
**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 5, 2014

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 August 5, 2014, Armada Hoffler Properties, Inc. (the "Company") issued a press release announcing its financial position as of June 30, 2014, results of operations for the three and six months ended June 30, 2014 and other related information. Also on August 5, 2014, 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 six months ended June 30, 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 August 5, 2014, issued by Armada Hoffler Properties, Inc., providing its financial position as of June 30, 2014 and results of operations for the three and six months ended June 30, 2014.
99.2	Armada Hoffler Properties, Inc. Second 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: August 5, 2014

/s/ MICHAEL P. O'HARA

Michael P. O'Hara

Chief Financial Officer and Treasurer

EXHIBIT INDEX

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99.2	Armada Hoffer Properties, Inc. Second Quarter 2014 Supplemental Information.



PRESS RELEASE

ARMADA HOFFLER PROPERTIES REPORTS SECOND QUARTER 2014 RESULTS

FFO of \$0.19 Per Diluted Share and Core FFO of \$0.21 Per Diluted Share

Operating Property Portfolio at 94.6% Occupancy

Company Raised 2014 Outlook

VIRGINIA BEACH, VA, August 5, 2014 — Armada Hoffler Properties, Inc. (NYSE: AHH), a full service real estate company, which develops and owns high-quality office, retail and multifamily properties in key Mid-Atlantic markets, today announced its results for the quarter ended June 30, 2014.

Highlights include:

- Funds From Operations (“FFO”) of \$6.3 million, or \$0.19 per diluted share for the quarter ended June 30, 2014.
- Core FFO of \$6.8 million, or \$0.21 per diluted share for the quarter ended June 30, 2014.
- Occupancy increased slightly to 94.6%, compared to 94.5% as of March 31, 2014.
- Initial occupancy at the new 4525 Main Street office tower in the Town Center of Virginia Beach commenced in June 2014.
- Construction contract backlog of \$179.0 million as of June 30, 2014, which includes the Harbor Point project in Baltimore, Maryland.
- Cash dividend of \$0.16 per share payable on October 9, 2014 to stockholders of record on October 1, 2014.
- Today, the company announced that West Elm, Free People, lululemon, francesca’s and Tupelo Honey Cafe have signed leases for retail space at the Town Center of Virginia Beach. This completes the co-tenancy requirement for the anchor tenant, Anthropologie, and rounds out the Company’s strategy to position Town Center as a premium upscale destination.
- On August 4, 2014, the Company announced that it has entered into an agreement to acquire Dimmock Square, a retail power center located in Colonial Heights, Virginia. The Dimmock Square acquisition will add over 100,000 square feet of 100% occupied retail space to the Company’s operating property portfolio. The agreement provides that

the Company will acquire a 100% interest in Dimmock Square in exchange for approximately 990,000 units of limited partnership interest in the Company's operating partnership and approximately \$10 million of cash. The acquisition is expected to be accretive to annual FFO per diluted share and is expected to close in the third quarter of 2014.

- The Company is continuing its long-standing strategy to sell single tenant assets from time-to-time. The Company recently entered into an agreement to sell the Virginia Natural Gas office building, located near Town Center, for approximately \$8.9 million, representing approximately 6.25 percent cap rate.

"This morning we reported another solid quarter and raised our full-year 2014 outlook," commented Louis Haddad, Chief Executive Officer. "We are excited about the second-half of the year. We are executing on the goals laid out at the beginning of 2014 and, while only mid-way through the year, we have made great progress. This is a very exciting time for our company as each of our three divisions is firing on all cylinders."

Financial Results

Net income was \$2.3 million, or \$0.07 per diluted share, for the three months ended June 30, 2014. FFO was \$6.3 million, or \$0.19 per diluted share, and Core FFO was \$6.8 million, or \$0.21 per diluted share, for the three months ended June 30, 2014. The Company believes that Core FFO is a useful supplemental performance measure as it excludes certain items including, but not limited to, losses on debt extinguishments, non-cash compensation expense and effects from non-stabilized development projects. A reconciliation of GAAP net income to FFO and Core FFO is presented on page eight of this release.

Operating Performance

The Company executed new and renewal office and retail leases totaling 49,262 square feet. At the end of the first quarter, the Company's office, retail and multifamily operating property portfolios were 95.3%, 93.5% and 94.9% occupied, respectively.

Balance Sheet and Financing Activity

At the end of the first quarter, the Company had total outstanding debt of approximately \$350 million, including \$88.0 million outstanding on its revolving credit facility. Approximately 42% of the Company's debt had fixed interest rates at June 30, 2014 and after considering interest rate swaps and LIBOR interest rate caps with strike prices at or below 150 basis points, approximately 75% of the Company's debt was fixed or hedged at June 30, 2014.

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Outlook

The Company revised its full-year 2014 outlook parameters.

- The Company raised its full-year 2014 Core FFO expectations, which excludes the impact from non-stabilized projects and non-cash comp, to approximately \$27.5 million from the previous expectation, which was in-line with the full-year 2013 Core FFO (approximately \$26.5 million).
This includes the impact from the recently announced Dimmock Square acquisition, which is expected to positively impact Core FFO by approximately \$470,000, assuming a mid-third quarter 2014 closing.
- The Company expects to deliver five development projects. These projects include: Greentree Shopping Center; Encore Apartments; and Whetstone Apartments; in addition to the already delivered 4525 Main Street, delivered in July 2014, and Liberty Apartments, completed in January 2014. The Company now expects the negative impact from non-stabilized projects in 2014 to be approximately \$1.0 million compared to the previous expectation of \$1.5 million. This is the amount that the Company will exclude from Core FFO.
- The Company revised expected full-year 2014 general and administrative expenses to be approximately \$7.6 million compared to the previous expectation of \$7.8 million
- Finally, the Company now expects the construction company's annual segment profits to be approximately \$4.3 million compared to the previous expectation of \$4.0 million.

	Current Parameters As of June 30, 2014	Previous Parameters As of May 13, 2014
Core FFO (excluding the impact from non-stabilized projects)	Approximately \$27.5 million	In-line with full-year 2013 Core FFO
Non-stabilized projects - negative impact to FFO (excluded from Core FFO)	Approximately \$1.0 million	Approximately \$1.5 million
General & administrative expense	Approximately \$7.6 million	Approximately \$7.8 million
Third party construction company annual segment gross profit	Approximately \$4.3 million	Approximately \$4.0 million

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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 5, 2014 at 8:30 a.m. Eastern Time to review second quarter ended June 30, 2014 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 5, 2014, by dialing 877-870-5176 (domestic) or 858-384-5517 (international) and entering the pass code 13586132.

About Armada Hoffler Properties, Inc.

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

Forward-Looking Statements

Certain matters within this press release are discussed using forward-looking language as specified in the Private Securities Litigation Reform Act of 1995, and, as such, may involve known and unknown risks, uncertainties and other factors that may cause the actual results or performance to differ from those projected in the forward-looking statement. These forward-looking statements may include comments relating to the current and future performance of the Company's operating property portfolio, the Company's identified and next generation development pipelines, the Company's construction and development business, including backlog and timing of deliveries, and 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, 2013, and other documents filed by the Company with the Securities and Exchange Commission.

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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 year over year, 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, the Company further adjusts FFO to arrive at Core FFO, which eliminates certain of these items, including, but not limited to, gains and losses on the extinguishment of debt and non-cash stock compensation expense.

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

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

	<u>June 30,</u> 2014 (Unaudited)	<u>December 31,</u> 2013
Assets		
Real estate investments:		
Income producing property	\$ 436,450	\$ 406,239
Held for development	8,592	—
Construction in progress	105,253	56,737
Accumulated depreciation	<u>(112,024)</u>	<u>(105,228)</u>
Net real estate investments	438,271	357,748
Cash and cash equivalents	16,271	18,882
Restricted cash	3,224	2,160
Accounts receivable, net	19,517	18,272
Construction receivables, including retentions	12,730	12,633
Construction costs and estimated earnings in excess of billings	1,287	1,178
Other assets	24,815	24,409
Total Assets	<u>\$ 516,115</u>	<u>\$ 435,282</u>
Liabilities and Equity		
Indebtedness	\$ 349,840	\$ 277,745
Accounts payable and accrued liabilities	6,743	6,463
Construction payables, including retentions	34,631	28,139
Billings in excess of construction costs and estimated earnings	1,227	1,541
Other liabilities	16,474	15,873
Total Liabilities	<u>408,915</u>	<u>329,761</u>
Total Equity	<u>107,200</u>	<u>105,521</u>
Total Liabilities and Equity	<u>\$ 516,115</u>	<u>\$ 435,282</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
	(Unaudited)			
Revenues				
Rental revenues	\$15,319	\$14,231	\$30,512	\$27,629
General contracting and real estate services	20,495	23,291	39,729	41,247
Total revenues	<u>35,814</u>	<u>37,522</u>	<u>70,241</u>	<u>68,876</u>
Expenses				
Rental expenses	3,840	3,399	7,816	6,628
Real estate taxes	1,408	1,248	2,751	2,460
General contracting and real estate services	19,354	22,503	37,339	39,961
Depreciation and amortization	4,057	4,020	8,026	7,179
General and administrative	1,981	2,857	4,027	3,574
Impairment charges	—	533	—	533
Total expenses	<u>30,640</u>	<u>34,560</u>	<u>59,959</u>	<u>60,335</u>
Operating income	5,174	2,962	10,282	8,541
Interest expense	(2,678)	(3,289)	(5,243)	(7,204)
Loss on extinguishment of debt	—	(1,125)	—	(1,125)
Gain on acquisitions	—	9,460	—	9,460
Other income	(194)	185	(82)	452
Income before taxes	2,302	8,193	4,957	10,124
Income tax (provision) benefit	(29)	211	(178)	211
Net income	<u>2,273</u>	<u>8,404</u>	<u>4,779</u>	<u>10,335</u>
Net income attributable to Predecessor	—	(89)	—	(2,020)
Net income attributable to stockholders and unitholders	<u>\$ 2,273</u>	<u>\$ 8,315</u>	<u>\$ 4,779</u>	<u>\$ 8,315</u>
Per Share:				
Basic and Diluted	\$ 0.07	\$ 0.26	\$ 0.15	\$ 0.26
Weighted Average Common Shares and Units:				
Basic and Diluted	33,035	31,664	32,931	31,664

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ARMADA HOFFLER PROPERTIES, INC.
RECONCILIATION OF NET INCOME TO CORE FUNDS FROM OPERATIONS
(dollars in thousands, except per share)

	Three Months Ended June 30, 2014	(Unaudited)	Six Months Ended June 30, 2014
Net income	\$ 2,273		\$ 4,779
Depreciation and amortization	4,057		8,026
Funds From Operations	\$ 6,330		\$ 12,805
Non-cash stock compensation	193		522
Non-stabilized development projects	301		562
Loss on extinguishment of debt	—		—
Loan modification costs	—		—
Impairment charges	—		—
Core Funds From Operations	\$ 6,824		\$ 13,889
Funds From Operations per diluted share	\$ 0.19		\$ 0.39
Core Funds From Operations per diluted share	\$ 0.21		\$ 0.42
Common Shares and Units Outstanding	33,035		32,931

Contact:

Julie Loftus Trudell
Armada Hoffler Properties, Inc.
Vice President of Investor Relations
Email: JTrudell@ArmadaHoffler.com
Phone: (757) 366-6692

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Armada Hoffler Properties, Inc.
Second Quarter 2014 Supplemental Information



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Forward Looking Statement

This Supplemental Information should be read in conjunction with our Quarterly Report on Form 10-Q for the quarter ended June 30, 2014, and the unaudited consolidated financial statements appearing in our press release dated August 5, 2014, which has been furnished as Exhibit 99.1 to our Form 8-K filed on August 5, 2014. 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, 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) is a service real estate investment trust company that develops, builds, owns and manages institutional grade office, retail and multifamily properties in the Mid-Atlantic U.S. The Company also provides general construction and development services to third-party clients throughout the Mid-Atlantic and Southeastern regions of the U.S. Armada Hoffler Properties was founded in 1979 and is headquartered in Virginia Beach, VA.

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 Secretary

Analyst Coverage

Janney, Montgomery, & Scott LLC Michael Gorman (215) 665-6224 mgorman@janney.com	Raymond James & Associates Richard Mulligan (727) 567-2660 rj.mulligan@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

Julie Loftus Trudell
Vice President of Investor Relations
(757) 366-6692
Jtrudell@armadahoffler.com





Second Quarter Results and Financial Summary

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



Highlights

- Funds From Operations (“FFO”) of \$6.3 million, or \$0.19 per diluted share for the quarter ended June 30, 2014.
- Core FFO of \$6.8 million, or \$0.21 per diluted share for the quarter ended June 30, 2014.
- Occupancy increased slightly to 94.6%, compared to 94.5% as of March 31, 2014.
- Initial occupancy at the new 4525 Main Street office tower in the Town Center of Virginia Beach commenced in June 2014.
- Construction contract backlog of \$179.0 million as of June 30, 2014, which includes the Harbor Point project in Baltimore, Maryland.
- Cash dividend of \$0.16 per share payable on October 9, 2014 to stockholders of record on October 1, 2014.
- Today, the company announced that West Elm, Free People, lululemon, francesca’s and Tupelo Honey Cafe have signed leases for retail space at the Town Center of Virginia Beach. This completes the co-tenancy requirement for the anchor tenant, Anthropologie, and rounds out the Company’s strategy to position Town Center as a premium upscale destination.
- On August 4, 2014, the Company announced that it has entered into an agreement to acquire Dimmock Square, a retail power center located in Colonial Heights, Virginia. The Dimmock Square acquisition will add over 100,000 square feet of 100% occupied retail space to the Company’s operating property portfolio. The agreement provides that the Company will acquire a 100% interest in Dimmock Square in exchange for approximately 990,000 OP units of limited partnership interest in the Company’s operating partnership and approximately \$10 million of cash. The acquisition is expected to be accretive to annual FFO per diluted share and is expected to close in the third quarter of 2014.
- The Company is continuing its long-standing strategy to sell single tenant assets from time-to-time. The Company has recently entered into an agreement to sell the Virginia Natural Gas office building, located near Town Center, for approximately \$8.9 million, representing approximately 6.25 percent cap rate.

2014 Outlook

	Current Parameters As of June 30, 2014	Previous Parameters As of May 13, 2014
Core FFO (excluding the impact from non-stabilized projects)	Approximately \$27.5 million	In-line with full-year 2013 Core FFO
Non-stabilized projects - negative impact to FFO (excluded from Core FFO)	Approximately \$1.0 million	Approximately \$1.5 million
General & administrative expense	Approximately \$7.6 million	Approximately \$7.8 million
Third party construction company annual segment gross profit	Approximately \$4.3 million	Approximately \$4.0 million

Summary Information

\$ in thousands, except per share

Market Capitalization		
	6/30/2014	
	% of Total Equity	Total Market Capitalization
Market Data		
Total Common Shares Outstanding	58%	19,265,919
Operating Partnership ("OP") Units Outstanding	42%	13,785,017
Common shares and OP units outstanding	100%	33,050,936
Market price per common share		\$9.68
Equity market capitalization		\$319,933
Total debt		349,840
Total market capitalization		\$669,773
Less: cash		(19,495)
Total enterprise value		\$650,278

Stable Portfolio Metrics		6/30/2014
Rentable square feet or number of units:		
Office		950,246
Retail		1,092,311
Multifamily ⁽¹⁾		626
Occupancy:		
Office ⁽²⁾		95.3%
Retail ⁽²⁾		93.5%
Multifamily ⁽¹⁾⁽³⁾		94.9%
Weighted Average ⁽⁴⁾		94.6%

Key Financials		Three months ended
Financial Information:		6/30/2014
Rental revenues		\$15,319
General contracting and real estate services revenues		20,495
Rental properties Net Operating Income (NOI)		10,071
General contracting and real estate services gross profit		1,141
Net income		2,273
Funds From Operations (FFO)		6,330
FFO per diluted share		\$0.19
Core FFO		6,824
Core FFO per diluted share		\$0.21
Weighted Average Shares/Units Outstanding		33,035,198

Debt Metrics		Three months ended
Key Metrics		6/30/2014
Core debt/enterprise value		42.4%
Fixed charge coverage ratio:		
Core EBITDA		\$9,793
Interest		2,678
Principal		864
Total Fixed Charges		3,542
Fixed charge coverage ratio		2.76x
Core Debt/Annualized Core EBITDA		7.0x

(1) Excludes Liberty Apartments

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

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

(4) Total occupancy weighted by annualized base rent



Summary Balance Sheet

\$ in thousands

	As of	
	6/30/2014 (Unaudited)	12/31/2013
Assets		
Real estate investments:		
Income producing property	\$436,450	\$406,239
Held for development	8,592	-
Construction in progress	105,253	56,737
Accumulated depreciation	(112,024)	(105,228)
Net real estate investments	438,271	357,748
Cash and cash equivalents	16,271	18,882
Restricted cash	3,224	2,160
Accounts receivable, net	19,517	18,272
Construction receivables, including retentions	12,730	12,633
Costs and estimated earnings in excess of billings	1,287	1,178
Other assets	24,815	24,409
Total Assets	\$516,115	\$435,282
Liabilities and Equity		
Indebtedness	\$349,840	\$277,745
Accounts payable and accrued liabilities	6,743	6,463
Construction payables, including retentions	34,631	28,139
Billings in excess of costs and estimated earnings	1,227	1,541
Other liabilities	16,474	15,873
Total Liabilities	408,915	329,761
Total Equity	107,200	105,521
Total Liabilities and Equity	\$516,115	\$435,282

Summary Income Statement

\$ in thousands

	Three months ended		Six months ended	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
	(Unaudited)		(Unaudited)	
Revenues				
Rental revenues	\$15,319	\$14,231	\$30,512	\$27,629
General contracting and real estate services	20,495	23,291	39,729	41,247
Total Revenues	<u>35,814</u>	<u>37,522</u>	<u>70,241</u>	<u>68,876</u>
Expenses				
Rental expenses	3,840	3,399	7,816	6,628
Real estate taxes	1,408	1,248	2,751	2,460
General contracting and real estate services	19,354	22,503	37,339	39,961
Depreciation and amortization	4,057	4,020	8,026	7,179
General and administrative	1,981	2,857	4,027	3,574
Impairment charges	-	533	-	533
Total Expenses	<u>30,640</u>	<u>34,560</u>	<u>59,959</u>	<u>60,335</u>
Operating Income	5,174	2,962	10,282	8,541
Interest expense	(2,678)	(3,289)	(5,243)	(7,204)
Loss on extinguishment of debt	-	(1,125)	-	(1,125)
Gain on acquisitions	-	9,460	-	9,460
Other income	(194)	185	(82)	452
Income before taxes	2,302	8,193	4,957	10,124
Income tax (provision) benefit	(29)	211	(178)	211
Net Income	<u>\$2,273</u>	<u>\$8,404</u>	<u>\$4,779</u>	<u>\$10,335</u>

Core FFO & AFFO

\$ in thousands, except per share

	<u>Three months ended</u>	<u>Six months ended</u>
	6/30/2014	6/30/2014
	(Unaudited)	
Net income	\$2,273	\$4,779
Depreciation and amortization	4,057	8,026
FFO	6,330	12,805
FFO per weighted average share	\$0.19	\$0.39
Core FFO		
<u>Adjustments</u>		
Loss on extinguishment of debt	-	-
Non-cash stock compensation	193	522
Impairment charges	-	-
Loan modifications	-	-
Non-Stabilized development pipeline adjustments	301	562
Core FFO	6,824	13,889
Core FFO per weighted average share	\$0.21	\$0.42
AFFO		
<u>Adjustments</u>		
Non-Stabilized development pipeline adjustments	(301)	(562)
Tenant improvements, leasing commissions ⁽¹⁾	(1,007)	(1,216)
Leasing incentives	(63)	(63)
Property related capital expenditures	(322)	(541)
Non cash interest expense	160	293
GAAP Adjustments		
Net effect of straight-line rents	(301)	(690)
Amortization of lease incentives and above (below) market rents	157	317
Derivative (income) losses	262	169
AFFO	5,409	11,596
AFFO per weighted average share	\$0.16	\$0.35



(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 June 30, 2014	Maturity Date	Balance at Maturity
Virginia Beach Town Center					
249 Central Park Retail	\$15,701	5.99%		September 8, 2016	\$15,084
South Retail	6,927	5.99%		September 8, 2016	6,655
Studio 56 Retail	2,654	3.75%		May 7, 2015	2,592
Commerce Street Retail	5,581	LIBOR +2.25%	2.40%	October 31, 2018	5,264
Fountain Plaza Retail	7,850	5.99%		September 8, 2016	7,542
Dick's at Town Center	8,267	LIBOR+2.75%	2.90%	October 31, 2017	7,889
The Cosmopolitan	47,430	3.75%		July 1, 2051	-
Diversified Portfolio					
Oyster Point	6,371	5.41%		December 1, 2015	6,089
Broad Creek Shopping Center					
Note 1	4,478	LIBOR +2.25%	2.40%	October 31, 2018	4,223
Note 2	8,220	LIBOR +2.25%	2.40%	October 31, 2018	7,752
Note 3	3,442	LIBOR +2.25%	2.40%	October 31, 2018	3,246
Hanbury Village	-				
Note 1	21,333	6.67%		October 11, 2017	20,499
Note 2	4,125	LIBOR +2.25%	2.40%	October 31, 2018	3,777
Harrisonburg Regal	3,751	6.06%		June 8, 2017	3,165
North Point Center	-				
Note 1	10,235	6.45%		February 5, 2019	9,333
Note 2	2,796	7.25%		September 15, 2025	1,344
Note 4	1,018	5.59%		December 1, 2014	1,007
Note 5	695	LIBOR+2.00%	3.57% ⁽²⁾	February 1, 2017	641
Tyre Neck Harris Teeter	2,460	LIBOR +2.25%	2.40%	October 31, 2018	2,235
Smith's Landing	24,633	LIBOR+2.15%	2.30%	January 31, 2017	23,793
	187,967				132,130
Credit Facility	88,000	LIBOR + 1.60% ⁽²⁾ 2.20%	2.10%	May 13, 2016	88,000
Total including Credit Facility	\$275,967				\$220,130
Development Pipeline					
4525 Main Street	25,251	LIBOR+1.95%	2.10%	January 30, 2017	25,251
Encore Apartments	14,342	LIBOR+1.95%	2.10%	January 30, 2017	14,342
Whetstone Apartments	7,219	LIBOR+1.90%	2.05%	October 8, 2016	7,219
Sandbridge Commons	4,409	LIBOR+1.85%	2.00%	January 17, 2018	4,409
Liberty Apartments	20,743 ⁽³⁾	5.66%		November 1, 2043	-
Oceanneering	3,376	LIBOR+1.75%	1.90%	February 28, 2018	3,376
Total Notes Payable- Development Pipeline	75,340				54,597
Unamortized fair value adjustments	(1,467)				
Total Notes Payable	\$349,840				\$274,726

Weighted Average Fixed Interest Rate	5.3%
Weighted Average Variable Interest Rate	2.2%
Total Weighted Average Interest Rate	3.5%
Variable Interest Rate as a % of Total (excluding interest rate caps)	57.8%
Weighted Average Maturity (years)	8.9



(1) LIBOR rate is determined by individual lenders.

(2) Subject to an interest rate swap lock.

(3) Principal balance excluding any fair value adjustment recognized upon acquisition.

	2Q 2014	Year to Date
Capitalized Interest	\$644	\$1,260

Core Debt to Core EBITDA

\$ in thousands

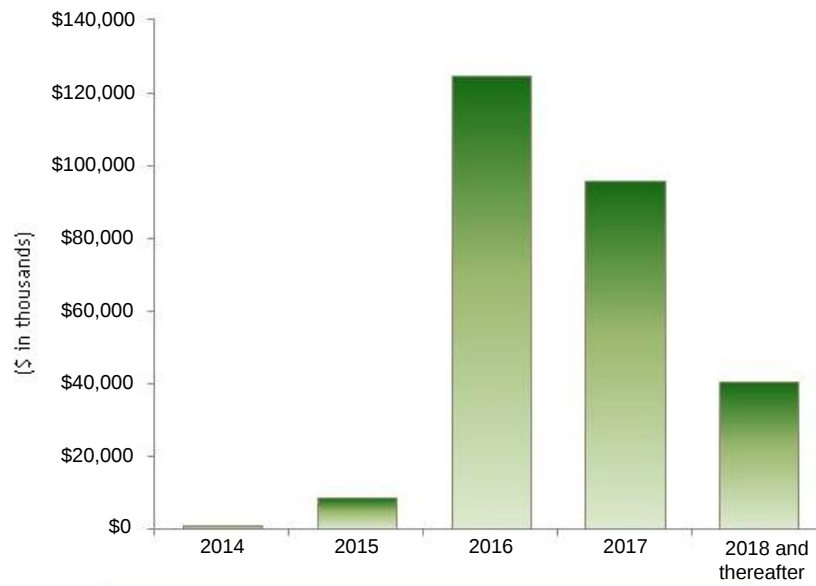
	Three months ended 6/30/2014 (Unaudited)
Net Income	\$2,273
Excluding:	
Interest Expense	2,678
Income Tax	29
Depreciation and amortization	4,057
EBITDA	<u>9,037</u>
Additional Adjustments:	
Non-recurring or extraordinary (gains) losses	-
Early extinguishment of debt	-
Derivative (income) losses	262
Non-cash stock compensation	193
Development Pipeline	301
Total Other Adjustments	756
Core EBITDA	<u>9,793</u>
Annualized Core EBITDA	\$39,171

	6/30/2014 (Unaudited)
Total Debt	\$349,840
Excluding:	
Development Pipeline Unstabilized Debt	(73,873)
Core Debt	<u>\$275,967</u>
 Core Debt/Annualized Core EBITDA	 7.0x

Debt Information

\$ in thousands

Debt Maturity as of 6/30/2014



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%	\$9,008
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%			\$117,508
Fixed Debt Outstanding			147,505
Total Fixed Interest Rate Debt (including caps)			\$265,013
Fixed Interest Rate Debt as a % of Total			75%



Portfolio Summary & Business Segmentation Overview

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



Stabilized Portfolio Summary

As of 6/30/2014

Property	Location	Year Built	Net Rentable Square Feet ⁽¹⁾	% Leased ⁽¹⁾	Annualized Base Rent ⁽²⁾	Annualized Base Rent per Leased Sq. Ft.	Average Net Effective Annual Base Rent per Leased Sq. Ft.
Office Properties							
Armada Hoffer Tower ⁽⁶⁾	Virginia Beach, VA	2002	324,348	97.1%	\$8,123,253	\$25.79	\$26.55
One Columbus	Virginia Beach, VA	1984	129,424	100.0%	2,996,509	23.15	22.80
Two Columbus	Virginia Beach, VA	2009	109,091	90.7%	2,527,529	25.55	25.50
Virginia Natural Gas	Virginia Beach, VA	2010	31,000	100.0%	568,230	18.33	20.17
Richmond Tower	Richmond, VA	2010	206,969	98.0%	7,393,070	36.45	41.88
Oyster Point	Newport News, VA	1989	100,214	79.1%	1,730,856	21.83	21.45
Sentara Williamsburg ⁽⁷⁾	Williamsburg, VA	2008	49,200	100.0%	1,006,140	20.45	20.50
Subtotal / Weighted Average Office Portfolio			950,246	95.3%	\$24,345,587	\$26.88	\$28.34
Retail Properties Not Subject to Ground Lease							
Bermuda Crossroads	Chester, VA	2001	111,566	94.0%	1,394,953	13.30	13.82
Broad Creek Shopping Center	Norfolk, VA	1997-2001	227,691	96.8%	3,080,678	13.98	12.77
Courthouse 7-Eleven	Virginia Beach, VA	2011	3,177	100.0%	125,000	39.35	43.81
Gainsborough Square	Chesapeake, VA	1999	88,862	96.5%	1,353,202	15.77	15.39
Hanbury Village	Chesapeake, VA	2006-2009	61,049	86.4%	1,299,135	24.64	24.19
North Point Center	Durham, NC	1998-2009	215,690	92.1%	2,348,731	11.82	11.75
Parkway Marketplace	Virginia Beach, VA	1998	37,804	100.0%	729,644	19.30	20.61
Harrisonburg Regal	Harrisonburg, VA	1999	49,000	100.0%	683,550	13.95	13.95
Dick's at Town Center	Virginia Beach, VA	2002	100,804	83.3%	798,000	9.50	7.79
249 Central Park Retail	Virginia Beach, VA	2004	91,171	96.2%	2,458,145	28.04	26.50
Studio 56 Retail	Virginia Beach, VA	2007	11,600	84.8%	371,200	37.75	36.92
Commerce Street Retail ⁽⁸⁾	Virginia Beach, VA	2008	19,173	100.0%	781,588	40.77	41.63
Fountain Plaza Retail	Virginia Beach, VA	2004	35,961	100.0%	970,230	26.98	26.47
South Retail ⁽⁹⁾	Virginia Beach, VA	2002	38,763	83.6%	621,240	19.17	19.03
Subtotal / Weighted Avg Retail Portfolio not Subject to Ground Leases			1,092,311	93.5%	\$17,015,294	\$16.66	\$16.16
Retail Properties Subject to Ground Lease							
Bermuda Crossroads ⁽¹⁾	Chester, VA	2001		⁽¹³⁾ 100.0%	163,350		
Broad Creek Shopping Center ⁽²⁾	Norfolk, VA	1997-2001		⁽¹⁴⁾ 100.0%	579,188		
Hanbury Village ⁽¹⁾	Chesapeake, VA	2006-2009		⁽¹⁵⁾ 100.0%	1,067,598		
North Point Center ⁽¹¹⁾	Durham, NC	1998-2009		⁽¹⁶⁾ 100.0%	1,062,784		
Tyre Neck Harris Teeter ⁽²²⁾	Portsmouth, VA	2011		⁽¹⁷⁾ 100.0%	508,134		
Subtotal / Weighted Avg Retail Portfolio Subject to Ground Leases				100.0%	\$3,381,055		
Total / Weighted Avg Retail Portfolio			1,092,311	93.5%	\$20,396,349	\$16.66	\$16.16
Total / Weighted Average Retail and Office Portfolio			2,042,557	94.4%	\$44,741,936	\$21.46	\$21.88
Multifamily							
Smith's Landing ⁽²²⁾	Blacksburg, VA	2009	284	96.1%	\$3,321,096	\$1,013.77	
The Cosmopolitan	Virginia Beach, VA	2006	342	93.9%	6,940,140	1,568.57	
Total / Weighted Avg Multifamily Portfolio			626	94.9%	\$10,261,236	\$1,313.58	



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 June 30, 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 June 30, 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 June 30, 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 June 30, 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 June 30, 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 June 30, 2014.
- 5) As of June 30, 2014, the Company occupied 16,151 square feet at this property at an annualized base rent of \$446,172, or \$29.40 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 June 30, 2014, the Company occupied 8,995 square feet at this property at an annualized base rent of \$287,658, or \$31.01 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 \$31,200 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 June 30, 2014.
- 20) For the properties in our multifamily portfolio, annualized base rent is calculated by multiplying (a) base rental payments for the month ended June 30, 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 June 30, 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 \$936,143 of annualized rent from 15 retail leases at the property.
- 24) As of June 30, 2014, The Company occupied 2,908 square feet at this property at an annualized base rent of \$12,000, or \$4.13 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 and is eliminated from our revenues in consolidation.

Development Pipeline

\$ in thousands

Identified Development Pipeline

Office/Retail	Location	Estimated Square Footage ⁽¹⁾	Estimated Cost ⁽¹⁾	Cost Incurred through 6/30/2014	Schedule			AHH Ownership % ⁽¹⁾	Property Type	%leased	Anchor Tenants
					Start	Anchor Tenant Occupancy	Stabilized Operation				
4525 Main Street ⁽²⁾	Virginia Beach, VA	239,000 ⁽³⁾	\$50,000	\$38,000	1Q13	3Q14	1Q16	100%	Office	56%	Clark Nexsen, Development Authority of Virginia Beach ⁽³⁾ , Anthropologie ⁽⁸⁾
Sandbridge Commons	Virginia Beach, VA	70,000	13,000	8,000	4Q13	1Q15	2Q16	100%	Retail	66%	Harris Teeter
Brooks Crossing	Newport News, VA	36,000	8,000	1,200	4Q14	3Q15	3Q15	65%	Office	0%	Huntington Ingalls ⁽⁴⁾
Greentree Shopping Center ⁽⁵⁾	Chesapeake, VA	18,000	6,000	4,000	4Q13	4Q14	3Q16	100%	Retail	40%	Wawa
		<u>363,000</u>	<u>77,000</u>	<u>51,200</u>							

Multifamily	Location	Estimated Apartment Units ⁽¹⁾	Estimated Cost ⁽¹⁾	Cost Incurred through 6/30/2014	Schedule			AHH Ownership %
					Start	Initial Occupancy	Completed ⁽¹⁾	
Encore Apartments ⁽²⁾	Virginia Beach, VA	286	\$34,000	\$22,000	1Q13	3Q14	4Q15	100%
Whetstone Apartments	Durham, NC	203	28,000	20,000	2Q13	3Q14	3Q15	100%
Liberty Apartments ⁽⁵⁾	Newport News, VA	197	30,700	30,700	-	-	1Q14	100%
		<u>686</u>	<u>92,700</u>	<u>72,700</u>				

Next Generation Pipeline

Office/Retail	Location	Estimated Square Footage ⁽¹⁾	Estimated Cost ⁽¹⁾	Cost Incurred through 6/30/2014	Schedule			AHH Ownership % ⁽¹⁾	Property Type	%leased	Anchor Tenants
					Start	Anchor Tenant Occupancy	Stabilized Operation				
Oceaneering	Chesapeake, VA	155,000	\$26,000	\$10,000	4Q13	1Q15	1Q15	100%	Office	100%	Oceaneering
Commonwealth of Virginia - Chesapeake	Chesapeake, VA	36,000	7,000	2,000	2Q14	1Q15	1Q15	100%	Office	100%	Commonwealth of Virginia
Commonwealth of Virginia - Virginia Beach	Virginia Beach, VA	11,000	3,000	1,000	2Q14	1Q15	1Q15	100%	Office	100%	Commonwealth of Virginia
Lightfoot Marketplace	Williamsburg, VA	88,000	24,000	9,000	3Q14	1Q16	2Q17	70% ⁽⁷⁾	Retail	60%	Harris Teeter
		<u>290,000</u>	<u>60,000</u>	<u>22,000</u>							
			<u>\$229,700</u>	<u>\$145,900</u>							

- (1) Represents estimates that may change as the development process proceeds
- (2) This property is located within the Virginia Beach Town Center
- (3) 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
- (4) The principal tenant lease has not been signed as of the date of this supplemental information
- (5) AHH has completed the sale of a pad ready site to Wal-Mart adjacent to Greentree Shopping Center
- (6) Reflects purchase price of the acquisition, which occurred in 1Q14
- (7) AHH earns a preferred return on equity prior to any distributions to JV partners
- (8) Executed lease with retail anchor



Construction Business Summary

\$ in thousands

	<u>Location</u>	<u>Total Contract Value</u>	<u>Work in Place as of 6/30/2014</u>	<u>Backlog</u>	<u>Estimated Date of Completion</u>
Projects Greater than \$5.0M					
Exelon	Baltimore, MD	\$164,709	\$6,307	\$158,402	1Q 2016
Hyatt Place Baltimore / Inner Harbor Hotel	Baltimore, MD	25,366	16,351	9,015	4Q 2014
City of Suffolk Municipal Center	Suffolk, VA	24,933	21,314	3,618	2Q 2015
Main Street Parking Garage ⁽¹⁾	Virginia Beach, VA	18,035	16,887	1,148	3Q 2014
Sub Total		233,043	60,859	172,184	
Projects Less than \$5.0M		86,494	79,691	6,803	
Total		<u>\$319,537</u>	<u>\$140,550</u>	<u>\$178,987</u>	

Gross Profit Summary		
	Q2 2014	YTD 2014
	(Unaudited)	
Revenue	\$20,495	\$39,729
Expense	(19,354)	(37,339)
Gross Profit	\$1,141	\$2,390



(1) Related party contracts



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. 43)

\$ in thousands

	Three months ended 6/30				Six months ended 6/30			
	2014	2013	\$ Change	% Change	2014	2013	\$ Change	% Change
Office⁽¹⁾	(Unaudited)				(Unaudited)			
Revenue	\$6,473	\$6,420	\$53	1%	\$13,022	\$12,906	\$116	1%
Expenses	1,971	1,940	31	2%	4,102	3,886	216	6%
Net Operating Income	4,502	4,480	22	0%	8,920	9,020	(100)	-1%
Retail⁽²⁾								
Revenue	5,163	5,131	32	1%	10,391	10,137	254	3%
Expenses	1,588	1,574	14	1%	3,275	3,255	20	1%
Net Operating Income	3,575	3,557	18	1%	7,116	6,882	234	3%
Multi Family⁽³⁾								
Revenue	1,920	1,903	17	1%	3,736	3,810	(74)	-2%
Expenses	870	875	(5)	-1%	1,701	1,690	11	1%
Net Operating Income	1,050	1,028	22	2%	2,035	2,120	(85)	-4%
Same Store Net Operating Income (NOI), GAAP basis	<u>\$9,127</u>	<u>\$9,065</u>	<u>\$62</u>	<u>1%</u>	<u>\$18,071</u>	<u>\$18,022</u>	<u>\$49</u>	<u>0%</u>
Net effect of straight-line rents	(251)	(143)	(108)	76%	(638)	(358)	(280)	78%
Amortization of lease incentives and above (below) market rents	183	180	3	2%	369	376	(7)	-2%
Same store portfolio NOI, cash basis	<u>\$9,059</u>	<u>\$9,102</u>	<u>(\$43)</u>	<u>0%</u>	<u>\$17,802</u>	<u>\$18,040</u>	<u>(\$238)</u>	<u>-1%</u>
Cash Basis:								
Office	4,143	4,237	(94)	-2%	8,068	8,446	(378)	-4%
Retail	3,863	3,831	32	1%	7,693	7,462	231	3%
Multifamily	1,053	1,034	19	2%	2,041	2,132	(91)	-4%
	<u>\$9,059</u>	<u>\$9,102</u>	<u>(\$43)</u>	<u>0%</u>	<u>\$17,802</u>	<u>\$18,040</u>	<u>(\$238)</u>	<u>-1%</u>
GAAP Basis:								
Office	4,502	4,480	22	0%	8,920	9,020	(100)	-1%
Retail	3,575	3,557	18	1%	7,116	6,882	234	3%
Multifamily	1,050	1,028	22	2%	2,035	2,120	(85)	-4%
	<u>\$9,127</u>	<u>\$9,065</u>	<u>\$62</u>	<u>1%</u>	<u>\$18,071</u>	<u>\$18,022</u>	<u>\$49</u>	<u>0%</u>

(1) Excludes Main Street Office

(2) Bermuda Crossroads and Greentree excluded

(3) Smith's Landing and Liberty Apartments excluded



Top 10 Tenants by Annual Base Rent

As of June 30, 2014

Office Portfolio⁽¹⁾

Tenant	Number of Leases	Number of Properties	Property(ies)	Lease Expiration	Annualized Base Rent	% of Office Portfolio Annualized Base Rent	% of Total Portfolio Annualized Base Rent
Williams Mullen	3	2	Armada Hoffer Tower, Richmond Tower	3/8/2026	\$7,808,034	32.1%	14.2%
Sentara Medical Group	1	1	Sentara Williamsburg	3/31/2023	1,006,140	4.1%	1.8%
Cherry Bekaert & Holland	3	3	Armada Hoffer Tower, Richmond Tower, Oyster Point	1/31/2025	949,713	3.9%	1.7%
GSA	1	1	Oyster Point	9/21/2022	870,047	3.6%	1.6%
Troutman Sanders LLP	1	1	Armada Hoffer Tower	4/26/2017	865,370	3.6%	1.6%
The Art Institute	1	1	Two Columbus	12/31/2019	787,226	3.2%	1.4%
Pender & Coward	2	1	Armada Hoffer Tower	12/31/2019	781,536	3.2%	1.4%
Kimley-Horn	1	1	Two Columbus	12/31/2018	682,162	2.8%	1.2%
Hampton University	2	1	Armada Hoffer Tower	5/7/2023	681,304	2.8%	1.2%
Hankins & Anderson	1	1	Armada Hoffer Tower	4/30/2022	572,601	2.4%	1.0%
Top 10 Total					\$15,004,132	61.6%	27.3%

Retail Portfolio

Tenant	Number of Leases	Number of Properties	Property(ies)	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	10.7%	4.0%
Harris Teeter	2	2	Tyre Neck Harris Teeter, Hanbury Village	10/16/2028	1,430,532	7.0%	2.6%
Food Lion	3	3	Broad Creek Shopping Center, Bermuda Crossroads, Gainsborough Square	3/19/2020	1,282,568	6.3%	2.3%
Dick's Sporting Goods	1	1	Dick's at Town Center	1/31/2020	798,000	3.9%	1.5%
Regal Cinemas	1	1	Harrisonburg Regal	4/23/2019	683,550	3.4%	1.2%
PetsMart	2	2	Broad Creek Shopping Center, North Point Center	7/21/2018	618,704	3.0%	1.1%
Kroger	1	1	North Point Center	8/31/2018	552,864	2.7%	1.0%
Yard House	1	1	Commerce Street Retail	11/30/2023	538,000	2.6%	1.0%
Rite Aid	2	2	Gainsborough Square, Parkway Marketplace	5/29/2019	484,193	2.4%	0.9%
Walgreens	1	1	Hanbury Village	12/31/2083	447,564	2.2%	0.8%
Top 10 Total					\$8,868,044	44.3%	16.4%



(1) Virginia Beach Development Authority would be included in the Office Portfolio top ten tenants based on ABR once 4525 Main Street Office Stabilizes

Office Lease Summary

Renewal Lease Summary⁽¹⁾

Quarter	Number of Leases Signed	Net rentable SF Signed	Leases Expiring	Net rentable SF Expiring	GAAP			Cash			Weighted Average Lease Term	TI, LC, & Incentives	TI, LC, & Incentives per SF
					Contractual Rent per SF	Prior Rent per SF	Annual Change in Rent per SF	Contractual Rent per SF	Prior Rent per SF	Annual Change in Rent per SF			
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
4th Quarter 2013	5	45,677	4	5,112	26.74	25.27	1.47	23.58	27.97	(4.39)	11.34	1,927,309	42.19
3rd Quarter 2013	5	16,289	4	30,038	29.18	26.76	2.42	28.26	27.92	0.33	6.79	60,809	3.73

New Lease Summary⁽¹⁾

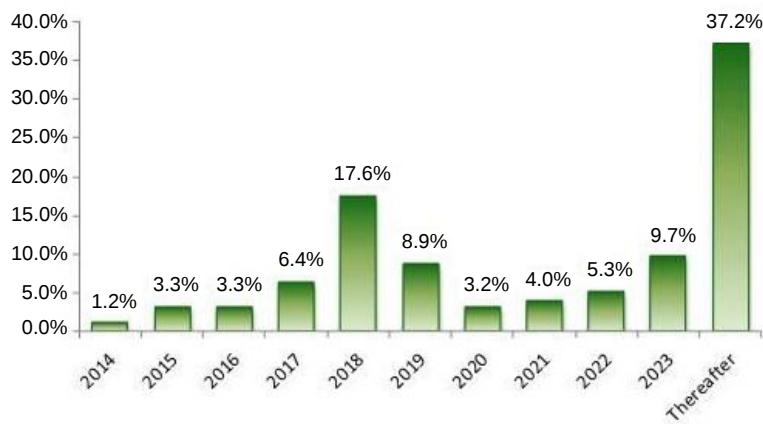
Quarter	Number of Leases Signed	Net rentable SF Signed	Contractual Rent per SF	Weighted Average Lease Term	TI, LC, & Incentives	TI, LC, & Incentives per SF
2nd Quarter 2014	4	6,948	\$20.18	4.28	\$190,255	\$27.38
1st Quarter 2014	2	5,430	24.12	1.00	5,239	0.96
4th Quarter 2013	4	18,381	23.56	10.34	577,382	31.41
3rd Quarter 2013	1	1,142	29.50	5.00	3,577	3.13



(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	-	44,593	4.7%	\$0	-	\$0.00
2014	8	18,631	2.0%	282,451	1.2%	15.16
2015	11	35,957	3.8%	793,596	3.3%	22.07
2016	10	33,481	3.5%	802,954	3.3%	23.98
2017	5	64,492	6.8%	1,564,421	6.4%	24.26
2018	17	157,665	16.6%	4,274,352	17.6%	27.11
2019	9	92,048	9.7%	2,160,096	8.9%	23.47
2020	3	25,283	2.7%	783,034	3.2%	30.97
2021	4	41,363	4.4%	973,852	4.0%	23.54
2022	3	48,117	5.1%	1,280,663	5.3%	26.62
2023	4	115,889	12.2%	2,368,413	9.7%	20.44
Thereafter	9	272,727	28.7%	9,061,755	37.2%	33.23
Total / Weighted Average	83	950,246	100.0%	\$24,345,587	100.0%	\$26.88



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			
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
4th Quarter 2013	7	37,733	6	7,928	13.82	13.49	0.33	13.79	14.12	(0.33)	4.70	40,540	1.07
3rd Quarter 2013	6	24,506	3	3,648	24.26	25.11	(0.85)	23.55	28.34	(4.79)	5.67	227,766	9.29

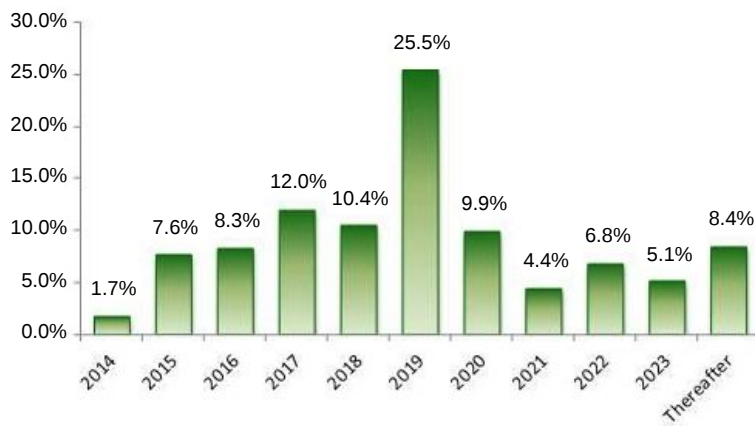
New Lease Summary ⁽¹⁾						
Quarter	Number of Leases Signed	Net rentable SF Signed	Contractual Rent per SF	Weighted Average Lease Term	TI, LC, & Incentives	TI, LC, & Incentives per SF
2nd Quarter 2014	4	10,574	\$25.73	7.78	\$1,071,485	\$101.33
1st Quarter 2014	1	3,160	16.25	10.50	126,558	40.05
4th Quarter 2013	2	3,270	18.67	5.06	75,884	23.21
3rd Quarter 2013	-	-	-	-	-	-



(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	-	64,471	5.9%	\$0	-	\$0.00
Signed Leases not Commenced	2	6,332	0.6%	0	-	0.00
2014	10	17,869	1.6%	291,572	1.7%	16.32
2015	18	60,233	5.5%	1,293,171	7.6%	21.47
2016	20	59,949	5.5%	1,413,379	8.3%	23.58
2017	23	146,050	13.4%	2,045,639	12.0%	14.01
2018	20	122,737	11.2%	1,772,513	10.4%	14.44
2019	18	301,341	27.6%	4,331,948	25.5%	14.38
2020	7	133,586	12.2%	1,677,169	9.9%	12.55
2021	5	25,204	2.3%	740,832	4.4%	29.39
2022	5	79,588	7.3%	1,151,218	6.8%	14.46
2023	5	27,625	2.5%	869,930	5.1%	31.49
Thereafter	8	47,326	4.3%	1,427,923	8.4%	30.17
Total / Weighted Average	141	1,092,311	100.0%	\$17,015,294	100.0%	\$16.55



Historical Occupancy

Sector	Occupancy All Properties as of				
	6/30/2014	3/31/2014	12/31/2013	9/30/2013	6/30/2013
Office ⁽¹⁾	95.3%	95.4%	95.2%	93.4%	93.4%
Retail ⁽¹⁾	93.5%	93.4%	93.4%	93.6%	94.6%
Multifamily ⁽²⁾	94.9%	94.2%	94.2%	92.7%	91.2%
Weighted Average ⁽³⁾	94.6%	94.5%	94.4%	93.3%	93.5%



(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
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
9/30/2013	284	100.0%	3,427,980	1,006
6/30/2013	264	93.0%	3,163,164	998

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⁾
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
9/30/2013	296	86.5%	5,506,764	1,550
6/30/2013	307	89.9%	5,818,908	1,580

(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



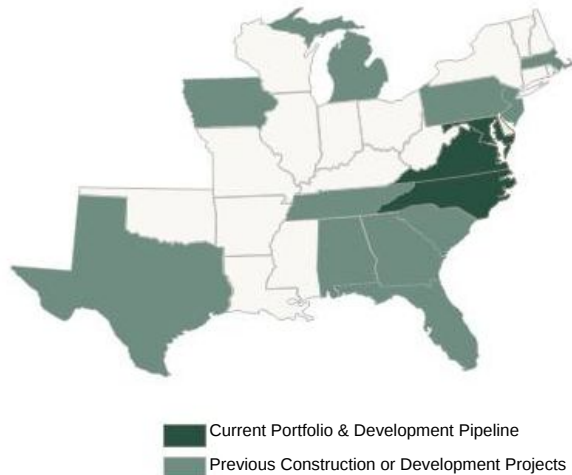
Appendix - Understanding AHH



Understanding AHH –Corporate Overview

Armada Hoffer Properties, Inc. is a full-service real estate investment trust (REIT) and property company that develops, builds, owns and manages institutional grade office, retail and multifamily properties in the Mid-Atlantic U.S. The Company also provides general construction and development services to third-party clients throughout the Mid-Atlantic and Southeastern regions of the U.S. Armada Hoffer Properties was founded in 1979 and is headquartered in Virginia Beach, VA.

- Diversified portfolio consisting of Office, Retail and Multifamily properties
- Institutional grade portfolio focused on the Mid-Atlantic region
- 35 year corporate track record with senior leadership team averaging more than 20 years with the company
- Market Cap of ~\$320 million as of 6/30/14
- Management and previous partners own in excess of 40% of the company through limited partnership units in the operating partnership



Understanding AHH – Differentiation Provides Value Creation

1. Advantages of Core Stabilized Portfolio:

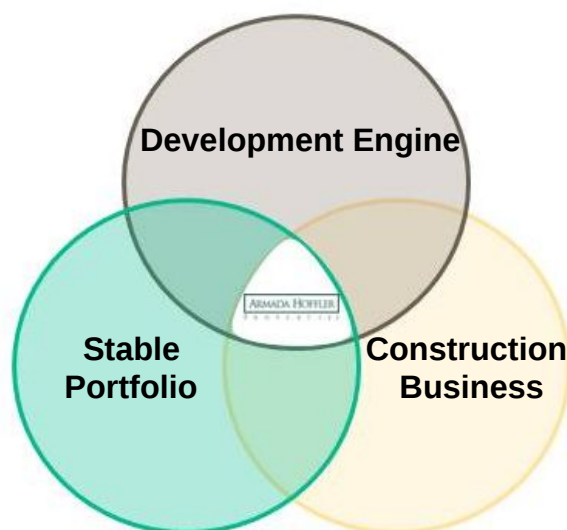
- Consistent cash flow
- High occupancy
- Stable same store metrics

2. Advantages of Wholesale Development Pipeline Engine:

- Equity creation
- Asset base growth

3. Advantages of Construction Company:

- Stable earnings and value creation
- Reduces risk in selecting/executing development opportunities
- Brand recognition in new markets



Sum of the Parts Leads to Valuation

Business Segmentation Overview

	Definition	Characteristics	Valuation
Stabilized Portfolio	<ul style="list-style-type: none"> Includes stabilized office, retail, and multifamily real estate (defined as the earlier of 80% occupancy or the 13th full quarter after CO) 	<ul style="list-style-type: none"> Consistent cash flow High occupancy Stable same store metrics 	<ul style="list-style-type: none"> Traditional real estate valuation, NAV/Cap Rates
Development Pipeline	<ul style="list-style-type: none"> Real estate assets in development or ramping towards stabilization 	<ul style="list-style-type: none"> Value creation Asset base growth 	<ul style="list-style-type: none"> Equity Creation
Construction Business	<ul style="list-style-type: none"> 3rd party construction business 	<ul style="list-style-type: none"> Stable earnings and value creation Reduces risk in selecting/executing development opportunities Brand recognition in new markets 	<ul style="list-style-type: none"> Multiples analysis

Components of NAV

Stabilized Portfolio NOI x Market Cap Rate = Stabilized Portfolio Value

+

Development Value Creation x Appropriate Discount Rate = Equity Value

+

Operating Company Income x Market Multiple = Operating Company Value

+

Other Assets

-

Liabilities

NAV

See Pages 34-37 for Further Information Regarding the Components of NAV

1) Understanding AHH –Stabilized Portfolio

(Reconciliation to GAAP located in appendix pg. 44)
\$ in thousands

	Cash NOI	
	Three months ended 6/30/2014	Annualized
	(Unaudited)	
<u>Diversified Portfolio</u>		
Office	\$2,141	\$8,564
Retail ⁽¹⁾	3,047	12,188
Multifamily ⁽²⁾	589	2,356
Total Diversified Portfolio NOI	\$5,777	\$23,108
<u>Virginia Beach Town Center</u>		
Office ⁽³⁾⁽⁴⁾	\$2,142	\$8,568
Retail ⁽³⁾	1,240	4,960
Multifamily	1,053	4,212
Total Virginia Beach Town Center NOI	\$4,435	\$17,740
Total Stabilized Portfolio NOI	\$10,212	\$40,848



(1) Excludes Greentree Shopping Center

(2) Excludes Liberty Apartments

(3) Includes leases for space occupied by Armada Hoffer which are eliminated for GAAP purposes totaling ~\$211K per quarter

(4) Excludes Main Street Office

2) Understanding AHH –Identified & Next Generation Pipeline

\$ in thousands, unaudited

Note: The data below reflects the Company's current estimates and projections, which may change as a result of various factors. The Company can make no assurances that the estimates and projections below will actually be realized.

	Estimated Cost	Estimated Stabilized NOI	Estimated Return on Cost	Projected Value Spread	The Company's Estimated Equity Creation	The Company's Est. Equity Creation Excluding JV Ownership
Identified Pipeline	\$139,000	\$11,400	8.20%	125bp	\$24,995	\$23,903
Next Generation Pipeline	150,000	12,400	8.27%	150bp	33,251	33,251
Liberty Apartments	30,700 ⁽¹⁾	2,000	6.51%		-	
Estimated Stabilized Value/Weighted Average	<u>\$319,700</u>	<u>\$25,800</u>	8.24%		<u>\$58,246</u>	<u>\$57,154</u>

Greater than \$57M in Equity Creation - 3 to 4 Years



(1) Purchase price

3) Understanding AHH –3rd Party Construction

\$ in thousands

Gross Profit - metric to use when evaluating the profitability and valuation of the general contracting & real estate services segment

Gross Profit Summary

	<u>Q2 2014</u> (Unaudited)	<u>YTD 2014</u>
Revenue	\$20,495	\$39,729
Expense	<u>(19,354)</u>	<u>(37,339)</u>
Gross Profit	\$1,141	\$2,390

Construction Company - Ongoing Profitable Business with Intrinsic Value

4) NAV Component Data

\$ in thousands

Stabilized Portfolio NOI (Cash)	
	Annualized three months ended
	6/30/2014
Diversified Portfolio	
Office	\$8,564
Retail	12,188
Multifamily	2,356
Total Diversified Portfolio NOI (pg. 34)	\$23,108
Virginia Beach Town Center	
Office ⁽¹⁾	\$8,568
Retail ⁽¹⁾	4,960
Multifamily	4,212
Total Virginia Beach Town Center NOI (pg. 34)	\$17,740
Stabilized Portfolio NOI (Cash)	\$40,848

Other Assets	
	As of 6/30/2014
Other Assets	
Cash and Cash Equivalents	\$16,271
Restricted Cash	3,224
Accounts Receivable	19,517
Construction receivables, including retentions	12,730
Other Assets	26,102
Total Other Assets	\$77,844

Development Pipeline	
Development Investment as of 6/30/2014	\$113,845
The Company's Estimated Equity Creation - 3-4 years (pg. 35)	58,246
	\$172,091

Operating Companies	
	Outlook
	6/30/2014
General Contracting and Real Estate Services per Company June 30, 2014 parameters (pg. 7)	\$4,300

Liabilities & Share Count	
	As of 6/30/2014
Liabilities	
Mortgages and notes payable	\$349,840
Accounts payable and accrued liabilities	6,743
Construction payables, including retentions	34,631
Other Liabilities	17,701
Total Liabilities	\$408,915
Share Count	
Weighted Average Common Shares Outstanding	19,250
Weighted Average Operating Partnership ("OP") Units Outstanding	13,785
Total Weighted Average Common shares and OP units outstanding	33,035



(1) Includes leases for space occupied by Armada Hoffer which are eliminated for GAAP purposes totaling ~\$211K per quarter



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. 45)

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

Core Funds From Operations:

We calculate Core Funds From Operations ("Core FFO") as FFO calculated in accordance with the standards established by NAREIT, adjusted for losses on debt extinguishments, non-cash stock compensation and impairment charges. Such items are non-recurring or non-cash in nature. Our calculation of Core FFO also excludes 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 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.

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.

Definitions

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.

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 June 30, 2014 to 2013		Comparison of Six Months Ended June 30, 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	
Virginia Natural Gas	X		X	
Richmond Tower	X		X	
Oyster Point	X		X	
Sentara Williamsburg	X		X	
4525 Main Street		X		X
Retail Properties				
Bermuda Crossroads		X		X
Broad Creek Shopping Center	X		X	
Courthouse 7-Eleven	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				
Smith's Landing		X		X
The Cosmopolitan	X		X	
Liberty Apartments		X		X

Reconciliation to GAAP - Segment Portfolio NOI

\$ in thousands

	Three months ended 6/30		Six months ended 6/30	
	2014	2013	2014	2013
Office Same Store				
Rental revenues ⁽¹⁾	\$6,473	\$6,420	\$13,022	\$12,906
Property expenses	1,971	1,940	4,102	3,886
NOI	4,502	4,480	8,920	9,020
Non-Same Store NOI	46	-	46	-
Segment NOI	\$4,548	\$4,480	\$8,966	\$9,020
Retail Same Store⁽²⁾				
Rental revenues	\$5,163	\$5,131	\$10,391	\$10,137
Property expenses	1,588	1,574	3,275	3,255
NOI	3,575	3,557	7,116	6,882
Non-Same Store NOI	438	197	842	197
Segment NOI	\$4,013	\$3,754	\$7,958	\$7,079
Multifamily Same Store⁽³⁾				
Rental revenues	\$1,920	\$1,903	\$3,736	\$3,810
Property expenses	870	875	1,701	1,690
NOI	1,050	1,028	2,035	2,120
Non-Same Store NOI	460	322	986	322
Segment NOI	1,510	1,350	\$3,021	\$2,442
Total Segment Portfolio NOI	\$10,071	\$9,584	\$19,945	\$18,541

(1) Main Street Office excluded

(2) Bermuda Crossroads and Greentree Shopping Center excluded

(3) Smith's Landing and Liberty Apartments excluded



Reconciliation to GAAP - Segment Portfolio NOI

\$ in thousands

Three months ended 6/30/2014

	Office	Retail	Multifamily	Total
Diversified Portfolio				
Cash NOI	\$2,141	\$3,047	\$589	\$5,777
Net effect of straight-line rents	237	(115)	(12)	110
Amortization of lease incentives and (above) below market rents	(16)	39	(13)	10
GAAP NOI	\$2,362	\$2,971	\$564	\$5,897
Town Center of Virginia Beach				
Cash NOI	\$2,142	\$1,240	\$1,053	\$4,435
Net effect of straight-line rents	164	(18)	(3)	143
Amortization of lease incentives and (above) below market rents	(26)	(141)	-	(167)
Elimination of AHH rent	(140)	(70)	-	(210)
GAAP NOI	\$2,140	\$1,011	\$1,050	\$4,201
GAAP NOI				
Diversified Portfolio	\$2,362	\$2,971	\$564	\$5,897
Town Center of Virginia Beach	2,140	1,011	1,050	4,201
Unstabilized Properties	46	31	(104)	(27)
Total Segment Portfolio GAAP NOI	\$4,548	\$4,013	\$1,510	\$10,071

Reconciliation to GAAP - Segment Portfolio NOI

\$ in thousands

	Three months ended 6/30/2014					
	Office	Retail	Multifamily	Total Rental Properties	General Contracting & Real Estate Services	Total
Segment revenues	\$ 6,519	\$ 5,703	\$ 3,097	\$ 15,319	\$ 20,495	\$ 35,814
Segment expenses	1,971	1,690	1,587	5,248	19,354	24,602
Net operating income	\$ 4,548	\$ 4,013	\$ 1,510	\$ 10,071	\$ 1,141	\$ 11,212
Depreciation and amortization						(4,057)
General and administrative expenses						(1,981)
Interest expense						(2,678)
Other income (expense)						(194)
Income tax provision						(29)
Net income						<u>\$ 2,273</u>

	Six months ended 6/30/2014					
	Office	Retail	Multifamily	Total Rental Properties	General Contracting & Real Estate Services	Total
Segment revenues	\$ 13,068	\$ 11,473	\$ 5,971	\$ 30,512	\$ 39,729	\$ 70,241
Segment expenses	4,102	3,515	2,950	10,567	37,339	47,906
Net operating income	\$ 8,966	\$ 7,958	\$ 3,021	\$ 19,945	\$ 2,390	\$ 22,335
Depreciation and amortization						(8,026)
General and administrative expenses						(4,027)
Interest expense						(5,243)
Other income (expense)						(82)
Income tax provision						(178)
Net income						<u>\$ 4,779</u>