

**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): **August 2, 2016**

ARMADA HOFFLER PROPERTIES, INC.

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction
of incorporation)

001-35908

(Commission File Number)

46-1214914

(IRS Employer
Identification No.)

222 Central Park Avenue, Suite 2100

Virginia Beach, Virginia

(Address of principal executive offices)

23462

(Zip Code)

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

Not Applicable

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

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

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

Item 2.02. Results of Operations and Financial Condition.

On August 2, 2016, Armada Hoffler Properties, Inc. (the “Company”) issued a press release announcing its financial position as of June 30, 2016, results of operations for the three months ended June 30, 2016 and other related information. Also on August 2, 2016, the Company made available on its website at www.ArmadaHoffler.com certain supplemental information concerning the Company’s financial results and operations for the three months ended June 30, 2016. Copies of such press release and supplemental information are furnished as Exhibits 99.1 and 99.2, respectively, to this Current Report on Form 8-K and are incorporated herein by reference.

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

Item 7.01. Regulation FD Disclosure.

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

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press Release, dated August 2, 2016, issued by Armada Hoffler Properties, Inc., providing its financial position as of June 30, 2016 and results of operations for the three months ended June 30, 2016.
99.2	Armada Hoffler Properties, Inc. Second Quarter 2016 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: August 2, 2016

/s/ MICHAEL P. O'HARA

Michael P. O'Hara

Chief Financial Officer and Treasurer

EXHIBIT INDEX

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PRESS RELEASE

ARMADA HOFFLER PROPERTIES REPORTS SECOND QUARTER 2016 RESULTS

Net Income of \$0.06 Per Diluted Share

Normalized FFO of \$0.26 Per Diluted Share

Company Raised 2016 Full-Year Normalized FFO Guidance

VIRGINIA BEACH, VA, August 2, 2016 – Armada Hoffer Properties, Inc. (NYSE: AHH) today announced its results for the quarter ended June 30, 2016.

Highlights include:

- Net income of \$3.1 million, or \$0.06 per diluted share, for the quarter ended June 30, 2016 compared to net income of \$10.3 million, or \$0.25 per diluted share, for the quarter ended June 30, 2015. Excluding gains from real estate dispositions, net income for both periods was approximately \$3.1 million.
- Normalized Funds From Operations (“FFO”) of \$12.5 million, or \$0.26 per diluted share, for the quarter ended June 30, 2016 compared to Normalized FFO of \$9.7 million, or \$0.24 per diluted share, for the quarter ended June 30, 2015.
- FFO of \$11.7 million, or \$0.24 per diluted share, for the quarter ended June 30, 2016 compared to FFO of \$8.8 million, or \$0.22 per diluted share, for the quarter ended June 30, 2015.
- Same Store Net Operating Income (“NOI”) increased for the eighth consecutive quarter.
- Core operating property portfolio occupancy at 95.3% compared to 95.3% as of June 30, 2015.
- Agreed to invest \$42.0 million in The Residences at Annapolis Junction Town Center, located approximately two miles from Fort Meade, with options to acquire a controlling interest upon the project's completion.
- Added 220,000 square feet of retail space in the greater Richmond market through the acquisition of Southgate Square for a combination of \$21.1 million in debt and 1.6 million Operating Partnership units, and agreed to purchase another 40,000 square feet of retail space at Southshore Shops for a combination of \$6.7 million in cash and 0.2 million Operating Partnership units.
- Announced the next phase of development in the Town Center of Virginia Beach, a \$35 million mixed-use project expected to include 39,000 square feet of retail space, which is nearly 50% pre-leased, and 120 luxury apartments, as part of the Company's ongoing public-private partnership with the City of Virginia Beach.
- Sold Willowbrook Commons (June 20, 2016) and Kroger Junction (July 29, 2016) - two of the non-core retail centers acquired as part of the 11-asset portfolio purchase completed in January - for an aggregate sales price of \$12.9 million.
- The Company is raising its 2016 full-year Normalized FFO guidance range - now \$0.96 to \$1.00 per diluted share from its previous guidance range of \$0.94 to \$0.98 per diluted share.

Commenting on the Company's results, Louis Haddad, President and CEO, said, "We are pleased with our results for the second quarter and continue to successfully execute on our strategy. Based on our year-to-date results and the outlook for the rest of the year, we've raised our 2016 Normalized FFO guidance range. By most any measure, we are making good on our promise to investors, and there is still a lot more to come."

Financial Results

Net income for the second quarter decreased to \$3.1 million compared to \$10.3 million for the second quarter of 2015. Excluding gains on real estate dispositions, net income slightly increased period-over-period. Normalized FFO for the second quarter increased to \$12.5 million compared to \$9.7 million for the second quarter of 2015. FFO for the second quarter increased to \$11.7 million compared to \$8.8 million for the second quarter of 2015.

The period-over-period changes in net income, Normalized FFO and FFO were positively impacted by property acquisitions and organic Same Store NOI growth and negatively impacted by lower construction segment gross profits and higher interest expense. The period-over-period changes in net income were also negatively impacted by lower gains on real estate dispositions and higher depreciation and amortization expense from acquired properties and new properties placed into service. Both net income and FFO were negatively impacted by higher mark-to-market losses on interest rate derivatives.

Operating Performance

At the end of the second quarter, the Company's office, retail and multifamily core operating property portfolios were 94.6%, 96.0% and 93.4% occupied, respectively.

Total construction contract backlog was \$252.3 million at the end of the quarter.

Balance Sheet and Financing Activity

As of June 30, 2016, the Company had \$513 million of total debt outstanding, including \$107 million outstanding under its revolving credit facility. Total debt outstanding excludes unamortized GAAP fair value adjustments and deferred financing costs. Approximately 42% of the Company's debt had fixed interest rates or were subject to interest rate swaps as of June 30, 2016. After considering LIBOR interest rate caps with strike prices at or below 150 basis points as of June 30, 2016, approximately 95% of the Company's debt was fixed or hedged.

During the second quarter, the Company raised an aggregate of \$21.1 million of gross proceeds under its At-The-Market ("ATM") continuous equity offering programs at a weighted average price of \$12.32 per share.

Outlook

The Company is raising its 2016 full-year guidance and now expects 2016 Normalized FFO in the range of \$0.96 to \$1.00 per diluted share as compared to the Company's previously announced full-year guidance in the range of \$0.94 to \$0.98 per diluted share. The following table outlines the Company's assumptions along with Normalized FFO per share estimates for the full-year 2016.

Full-year 2016 Guidance ^[1]	Expected Ranges	
Total NOI	\$65.8M	\$66.5M
Construction company annual segment gross profit	\$4.7M	\$5.2M
General and administrative expenses	\$9.1M	\$9.4M
Interest income	\$3.0M	\$3.3M
Interest expense	\$16.0M	\$16.5M
Normalized FFO per diluted share ^[2]	\$0.96	\$1.00

^[1] Excludes the impact of any future acquisitions other than Southshore Shops, dispositions or other capital markets activity, except for additional shares that may be issued under the ATM program, assuming favorable market conditions.

^[2] Normalized FFO excludes certain items, including debt extinguishment losses, acquisition, development and other pursuit costs, mark-to-market adjustments for interest rate derivatives and other non-comparable items. See "Non-GAAP Financial Measures." In addition, the calculation of Normalized FFO per diluted share assumes 49.8 million weighted average shares and units outstanding, including shares issued under the ATM program. The Company does not provide a reconciliation for its guidance range of Normalized FFO per diluted share to net income per diluted share, the most directly comparable forward-looking GAAP financial measure,

because it is unable to provide a meaningful or accurate estimate of reconciling items and the information is not available without unreasonable effort as a result of the inherent difficulty of forecasting the timing and/or amounts of various items that would impact net income per diluted share. For the same reasons, the Company is unable to address the probable significance of the unavailable information and believes that providing a reconciliation for its guidance range of Normalized FFO per diluted share would imply a degree of precision for its forward-looking net income per diluted share that could be misleading to investors.

Supplemental Financial Information

Further details regarding operating results, properties and leasing statistics can be found in the Company's supplemental financial package available at www.ArmadaHoffler.com under the Investor Relations section.

Webcast and Conference Call

The Company will host a webcast and conference call on Tuesday, August 2, 2016 at 8:30 a.m. Eastern Time to review financial results and discuss recent events. The live webcast will be available through the Investor Relations page of the Company's website, www.ArmadaHoffler.com, or through www.viavid.com. To participate in the call, please dial 877-407-3982 (domestic) or 201-493-6780 (international). A replay of the conference call will be available through Friday, September 2, 2016 by dialing 877-870-5176 (domestic) or 858-384-5517 (international) and entering the pass code 13638902.

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 and Southeastern 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, 2015, and other documents filed by the Company with the Securities and Exchange Commission.

Non-GAAP Financial Measures

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

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

rates and operating costs. We also believe that, as a widely recognized measure of the performance of REITs, FFO will be used by investors as a basis to compare the Company's operating performance with that of other REITs.

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

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

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

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

	June 30, 2016 (Unaudited)	December 31, 2015
<u>ASSETS</u>		
Real estate investments:		
Income producing property	\$ 752,783	\$ 579,000
Held for development	2,032	1,180
Construction in progress	79,258	53,411
Accumulated depreciation	(127,337)	(125,380)
Net real estate investments	706,736	508,211
Real estate investments held for sale	5,829	40,232
Cash and cash equivalents	19,984	26,989
Restricted cash	3,158	2,824
Accounts receivable, net	14,366	21,982
Notes receivable	39,311	7,825
Construction receivables, including retentions	31,277	36,535
Construction contract costs and estimated earnings in excess of billings	1,756	88
Other assets	72,055	44,861
Total Assets	\$ 894,472	\$ 689,547
<u>LIABILITIES AND EQUITY</u>		
Indebtedness, net	\$ 501,940	\$ 377,593
Debt secured by real estate investments held for sale	6,380	—
Accounts payable and accrued liabilities	6,379	6,472
Construction payables, including retentions	49,203	52,067
Billings in excess of construction contract costs and estimated earnings	2,893	2,224
Other liabilities	38,935	25,471
Total Liabilities	605,730	463,827
Total Equity	288,742	225,720
Total Liabilities and Equity	\$ 894,472	\$ 689,547

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
(Unaudited)				
Revenues				
Rental revenues	\$ 24,251	\$ 19,908	\$ 47,534	\$ 38,098
General contracting and real estate services	33,200	47,066	70,003	76,137
Total revenues	57,451	66,974	117,537	114,235
Expenses				
Rental expenses	5,071	4,631	10,400	9,391
Real estate taxes	2,382	1,959	4,731	3,616
General contracting and real estate services	32,025	45,283	67,062	73,425
Depreciation and amortization	8,602	5,766	16,751	10,674
General and administrative	2,224	2,096	4,708	4,424
Acquisition, development and other pursuit costs	437	591	1,141	762
Impairment charges	—	23	35	23
Total expenses	50,741	60,349	104,828	102,315
Operating income	6,710	6,625	12,709	11,920
Interest income	722	—	904	—
Interest expense	(3,978)	(3,358)	(7,769)	(6,404)
Loss on extinguishment of debt	—	(180)	—	(407)
Gain on real estate dispositions	13	7,210	26,687	13,407
Change in fair value of interest rate derivatives	(373)	(40)	(2,762)	(187)
Other income (expense)	43	24	119	39
Income before taxes	3,137	10,281	29,888	18,368
Income tax benefit (provision)	(6)	4	(224)	35
Net income	3,131	10,285	29,664	18,403
Per diluted share	\$ 0.06	\$ 0.25	\$ 0.62	\$ 0.46
Weighted average shares outstanding	48,849	40,356	47,534	40,088

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net income	\$ 3,131	\$ 10,285	\$ 29,664	\$ 18,403
Depreciation and amortization	8,602	5,766	16,751	10,674
Gain on dispositions of operating real estate(1)	(13)	(7,210)	(26,257)	(13,407)
Funds From Operations (FFO)	\$ 11,720	\$ 8,841	\$ 20,158	\$ 15,670
Acquisition costs	437	591	1,141	762
Impairment charges	—	23	35	23
Loss on extinguishment of debt	—	180	—	407
Change in fair value of interest rate derivatives	373	40	2,762	187
Normalized FFO	\$ 12,530	\$ 9,675	\$ 24,096	\$ 17,049
FFO per diluted share	\$ 0.24	\$ 0.22	\$ 0.42	\$ 0.39
Normalized FFO per diluted share	\$ 0.26	\$ 0.24	\$ 0.51	\$ 0.43
Weighted average shares outstanding	48,849	40,356	47,534	40,088

(1) Excludes gains on non-operating undepreciated real estate of \$430 for the six months ended June 30, 2016.

Contact:

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



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

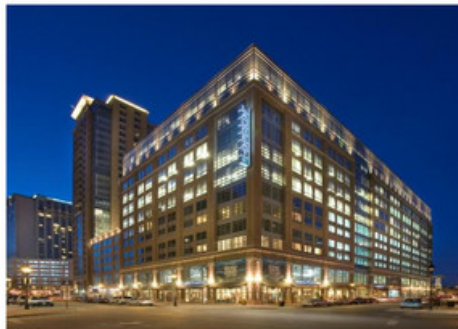
SECOND QUARTER 2016
SUPPLEMENTAL INFORMATION

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Forward Looking Statements

This Supplemental Information should be read in conjunction with the unaudited condensed consolidated financial statements appearing in our press release dated August 2, 2016, which has been furnished as Exhibit 99.1 to our Form 8-K filed on August 2, 2016. The Company makes statements in this Supplemental Information that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). In particular, statements pertaining to our capital resources, portfolio performance and results of operations contain forward-looking statements. Likewise, all of our statements regarding our 2016 outlook and anticipated growth in our funds from operations, normalized 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.

The Company does not provide a reconciliation for its guidance range of Normalized FFO per diluted share to net income per diluted share, the most directly comparable forward-looking GAAP financial measure, because it is unable to provide a meaningful or accurate estimate of reconciling items and the information is not available without unreasonable effort as a result of the inherent difficulty of forecasting the timing and/or amounts of various items that would impact net income per diluted share. For the same reasons, the Company is unable to address the probable significance of the unavailable information and believes that providing a reconciliation for its guidance range of Normalized FFO per diluted share would imply a degree of precision for its forward-looking net income per diluted share that could be misleading to investors.

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 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

Analyst Coverage

Janney, Montgomery, & Scott LLC
(646) 840-3217

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Bill Crow
bill.crow@raymondjames.com

David Rogers
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Corporate Officers

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

Investor Relations

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

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Highlights

- Net income of \$3.1 million, or \$0.06 per diluted share, for the quarter ended June 30, 2016 compared to net income of \$10.3 million, or \$0.25 per diluted share, for the quarter ended June 30, 2015. Excluding gains from real estate dispositions, net income for both periods was approximately \$3.1 million.
- Normalized Funds From Operations ("FFO") of \$12.5 million, or \$0.26 per diluted share, for the quarter ended June 30, 2016 compared to Normalized FFO of \$9.7 million, or \$0.24 per diluted share, for the quarter ended June 30, 2015.
- FFO of \$11.7 million, or \$0.24 per diluted share, for the quarter ended June 30, 2016 compared to FFO of \$8.8 million, or \$0.22 per diluted share, for the quarter ended June 30, 2015.
- Same Store Net Operating Income ("NOI") increased for the eighth consecutive quarter.
- Core operating property portfolio occupancy at 95.3% compared to 95.3% as of June 30, 2015.
- Agreed to invest \$42.0 million in The Residences at Annapolis Junction Town Center, located approximately two miles from Fort Meade, with options to acquire a controlling interest upon the project's completion.
- Added 220,000 square feet of retail space in the greater Richmond market through the acquisition of Southgate Square for a combination of \$21.1 million in debt and 1.6 million Operating Partnership units, and agreed to purchase another 40,000 square feet of retail space at Southshore Shops for a combination of \$6.7 million in cash and 0.2 million Operating Partnership units.
- Announced the next phase of development in the Town Center of Virginia Beach, a \$35 million mixed-use project expected to include 39,000 square feet of retail space, which is nearly 50% pre-leased, and 120 luxury apartments, as part of the Company's ongoing public-private partnership with the City of Virginia Beach.
- Sold Willowbrook Commons (June 20, 2016) and Kroger Junction (July 29, 2016) – two of the non-core retail centers acquired as part of the 11-asset portfolio purchased completed in January – for an aggregate sales price of \$12.9 million.
- The Company is raising its 2016 full-year Normalized FFO guidance range - now \$0.96 to \$1.00 per diluted share from its previous guidance range of \$0.94 to \$0.98 per diluted share.

2016 Outlook

The Company is raising its 2016 full-year guidance and now expects 2016 Normalized FFO in the range of \$0.96 to \$1.00 per diluted share. The following table outlines the Company's assumptions along with Normalized FFO per share estimates for the full-year 2016.

Full-year 2016 Guidance ^[1]	Expected Ranges	
Total GAAP NOI	\$65.8M	\$66.5M
Construction company annual segment gross profit	\$4.7M	\$5.2M
General and administrative expenses	\$9.1M	\$9.4M
Interest income	\$3.0M	\$3.3M
Interest expense	\$16.0M	\$16.5M
Normalized FFO per diluted share ^[2]	\$0.96	\$1.00

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

[2] Normalized FFO excludes certain items, including debt extinguishment losses, acquisition, development and other pursuit costs, mark-to-market adjustments for interest rate derivatives and other non-comparable items. See "Non-GAAP Financial Measures." In addition, the calculation of Normalized FFO per diluted share assumes 49.8 million weighted average shares and units outstanding, including shares issued under the ATM program.



Summary Information

\$ in thousands, except per share data

	Three months ended				
	6/30/2016	3/31/2016	12/31/2015	9/30/2015	6/30/2015
OPERATIONAL METRICS					
Net income	\$3,131	\$26,533	\$8,443	\$4,337	\$10,285
Net income per diluted share	\$0.06	\$0.57	\$0.19	\$0.10	\$0.25
Rental properties Net Operating Income (NOI)	16,798	15,605	14,713	14,382	13,318
General contracting and real estate services gross profit	1,175	1,766	1,106	2,106	1,783
Adjusted EBITDA ⁽¹⁾	16,077	14,406	12,903	14,341	12,235
Funds From Operations (FFO)	11,720	8,438	9,618	10,654	8,841
FFO per diluted share	\$0.24	\$0.18	\$0.22	\$0.25	\$0.22
Normalized FFO	12,530	11,566	10,614	10,996	9,675
Normalized FFO per diluted share	\$0.26	\$0.25	\$0.24	\$0.26	\$0.24
Annualized dividend yield	5.24%	6.40%	6.49%	6.96%	6.81%
CAPITALIZATION					
Total common shares outstanding	32,825	31,095	30,076	26,261	25,855
Operating Partnership ("OP") units outstanding	17,597	16,027	16,027	16,043	14,769
Common shares and OP units outstanding	50,422	47,122	46,103	42,304	40,624
Market price per common share	\$13.74	\$11.25	\$10.48	\$9.77	\$9.99
Equity market capitalization ⁽²⁾	\$692,798	\$530,123	\$483,159	\$413,310	\$405,834
Total debt ⁽³⁾	512,702	471,876	382,013	421,442	388,288
Total market capitalization	1,205,500	1,001,999	865,172	834,752	794,122
Less: cash	(23,142)	(22,505)	(29,813)	(19,434)	(30,446)
Total enterprise value	\$1,182,358	\$979,494	\$835,359	\$815,318	\$763,676
BALANCE SHEET METRICS					
Core Debt/enterprise value	35.4%	40.1%	37.0%	44.6%	36.3%
Fixed charge coverage ratio	3.3x	3.1x	3.1x	3.3x	3.1x
Core Debt/Annualized Core EBITDA	6.7x	6.9x	6.1x	6.6x	6.0x
CORE PORTFOLIO OCCUPANCY					
Office ⁽⁴⁾	94.6%	95.0%	95.8%	95.5%	94.6%
Retail ⁽⁴⁾	96.0%	95.1%	95.5%	96.2%	95.6%
Multifamily ⁽⁵⁾	94.3%	93.5%	94.2%	94.9%	96.5%
Weighted Average ⁽⁶⁾	95.3%	94.7%	95.3%	95.6%	95.3%

(1) Excludes gains on dispositions of real estate and mark-to-market adjustments on interest rate derivatives

(2) Includes common shares and OP units

(3) Excludes unamortized GAAP adjustments

(4) Office and retail occupancy based on occupied 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

Summary Balance Sheet

\$ in thousands

	As of	
	6/30/2016 (Unaudited)	12/31/2015
Assets		
Real estate investments:		
Income producing property	\$752,783	\$579,000
Held for development	2,032	1,180
Construction in progress	79,258	53,411
Accumulated depreciation	(127,337)	(125,380)
Net real estate investments	706,736	508,211
Real estate investments held for sale	5,829	40,232
Cash and cash equivalents	19,984	26,989
Restricted cash	3,158	2,824
Accounts receivable, net	14,366	21,982
Notes receivable	39,311	7,825
Construction receivables, including retentions	31,277	36,535
Costs and estimated earnings in excess of billings	1,756	88
Other assets	72,055	44,861
Total Assets	\$894,472	\$689,547
Liabilities and Equity		
Indebtedness, net	\$501,940	\$377,593
Debt secured by real estate held for sale	6,380	-
Accounts payable and accrued liabilities	6,379	6,472
Construction payables, including retentions	49,203	52,067
Billings in excess of costs and estimated earnings	2,893	2,224
Other liabilities	38,935	25,471
Total Liabilities	605,730	463,827
Total Equity	288,742	225,720
Total Liabilities and Equity	\$894,472	\$689,547

Summary Income Statement

Amounts in thousands, except per share data

	Three months ended		Six Months Ended	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Revenues				
Rental revenues	\$24,251	\$19,908	\$47,534	\$38,098
General contracting and real estate services	33,200	47,066	70,003	76,137
Total Revenues	57,451	66,974	117,537	114,235
Expenses				
Rental expenses	5,071	4,631	10,400	9,391
Real estate taxes	2,382	1,959	4,731	3,616
General contracting and real estate services	32,025	45,283	67,062	73,425
Depreciation and amortization	8,602	5,766	16,751	10,674
General and administrative	2,224	2,096	4,708	4,424
Acquisition, development & other pursuit costs	437	591	1,141	762
Impairment charges	-	23	35	23
Total Expenses	50,741	60,349	104,828	102,315
Operating Income	6,710	6,625	12,709	11,920
Interest income	722	-	904	-
Interest expense	(3,978)	(3,358)	(7,769)	(6,404)
Loss on extinguishment of debt	-	(180)	-	(407)
Gain on real estate dispositions	13	7,210	26,687	13,407
Change in fair value of interest rate derivatives	(373)	(40)	(2,762)	(187)
Other income	43	24	119	39
Income before taxes	3,137	10,281	29,888	18,368
Income tax benefit (provision)	(6)	4	(224)	35
Net Income	\$3,131	\$10,285	\$29,664	\$18,403
Per Diluted Share	\$0.06	\$0.25	\$0.62	\$0.46
Weighted Average Shares-Diluted	48,849	40,356	47,534	40,088

FFO, Normalized FFO & Adjusted FFO⁽¹⁾

\$ in thousands, except per share data

	Three months ended				
	6/30/2016	3/31/2016	12/31/2015 (Unaudited)	9/30/2015	6/30/2015
Funds From Operations					
Net income	\$3,131	\$26,533	\$8,443	\$4,337	\$10,285
Earnings per diluted share	\$0.06	\$0.57	\$0.19	\$0.10	\$0.25
Depreciation and amortization	8,602	8,149	6,162	6,317	5,766
Gain on disposition of operating real estate ⁽²⁾	(13)	(26,244)	(4,987)	-	(7,210)
Real estate joint ventures	-	-	-	-	-
FFO	\$11,720	\$8,438	\$9,618	\$10,654	\$8,841
FFO per diluted share	\$0.24	\$0.18	\$0.22	\$0.25	\$0.22
Normalized FFO					
Acquisition, development & other pursuit costs	437	704	885	288	591
Loss on extinguishment of debt	-	-	102	3	180
Impairment charges	-	35	18	-	23
Change in fair value of interest rate derivatives	373	2,389	(9)	51	40
Normalized FFO	\$12,530	\$11,566	\$10,614	\$10,996	\$9,675
Normalized FFO per diluted share	\$0.26	\$0.25	\$0.24	\$0.26	\$0.24
Adjusted FFO					
Non-cash stock compensation	215	437	176	173	203
Acquisition, development & other pursuit costs	(437)	(704)	(885)	(288)	(591)
Tenant improvements, leasing commissions ⁽³⁾	(1,365)	(287)	(509)	(992)	(756)
Property related capital expenditures	(603)	(390)	(563)	(640)	(366)
Non-cash interest expense	277	191	215	233	240
Net effect of straight-line rents	(194)	(122)	(134)	(309)	(545)
Amortization of leasing incentives & above (below) market rents	(183)	6	174	170	217
Government development grants	-	-	-	300	-
AFFO	\$10,240	\$10,697	\$9,088	\$9,643	\$8,077
AFFO per diluted share	\$0.21	\$0.23	\$0.21	\$0.23	\$0.20
Weighted Average Common Shares Outstanding	31,736	30,191	27,411	25,958	25,587
Weighted Average Operating Partnership ("OP") Units Outstanding	17,113	16,027	16,027	15,919	14,769
Total Weighted Average Common shares and OP units outstanding	48,849	46,218	43,438	41,877	40,356



(1) See definitions on pages 28-30

(2) Excludes gain on non-operating real estate of \$430K for the three months ended 3/31/2016

(3) Excludes first generation rental space

Outstanding Debt

\$ in thousands

Debt	Stated Rate	Effective Rate as of 6/30/2016	Maturity Date	Debt Maturities & Principal Payments						Amount Outstanding as of 6/30/2016	
				2016	2017	2018	2019	2020	Thereafter		
Secured Notes Payable - Core Debt											
249 Central Park Retail	5.99%	5.99%	9/8/2016	\$15,134							\$15,134
South Retail	5.99%	5.99%	9/8/2016	6,677							6,677
Fountain Plaza Retail	5.99%	5.99%	9/8/2016	7,567							7,567
Encore Apartments	L+1.95%	2.41%	1/30/2017		25,184						25,184
North Point Note 5	L+2.00%	3.57% ⁽¹⁾	2/1/2017	11	643						654
Oyster Point	L+1.40% - 2.00%	2.21%	2/28/2017		6,400						6,400
Harrisonburg Regal	6.06%	6.06%	6/8/2017	105	3,256						3,361
Commonwealth of Virginia - Chesapeake	L+1.90%	2.36%	8/28/2017		4,933						4,933
Hanbury Village	6.67%	6.67%	10/11/2017	132	20,709						20,841
Sandbridge Commons	L+1.85%	2.31%	1/17/2018	119	247	9,128					9,494
Columbus Village Note 1	L+2.00%	3.05% ⁽¹⁾	4/5/2018	88	178	6,080					6,346
Columbus Village Note 2	L+2.00%	2.46%	4/5/2018	22	47	2,218					2,287
North Point Center Note 1	6.45%	6.45%	2/5/2019	98	205	219	9,352				9,874
Southgate Square	L+2.00%	2.46%	4/29/2021		391	539	561	584	19,075		21,150
Socastee Commons	4.57%	4.57%	1/6/2023	45	95	100	105	109	4,458		4,912
North Point Center Note 2	7.25%	7.25%	9/15/2025	49	105	113	121	130	2,095		2,614
Smith's Landing	4.05%	4.05%	6/1/2035	383	760	791	824	858	17,257		20,873
Liberty Apartments	5.66%	5.66%	11/1/2043	157	325	344	364	385	18,586		20,161
The Cosmopolitan	3.75%	3.75%	7/1/2051	321	660	686	712	739	43,087		46,205
Total - Secured Core Debt				\$30,909	\$64,138	\$20,218	\$12,039	\$2,805	\$104,558		\$234,667
Secured Notes Payable - Development Pipeline											
4525 Main Street	L+1.95%	2.41%	1/30/2017		31,613						31,613
Lightfoot Marketplace	L+1.90%	2.36%	11/14/2017		9,449						9,449
Johns Hopkins Village	L+1.90%	2.36%	7/30/2018			29,973					29,973
Total - Development Pipeline				-	41,062	29,973	-	-	-		71,035
Total Secured Notes Payable				\$30,909	\$105,200	\$50,191	\$12,039	\$2,805	\$104,558		\$305,702
Unsecured Core Debt											
Senior unsecured line of credit	L+1.40% - 2.00%	2.21%	2/20/2019				107,000				107,000
Senior unsecured term loan	L+1.35% - 1.95%	2.16%	2/20/2020					50,000			50,000
Senior unsecured term loan	L+1.35% - 1.95%	3.70% ⁽¹⁾	2/20/2020					50,000			50,000
Total - Unsecured Core Debt				-	-	-	107,000	100,000	-		207,000
Total Notes Payable excluding GAAP Adjustments				\$30,909	\$105,200	\$50,191	\$119,039	\$102,805	\$104,558		\$512,702
Weighted Average Interest Rate				5.9%	3.4%	2.5%	2.6%	3.0%	4.0%		3.3%
Ballon Payments				29,281	101,884	47,123	116,333	100,000	24,492		419,113
Principal amortization				1,628	3,316	3,068	2,706	2,805	80,066		93,589
Total Consolidated Debt				\$30,909	\$105,200	\$50,191	\$119,039	\$102,805	\$104,558		\$512,702
Fixed-rate Debt ⁽²⁾				30,768	26,936	8,333	11,478	52,221	85,483		215,219
Variable-rate Debt ⁽³⁾				141	78,264	41,858	107,561	50,584	19,075		297,483
Total Consolidated Debt				\$30,909	\$105,200	\$50,191	\$119,039	\$102,805	\$104,558		\$512,702
GAAP Adjustments											(4,382)
Total Notes Payable											\$508,320



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

30 Day LIBOR	0.460%
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Core Debt to Core EBITDA⁽¹⁾

\$ in thousands

	Three months ended				
	6/30/2016	3/31/2016	12/31/2015	9/30/2015	6/30/2015
Net Income	\$3,131	\$26,533	\$8,443	\$4,337	\$10,285
Excluding:					
Interest expense	3,978	3,791	3,411	3,518	3,358
Income tax	6	218	(117)	118	(4)
Depreciation and amortization	8,602	8,149	6,162	6,317	5,766
Gain on real estate dispositions	(13)	(26,674)	(4,987)	-	(7,210)
Change in fair value of interest rate derivatives	373	2,389	(9)	51	40
Adjusted EBITDA	\$16,077	\$14,406	\$12,903	\$14,341	\$12,235
Other adjustments:					
Loss on extinguishment of debt	-	-	102	3	180
Non-cash stock compensation	215	437	176	173	203
Development Pipeline	(719)	(620)	(606)	(738)	(1,086)
Total Other Adjustments	(504)	(183)	(328)	(562)	(703)
Core EBITDA	\$15,573	\$14,223	\$12,575	\$13,779	\$11,532
Total Debt⁽²⁾	\$512,702	\$471,876	\$382,013	\$421,442	\$388,288
Adjustments to Debt:					
(Less) Development Pipeline ⁽²⁾	(71,035)	(56,592)	(43,340)	(37,987)	(80,877)
(Less) Cash & restricted cash	(23,142)	(22,505)	(29,813)	(19,434)	(30,446)
Core Debt	\$418,525	\$392,779	\$308,860	\$364,021	\$276,965
Core Debt/Annualized Core EBITDA	6.7x	6.9x	6.1x	6.6x	6.0x

ARMADA HOFFLER PROPERTIES

(1) See definitions on page 30

(2) Excludes GAAP Adjustments

Debt Information

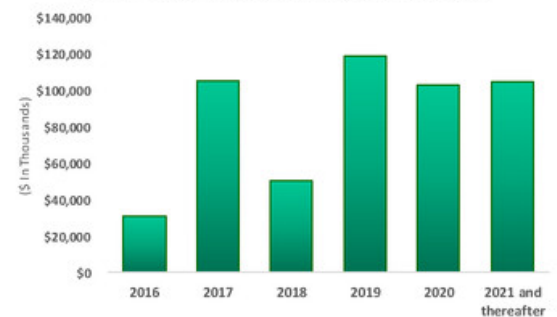
\$ in thousands

	Percent of Debt	Weighted Average	
		Interest Rate	Maturity
Total Debt Composition			
Secured vs. Unsecured Debt			
Unsecured Debt	40.7%	2.6%	3.1 Yrs
Secured Debt	59.3%	3.8%	9.6 Yrs
Variable vs. Fixed-rate Debt			
Variable-rate Debt ⁽¹⁾	58.0%	2.3%	2.4 Yrs
Fixed-rate Debt ⁽²⁾⁽³⁾	42.0%	4.7%	13.4 Yrs
Fixed-rate and Hedged Debt ⁽²⁾⁽³⁾⁽⁴⁾	94.6%		
Total		3.3%	7.0 Yrs



Interest Rate Cap Agreements At or Below 1.50%			
Effective Date	Maturity Date	Strike Rate	Notional Amount
March 14, 2014	March 1, 2017	1.25%	\$50,000
October 26, 2015	October 15, 2017	1.25%	75,000
March 1, 2016	March 1, 2018	1.50%	75,000
June 17, 2016	June 17, 2018	1.00%	70,000
Total Interest Rate Caps at or Below 1.50%			\$270,000
Fixed-rate Debt ⁽²⁾⁽³⁾			215,219
Fixed-rate and Hedged Debt			\$485,219
% of Total ⁽³⁾			94.6%

Debt Maturities & Principal Payments



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

Capitalization & Financial Ratios

\$ in thousands

Capitalization as of June 30, 2016

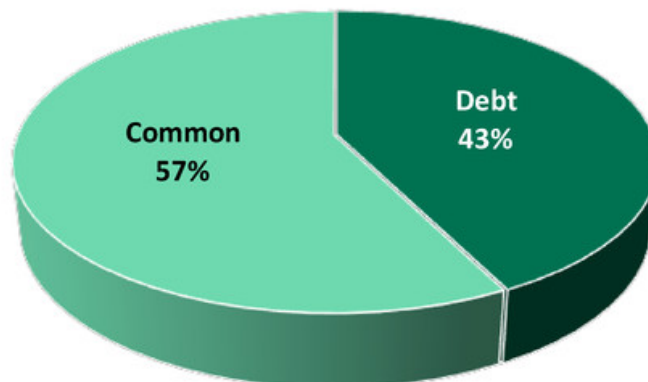
Debt	% of Total	Carrying Value
Unsecured Credit Facility	21%	\$107,000
Unsecured Term Loans	19%	100,000
Mortgages Payable	60%	305,702
Total Debt		\$512,702

Equity	% of Total	Shares/Units	Stock Price	Market Value
Common Stock (NYSE: AHH)	65%	32,825	\$13.74	\$451,016
Common Units	35%	17,597	\$13.74	241,783
Equity Market Capitalization		50,422		\$692,798
Total Market Capitalization				\$1,205,500
Debt/Market Capitalization				42.5%

Dividend Data

	Q2 2016	Q2 2015
Common Dividend Paid	\$8,252	\$6,775
AFFO	\$10,240	\$8,077
AFFO Payout Ratio	80.6%	83.9%

Capital Structure as of June 30, 2016



Liquidity as of June 30, 2016

Cash on Hand	\$23,142
Availability under Credit Facility	43,000
	\$66,142

Property Portfolio

As of 6/30/16

Property	Anchor Tenant	Location	Town Center	Unencumbered ABR	Year Built	Net Rentable Square Feet ⁽¹⁾	Core Occupancy ⁽²⁾	ABR ⁽³⁾	ABR per Leased SF ⁽³⁾
Retail Properties - Excluding Properties Subject to Ground Lease									
249 Central Park Retail ⁽⁴⁾	Cheesecake Factory, Brooks Brothers, Gordon Biersch	Virginia Beach, VA	✓	-	2004	91,366	89.8%	\$2,304,781	\$28.10
Alexander Pointe	Harris Teeter	Salisbury, NC		100%	1997	57,710	100.0%	673,796	11.68
Bermuda Crossroads	Food Lion, OfficeMax	Chester, VA		100%	2001	111,566	93.1%	1,478,465	14.23
Broad Creek Shopping Center	Home Depot, Food Lion, PetSmart	Norfolk, VA		100%	1997/2001	226,459	99.3%	3,155,610	14.03
Broadmoor Plaza	Kroger, Staples, Jo-Ann Fabrics	South Bend, IN		100%	1980	115,059	93.2%	1,267,990	11.82
Columbus Village	Barnes & Noble	Virginia Beach, VA	✓	-	1980/2013	66,594	98.7%	1,346,501	20.48
Commerce Street Retail ⁽⁵⁾	Yard House	Virginia Beach, VA	✓	100%	2008	19,173	100.0%	793,250	41.37
Courthouse 7-Eleven	7-Eleven	Virginia Beach, VA		100%	2011	3,177	100.0%	125,015	39.35
Dick's at Town Center	Dick's Sporting Goods, USI	Virginia Beach, VA	✓	100%	2002	103,335	100.0%	1,231,340	11.92
Dimmock Square	Best Buy, Old Navy	Colonial Heights, VA		100%	1998	106,166	97.2%	1,729,583	16.77
Fountain Plaza Retail	Ruth's Chris, Ann Taylor	Virginia Beach, VA	✓	-	2004	35,961	100.0%	1,022,787	28.44
Gainsborough Square	Food Lion, Rite Aid	Chesapeake, VA		100%	1999	88,862	92.5%	1,252,588	15.24
Greentree Shopping Center	Wawa	Chesapeake, VA		100%	2014	15,751	85.7%	285,941	21.17
Hanbury Village	Walgreens, Starbucks	Chesapeake, VA		32%	2006/2009	61,049	92.8%	1,355,478	23.92
Harper Hill Commons	Harris Teeter	Winston-Salem, NC		100%	2004	55,394	63.0%	503,877	14.43
Harrisonburg Regal	Regal Cinemas	Harrisonburg, VA		-	1999	49,000	100.0%	683,550	13.95
Kroger Junction	Kroger, Family Dollar	Pasadena, TX		100%	1984	81,158	77.9%	475,854	7.53
North Hampton Market	PetSmart, Hobby Lobby, Dollar Tree	Taylors, SC		100%	2004	114,935	98.3%	1,425,251	12.62
North Point Center	Kroger, PetSmart, BB&B, Costco	Durham, NC		52%	1998/2009	215,690	95.9%	2,528,096	12.22
Oakland Marketplace	Kroger	Oakland, TN		100%	2004	19,600	85.7%	250,656	14.92
Parkway Marketplace	Rite Aid	Virginia Beach, VA		100%	1998	37,804	95.2%	723,834	20.10
Patterson Place	Bed Bath & Beyond, PetSmart	Durham, NC		100%	2004	160,942	100.0%	2,548,388	15.83
Perry Hall Marketplace	Safeway	Perry Hall, MD		100%	2001	74,256	100.0%	1,240,540	16.71
Providence Plaza	Edward Jones, Chipotle, Choate Const.	Charlotte, NC		100%	2007/2008	103,118	97.4%	2,534,172	25.22
Sandbridge Commons	Heartland Dental	Virginia Beach, VA		-	2015	16,129	100.0%	327,230	20.29
Socastee Commons	Bi-Lo	Myrtle Beach, SC		-	2000/2014	57,573	97.4%	638,616	11.39
South Retail	lululemon, free people	Virginia Beach, VA	✓	-	2002	38,515	100.0%	945,176	24.54
South Square	Ross, Petco, Office Depot	Durham, NC		100%	1977/2005	107,812	100.0%	1,825,803	16.94
Southgate Square	Burlington, PetSmart, Michaels	Colonial Heights, VA		100%	1991/2016	223,131	100.0%	2,965,206	13.29
Stone House Square	Weis Markets	Hagerstown, MD		100%	2008	108,624	90.4%	1,531,536	15.59
Studio 56 Retail	McCormick & Schmick's	Virginia Beach, VA	✓	100%	2007	11,594	100.0%	375,628	32.40
Waynesboro Commons	Kroger	Waynesboro, VA		100%	1993	52,415	100.0%	438,464	8.37
Wendover Village	Bed Bath & Beyond, T.J. Maxx, Petco	Greensboro, NC		100%	2004	135,758	100.0%	1,952,614	14.38
Total / Weighted Avg Retail Portfolio				78%		2,765,676	96.0%	\$41,937,616	\$15.80

- (1) The net rentable square footage for each of our retail properties is the sum of (a) the square footage of existing leases, plus (b) for available space, the field verified square footage.
- (2) Occupancy for each of our retail properties is calculated as (a) square footage under executed leases as of June 30, 2016, divided by (b) net rentable square feet, expressed as a percentage.
- (3) For the properties in our retail portfolio, annualized base rent, or ABR, is calculated by multiplying (a) base rental payments for executed leases as of June 30, 2016 (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 June 30, 2016. In the case of triple net or modified gross leases, ABR does not include tenant reimbursements for real estate taxes, insurance, common area or other operating expenses. Excludes the square footage of land subject to ground leases.
- (4) As of June 30, 2016, the Company occupied 8,995 square feet at this property at an ABR of \$304,841, or \$33.89 per leased square foot, which amounts are reflected in this table. The rent paid by us is eliminated in accordance with GAAP.
- (5) Includes \$32,760 of ABR pursuant to a rooftop lease.

Property Portfolio - Continued

As of 6/30/16

Property	Anchor Tenant	Location	Town Center	Unencumbered ABR	Year Built	Net Rentable Square Feet (RSF) ⁽¹⁾			Core Occupancy ⁽²⁾	Development Leased ⁽²⁾	ABR ⁽³⁾	ABR per Leased SqFt ⁽⁴⁾
						Core Properties	Development Properties	Total				
Office Properties												
4525 Main Street	Clark Nexsen, Anthropologie, West Elm	Virginia Beach, VA	✓	-	2014	-	237,893	237,893	-	57.8%	\$3,771,435	\$27.45
Armada Hoffer Tower ⁽⁴⁾	AHH, Troutman Sanders, Williams Mullen	Virginia Beach, VA	✓	100%	2002	323,970	-	323,970	97.6%	-	8,842,799	27.97
Commonwealth of VA - Chesapeake	Commonwealth of VA	Chesapeake, VA	-	-	2015	36,227	-	36,227	100.0%	-	645,927	17.83
Commonwealth of VA - Virginia Beach	Commonwealth of VA	Virginia Beach, VA	-	100%	2015	11,139	-	11,139	100.0%	-	245,058	22.00
One Columbus	BB&T, HBA	Virginia Beach, VA	✓	100%	1984	129,272	-	129,272	92.5%	-	2,925,548	24.46
Oyster Point	GSA, SunTrust Bank	Newport News, VA	-	-	1989	100,139	-	100,139	82.0%	-	1,709,544	20.82
Two Columbus	The Art Institute, Kimley-Horn	Virginia Beach, VA	✓	100%	2009	108,467	-	108,467	97.5%	-	2,898,960	27.41
Total / Weighted Average Office Portfolio				71%		709,214	237,893	947,107	94.6%	57.8%	\$21,039,272	\$26.02
Retail Properties Subject to Ground Lease												
Bermuda Crossroads ⁽⁵⁾	IHOP, O'Charley's	Chester, VA	-	-	2001	11,000	-	11,000	100.0%	-	\$163,350	\$14.85
Broad Creek Shopping Center ⁽⁶⁾	7-Eleven, Ruby Tuesdays, Home Depot	Norfolk, VA	-	-	1997/2001	24,818	-	24,818	100.0%	-	577,081	23.25
Greentree Shopping Center	Wawa	Chesapeake, VA	-	-	2014	5,088	-	5,088	100.0%	-	230,004	45.21
Hanbury Village ⁽⁵⁾	Harris Teeter, Walgreens	Chesapeake, VA	-	-	2006/2009	55,586	-	55,586	100.0%	-	1,067,598	19.21
Harper Hill Commons	Harris Teeter	Winston-Salem, NC	-	100%	2004	41,520	-	41,520	100.0%	-	373,680	9.00
Oakland Marketplace	Kroger	Oakland, TN	-	100%	2004	45,000	-	45,000	100.0%	-	186,300	4.14
North Point Center ⁽⁵⁾	Home Depot, Costco	Durham, NC	-	15%	1998/2009	280,556	-	280,556	100.0%	-	1,083,666	3.86
Sandbridge Commons	Harris Teeter	Virginia Beach, VA	-	-	2015	53,288	-	53,288	100.0%	-	583,000	10.94
South Square	Chick-fil-A	Durham, NC	-	100%	1977/2005	1,778	-	1,778	100.0%	-	60,000	33.75
Stone House Square	Capitol One Bank	Hagerstown, MD	-	100%	2008	3,650	-	3,650	100.0%	-	165,000	45.21
Tyre Neck Harris Teeter ⁽⁸⁾	Harris Teeter	Portsmouth, VA	-	100%	2011	48,859	-	48,859	100.0%	-	508,134	10.40
Total / Weighted Avg Retail Portfolio Subject to Ground Leases				29%		571,143	-	571,143	100.0%	-	\$4,997,813	\$8.75
Multifamily												
Encore Apartments		Virginia Beach, VA	✓	-	2014	286	-	286	95.8%	-	\$4,112,796	\$17.4
Liberty Apartments ⁽⁹⁾		Newport News, VA	-	-	2014	197	-	197	89.6%	-	2,110,524	1.38
Smith's Landing ⁽¹⁰⁾		Blacksburg, VA	-	-	2009	284	-	284	96.8%	-	3,671,940	1.12
The Cosmopolitan ⁽⁹⁾		Virginia Beach, VA	✓	-	2006	342	-	342	93.6%	-	6,026,556	1.64
Total / Weighted Avg Multifamily Portfolio						1,109	-	1,109	94.3%	-	\$15,921,816	\$1.47

- The net rentable square footage for each of our office properties is the sum of (a) the square footage of existing leases, plus (b) for available space, management's estimate of net rentable square footage based, in part, on past leases. The net rentable square footage included in office leases is generally consistent with the Building Owners and Managers Association, or BOMA, 1996 measurement guidelines.
- Occupancy for each of our office properties is calculated as (a) square footage under executed leases as of June 30, 2016, 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 June 30, 2016, divided by (b) total units available, expressed as a percentage.
- For the properties in our office portfolio, annualized base rent, or ABR, is calculated by multiplying (a) base rental payments for executed leases as of June 30, 2016 (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 June 30, 2016. In the case of triple net or modified gross leases, ABR does not include tenant reimbursements for real estate taxes, insurance, common area or other operating expenses.
- As of June 30, 2016, the Company occupied 18,984 square feet at this property at an ABR of \$559,294 or \$29.46 per leased square foot, which amounts are reflected in this table. The rent paid by us is eliminated in accordance with GAAP. In addition, effective March 1, 2013, the Company subleases approximately 5,000 square feet of space from a tenant at this property.
- Pursuant to this ground lease, the Company owns the land and the tenant owns the improvements thereon. The Company will succeed to the ownership of the improvements to the land upon the termination of the ground lease.
- The Company leases the land underlying this property and re-leases it to our tenant under a ground lease pursuant to which our tenant owns the improvements on the land.
- For the properties in our multifamily portfolio, annualized base rent, or ABR, is calculated by multiplying (a) base rental payments for the month ended June 30, 2016 by (b) 12.
- ABR per occupied rentable square foot is calculated by dividing (a) ABR, by (b) net rentable square footage of occupied units as of June 30, 2016.
- The ABR for Liberty and Cosmopolitan excludes \$206,000 and \$916,000 from ground floor retail leases, respectively.
- The Company leases the land underlying this property pursuant to a ground lease.

Development Pipeline

\$ in thousands

Johns Hopkins Village



Lightfoot Marketplace



One City Center



Point Street Apts.



ARMADA HOFFLER
PROPERTIES

Development, Not Delivered	Property Type	Estimated ⁽¹⁾	% Leased	Schedule ⁽¹⁾			Estimated Cost ⁽¹⁾	Cost to Date	AHH Ownership %	Anchor Tenants & Other Notes
				Start	Initial Occupancy	Stabilized Operation ⁽²⁾				
Town Center Phase VI Virginia Beach	Mixed-use	120 Units 39,000 SF	46%	4Q16	2Q18	2Q19	\$35,000	\$1,500	80%	Anchor tenants not announced
Johns Hopkins Village Baltimore, MD	Multifamily	157 units	72%	1Q15	3Q16	3Q17	68,000	57,000	80% ⁽³⁾	CVS ⁽⁴⁾
Brooks Crossing Phase 1 Newport News, VA	Mixed-use	50,000 sf	NA	3Q15	3Q16	3Q17	10,000	2,500	65% ⁽³⁾	LDI outstanding
Lightfoot Marketplace Williamsburg, VA	Retail	109,000 sf	71%	3Q14	3Q16	2Q17	24,000	21,000	60% ⁽³⁾	Harris Teeter, CHKD
Total Development, Not Delivered							137,000	82,000		
Development, Delivered Not Stabilized										
4525 Main Street Virginia Beach, VA	Office	239,000 sf	64% ⁽⁵⁾	1Q13	3Q14	2Q17	51,000	45,000	100%	Clark Nexsen, Development Authority of Virginia Beach, Anthropologie ⁽⁴⁾
Total							\$188,000	\$127,000		
Joint Ventures - Minority Partner										
One City Center - 37% JV Durham, NC	Mixed-use	152,000 sf	36%	1Q16	2Q18	2Q19	\$34,000	\$10,000	100%	Duke University
Mezzanine Investments										
Point Street Apartments Inner Harbor Baltimore,	Multifamily	289 units	NA	1Q16	4Q17	4Q18	\$92,000	\$15,000	Option to purchase 88% upon completion	\$23M Mezzanine financing by AHH, earning 8% interest income
Annapolis Junction Annapolis Junction, MD	Multifamily	416 units	NA	2Q16	1Q18	2Q19	102,000	24,000	Option to purchase 88% upon completion	\$42M Mezzanine financing by AHH, earning 10% interest income
Total Mezzanine Investment							\$194,000	\$39,000		

- (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) ~14K sf leased after 6/30/16

	Q2 2016	Year to Date
Capitalized Interest	\$384	\$637
Capitalized Overhead	\$334	\$696

Acquisitions & Dispositions

\$ in thousands

ACQUISITIONS									
Properties	Location	Square Feet	Purchase Price ⁽¹⁾	Reinvested 1031 Proceeds	\$ Value of OP Units	Cash Cap Rate	Purchase Date	% Leased as of 6/30/16	Anchor Tenants
Southshore Shops	Midlothian, VA	40,333	\$9,160		\$2,475	7.8%	3Q16	93%	Buffalo Wild Wings
Southgate Square	Colonial Heights, VA	220,131	\$38,585	\$0	\$17,485	7.3%	2Q16	100%	PetSmart, Michael's, Burlington
Retail Portfolio (11 properties)	Mid-Atlantic	1,082,681	\$170,500	\$87,000		7.2%	1Q16	94%	Harris Teeter, Bed Bath & Beyond
Providence Plaza	Charlotte, NC	103,118	\$26,200	\$14,000		7.3%	3Q15	97%	Chipotle
Socastee Commons	Myrtle Beach, SC	57,573	\$8,600	\$3,600		7.3%	3Q15	100%	BiLo
Columbus Village	Virginia Beach, VA	65,746	\$21,025	-	\$14,025	6.4%	3Q15	100%	Barnes & Noble
Perry Hall Marketplace & Stone House Square	Maryland	182,949	\$39,555	\$15,200	\$4,155	7.4%	2Q15	93%	Safeway & Weis Markets
Dimmock Square	Colonial Heights, VA	106,166	\$19,662	-	\$9,662	7.3%	3Q14	100%	Old Navy, Best Buy, Pier 1
Total/Weighted Average		1,858,697	\$333,287	\$119,800	\$47,801	7.2%			

DISPOSITIONS									
Properties	Location	Square Feet/Units	Sale Price	Cash Proceeds	Gain on Sale	Cash Cap Rate	Disposition Date	% Leased at closing	Anchor Tenants
Oyster Point	Newport News, VA	100,139	\$6,500	TBD	TBD	TBD	4Q16 ⁽²⁾	82% ⁽³⁾	GSA
Non-Core Retail Portfolio	Various	174,758	\$12,850	\$12,600	\$0	7.1%	2Q16 - 3Q16	~85%	Kroger, Family Dollar
Richmond Tower	Richmond, VA	206,969	\$78,000	\$77,000	\$26,674	7.9%	1Q16	99%	Williams Mullen
Oceaneering	Chesapeake, VA	154,000	\$30,000	\$10,000	\$4,987	6.7%	4Q15	100%	Oceaneering International
Whetstone Apartments	Durham, NC	203 units	\$35,625	\$17,600	\$7,210	5.7%	2Q15	26%	NA
Sentara Williamsburg	Williamsburg, VA	49,200	\$15,450	\$15,200	\$6,197	6.3%	1Q15	100%	Sentara
Virginia Natural Gas	Virginia Beach, VA	31,000	\$8,900	\$7,400	\$2,211	6.3%	4Q14	100%	Virginia Natural Gas
Total/Weighted Average		716,066sf/ 203 units	\$187,325	\$139,800	\$47,279	7.0%			

(1) Contractual purchase price

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

(3) As of 6/30/16



Construction Business Summary

\$ in thousands

	<u>Location</u>	<u>Total Contract Value</u>	<u>Work in Place as of 6/30/2016</u>	<u>Backlog</u>	<u>Estimated Date of Completion</u>
Highlighted Projects					
Exelon	Baltimore, MD	\$181,768	\$178,404	\$3,364	3Q 2016
Four Seasons Condominium Expansion	Baltimore, MD	70,829	37,242	33,587	2Q 2017
Point Street Apartments	Baltimore, MD	69,958	9,857	60,101	1Q 2018
Annapolis Junction	Annapolis Junction, MD	68,353	2,136	66,217	1Q 2018
Durham City Center	Durham, NC	61,746	3,719	58,027	2Q 2018
27th Street Hotel	Virginia Beach, VA	50,345	24,772	25,573	2Q 2017
Sub Total		\$502,999	\$256,130	\$246,869	
All Other Projects					
		108,956	103,507	5,449	
Total		<u>\$611,955</u>	<u>\$359,637</u>	<u>\$252,318</u>	

Gross Profit Summary		
	<u>Q2 2016</u>	<u>Trailing 12 Months</u>
	<u>(Unaudited)</u>	
Revenue	\$33,200	\$165,134
Expense	<u>(32,025)</u>	<u>(158,981)</u>
Gross Profit	\$1,175	\$6,153



Same Store NOI by Segment

\$ in thousands

(Reconciliation to GAAP located in appendix pg. 32)

	Three months ended				Six Months Ended			
	6/30/2016	6/30/2015	\$ Change	% Change	6/30/2016	6/30/2015	\$ Change	% Change
Office⁽¹⁾	(Unaudited)				(Unaudited)			
Revenue	\$4,287	\$4,277	\$10	0.2%	\$8,466	\$8,518	(\$52)	-0.6%
Expenses	1,430	1,555	(125)	-8.0%	2,942	3,181	(239)	-7.5%
Net Operating Income	2,857	2,722	135	5.0%	5,524	5,337	187	3.5%
Retail⁽¹⁾								
Revenue	6,451	6,403	48	0.7%	13,059	12,909	150	1.2%
Expenses	1,825	1,777	48	2.7%	3,771	3,718	53	1.4%
Net Operating Income	4,626	4,626	-	0.0%	9,288	9,191	97	1.1%
Multifamily⁽¹⁾								
Revenue	3,021	3,027	(6)	-0.2%	6,072	5,964	108	1.8%
Expenses	1,299	1,321	(22)	-1.7%	2,620	2,571	49	1.9%
Net Operating Income	1,722	1,706	16	0.9%	3,452	3,393	59	1.7%
Same Store Net Operating Income (NOI)	\$9,205	\$9,054	\$151	1.7%	\$18,264	\$17,921	\$343	1.9%
Net effect of straight-line rents	69	120	(51)		190	107	83	
Amortization of lease incentives and above (below) market rents	134	122	12		242	244	(2)	
Same store portfolio NOI, cash basis	\$9,408	\$9,296	\$112	1.2%	\$18,696	\$18,272	\$424	2.3%
NOI, Cash Basis:								
Office	\$2,823	\$2,729	\$94	3.4%	\$5,473	\$5,322	\$151	2.8%
Retail	4,855	4,826	29	0.6%	9,770	9,489	281	3.0%
Multifamily	1,730	1,741	(11)	-0.6%	3,453	3,461	(8)	-0.2%
	\$9,408	\$9,296	\$112	1.2%	\$18,696	\$18,272	\$424	2.3%
NOI:								
Office	\$2,857	\$2,722	\$135	5.0%	\$5,524	\$5,337	\$187	3.5%
Retail	4,626	4,626	-	0.0%	9,288	9,191	97	1.1%
Multifamily	1,722	1,706	16	0.9%	3,452	3,393	59	1.7%
	\$9,205	\$9,054	\$151	1.7%	\$18,264	\$17,921	\$343	1.9%

Top 10 Tenants - Annualized Base Rent

\$ in thousands
As of June 30, 2016

Office Portfolio

Tenant	Number of Leases	Lease Expiration	Annualized Base Rent	% of Office Portfolio Annualized Base Rent	% of Total Portfolio Annualized Base Rent
Clark Nexsen	1	2029	\$ 2,438	11.6%	2.9%
Williams Mullen	1	2018	1,494	7.1%	1.8%
Hampton University	2	2024	1,003	4.8%	1.2%
Commonwealth of Virginia	2	2030	891	4.2%	1.1%
GSA	1	2016	855	4.1%	1.0%
Pender & Coward	1	2030	839	4.0%	1.0%
Troutman Sanders	1	2025	822	3.9%	1.0%
The Art Institute	1	2019	819	3.9%	1.0%
Cherry Bekaert	2	2022	736	3.5%	0.9%
Kimley-Horn	1	2018	724	3.4%	0.9%
Top 10 Total			\$ 10,622	50.5%	12.7%

Retail Portfolio

Tenant	Number of Leases	Lease Expiration	Annualized Base Rent	% of Retail Portfolio Annualized Base Rent	% of Total Portfolio Annualized Base Rent
Harris Teeter	5	2029	\$ 2,853	6.1%	3.4%
Kroger	7	2021	2,205	4.7%	2.6%
Home Depot	2	2019	2,190	4.7%	2.6%
Food Lion	3	2020	1,283	2.7%	1.5%
PetSmart	4	2020	1,117	2.4%	1.3%
Bed Bath & Beyond	3	2022	1,077	2.3%	1.3%
Dick's Sporting Goods	1	2020	840	1.8%	1.0%
Safeway	2	2021	821	1.8%	1.0%
Weis Markets	1	2028	802	1.7%	1.0%
Ross Dress for Less	2	2018	755	1.6%	0.9%
Top 10 Total			\$ 13,942	29.7%	16.6%

Office Lease Summary

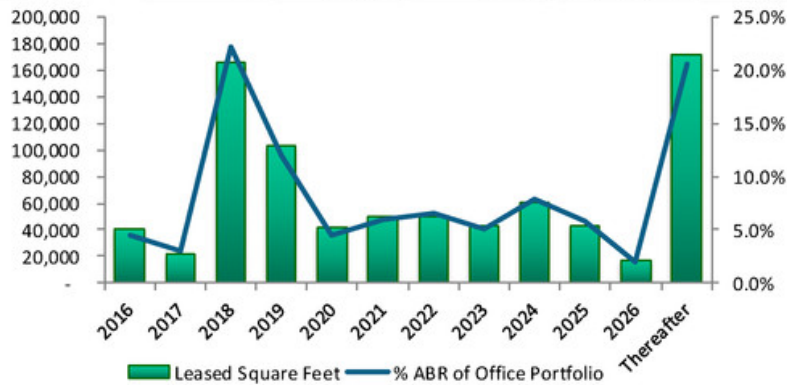
Renewal Lease Summary				GAAP			Cash			Weighted Average Lease			
Quarter	Number of Leases Signed	Net rentable SF Signed	Leases Expiring	Net rentable SF Expiring	Contractual Rent per SF	Prior Rent per SF	Releasing Spread	Contractual Rent per SF	Prior Rent per SF	Releasing Spread	Term (yrs)	TI & LC	TI & LC per SF
Q2 2016	1	2,318	2	3,870	\$33.27	\$26.53	25.4%	\$30.00	\$28.41	5.6%	10.00	\$0	\$0.00
Q1 2016	2	6,445	-	-	21.34	19.60	8.9%	21.10	20.38	3.5%	1.65	3,773	0.59
Q4 2015	2	5,708	2	3,947	24.50	23.50	4.3%	24.39	23.68	3.0%	1.31	3,682	0.65
Q3 2015	4	16,609	4	9,554	23.69	22.29	6.3%	24.28	23.81	1.9%	5.95	138,923	8.36

New Lease Summary ⁽¹⁾						
Quarter	Number of Leases Signed	Net rentable SF Signed	Contractual Rent per SF	Weighted Average Lease Term (yrs)	TI & LC	TI & LC per SF
Q2 2016	1	1,806	\$25.00	5.00	\$63,579	\$35.20
Q1 2016	2	3,773	27.49	6.91	139,067	36.86
Q4 2015	2	9,920	30.13	7.17	421,094	42.45
Q3 2015	3	13,500	21.37	6.02	166,463	12.33



Office Lease Expirations

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring ⁽¹⁾	% Portfolio Net Rentable Square Feet	Annualized Base Rent	% of Portfolio Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available	-	138,656	14.6%	\$ -	\$ -	\$ -
2016	7	39,986	4.2%	940,653	4.5%	23.52
2017	8	21,254	2.2%	645,398	3.1%	30.37
2018	22	166,325	17.6%	4,679,998	22.2%	28.14
2019	16	103,761	11.0%	2,517,155	12.0%	24.26
2020	5	41,546	4.4%	953,923	4.5%	22.96
2021	6	49,659	5.2%	1,256,031	6.0%	25.29
2022	4	49,923	5.3%	1,372,049	6.5%	27.48
2023	4	43,078	4.5%	1,073,023	5.1%	24.91
2024	3	60,751	6.4%	1,666,025	7.9%	27.42
2025	4	43,292	4.6%	1,218,282	5.8%	28.14
2026	3	16,841	1.8%	400,474	1.9%	23.78
Thereafter	6	172,035	18.2%	4,316,262	20.5%	25.09
Total / Weighted Average	88	947,107	100.0%	\$21,039,272	100.0%	\$26.02



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	Releasing Spread	Contractual Rent per SF	Prior Rent per SF	Releasing Spread			
Q2 2016	25	98,300	14	33,111	\$18.28	\$17.32	5.5%	\$17.99	\$17.55	2.5%	6.36	\$234,929	\$ 2.39
Q1 2016	10	26,870	1	1,800	22.70	21.29	6.6%	22.21	21.78	1.9%	3.37	61,290	2.28
Q4 2015	6	33,274	4	27,146	20.63	18.73	10.1%	20.55	19.45	5.6%	4.54	-	-
Q3 2015	11	28,760	5	24,491	25.03	24.67	1.5%	23.96	26.42	-9.3%	2.68	96,077	3.34

New Lease Summary⁽¹⁾

Quarter	Number of Leases Signed	Net rentable SF Signed	Contractual Rent per SF	Weighted Average Lease Term (yrs)	TI & LC	TI & LC per SF
Q2 2016	4	5,560	\$21.24	7.31	\$162,432	\$29.21
Q1 2016	4	11,913	19.68	5.10	431,103	36.19
Q4 2015	4	24,825	21.83	6.64	421,094	16.96
Q3 2015	1	3,606	19.00	10.00	42,190	11.70



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	-	111,977	4.0%	\$ -	\$ -	\$ -
M-T-M	7	10,942	0.4%	208,656	0.5%	19.07
2016	22	53,034	1.9%	986,082	2.4%	18.59
2017	45	209,190	7.6%	3,146,122	7.5%	15.04
2018	68	334,599	12.1%	5,600,617	13.4%	16.74
2019	65	534,793	19.3%	7,844,291	18.7%	14.67
2020	61	547,773	19.8%	7,311,741	17.4%	13.35
2021	36	230,966	8.4%	4,018,503	9.6%	17.40
2022	18	180,442	6.5%	2,577,008	6.1%	14.28
2023	13	125,847	4.6%	2,464,498	5.9%	19.58
2024	13	114,998	4.2%	2,127,990	5.1%	18.50
2025	12	62,257	2.3%	1,550,067	3.7%	24.90
2026	13	84,827	3.1%	1,412,352	3.4%	16.65
Thereafter	10	164,031	5.9%	2,689,691	6.4%	16.40
Total / Weighted Average	383	2,765,676	100.0%	\$41,937,616	100.0%	\$15.80



(1) Includes new leases from properties in development

Net Asset Value Component Data

In thousands

Stabilized Portfolio NOI (Cash)			Taxable REIT Subsidiary (TRS)	
	Three months ended	Annualized		Trailing 12 Months
	6/30/2016	6/30/2016		6/30/2016
Diversified Portfolio			General contracting and real estate services	
Office	\$325	\$1,300		\$6,153
Retail	8,223	32,892	Other Assets	
Multifamily	918	3,672	Other Assets	
Total Diversified Portfolio NOI	\$9,466	\$37,864	As of 6/30/2016	
Virginia Beach Town Center			Other Assets	
Office ⁽¹⁾	\$2,486	\$9,944	Cash and Cash Equivalents	\$19,984
Retail ⁽¹⁾	1,743	6,972	Restricted Cash	3,158
Multifamily	1,763	7,052	Accounts Receivable	14,366
Total Virginia Beach Town Center NOI	\$5,992	\$23,968	Notes Receivable	39,311
			Construction receivables, including retentions	31,277
			Other Assets	73,811
			Total Other Assets	\$181,907
Stabilized Portfolio NOI - Cash Basis	\$15,458	\$61,832	Liabilities & Share Count	
Development Pipeline			As of 6/30/2016	
		6/30/2016	Liabilities	
Income producing property		\$41,100	Mortgages and notes payable	\$508,320
Construction in progress		80,400	Accounts payable and accrued liabilities	6,379
Other assets		5,500	Construction payables, including retentions	49,203
Total cost to date (p. 17)		\$127,000	Other Liabilities	41,828
			Total Liabilities	\$605,730
Land held for development		2,032	Share Count	
			Three months ended	
			6/30/2016	
			Weighted average common shares outstanding	31,736
			Weighted average operating partnership ("OP") Units Outstanding	17,113
			Total weighted average common shares and OP units outstanding	48,849



(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.

To calculate NOI on a cash basis, we adjust NOI to exclude the net effects of straight-line rent and the amortization of lease incentives and above/below market rents.

Funds From Operations:

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

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

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 non-comparable items.

Management believes that the computation of FFO in accordance to NAREIT's definition includes certain items that are not indicative of the results provided by the Company's operating portfolio and affect the comparability of the Company's period-over-period performance. Our calculation of Normalized FFO differs from NAREIT's definition of FFO. Other equity REITs may not calculate Normalized FFO in the same manner as us, and, accordingly, our Normalized FFO may not be comparable to other REITs' Normalized FFO.

Adjusted Funds From Operations:

We calculate Adjusted Funds From Operations ("AFFO") as Normalized FFO adjusted for the impact of non-cash stock compensation, tenant improvement, leasing commission and leasing incentive costs associated with second generation rental space, capital expenditures, non-cash interest expense, straight-line rents, the amortization of leasing incentives and above (below) market rents and proceeds from government development grants.

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

Definitions

Adjusted EBITDA:

We calculate Adjusted EBITDA as net income (loss) (calculated in accordance with GAAP), excluding interest expense, income taxes, depreciation and amortization, gains (or losses) from sales of depreciable operating property and mark-to-market adjustments on interest rate derivatives. Management believes Adjusted EBITDA is useful to investors in evaluating and facilitating comparisons of our operating performance between periods and between REITs by removing the impact of our capital structure (primarily interest expense) and asset base (primarily depreciation and amortization) from our operating results along with other non-comparable items.

Core EBITDA:

We calculate Core EBITDA as EBITDA, excluding certain items, including, but not limited to, debt extinguishment losses, mark-to-market adjustments on interest rate derivatives, non-cash stock compensation and the impact of development pipeline projects that are still in lease-up. We generally consider a property to be in lease-up until the earlier of (i) the quarter after which the property reaches 80% occupancy or (ii) the thirteenth quarter after the property receives its certificate of occupancy. Management believes that Core EBITDA provides useful supplemental information to investors regarding our ongoing operating performance as it provides a consistent comparison of our operating performance across time periods and allows investors to more easily compare our operating results with other REITs. However, other REITs may use different methodologies for calculating Core EBITDA or similarly entitled measures and, accordingly, our Core EBITDA may not always be comparable to Core EBITDA or other similarly entitled measures of other REITs.

Core Debt:

We calculate Core Debt as our total debt, excluding loans associated with our development pipeline, cash & cash equivalents, and restricted cash.

Same Store Portfolio:

We define same store properties as those that we owned and operated for the entirety of the comparative periods presented. We generally consider a property to be in lease-up until the earlier of (i) the quarter after which the property reaches 80% occupancy or (ii) the thirteenth quarter after the property receives its certificate of occupancy. The following table shows the properties included in the same store and non-same store portfolio for the comparative periods presented.

Same Store vs. Non-Same Store

	Three Months Ended 6/30/2016 to 2015		Six Months Ended 6/30/2016 to 2015	
	Same Store	Non-Same Store	Same Store	Non-Same Store
Retail Properties				
249 Central Park Retail	X		X	
Alexander Pointe		X		X
Bermuda Crossroads	X		X	
Broad Creek Shopping Center	X		X	
Broadmoor Plaza		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	
Greentree Shopping Center		X		X
Fountain Plaza Retail	X		X	
Gainsborough Square	X		X	
Hanbury Village	X		X	
Harper Hill Commons		X		X
Harrisonburg Regal	X		X	
Kroger Junction		X		X
North Hampton Market		X		X
North Point Center	X		X	
Oakland Marketplace		X		X
Parkway Marketplace	X		X	
Patterson Place		X		X
Perry Hall Marketplace		X		X
Providence Plaza		X		X
Sandbridge Commons		X		X
Socastee Commons		X		X
South Retail	X		X	
South Square		X		X
Southgate Square		X		X
Stone House Square		X		X
Studio 56 Retail	X		X	
Tyre Neck Harris Teeter	X		X	
Waynesboro Commons		X		X
Wendover Village		X		X
Willowbrook Commons		X		X

	Three Months Ended 6/30/2016 to 2015		Six Months Ended 6/30/2016 to 2015	
	Same Store	Non-Same Store	Same Store	Non-Same Store
Office Properties				
4525 Main Street		X		X
Armada Hoffler Tower	X		X	
Commonwealth of VA - Chesapeake	X		X	
Commonwealth of VA - Virginia Beach	X			X
Oceanneering		X		X
One Columbus	X		X	
Oyster Point	X		X	
Richmond Tower		X		X
Sentara Williamsburg		X		X
Two Columbus	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 6/30		Six Months Ended 6/30	
	2016	2015	2016	2015
Office Same Store⁽¹⁾				
Rental revenues	\$4,287	\$4,277	\$8,466	\$8,518
Property expenses	1,430	1,555	2,942	3,181
NOI	2,857	2,722	5,524	5,337
Non-Same Store NOI	618	2,823	1,477	5,466
Segment NOI	3,475	\$5,545	\$7,001	\$10,803
Retail Same Store⁽¹⁾				
Rental revenues	\$6,451	\$6,403	\$13,059	\$12,909
Property expenses	1,825	1,777	3,771	3,718
NOI	4,626	4,626	9,288	9,191
Non-Same Store NOI	5,937	891	10,687	986
Segment NOI	\$10,563	\$5,517	\$19,975	\$10,177
Multifamily Same Store⁽¹⁾				
Rental revenues	\$3,021	\$3,027	\$6,072	\$5,964
Property expenses	1,299	1,321	2,620	2,571
NOI	1,722	1,706	3,452	3,393
Non-Same Store NOI	1,038	550	1,975	718
Segment NOI	2,760	2,256	\$5,427	\$4,111
Total Property Portfolio NOI	\$16,798	\$13,318	\$32,403	\$25,091

Reconciliation to Property NOI

\$ in thousands

	Three months ended 6/30/2016			
	Office	Retail	Multifamily	Total
Diversified Portfolio				
NOI - Cash Basis	\$325	\$8,223	\$918	\$9,466
Net effect of straight-line rents	25	9	3	37
Amortization of lease incentives and (above) below market rents	(32)	152	(13)	107
NOI	\$521	\$8,384	\$908	\$9,813
Town Center of Virginia Beach				
NOI - Cash Basis	2,486	1,743	\$1,763	\$5,992
Net effect of straight-line rents	35	1	4	40
Amortization of lease incentives and (above) below market rents	(26)	(87)	-	(113)
Elimination of AHH rent	(175)	(80)	-	(255)
NOI	2,320	1,577	\$1,767	\$5,664
NOI				
Diversified Portfolio	\$521	\$8,384	\$908	\$9,813
Town Center of Virginia Beach	2,320	1,577	1,766	5,663
Unstabilized Properties	634	602	86	1,322
Total Property Portfolio NOI	\$3,475	\$10,563	\$2,760	\$16,798

Reconciliation to GAAP Net Income

\$ in thousands

	Three months ended 6/30/2016					
	Office	Retail	Multifamily	Total Property Portfolio	General Contracting & Real Estate Services	Total
Segment revenues	\$ 5,299	\$ 14,113	\$ 4,839	\$ 24,251	\$ 33,200	\$ 57,451
Segment expenses	1,824	3,550	2,079	7,453	32,025	39,478
Net operating income	\$ 3,475	\$ 10,563	\$ 2,760	\$ 16,798	\$ 1,175	\$ 17,973
Depreciation and amortization						(8,602)
General and administrative expenses						(2,224)
Acquisition, development and other pursuit costs						(437)
Interest income						722
Interest expense						(3,978)
Gain on real estate dispositions						13
Change in fair value of interest rate derivatives						(373)
Other income						43
Income tax provision						(6)
Net income						\$ 3,131

	Six Months Ended 6/30/2016					
	Office	Retail	Multifamily	Total Rental Properties	General Contracting & Real Estate Services	Total
Segment revenues	\$ 10,820	\$ 27,145	\$ 9,569	\$ 47,534	\$ 70,003	\$ 117,537
Segment expenses	3,819	7,170	4,142	15,131	67,062	82,193
Net operating income	\$ 7,001	\$ 19,975	\$ 5,427	\$ 32,403	\$ 2,941	\$ 35,344
Depreciation and amortization						(16,751)
General and administrative expenses						(4,708)
Acquisition, development and other pursuit costs						(1,141)
Impairment charges						(35)
Interest income						904
Interest expense						(7,769)
Loss on extinguishment of debt						-
Gain on real estate dispositions						26,687
Change in fair value of interest rate derivatives						(2,762)
Other income						119
Income tax provision						(224)
Net income						\$ 29,664

