracting and real estate services	32,060	19,373	103,321	82,516
Total Revenues	49,581	34,365	168,067	140,036
Expenses				
Rental expenses	4,437	3,557	16,667	14,025
Real estate taxes	1,512	1,347	5,743	5,124
General contracting and real estate services	30,947	17,945	98,754	78,813
Depreciation and amortization	4,976	3,786	17,569	14,898
General and administrative	1,943	1,725	7,711	6,937
Acquisition, development & other pursuit costs	55	-	229	-
Impairment charges	-	47	15	580
Total Expenses	43,870	28,407	146,688	120,377
Operating Income	5,711	5,958	21,379	19,659
Interest expense	(2,671)	(2,501)	(10,648)	(12,303)
Loss on extinguishment of debt	-	(135)	-	(2,387)
Gain on acquisitions and dispositions	2,211	-	2,211	9,460
Other income (loss)	(90)	(46)	(113)	297
Income before taxes	5,161	3,276	12,829	14,726
Income tax benefit (provision)	65	(410)	(70)	(273)
Net Income	\$5,226	\$2,866	\$12,759	\$14,453
Net Income attributable to Predecessor	-	-	-	(2,020)
Net Income attributable to stockholders and unitholders	\$5,226	\$2,866	\$12,759	\$12,433
Per Share (Basic and Diluted)	\$0.13	\$0.09	\$0.36	\$0.39
Weighted Average Shares/Units	39,796	32,223	35,071	32,105

Normalized FFO, Core FFO & AFFO

\$ in thousands, except per share

	Three months ended	Year ended
	12/31/2014	12/31/2014
	(Unaudited)	
Net income	\$5,226	\$12,759
Depreciation and amortization	4,976	17,569
Gain on acquisitions	(2,211)	(2,211)
FFO	7,991	28,117
FFO per weighted average share	\$0.20	\$0.80
Normalized FFO		
Acquisition costs	55	229
Loss on extinguishment of debt	-	-
Impairment charges	-	15
Derivative (income) losses	110	233
Normalized FFO	8,156	28,594
Normalized FFO per weighted average share	\$0.20	\$0.82
Core FFO		
Derivative income (losses)	(110)	(233)
Non-cash stock compensation	197	917
Non-stabilized development pipeline adjustments	(305)	79
Core FFO	7,938	29,357
Core FFO per weighted average share	\$0.20	\$0.84
AFFO		
Non-Stabilized development pipeline adjustments	305	(79)
Acquisition costs	(55)	(229)
Tenant improvements, leasing commissions ⁽¹⁾	(3,114)	(5,311)
Leasing incentives	(334)	(462)
Property related capital expenditures	(583)	(1,479)
Non cash interest expense	104	514
GAAP Adjustments		
Net effect of straight-line rents	(394)	(1,887)
Amortization of lease incentives and above (below) market rents	172	633
Derivative (income) losses	110	233
Government development grants	-	300
AFFO	4,149	21,590
AFFO per weighted average share	\$0.10	\$0.62



(1) Excludes tenant improvements and leasing commissions on first generation rental space.

Summary of Outstanding Debt

\$ in thousands

Debt	Amount Outstanding	Interest Rate ⁽¹⁾	Effective Rate as of December 31, 2014	Maturity Date	Balance at Maturity
Virginia Beach Town Center					
249 Central Park Retail	\$15,566	5.99%		September 8, 2016	\$15,084
South Retail	6,867	5.99%		September 8, 2016	6,655
Studio 56 Retail	2,618	3.75%		May 7, 2015	2,592
Commerce Street Retail	5,549	LIBOR +2.25%	2.40%	October 31, 2018	5,264
Fountain Plaza Retail	7,783	5.99%		September 8, 2016	7,542
Dick's at Town Center	8,216	LIBOR+2.75%	2.90%	October 31, 2017	7,899
The Cosmopolitan	47,132	3.75%		July 1, 2051	-
Diversified Portfolio					
Oyster Point	6,274	5.41%		December 1, 2015	6,089
Broad Creek Shopping Center					
Note 1	4,452	LIBOR+2.25%	2.40%	October 31, 2018	4,223
Note 2	8,173	LIBOR+2.25%	2.40%	October 31, 2018	7,752
Note 3	3,422	LIBOR+2.25%	2.40%	October 31, 2018	3,246
Hanbury Village					
Note 1	21,218	6.67%		October 11, 2017	20,499
Note 2	4,090	LIBOR+2.25%	2.40%	October 31, 2018	3,777
Harrisonburg Regal	3,659	6.06%		June 8, 2017	3,165
North Point Center					
Note 1	10,149	6.45%		February 5, 2019	9,333
Note 2	2,753	7.25%		September 15, 2025	1,344
Note 5	685	LIBOR+2.00%	3.57% ⁽²⁾	February 1, 2017	641
Tyre Neck Harris Teeter	2,437	LIBOR+2.25%	2.40%	October 31, 2018	2,235
Smith's Landing	24,470	LIBOR+2.15%	2.30%	January 31, 2017	23,793
	185,513				131,123
Credit Facility	59,000	LIBOR + 1.60% - 2.20%	1.90%	May 13, 2016	59,000
Total including Credit Facility	\$244,513				\$190,123
Development Pipeline					
4525 Main Street	\$30,870	LIBOR+1.95%	2.10%	January 30, 2017	30,870
Encore Apartments	22,215	LIBOR+1.95%	2.10%	January 30, 2017	22,215
Whetstone Apartments	16,019	LIBOR+1.90%	2.05%	October 8, 2016	16,019
Sandbridge Commons	5,892	LIBOR+1.85%	2.00%	January 17, 2018	5,892
Liberty Apartments	20,603 ⁽³⁾	5.66%		November 1, 2043	-
Oceanering	13,490	LIBOR+1.75%	1.90%	February 28, 2018	13,490
Commonwealth of Virginia - Chesapeake	3,585	LIBOR+1.90%	2.05%	August 28, 2017	3,585
Lightfoot Marketplace	3,484	LIBOR+1.90%	2.05%	November 14, 2017	3,484
Total Notes Payable - Development Pipeline	116,158				95,555
Unamortized fair value adjustments	(1,442)				-
Total Notes Payable	\$359,229				\$285,678

- (1) LIBOR rate is determined by individual lender.
 (2) Subject to an interest rate swap lock.
 (3) Principal balance excluding any fair value adjustment recognized upon acquisition.
 (4) Excludes fair value adjustment

Weighted Average Fixed Interest Rate	5.3%
Weighted Average Variable Interest Rate	2.1%
Total Weighted Average Interest Rate	3.4%
Variable Interest Rate as a % of Total (excluding interest rate caps)	59.7%
Weighted Average Maturity (years) ⁽⁴⁾	8.3

	4Q 2014	Year to Date
Capitalized Interest	\$794	\$2,752



Core Debt to Core EBITDA

\$ in thousands

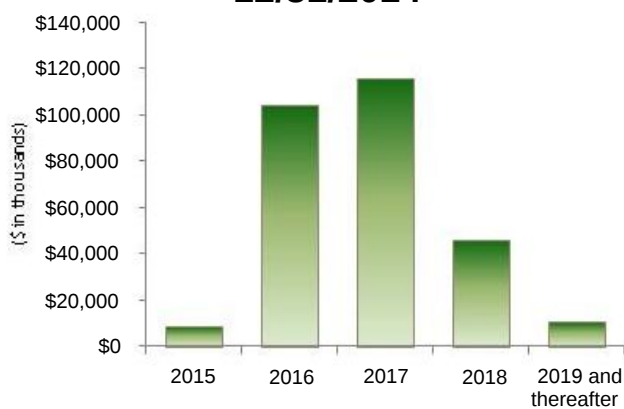
	Three months ended <u>12/31/2014</u> (Unaudited)
Net Income	\$5,226
Excluding:	
Interest Expense	2,671
Income Tax	(65)
Depreciation and amortization	<u>4,976</u>
EBITDA	12,808
Additional Adjustments:	
Gain on dispositions	(2,211)
Early extinguishment of debt	-
Derivative (income) losses	110
Non-cash stock compensation	197
Development Pipeline	<u>(802)</u>
Total Other Adjustments	<u>(2,706)</u>
Core EBITDA	<u>\$10,102</u>
Annualized Core EBITDA	\$40,408

	<u>12/31/2014</u> (Unaudited)
Total Debt	\$359,229
Excluding:	
Development Pipeline Unstabilized Debt	<u>(114,716)</u>
Core Debt	<u>\$244,513</u>
 Core Debt/Annualized Core EBITDA	 6.1x

Debt Information

\$ in thousands

Debt Maturity as of 12/31/2014



Interest Rate Cap Agreements At or Below 1.50%

Effective Date	Maturity Date	Strike Rate	Notional Amount
May 31, 2012	May 29, 2015	1.09%	\$8,888
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
Total Interest Rate Caps at or Below 1.50%			\$117,388
Fixed Debt Outstanding (excludes fair value adjustment)			145,307
Total Fixed Interest Rate Debt (including caps)			\$262,695
Fixed Interest Rate Debt as a % of Total			73%



Portfolio Summary & Business Segment Overview

ARMADA HOFFLER
PROPERTIES



Stabilized Portfolio Summary

As of 12/31/14

Property	Location	Year Built	Net Rentable Square Feet ⁽¹⁾	Occupied Sq. Ft.	% Leased ⁽²⁾	Annualized Base Rent ⁽³⁾	Annualized Base Rent per Leased Sq. Ft. ⁽⁴⁾	Average Net Effective Annual Base Rent per Leased Sq. Ft. ⁽⁵⁾
Office Properties								
Armada Hoffer Tower ⁽⁶⁾	Virginia Beach, VA	2002	323,966	312,415	96.4%	\$8,320,174	\$26.63	\$27.46
One Columbus	Virginia Beach, VA	1984	129,424	129,424	100.0%	3,018,331	23.32	23.34
Two Columbus	Virginia Beach, VA	2009	108,464	98,938	91.2%	2,528,923	25.56	25.75
Richmond Tower	Richmond, VA	2010	206,969	204,063	98.6%	7,569,747	37.09	41.61
Oyster Point	Newport News, VA	1989	100,139	80,128	80.0%	1,767,387	22.06	21.12
Sentara Williamsburg ⁽⁷⁾	Williamsburg, VA	2008	49,200	49,200	100.0%	1,006,140	20.45	20.50
Subtotal / Weighted Average Office Portfolio			918,162	874,188	95.2%	\$24,210,702	\$27.70	\$29.04
Retail Properties Not Subject to Ground Lease								
Bermuda Crossroads	Chester, VA	2001	111,566	109,966	98.6%	1,522,001	13.84	14.03
Broad Creek Shopping Center	Norfolk, VA	1997-2001	227,691	221,576	97.3%	3,091,636	13.95	12.66
Courthouse 7-Eleven	Virginia Beach, VA	2011	3,177	3,177	100.0%	125,000	39.35	43.81
Gainsborough Square	Chesapeake, VA	1999	88,862	85,782	96.5%	1,346,126	15.69	15.16
Hanbury Village	Chesapeake, VA	2006-2009	61,049	52,716	86.4%	1,278,659	24.26	24.46
North Point Center	Durham, NC	1998-2009	215,690	200,890	93.1%	2,383,713	11.87	11.91
Parkway Marketplace	Virginia Beach, VA	1998	37,804	37,804	100.0%	737,456	19.51	19.44
Harrisonburg Regal	Harrisonburg, VA	1999	49,000	49,000	100.0%	683,550	13.95	13.95
Dick's at Town Center	Virginia Beach, VA	2002	103,335	103,335	100.0%	1,178,866	11.42	11.72
249 Central Park Retail ⁽⁸⁾	Virginia Beach, VA	2004	91,171	83,481	91.6%	2,424,086	29.04	28.29
Studio 56 Retail	Virginia Beach, VA	2007	11,600	9,832	84.8%	371,200	37.75	37.58
Commerce Street Retail ⁽⁹⁾	Virginia Beach, VA	2008	19,173	19,173	100.0%	781,588	40.77	37.06
Fountain Plaza Retail	Virginia Beach, VA	2004	35,961	35,961	100.0%	970,230	26.98	26.79
South Retail	Virginia Beach, VA	2002	38,493	38,493	100.0%	921,559	23.94	24.31
Dimmock Square	Colonial Heights, VA	1998	106,166	106,166	100.0%	1,769,435	16.67	16.76
Subtotal / Weighted Avg Retail Portfolio not Subject to Ground Leases			1,200,738	1,157,352	96.4%	\$19,586,105	\$16.92	\$16.61
Retail Properties Subject to Ground Lease								
Bermuda Crossroads ⁽¹³⁾	Chester, VA	2001			100.0%	163,350		
Broad Creek Shopping Center ⁽¹⁴⁾	Norfolk, VA	1997-2001			100.0%	588,126		
Hanbury Village ⁽¹⁵⁾	Chesapeake, VA	2006-2009			100.0%	1,067,598		
North Point Center ⁽¹⁶⁾	Durham, NC	1998-2009			100.0%	1,062,784		
Tyre Neck Harris Teeter ⁽¹⁷⁾	Portsmouth, VA	2011			100.0%	508,134		
Subtotal / Weighted Avg Retail Portfolio Subject to Ground Leases					100.0%	\$3,389,992		
Total / Weighted Avg Retail Portfolio			1,200,738	1,157,352	96.4%	\$22,976,097	\$16.92	\$16.61
Total / Weighted Average Retail and Office Portfolio			2,118,900	2,031,540	95.9%	\$47,186,799	\$21.56	\$21.95
Multifamily								
Smith's Landing ⁽²⁾	Blacksburg, VA	2009	284		97.9%	\$3,472,020	\$1,040.77	
The Cosmopolitan	Virginia Beach, VA	2006	342		93.9%	6,937,078	1,571.26	
Total / Weighted Avg Multifamily Portfolio			626		95.7%	\$10,409,098	\$1,325.06	



Stabilized Portfolio Summary Footnotes

- 1) The net rentable square footage for each of our office properties is the sum of (a) the square footages 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 determined consistently 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 footages of existing leases, plus (b) for available space, the field verified square footage.
- 2) Percentage leased for each of our office and retail properties is calculated as (a) square footage under executed leases as of December 31, 2014, divided by (b) net rentable square feet, expressed as a percentage. Percentage leased for our multifamily properties is calculated as (a) total units occupied as of December 31, 2014, divided by (b) total units available, expressed as a percentage.
- 3) For the properties in our office and retail portfolios, annualized base rent is calculated by multiplying (a) base rental payments for executed leases as of December 31, 2014 (defined as cash base rents (before abatements) excluding tenant reimbursements for expenses paid by the landlord), by (b) 12. Annualized base rent per leased square foot is calculated by dividing (a) annualized base rent, by (b) square footage under commenced leases as of December 31, 2014. In the case of triple net or modified gross leases, annualized base rent does not include tenant reimbursements for real estate taxes, insurance, common area or other operating expenses.
- 4) Average net effective annual base rent per leased square foot represents (a) the contractual base rent for leases in place as of December 31, 2014, calculated on a straight-line basis to amortize free rent periods and abatements, but without regard to tenant improvement allowances and leasing commissions, divided by (b) square footage under commenced leases as of December 31, 2014.
- 5) As of December 31, 2014, the Company occupied 18,984 square feet at this property at an annualized base rent of \$529,746 or \$27.90 per leased square foot, which amounts are reflected in the % leased, annualized base rent and annualized base rent per square foot columns in the table above. The rent paid by us is eliminated from our revenues in consolidation. In addition, effective March 1, 2013, the Company sublease approximately 5,000 square feet of space from a tenant at this property.
- 6) This property is subject to a triple net lease pursuant to which the tenant pays operating expenses, insurance and real estate taxes.
- 7) Includes square footage and annualized base rent pursuant to leases for space occupied by us.
- 8) As of December 31, 2014, the Company occupied 8,995 square feet at this property at an annualized base rent of \$287,300, or \$31.94 per leased square foot, which amounts are reflected in the % leased, annualized base rent and annualized base rent per square foot columns in the table above. The rent paid by us is eliminated from our revenues in consolidation.
- 9) Includes \$32,460 of annualized base rent pursuant to a rooftop lease.
- 10) Reflects square footage and annualized base rent pursuant to leases for space occupied by AHH.
- 11) For this ground lease, the Company own 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.
- 12) The Company lease the land underlying this property from the owner of the land pursuant to a ground lease. The Company re-lease the land to our tenant under a separate ground lease pursuant to which our tenant owns the improvements on the land.
- 13) Tenants collectively lease approximately 139,356 square feet of land from us pursuant to ground leases.
- 14) Tenants collectively lease approximately 299,170 square feet of land from us pursuant to ground leases.
- 15) Tenants collectively lease approximately 105,988 square feet of land from us pursuant to ground leases.
- 16) Tenants collectively lease approximately 1,443,985 square feet of land from us pursuant to ground leases.
- 17) Tenant leases approximately 200,073 square feet of land from us pursuant to a ground lease.
- 18) The total square footage of our retail portfolio excludes the square footage of land subject to ground leases.
- 19) Units represent the total number of apartment units available for rent at December 31, 2014.
- 20) For the properties in our multifamily portfolio, annualized base rent is calculated by multiplying (a) base rental payments for the month ended December 31, 2014 by (b) 12.
- 21) Average monthly base rent per leased unit represents the average monthly rent for all leased units for the month ended December 31, 2014.
- 22) The Company lease the land underlying this property from the owner of the land pursuant to a ground lease.
- 23) The annualized base rent for The Cosmopolitan includes \$885,000 of annualized rent from 15 retail leases at the property.

Development Pipeline

\$ in thousands

Development, Not Delivered	Location	Estimated ⁽¹⁾	Estimated Cost ⁽¹⁾	Cost Incurred through 12/31/2014	Schedule ⁽¹⁾			AHH Ownership % ⁽³⁾	Property Type	%leased	Anchor Tenants
					Start	Initial Occupancy	Stabilized Operation				
Oceaneering	Chesapeake, VA	155,000 sf	\$26,000	\$22,000	4Q13	1Q15	1Q15	100%	Office	100%	Oceaneering
Sandbridge Commons	Virginia Beach, VA	70,000 sf ⁽²⁾	13,000	9,000	4Q13	1Q15	4Q15	100%	Retail	86%	Harris Teeter
Commonwealth of VA Chesapeake	Chesapeake, VA	36,000 sf	7,000	7,000	2Q14	1Q15	1Q15	100%	Office	100%	Commonwealth of Virginia
Commonwealth of VA Virginia Beach	Virginia Beach, VA	11,000 sf	3,000	3,000	2Q14	1Q15	1Q15	100%	Office	100%	Commonwealth of Virginia
Lightfoot Marketplace	Williamsburg, VA	88,000 sf ⁽²⁾	24,000	11,000	3Q14	1Q16	2Q17	60% ⁽²⁾	Retail	60%	Harris Teeter
Johns Hopkins Village	Baltimore, MD	157 units	65,000	2,000	1Q15	3Q16	4Q16	80%	Multifamily	NA	NA
			138,000	54,000							

Development, Delivered Not Stabilized	Location	Estimated ⁽¹⁾	Estimated Cost ⁽¹⁾	Cost Incurred through 12/31/2014	Schedule ⁽¹⁾			AHH Ownership % ⁽³⁾	Property Type	%leased	Anchor Tenants
					Start	Initial Occupancy	Stabilized Operation				
4525 Main Street ⁽⁴⁾	Virginia Beach, VA	239,000 sf ⁽³⁾	\$50,000	\$44,000	1Q13	3Q14	1Q16	100%	Office	56% ⁽⁵⁾	Clark Nexsen, Development Authority of Virginia Beach, Anthropologie
Greentree Shopping Center	Chesapeake, VA	18,000 sf ⁽²⁾	6,000	5,000	4Q13	3Q14	3Q15	100%	Retail	73%	Wawa
Encore Apartments ⁽⁵⁾	Virginia Beach, VA	286 units	34,000	31,000	1Q13	3Q14	4Q15	100%	Multifamily	NA	NA
Whetstone Apartments	Durham, NC	203 units	29,000	27,000	2Q13	3Q14	4Q15	100%	Multifamily	NA	NA
			119,000	107,000							

Re-Development	Location	Estimated	Estimated Cost	Cost Incurred through 12/31/2014	Schedule			%leased	Anchor Tenants
					Start	Complete	Property Type		
Dick's at Town Center	Virginia Beach, VA	20,000 sf	\$2,000	\$2,000	1Q14	4Q14	Retail	100%	USI
Total			\$259,000	\$163,000					

- (1) Represents estimates that may change as the development process proceeds
- (2) Estimated square footage includes land subject to ground lease and will be excluded from the portfolio square footage upon stabilization.
- (3) AHH earns a preferred return on equity prior to any distributions to JV partners
- (4) This property is located within the Virginia Beach Town Center
- (5) Approximately 83,000 square feet is leased to Clark Nexsen, an architectural firm and approximately 23,000 square feet is leased to the Development Authority of Virginia Beach



Acquisitions & Dispositions

\$ in thousands

Pending Acquisitions	Location	Approximately	Estimated		AHH Ownership %	Property Type	%leased	Anchor Tenants
			Purchase Price	Purchase Date				
2 Grocery Anchor Shopping Centers	MD	185,000 sf	\$39,500	1Q15	100%	Retail	90%	Grocery

Dispositions	Location	Approximately	Sale Price	Disposition Date	AHH Ownership %	Property Type	%leased	Anchor Tenants



(1) Closed on 1/5/2015

Construction Business Summary

\$ in thousands

	<u>Location</u>	<u>Total Contract Value</u>	<u>Work in Place as of 12/31/2014</u>	<u>Backlog</u>	<u>Estimated Date of Completion</u>
Projects Greater than \$5.0M					
Exelon	Baltimore, MD	\$168,764	\$42,785	\$125,979	1Q 2016
City of Suffolk Municipal Center	Suffolk, VA	25,375	23,221	2,154	2Q 2015
Four Seasons Condominium Expansion	Baltimore, MD	24,053	3,073	20,980	4Q 2015
Sub Total		218,192	69,079	149,113	
Projects Less than \$5.0M					
		144,666	134,640	10,026	
Total		<u>\$362,858</u>	<u>\$203,719</u>	<u>\$159,139</u>	

Gross Profit Summary	<u>Q4 2014</u>	<u>YTD 2014</u>
	(Unaudited)	
Revenue	\$32,060	\$103,321
Expense	(30,947)	(98,754)
Gross Profit	\$1,113	\$4,567



Operating Results & Property-Type Segment Analysis

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



Same Store NOI by Segment

(Reconciliation to GAAP located in appendix pg. 38)

\$ in thousands

	Three months ended 12/31				Year ended 12/31			
	2014	2013	\$ Change	% Change	2014	2013	\$ Change	% Change
Office⁽¹⁾	(Unaudited)				(Unaudited)			
Revenue	\$6,499	\$6,353	\$146	2%	\$25,640	\$25,117	\$523	2%
Expenses	2,036	1,903	133	7%	8,208	7,816	392	5%
Net Operating Income	4,463	4,450	13	0%	17,432	17,301	131	1%
Retail⁽¹⁾								
Revenue	5,780	5,684	96	2%	20,874	20,474	400	2%
Expenses	1,712	1,725	(13)	-1%	6,487	6,525	(38)	-1%
Net Operating Income	4,068	3,959	109	3%	14,387	13,949	438	3%
Multifamily⁽¹⁾								
Revenue	2,974	2,784	190	7%	7,758	7,494	264	4%
Expenses	1,277	1,254	23	2%	3,555	3,441	114	3%
Net Operating Income	1,697	1,530	167	11%	4,203	4,053	150	4%
Same Store Net Operating Income (NOI), GAAP basis	\$10,228	\$9,939	\$289	3%	\$36,022	\$35,303	\$719	2%
Net effect of straight-line rents	(198)	(187)	(11)	6%	(1,022)	(571)	(451)	79%
Amortization of lease incentives and above (below) market rents	159	142	17	12%	716	738	(22)	-3%
Same store portfolio NOI, cash basis	\$10,189	\$9,894	\$295	3%	\$35,716	\$35,470	\$246	1%
Cash Basis:								
Office	\$4,232	\$4,131	\$101	2%	\$16,075	\$16,257	(\$182)	-1%
Retail	4,229	4,205	24	1%	15,422	15,140	282	2%
Multifamily	1,728	1,558	170	11%	4,219	4,073	146	4%
	\$10,189	\$9,894	\$295	3%	\$35,716	\$35,470	\$246	1%
GAAP Basis:								
Office	\$4,463	\$4,450	\$13	0%	\$17,432	\$17,301	\$131	1%
Retail	4,068	3,959	109	3%	14,387	13,949	438	3%
Multifamily	1,697	1,530	167	11%	4,203	4,053	150	4%
	\$10,228	\$9,939	\$289	3%	\$36,022	\$35,303	\$719	2%



(1) See page 37 for Same Store vs. Non - Same Store Properties

Top 10 Tenants by Annual Base Rent

As of December 31, 2014

Office

Tenant	Number of Leases	Number of Properties	Properties	Lease Expiration	Annualized Base Rent	% of Office Portfolio Annualized Base Rent	% of Total Portfolio Annualized Base Rent
Williams Mullen	3	2	Armada Hoffler Tower, Richmond Tower	3/22/2026	\$7,978,920	33.0%	13.9%
Clark Nexsen	1	1	4525 Main Street	9/30/2029	2,390,656	9.9%	4.2%
Sentara Medical Group	1	1	Sentara Williamsburg ⁽¹⁾	3/31/2023	1,006,140	4.2%	1.7%
Cherry Bekaert	3	3	Armada Hoffler Tower, Richmond Tower, Oyster Point	1/31/2025	958,984	4.0%	1.7%
Hampton University	2	1	Armada Hoffler Tower	2/28/2023	891,087	3.7%	1.5%
GSA	1	1	Oyster Point	4/26/2017	856,448	3.5%	1.5%
Troutman Sanders	1	1	Armada Hoffler Tower	1/31/2025	805,605	3.3%	1.4%
The Art Institute	1	1	Two Columbus	12/31/2019	787,226	3.3%	1.4%
Pender & Coward	1	1	Armada Hoffler Tower	1/31/2030	781,536	3.2%	1.4%
Kimley Horn	1	1	Two Columbus	12/31/2018	682,162	2.8%	1.2%
Top 10 Total					\$17,138,764	70.8%	29.8%

Retail

Tenant	Number of Leases	Number of Properties	Properties	Lease Expiration	Annualized Base Rent	% of Retail Portfolio Annualized Base Rent	% of Total Portfolio Annualized Base Rent
Home Depot	2	2	Broad Creek Shopping Center, North Point Center	12/3/2019	\$2,189,900	9.5%	3.8%
Harris Teeter	2	2	Tyre Neck Harris Teeter, Hanbury Village	10/16/2028	1,430,532	6.2%	2.5%
Food Lion	3	3	Broad Creek Shopping Center, Bermuda Crossroads, Gainsborough Square	3/19/2020	1,282,568	5.6%	2.2%
Dick's Sporting Goods	1	1	Dick's at Town Center	1/31/2020	798,000	3.5%	1.4%
Regal Cinemas	1	1	Harrisonburg Regal	4/23/2019	683,550	3.0%	1.2%
PetSmart	2	2	Broad Creek Shopping Center, North Point Center	7/21/2018	618,704	2.7%	1.1%
Kroger	1	1	North Point Center	8/31/2018	552,864	2.4%	1.0%
Yard House	1	1	Commerce Street Retail	11/30/2023	538,000	2.3%	0.9%
Rite Aid	2	2	Gainsborough Square, Parkway Marketplace	5/29/2019	484,193	2.1%	0.8%
Walgreens	1	1	Hanbury Village	12/31/2083	447,564	1.9%	0.8%
Top 10 Total					\$9,025,875	39.3%	15.7%



(1) Sold 1/5/15

Office Lease Summary

Renewal Lease Summary ⁽¹⁾				GAAP			Cash			Weighted Average Lease Term	TI, LC, & Incentives	TI, LC, & Incentives per SF	
Quarter	Number of Leases Signed	Net rentable SF Signed	Leases Expiring	Net rentable SF Expiring	Contractual Rent per SF	Prior Rent per SF	Annual Change in Rent per SF	Contractual Rent per SF	Prior Rent per SF				Annual Change in Rent per SF
4th Quarter 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
3rd Quarter 2014	3	6,859	2	6,082	18.50	19.63	(1.13)	18.48	19.85	(1.36)	2.62	68,913	10.05
2nd Quarter 2014	2	18,824	1	8,452	25.12	24.33	0.79	25.37	27.55	(2.18)	7.75	204,718	10.88
1st Quarter 2014	1	25,506	2	5,430	32.28	26.66	5.63	29.95	29.25	0.70	10.00	1,315,127	51.56

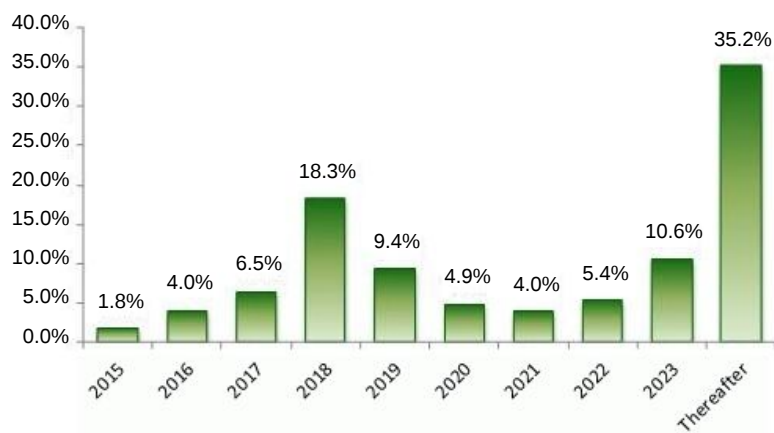
New Lease Summary ⁽¹⁾						
Quarter	Number of Leases Signed	Net rentable SF Signed	Contractual Rent per SF	Weighted Average Lease Term	TI, LC, & Incentives	TI, LC, & Incentives per SF
4th Quarter 2014	1	4,754	\$17.50	10.00	\$103,266	\$21.72
3rd Quarter 2014	2	2,853	22.65	2.56	55,892	19.59
2nd Quarter 2014	4	6,948	20.18	4.28	190,255	27.38
1st Quarter 2014	2	5,430	24.12	1.00	5,239	0.96



(1) Excludes leases for space occupied by AHH.

Office Lease Expirations

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring	% Portfolio Net Rentable Square Feet	Annualized Base Rent	% of Portfolio Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available	-	43,974	4.8%	\$0	-	\$0.00
2015	12	17,012	1.9%	424,967	1.8%	24.98
2016	15	41,197	4.5%	977,367	4.0%	23.72
2017	6	65,186	7.1%	1,564,421	6.5%	24.00
2018	19	162,718	17.7%	4,435,761	18.3%	27.26
2019	10	95,977	10.5%	2,268,983	9.4%	23.64
2020	5	43,731	4.8%	1,176,453	4.9%	26.90
2021	4	41,363	4.5%	973,852	4.0%	23.54
2022	3	48,117	5.2%	1,295,525	5.4%	26.92
2023	4	115,889	12.6%	2,578,196	10.6%	22.25
Thereafter	8	242,998	26.5%	8,515,178	35.2%	35.04
Total / Weighted Average	86	918,162	100.0%	\$24,210,702	100.0%	\$27.70



Retail Lease Summary

Renewal Lease Summary ⁽¹⁾					GAAP			Cash			Weighted Average Lease Term	TI, LC, & Incentives	TI, LC, & Incentives per SF
Quarter	Number of Leases Signed	Net rentable SF Signed	Leases Expiring	Net rentable SF Expiring	Contractual Rent per SF	Prior Rent per SF	Annual Change in Rent per SF	Contractual Rent per SF	Prior Rent per SF	Annual Change in Rent per SF			
4th Quarter 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
3rd Quarter 2014	6	26,900	3	6,012	17.64	16.19	1.45	17.76	16.98	0.78	5.11	44,109	1.64
2nd Quarter 2014	6	12,916	2	3,842	20.47	19.66	0.81	20.20	20.65	(0.46)	1.87	5,730	0.44
1st Quarter 2014	5	23,857	3	6,540	20.84	20.41	0.43	21.18	21.82	(0.64)	4.55	63,339	2.65

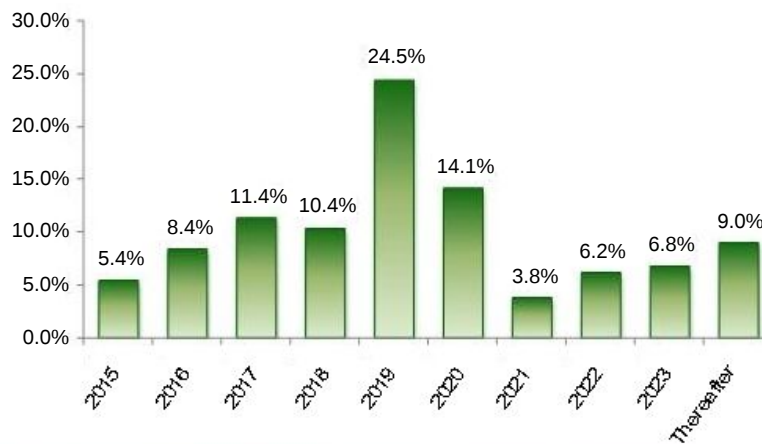
New Lease Summary ⁽¹⁾						
Quarter	Number of Leases Signed	Net rentable SF Signed	Contractual Rent per SF	Weighted Average Lease Term	TI, LC, & Incentives	TI, LC, & Incentives per SF
4th Quarter 2014	1	2,140	\$16.00	5.00	\$2,140	\$1.00
3rd Quarter 2014	7	35,574	20.30	6.83	522,738	14.69
2nd Quarter 2014	4	10,574	25.73	7.78	1,071,485	101.33
1st Quarter 2014	1	3,160	16.25	10.50	126,558	40.05



(1) Excludes leases from space occupied by AHH

Retail Lease Expiration

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring	% Portfolio Net Rentable Square Feet	Annualized Base Rent	% of Portfolio Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available	-	43,386	3.6%	\$0	-	\$0.00
2015	16	51,906	4.3%	1,063,979	5.4%	20.50
2016	23	73,259	6.1%	1,651,561	8.4%	22.54
2017	25	152,603	12.7%	2,223,266	11.4%	14.57
2018	23	136,687	11.4%	2,034,025	10.4%	14.88
2019	25	327,441	27.3%	4,795,310	24.5%	14.64
2020	18	200,877	16.7%	2,770,104	14.1%	13.79
2021	5	25,204	2.1%	740,832	3.8%	29.39
2022	6	83,588	7.0%	1,216,663	6.2%	14.56
2023	6	49,460	4.1%	1,331,093	6.8%	26.91
Thereafter	11	56,327	4.7%	1,759,270	9.0%	31.23
Total / Weighted Average	158	1,200,738	100.0%	\$19,586,105	100.0%	\$16.92



Historical Occupancy

Sector	Occupancy All Properties as of				
	12/31/2014	9/30/2014	6/30/2014	3/31/2014	12/31/2013
Office ⁽¹⁾	95.2%	94.8%	95.3%	95.4%	95.2%
Retail ⁽¹⁾	96.4%	94.7%	93.5%	93.4%	93.4%
Multifamily ⁽²⁾	95.7%	96.6%	94.9%	94.2%	94.2%
Weighted Average ⁽³⁾	95.7%	95.1%	94.6%	94.5%	94.4%



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

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

(3) Total occupancy weighted by annualized base rent

Multifamily Occupancy

Occupancy Summary - Smiths Landing (284 available units)

Quarter Ended	Number of Units Occupied	Percentage Occupied ⁽¹⁾	Annualized Base Rent ⁽²⁾	Average Monthly Rent per Occupied Unit
12/31/2014	278	97.9%	\$3,472,020	\$1,041
9/30/2014	274	96.5%	3,379,428	1,028
6/30/2014	273	96.1%	3,321,096	1,014
3/31/2014	283	99.6%	3,430,260	1,010
12/31/2013	282	99.3%	3,382,380	1,000

Occupancy Summary - The Cosmopolitan (342 available units)

Quarter Ended	Number of Units Occupied	Percentage Occupied ⁽¹⁾	Annualized Base Rent ⁽²⁾⁽⁴⁾	Average Monthly Rent per Occupied Unit ⁽³⁾
12/31/2014	321	93.9%	\$6,052,488	\$1,571
9/30/2014	331	96.8%	6,218,892	1,566
6/30/2014	321	93.9%	6,042,132	1,569
3/31/2014	307	89.8%	5,799,564	1,574
12/31/2013	308	90.1%	5,721,144	1,548

(1) Total units occupied as of each respective date

(2) Annualized base rent is calculated by multiplying (a) contractual rent due from our tenants for the last month of the respective quarter by (b) 12

(3) Average Monthly Rent per Occupied Unit is calculated as (a) annualized base rent divided by (b) the number of occupied units as of the end of the respective date.

(4) Excludes annualized base rent from retail leases

Components of NAV

Stabilized Portfolio NOI x Market Cap Rate = Stabilized Portfolio Value

+

Investment in Unstabilized Development Pipeline

+

Stabilized Development Pipeline NOI x Market Cap Rate = Stabilized Development Portfolio Value

+

Annualized 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)			Other Assets	
	Three months ended	Annualized		As of 12/31/2014
	12/31/2014	12/31/2014		
Diversified Portfolio				
Office	\$2,050	\$8,200	Cash and Cash Equivalents	\$25,883
Retail	3,493	13,972	Restricted Cash	4,224
Multifamily	613	2,452	Accounts Receivable	20,548
Total Diversified Portfolio NOI	\$6,156	\$24,624	Construction receivables, including retentions	19,432
			Other Assets	33,380
			Total Other Assets	\$103,467
Virginia Beach Town Center				
Office ⁽¹⁾	\$2,338	\$9,352	Liabilities & Share Count	
Retail ⁽¹⁾	1,252	5,008		As of 12/31/2014
Multifamily	1,115	4,460	Liabilities	
Total Virginia Beach Town Center NOI	\$4,705	\$18,820	Mortgages and notes payable	\$359,229
			Accounts payable and accrued liabilities	8,358
			Construction payables, including retentions	42,399
			Other Liabilities	19,014
			Total Liabilities	\$429,000
Stabilized Portfolio NOI (Cash)	\$10,861	\$43,444	Share Count	
				Three months ended
				12/31/2014
Development Pipeline				
		12/31/2014	Weighted Average Common Shares Outstanding	25,020
Construction in Progress: (pg. 9 balance sheet)		\$81,082	Weighted Average Operating Partnership ("OP") Units Outstanding	14,776
Development Pipeline Completed Not Stabilized at Cost ⁽²⁾		99,115	Total Weighted Average Common shares and OP units outstanding	39,796
Taxable REIT Subsidiary (TRS)				
		Full Year		
		12/31/2014		
General Contracting and Real Estate Services		\$4,567		



(1) Includes leases for space occupied by Armada Hoffler which are eliminated for GAAP purposes
 (2) Completed Not Stabilized properties are presented in our Consolidated Balance Sheet as Income Producing Property



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). For our office, retail and multifamily segments, NOI excludes general contracting and real estate services expenses, depreciation and amortization, general and administrative expenses, and impairment charges. 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, net operating income 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. (Reconciliation to GAAP located in appendix pg. 40)

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 year over year, 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 nonrecurring or 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.

Core Funds From Operations:

We calculate Core Funds From Operations ("Core FFO") as Normalized FFO adjusted for mark-to-market adjustments on interest rate derivatives, noncash stock compensation expense 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 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 Core FFO differs from NAREIT's definition of FFO. Other equity REITs may not calculate Core FFO in the same manner as us, and, accordingly, our Core FFO may not be comparable to other REITs' Core FFO.

Definitions

Adjusted Funds From Operations:

We calculate Adjusted Funds From Operations (“AFFO”) as Core FFO, (i) excluding the impact of tenant improvement and leasing commission costs, capital expenditures, the amortization of deferred financing fees, derivative (income) loss, the net effect of straight-line rents and the amortization of lease incentives and net above (below) market rents and (ii) adding back the impact of development pipeline projects that are still in lease-up and government development grants that are not included in FFO.

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.

EBITDA:

We calculate EBITDA as net income (loss) (calculated in accordance with GAAP), excluding interest expense, income taxes and depreciation and amortization. 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.

Definitions

Core EBITDA:

We calculate Core EBITDA as EBITDA, excluding certain items, including, but not limited to, non-recurring or extraordinary gains (losses), early extinguishment of debt, derivative (income) losses, acquisition costs 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 any construction loans associated with our development pipeline.

Same Store Portfolio:

We define same store properties as including those properties that were owned and operated for the entirety of the period being presented and excluding properties that were in lease-up during the period present. 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 December 31, 2014 to 2013		Comparison of Year Ended December 31, 2014 to 2013	
	Same Store	Non-Same Store	Same Store	Non-Same Store
Office Properties				
Armada Hoffer Tower	X		X	
One Columbus	X		X	
Two Columbus	X		X	
Richmond Tower	X		X	
Oyster Point	X		X	
Sentara Williamsburg	X		X	
4525 Main Street		X		X
Virginia Natural Gas		X		X
Retail Properties				
Bermuda Crossroads	X			X
Broad Creek Shopping Center	X		X	
Courthouse 7-Eleven	X		X	
Dimmock Square		X		X
Gainsborough Square	X		X	
Hanbury Village	X		X	
North Point Center	X		X	
Parkway Marketplace	X		X	
Harrisonburg Regal	X		X	
Dick's at Town Center	X		X	
249 Central Park Retail	X		X	
Studio 56 Retail	X		X	
Commerce Street Retail	X		X	
Fountain Plaza Retail	X		X	
South Retail	X		X	
Tyre Neck Harris Teeter	X		X	
Greentree Shopping Center		X		X
Multifamily Properties				
Encore Apartments		X		X
Smith's Landing	X			X
The Cosmopolitan	X		X	
Liberty Apartments		X		X
Whetstone Apartments		X		X

Reconciliation to GAAP - Segment Portfolio NOI

\$ in thousands

	Three months ended 12/31		Year ended 12/31	
	2014	2013	2014	2013
Office Same Store⁽¹⁾				
Rental revenues	\$6,499	\$6,353	\$25,640	\$25,117
Property expenses	2,036	1,903	8,208	7,816
NOI	4,463	4,450	17,432	17,301
Non-Same Store NOI	744	149	1,685	601
Segment NOI	\$5,207	\$4,599	\$19,117	\$17,902
Retail Same Store⁽¹⁾				
Rental revenues	\$5,780	\$5,684	\$20,874	\$20,474
Property expenses	1,712	1,725	6,487	6,525
NOI	4,068	3,959	14,387	13,949
Non-Same Store NOI	531	-	2,461	1,027
Segment NOI	\$4,599	\$3,959	\$16,848	\$14,976
Multifamily Same Store⁽¹⁾				
Rental revenues	\$2,974	\$2,784	\$7,758	\$7,494
Property expenses	1,277	1,254	3,555	3,441
NOI	1,697	1,530	4,203	4,053
Non-Same Store NOI	69	-	2,168	1,440
Segment NOI	1,766	1,530	\$6,371	\$5,493
Total Segment Portfolio NOI	\$11,572	\$10,088	\$42,336	\$38,371



(1) See page 37 for Same Store vs. Non-Same Store Properties

Reconciliation to GAAP - Segment Portfolio NOI

\$ in thousands

Three months ended 12/31/2014

	Office	Retail	Multifamily	Total
Diversified Portfolio				
Cash NOI	\$2,050	\$3,493	\$613	\$6,156
Net effect of straight-line rents	192	(100)	(13)	79
Amortization of lease incentives and (above) below market rents	(12)	46	(13)	21
GAAP NOI	\$2,230	\$3,439	\$587	\$6,256
Town Center of Virginia Beach				
Cash NOI	\$2,338	\$1,252	\$1,115	\$4,705
Net effect of straight-line rents	79	53	(5)	127
Amortization of lease incentives and (above) below market rents	(28)	(145)	-	(173)
Elimination of AHH rent	(156)	(74)	-	(230)
GAAP NOI	\$2,233	\$1,086	\$1,110	\$4,429
GAAP NOI				
Diversified Portfolio	\$2,230	\$3,439	\$587	\$6,256
Town Center of Virginia Beach	2,233	1,086	1,110	4,429
Unstabilized Properties	744	74	69	887
Total Segment Portfolio GAAP NOI	\$5,207	\$4,599	\$1,766	\$11,572

Reconciliation to GAAP - Segment Portfolio NOI

\$ in thousands

	Three months ended 12/31/2014					
	Office	Retail	Multifamily	Total Rental Properties	General Contracting & Real Estate Services	Total
Segment revenues	\$ 7,464	\$ 6,397	\$ 3,660	\$ 17,521	\$ 32,060	\$ 49,581
Segment expenses	<u>2,257</u>	<u>1,798</u>	<u>1,894</u>	<u>5,949</u>	<u>30,947</u>	<u>36,896</u>
Net operating income	\$ 5,207	\$ 4,599	\$ 1,766	\$ 11,572	\$ 1,113	\$ 12,685
Depreciation and amortization						(4,976)
General and administrative expenses						(1,943)
Acquisition, development and other pursuit costs						(55)
Impairment charges						-
Interest expense						(2,671)
Gain on dispositions						2,211
Other expense						(90)
Income tax benefit						65
Net income						<u>\$ 5,226</u>

	Year ended 12/31/2014					
	Office	Retail	Multifamily	Total Rental Properties	General Contracting & Real Estate Services	Total
Segment revenues	\$ 27,827	\$ 23,956	\$ 12,963	\$ 64,746	\$ 103,321	\$ 168,067
Segment expenses	<u>8,710</u>	<u>7,108</u>	<u>6,592</u>	<u>22,410</u>	<u>98,754</u>	<u>121,164</u>
Net operating income	\$ 19,117	\$ 16,848	\$ 6,371	\$ 42,336	\$ 4,567	\$ 46,903
Depreciation and amortization						(17,569)
General and administrative expenses						(7,711)
Acquisition, development and other pursuit costs						(229)
Impairment charges						(15)
Interest expense						(10,648)
Gain on dispositions						2,211
Other expense						(113)
Income tax provision						(70)
Net income						<u>\$ 12,759</u>

