
**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): April 30, 2015

ARMADA HOFFLER PROPERTIES, INC.
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

001-35908
(Commission
File Number)

46-1214914
(IRS Employer
Identification No.)

222 Central Park Avenue, Suite 2100
Virginia Beach, Virginia
(Address of principal executive offices)

23462
(Zip Code)

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

Not Applicable
(Former name or former address, if changed since last report)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On April 30, 2015, Armada Hoffler Properties, Inc. (the “Company”) issued a press release announcing its financial position as of March 31, 2015, results of operations for the three months ended March 31, 2015 and other related information. Also on April 30, 2015, the Company made available on its website at www.ArmadaHoffler.com certain supplemental information concerning the Company’s financial results and operations for the three months ended March 31, 2015. Copies of such press release and supplemental information are furnished as Exhibits 99.1 and 99.2, respectively, to this Current Report on Form 8-K and are incorporated herein by reference.

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

Item 7.01. Regulation FD Disclosure.

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

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release, dated April 30, 2015, issued by Armada Hoffler Properties, Inc., providing its financial position as of March 31, 2015 and results of operations for the three months ended March 31, 2015.
99.2	Armada Hoffler Properties, Inc. First Quarter 2015 Supplemental Information.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ARMADA HOFFLER PROPERTIES, INC.

Date: April 30, 2015

/s/ MICHAEL P. O'HARA

Michael P. O'Hara

Chief Financial Officer and Treasurer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release, dated April 30, 2015, issued by Armada Hoffler Properties, Inc., providing its financial position as of March 31, 2015 and results of operations for the three months ended March 31, 2015.
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PRESS RELEASE

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ARMADA HOFFLER PROPERTIES REPORTS FIRST QUARTER 2015 RESULTS

Normalized FFO of \$0.19 Per Diluted Share

Core Operating Property Portfolio at 95.6% Occupancy

Company Raised the Low-end of 2015 Normalized FFO Guidance Range

VIRGINIA BEACH, VA, April 30, 2015 – Armada Hoffer Properties, Inc. (NYSE: AHH) today announced its results for the quarter ended March 31, 2015.

Highlights include:

- Funds From Operations (“FFO”) of \$6.8 million, or \$0.17 per diluted share, for the quarter ended March 31, 2015 compared to FFO of \$6.5 million, or \$0.20 per diluted share, for the quarter ended March 31, 2014.
- Normalized FFO of \$7.4 million, or \$0.19 per diluted share, for the quarter ended March 31, 2015 compared to Normalized FFO of \$6.4 million, or \$0.19 per diluted share, for the quarter ended March 31, 2014.
- Core portfolio occupancy up to 95.6% compared to 94.5% as of March 31, 2014.
- Increased quarterly GAAP and Cash Same Store Net Operating Income (“NOI”) 4.3% and 6.3%, respectively, compared to the first quarter of 2014.
- Delivered over 200,000 square feet of fully-leased office space in Hampton Roads, Virginia in addition to Sandbridge Commons, a new 70,000 square foot shopping center in Virginia Beach, Virginia anchored by a Harris Teeter grocery store.
- Completed the sale of the Sentara Williamsburg office building.
- Entered into a definitive agreement to sell Whetstone Apartments in Durham, North Carolina.
- Closed on the previously announced acquisitions of Perry Hall Marketplace and Stone House Square, two grocery anchored retail centers located in Maryland, in April.
- Closed on a new expanded and unsecured \$200 million credit facility that includes a \$50 million term loan with a syndicate of banks co-led by Bank of America and Regions Bank.
- Announced today that the Board authorized an At-The-Market (“ATM”) offering program.

“We continue to execute on our strategic plan and successfully delivered on a number of fronts this quarter,” commented Louis Haddad, Chief Executive Officer. “Going forward, our focus and strategy remains unchanged. We will continue to develop high-quality institutional-grade office, retail and multifamily properties in attractive markets throughout the Mid-Atlantic.”

Financial Results

Net income for the first quarter increased to \$8.1 million compared to \$2.5 million for the first quarter of 2014. The increase was primarily due to the gain on the sale of the Sentara Williamsburg office building.

FFO for the first quarter increased 5.5% to \$6.8 million compared to \$6.5 million for the first quarter of 2014. Normalized FFO for the first quarter increased 15.5% to \$7.4 million compared to \$6.4 million for the first quarter of 2014.

The year-over-year increases in FFO and Normalized FFO were attributable to new real estate coming out of development, property acquisitions as well as organic growth in the Same Store property portfolio.

Net income for the first quarter was \$0.20 per diluted share compared to \$0.08 per diluted share for the first quarter of 2014. FFO for the first quarter was \$0.17 per diluted share compared to \$0.20 per diluted share for the first quarter of 2014. Normalized FFO for the first quarter was \$0.19 per diluted share in line with the first quarter of 2014.

Operating Performance

At the end of the quarter, the Company’s office, retail and multifamily core operating property portfolios were 93.5%, 97.4%, and 96.6% occupied, respectively.

Balance Sheet and Financing Activity

At the end of the first quarter, the Company had total outstanding debt of approximately \$381.1 million, including \$60.0 million outstanding on its revolving credit facility. Approximately 50% of the Company’s debt had fixed interest rates or were subject to interest rate swap locks at March 31, 2015. After considering LIBOR interest rate caps with strike prices at or below 150 basis points, approximately 81% of the Company’s debt was fixed or hedged at March 31, 2015.

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In the first quarter, the Company continued to take actions to enhance flexibility and strengthen its balance sheet, including closing on its new, expanded and unsecured \$200 million credit facility that includes a \$50 million term loan and announcing that the Board authorized an ATM offering program.

Outlook

The Company raised the low-end of its 2015 full-year Normalized FFO guidance range by \$0.01 per diluted share due to better visibility on future third party construction fee business as well as the expectation that general and administrative expenses will come in towards the lower-end of the range. The Company now expects 2015 Normalized FFO in the range of \$0.86 to \$0.90 per diluted share compared to previous guidance of \$0.85 to \$0.90 per diluted share.

The following table outlines the Company's assumptions along with Normalized FFO per share estimates for the full-year 2015.

<u>Full-year 2015 Guidance [1]</u>	<u>Expected Ranges</u>	
Total GAAP NOI [2]	\$52.3M	\$53.3M
Construction company annual segment gross profit	\$ 4.5M	\$ 5.0M
General and administrative expenses	\$ 8.3M	\$ 8.6M
Interest expense [3]	\$14.0M	\$15.0M
Normalized FFO per diluted share [4]	\$ 0.86	\$ 0.90

[1] Excludes the impact of any future, unannounced acquisitions, dispositions or other capital markets activity, except for a replacement property for Whetstone Apartments.

[2] Includes approximately \$8.0 million from development pipeline projects, which has been lowered from previous guidance due to the sale of Whetstone Apartments. The Company has not changed overall NOI guidance as management expects to close on a replacement property for Whetstone Apartments this year.

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

[4] Normalized FFO excludes certain items, including debt extinguishment losses, property acquisition costs, mark-to-market adjustments for interest rate derivatives and other non-comparable items. In addition, it assumes 40.2 million weighted average shares and units outstanding which includes the shares issued in connection with the acquisition of Perry Hall Marketplace and Stone House Square.

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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 Thursday, April 30, 2015 at 8:30 a.m. Eastern Time to review quarterly results and discuss recent events. The live webcast will be available through the Investor Relations page of the Company's website, www.ArmadaHoffler.com, or through www.viavid.com. To participate in the call, please dial 877-407-3982 (domestic) or 201-493-6780 (international). A replay of the conference call will be available through May 29, 2015 by dialing 877-870-5176 (domestic) or 858-384-5517 (international) and entering the pass code 13605808.

About Armada Hoffler Properties, Inc.

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

Forward-Looking Statements

Certain matters within this press release are discussed using forward-looking language as specified in the Private Securities Litigation Reform Act of 1995, and, as such, may involve known and unknown risks, uncertainties and other factors that may cause the actual results or performance to differ from those projected in the forward-looking statement. These forward-looking statements may include comments relating to the current and future performance of the Company's operating property portfolio, the Company's development pipeline, the Company's construction and development business, including backlog and timing of deliveries, financing activities, as well as acquisitions, dispositions and the Company's financial outlook and expectations. For a description of factors that may cause the Company's actual results or performance to differ from its forward-looking statements, please review the information under the heading "Risk Factors" included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014, and other documents filed by the Company with the Securities and Exchange Commission.

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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 period-over-period, captures trends in occupancy rates, rental rates and operating costs. We also believe that, as a widely recognized measure of the performance of REITs, FFO will be used by investors as a basis to compare the Company’s operating performance with that of other REITs.

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

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

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

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

	March 31, 2015 (Unaudited)	December 31, 2014
Assets		
Real estate investments:		
Income producing property	\$ 552,172	\$ 513,918
Held for development	1,180	—
Construction in progress	26,251	81,082
Accumulated depreciation	(120,224)	(116,099)
Net real estate investments	459,379	478,901
Real estate investments held for sale	27,882	8,538
Cash and cash equivalents	31,479	25,883
Restricted cash	4,026	4,224
Accounts receivable, net	20,788	20,548
Construction receivables, including retentions	28,085	19,432
Construction costs and estimated earnings in excess of billings	170	272
Other assets	32,192	33,108
Total Assets	\$ 604,001	\$ 590,906
Liabilities and Equity		
Indebtedness	\$ 363,730	\$ 359,229
Debt secured by real estate investments held for sale	17,342	—
Accounts payable and accrued liabilities	5,649	8,358
Construction payables, including retentions	34,264	42,399
Billings in excess of construction costs and estimated earnings	1,206	1,053
Other liabilities	18,942	17,961
Total Liabilities	441,133	429,000
Total Equity	162,868	161,906
Total Liabilities and Equity	\$ 604,001	\$ 590,906

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

	Three Months Ended March 31,	
	2015	2014
	(Unaudited)	
Revenues		
Rental revenues	\$18,190	\$15,193
General contracting and real estate services	29,071	19,234
Total revenues	<u>47,261</u>	<u>34,427</u>
Expenses		
Rental expenses	4,760	3,976
Real estate taxes	1,657	1,343
General contracting and real estate services	28,142	17,985
Depreciation and amortization	4,908	3,969
General and administrative	2,328	2,046
Acquisition, development and other pursuit costs	171	—
Total expenses	<u>41,966</u>	<u>29,319</u>
Operating income	5,295	5,108
Interest expense	(3,046)	(2,565)
Loss on extinguishment of debt	(227)	—
Gain on real estate dispositions	6,197	—
Other (expense) income	(132)	112
Income before taxes	8,087	2,655
Income tax benefit (provision)	31	(149)
Net income	<u>\$ 8,118</u>	<u>\$ 2,506</u>
Per diluted share	\$ 0.20	\$ 0.08
Weighted average shares outstanding	39,818	32,825

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

	Three Months Ended March 31,	
	2015	2014
	(Unaudited)	
Net income	\$ 8,118	\$ 2,506
Depreciation and amortization	4,908	3,969
Gain on real estate dispositions	(6,197)	—
Funds From Operations (FFO)	\$ 6,829	\$ 6,475
Acquisition costs	171	—
Loss on extinguishment of debt	227	—
Derivative mark-to-market adjustments	147	(93)
Normalized FFO	\$ 7,374	\$ 6,382
FFO per diluted share	\$ 0.17	\$ 0.20
Normalized FFO per diluted share	\$ 0.19	\$ 0.19
Weighted average shares outstanding	39,818	32,825

Contact:

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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.

FIRST QUARTER 2015 SUPPLEMENTAL INFORMATION



VIRGINIA BEACH TOWN CENTER

Armada hoffer properties, inc.
First quarter 2015 supplemental information
Virginia beach town center

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FORWARD LOOKING STATEMENTS

This Supplemental Information should be read in conjunction with our Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, and the unaudited condensed consolidated financial statements appearing in our press release dated April 30, 2015, which has been furnished as Exhibit 99.1 to our Form 8-K filed on April 30, 2015. The Company makes statements in this Supplemental Information that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). In particular, statements pertaining to our capital resources, portfolio performance and results of operations contain forward-looking statements. Likewise, all of our statements regarding anticipated growth in our funds from operations, normalized funds from operations, adjusted funds from operations, funds available for distribution and net operating income are forward-looking statements. You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "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

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

Board of Directors

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

Corporate Officers

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

Analyst Coverage

Raymond James & Associates	Robert W. Baird & Co.	Stifel, Nicolaus & Company, Inc.	Wunderlich Securities
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Investor Relations Contact

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HIGHLIGHTS

- Funds From Operations (“FFO”) of \$6.8 million, or \$0.17 per diluted share, for the quarter ended March 31, 2015 compared to FFO of \$6.5 million, or \$0.20 per diluted share, for the quarter ended March 31, 2014.
- Normalized FFO of \$7.4 million, or \$0.19 per diluted share, for the quarter ended March 31, 2015 compared to Normalized FFO of \$6.4 million, or \$0.19 per diluted share, for the quarter ended March 31, 2014.
- Core portfolio occupancy up to 95.6% compared to 94.5% as of March 31, 2014.
- Increased quarterly GAAP and Cash Same Store Net Operating Income (“NOI”) 4.3% and 6.3%, respectively, compared to the first quarter of 2014.
- Delivered over 200,000 square feet of fully-leased office space in Hampton Roads, Virginia in addition to Sandbridge Commons, a new 70,000 square foot shopping center in Virginia Beach, Virginia anchored by a Harris Teeter grocery store.
- Completed the sale of the Sentara Williamsburg office building.
- Entered into a definitive agreement to sell Whetstone Apartments in Durham, North Carolina.
- Closed on the previously announced acquisitions of Perry Hall Marketplace and Stone House Square, two grocery anchored retail centers located in Maryland, in April.
- Closed on a new expanded and unsecured \$200 million credit facility that includes a \$50 million term loan with a syndicate of banks co-led by Bank of America and Regions Bank.
- Announced today that the Board authorized an At-The-Market (“ATM”) offering program.

2015 OUTLOOK

The Company raised the low-end of its 2015 full-year Normalized FFO guidance range by \$0.01 per diluted share due to better visibility on future third party construction fee business as well as the expectation that general and administrative expenses will come in towards the lower-end of the range. The Company now expects 2015 Normalized FFO in the range of \$0.86 to \$0.90 per diluted share compared to previous guidance of \$0.85 to \$0.90 per diluted share.

The following table outlines the Company's assumptions along with Normalized FFO per share estimates for the full-year 2015.

Full-year 2015 Guidance ^[1]	Expected Ranges	
Total GAAP NOI ^[2]	\$52.3M	\$53.3M
Construction company annual segment gross profit	\$4.5M	\$5.0M
General and administrative expenses	\$8.3M	\$8.6M
Interest expense ^[3]	\$14.0M	\$15.0M
Normalized FFO per diluted share ^[4]	\$0.86	\$0.90

^[1] Excludes the impact of any future, unannounced acquisitions, dispositions or other capital markets activity, except for a replacement property for Whetstone Apartments.

^[2] Includes approximately \$8.0 million from development pipeline projects, which has been lowered from previous guidance due to the sale of Whetstone Apartments. The Company has not changed overall NOI guidance as management expects to close on a replacement property for Whetstone Apartments this year.

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

^[4] Normalized FFO excludes certain items, including debt extinguishment losses, property acquisition costs, mark-to-market adjustments for interest rate derivatives and other non-comparable items. In addition, it assumes 40.2 million weighted average shares and units outstanding which includes the shares issued in connection with the acquisition of Perry Hall Marketplace and Stone House Square.

SUMMARY INFORMATION

Amounts in thousands, except per share data

	Three months ended				
	3/31/2015	12/31/2014	9/30/2014	6/30/2014	3/31/2014
OPERATIONAL METRICS					
Rental revenues	\$18,190	\$17,521	\$16,713	\$15,319	\$15,193
General contracting and real estate services revenues	29,071	32,060	31,532	20,495	19,234
Rental properties Net Operating Income (NOI)	11,773	11,572	10,819	10,071	9,874
General contracting and real estate services gross profit	929	1,113	1,064	1,141	1,249
EBITDA ⁽¹⁾	9,844	10,597	10,012	9,037	9,189
Net income	8,118	5,226	2,754	2,273	2,506
Funds From Operations (FFO)	6,829	7,991	7,321	6,330	6,475
FFO per diluted share	\$0.17	\$0.20	\$0.21	\$0.19	\$0.20
Normalized FFO	7,374	8,156	7,464	6,592	6,382
Normalized FFO per diluted share	\$0.19	\$0.20	\$0.22	\$0.20	\$0.19
CAPITALIZATION					
Total Common Shares Outstanding	25,084	25,023	25,019	19,266	19,254
Operating Partnership ("OP") Units Outstanding	14,776	14,776	14,776	13,785	13,785
Common shares and OP units outstanding	39,860	39,799	39,795	33,051	33,039
Market price per common share	\$10.66	\$9.49	\$9.08	\$9.68	\$10.04
Equity market capitalization	424,908	377,693	361,339	319,934	331,712
Total debt	381,072	359,229	335,792	349,840	317,271
Total market capitalization	805,980	736,922	697,131	669,774	648,983
Less: cash	(35,505)	(30,107)	(21,526)	(19,495)	(16,198)
Total enterprise value	\$770,475	\$706,815	\$675,605	\$650,279	\$632,785
DEBT METRICS					
Core debt/enterprise value	33.2%	34.6%	35.7%	42.4%	42.5%
Fixed charge coverage ratio	2.6x	3.1x	2.9x	2.6x	2.8x
Core Debt/Annualized Core EBITDA	6.9x	6.1x	6.3x	7.2x	7.1x
CORE PORTFOLIO OCCUPANCY					
Office ⁽²⁾	93.5%	95.2%	94.8%	95.3%	95.4%
Retail ⁽²⁾	97.4%	96.4%	94.7%	93.5%	93.4%
Multifamily ⁽³⁾	96.6%	95.7%	96.6%	94.9%	94.2%
Weighted Average ⁽⁴⁾	95.6%	95.7%	95.1%	94.6%	94.5%

(1) Excludes gains on real estate dispositions

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

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

(4) Total occupancy weighted by annualized base rent

SUMMARY BALANCE SHEET

\$ in thousands

	As of	
	3/31/2015 (Unaudited)	12/31/2014
Assets		
Real estate investments:		
Income producing property	\$552,172	\$513,918
Held for development	1,180	-
Construction in progress	26,251	81,082
Accumulated depreciation	<u>(120,224)</u>	<u>(116,099)</u>
Net real estate investments	459,379	478,901
Real estate investments held for sale	27,882	8,538
Cash and cash equivalents	31,479	25,883
Restricted cash	4,026	4,224
Accounts receivable, net	20,788	20,548
Construction receivables, including retentions	28,085	19,432
Costs and estimated earnings in excess of billings	170	272
Other assets	<u>32,192</u>	<u>33,108</u>
Total Assets	<u>\$604,001</u>	<u>\$590,906</u>
Liabilities and Equity		
Indebtedness	\$363,730	\$359,229
Debt secured by real estate held for sale	17,342	-
Accounts payable and accrued liabilities	5,649	8,358
Construction payables, including retentions	34,264	42,399
Billings in excess of costs and estimated earnings	1,206	1,053
Other liabilities	<u>18,942</u>	<u>17,961</u>
Total Liabilities	441,133	429,000
Total Equity	162,868	161,906
Total Liabilities and Equity	<u>\$604,001</u>	<u>\$590,906</u>

SUMMARY INCOME STATEMENT

Amounts in thousands, except per share data

	Three months ended	
	<u>3/31/2015</u>	<u>3/31/2014</u>
Revenues	(Unaudited)	
Rental revenues	\$18,190	\$15,193
General contracting and real estate services	29,071	19,234
Total Revenues	<u>47,261</u>	<u>34,427</u>
Expenses		
Rental expenses	4,760	3,976
Real estate taxes	1,657	1,343
General contracting and real estate services	28,142	17,985
Depreciation and amortization	4,908	3,969
General and administrative	2,328	2,046
Acquisition, development & other pursuit costs	171	-
Impairment charges	-	-
Total Expenses	<u>41,966</u>	<u>29,319</u>
Operating Income	5,295	5,108
Interest expense	(3,046)	(2,565)
Loss on extinguishment of debt	(227)	-
Gain on real estate dispositions	6,197	-
Other income (loss)	(132)	112
Income before taxes	8,087	2,655
Income tax benefit (provision)	31	(149)
Net Income	<u>\$8,118</u>	<u>\$2,506</u>
Per Diluted Share	<u>\$0.20</u>	<u>\$0.08</u>
Weighted Average Shares/Units	39,818	32,825

FFO, NORMALIZED FFO & ADJUSTED FFO

\$ in thousands, except per share data

	Three months ended				
	3/31/2015	12/31/2014	9/30/2014 (Unaudited)	6/30/2014	3/31/2014
Funds From Operations					
Net income	\$8,118	\$5,226	\$2,754	\$2,273	\$2,506
Depreciation and amortization	4,908	4,976	4,567	4,057	3,969
Gain on real estate dispositions	(6,197)	(2,211)	-	-	-
FFO	6,829	7,991	7,321	6,330	6,475
FFO per diluted share	\$0.17	\$0.20	\$0.21	\$0.19	\$0.20
Normalized FFO					
Acquisition costs	171	55	174	-	-
Loss on extinguishment of debt	227	-	-	-	-
Impairment charges	-	-	15	-	-
Derivative (income) losses	147	110	(46)	262	(93)
Normalized FFO	7,374	8,156	7,464	6,592	6,382
Normalized FFO per diluted share	\$0.19	\$0.20	\$0.22	\$0.20	\$0.19
Adjusted FFO					
Non-cash stock compensation	379	197	198	193	329
Acquisition costs	(171)	(55)	(174)	-	-
Tenant improvements, leasing commissions ⁽¹⁾	(484)	(3,114)	(981)	(1,007)	(209)
Leasing incentives ⁽¹⁾	-	(334)	(65)	(63)	-
Property related capital expenditures	(149)	(583)	(355)	(322)	(219)
Non-cash interest expense	318	104	117	160	133
GAAP Adjustments					
Net effect of straight-line rents	(646)	(394)	(803)	(301)	(389)
Amortization of leasing incentives and above (below) market rents	177	172	144	157	160
Government development grants	-	-	300	-	-
AFFO	6,798	4,149	5,845	5,409	6,187
AFFO per diluted share	\$0.17	\$0.10	\$0.17	\$0.16	\$0.19

OUTSTANDING DEBT

\$ in thousands

Debt	Stated Rate ⁽¹⁾	Effective Rate as of March 31, 2015	Maturity Date	Debt Maturities & Principal Payments						Amount Outstanding	
				2015	2016	2017	2018	2019	Thereafter		
Secured Notes Payable - Core Debt											
Oyster Point	5.41%	5.41%	12/1/2015	\$6,223							\$6,223
249 Central Park Retail	5.99%	5.99%	9/8/2016	212	15,282						15,494
South Retail	5.99%	5.99%	9/8/2016	93	6,742						6,835
Fountain Plaza Retail	5.99%	5.99%	9/8/2016	106	7,641						7,747
Harrisonburg Regal	6.06%	6.06%	6/8/2017	147	207	3,256					3,610
Smith's Landing	L+2.15%	2.33%	1/31/2017	244	325	23,820					24,389
North Point Note 5	L+2.00%	3.57% ⁽²⁾	2/1/2017	16	21	643					680
Hanbury Village	6.67%	6.67%	10/11/2017	182	261	20,709					21,152
North Point Center Note 1	6.45%	6.45%	2/5/2019	136	193	205	219	9,352			10,105
North Point Center Note 2	7.25%	7.25%	9/15/2025	69	98	105	113	121	2,225		2,731
The Cosmopolitan	3.75%	3.75%	7/1/2051	462	636	660	686	712	43,825		46,981
Total - Core Debt				7,890	31,406	49,398	1,018	10,185	46,050		145,947
Secured Notes Payable - Development Pipeline											
4525 Main Street	L+1.95%	2.13%	1/30/2017			31,151					31,151
Encore Apartments	L+1.95%	2.13%	1/30/2017			23,479					23,479
Commonwealth of Virginia - Chesapeake	L+1.90%	2.08%	8/28/2017			4,612					4,612
Lightfoot Marketplace	L+1.90%	2.08%	11/14/2017			4,525					4,525
Sandbridge Commons	L+1.85%	2.03%	1/17/2018		238	247	7,008				7,493
Oceanering	L+1.75%	1.93%	2/28/2018		300	360	16,760				17,420
Liberty Apartments ⁽³⁾	5.66%	5.66%	11/1/2043	220	308	325	344	364	18,971		20,532
Debt secured by assets held for sale											
Whetstone Apartments	L+1.90%	2.08%	10/8/2016		17,342						17,342
Total - Development Pipeline				220	18,188	64,699	24,112	364	18,971		126,554
Total Secured Notes Payable				8,110	49,594	114,097	25,130	10,549	65,021		272,501
Unsecured Debt											
Senior unsecured line of credit	L+1.40% - 2.00%	1.73%	2/20/2019					60,000			60,000
Senior unsecured term loan	L+1.35% - 1.95%	1.68% ⁽²⁾	2/20/2020						50,000		50,000
Total - Unsecured Debt								60,000	50,000		110,000
Unamortized fair value adjustments				(39)	(53)	(54)	(55)	(56)	(1,172)		(1,429)
Total Notes Payable				\$8,071	\$49,541	\$114,043	\$25,075	\$70,493	\$113,849		\$381,072
Balloon Payments				6,089	46,623	111,865	23,708	69,333	51,344		308,962
Principal amortization				1,982	2,918	2,178	1,367	1,160	62,505		72,110
Total Consolidated Debt				8,071	49,541	114,043	25,075	70,493	113,849		381,072
Fixed-rate debt ⁽⁴⁾				7,827	31,336	25,849	1,307	10,493	113,849		190,660
Variable-rate debt ⁽⁵⁾				244	18,205	88,194	23,768	60,000	-		190,411
Total Consolidated Debt				8,071	49,541	114,043	25,075	70,493	113,849		381,072

(1) LIBOR rate is determined by individual lenders.

(2) Subject to an interest rate swap lock.

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

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

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

30 Day LIBOR	0.176%
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CORE DEBT TO CORE EBITDA

\$ in thousands

	Three months ended				
	3/31/2015	12/31/2014	9/30/2014	6/30/2014	3/31/2014
Net Income	\$8,118	\$5,226	\$2,754	\$2,273	\$2,506
Excluding:					
Interest expense	3,046	2,671	2,734	2,678	2,565
Income tax	(31)	(65)	(43)	29	149
Depreciation and amortization	4,908	4,976	4,567	4,057	3,969
Gain on real estate dispositions	(6,197)	(2,211)	-	-	-
EBITDA	\$9,844	\$10,597	\$10,012	\$9,037	\$9,189
Adjustments to EBITDA:					
Loss on extinguishment of debt	227	-	-	-	-
Derivative (income) losses	147	110	(46)	262	(93)
Non-cash stock compensation	379	197	198	193	329
Development Pipeline	(1,386)	(802)	(523)	63	79
Total Other Adjustments	(633)	(495)	(371)	518	315
Core EBITDA	\$9,211	\$10,102	\$9,641	\$9,555	\$9,504
Total Debt	\$381,072	\$359,229	\$335,792	\$349,840	\$317,271
Adjustments to Debt:					
(Less) Development Pipeline	(125,125)	(114,716)	(94,537)	(73,873)	(48,597)
Core Debt	\$255,947	\$244,513	\$241,255	\$275,967	\$268,674
Core Debt/Annualized Core EBITDA	6.9x	6.1x	6.3x	7.2x	7.1x

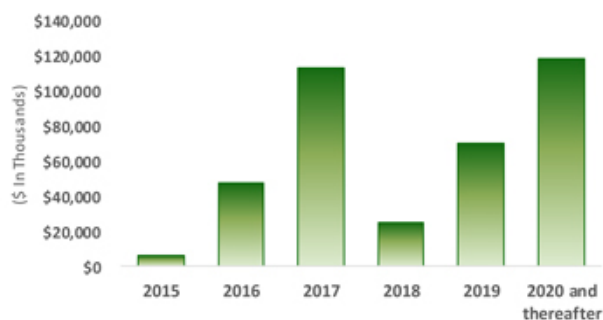
DEBT INFORMATION

\$ in thousands

Total Debt Composition			
	Percent of Debt	Weighted Average	
		Interest Rate	Maturity
Secured vs. Unsecured Debt			
Unsecured Debt	28.9%	1.7%	4.4 Yrs
Secured Debt	71.1%	3.8%	10.1 Yrs
Floating vs. Fixed-Rate Debt			
Floating-Rate Debt ⁽¹⁾	49.8%	1.9%	3.1 Yrs
Fixed-Rate Debt ⁽²⁾⁽³⁾	50.2%	5.3%	17.4 Yrs
Fixed-Rate and Hedged Debt ⁽²⁾⁽³⁾⁽⁴⁾	80.9%		
Total		3.2%	8.4 Yrs

Interest Rate Cap Agreements At or Below 1.50%			
Effective Date	Maturity Date	Strike Rate	Notional Amount
May 31, 2012	May 29, 2015	1.09%	\$8,827
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%			\$117,327
Fixed-Rate Debt ⁽²⁾⁽³⁾			192,089
Fixed-Rate and Hedged Debt			\$309,416
% of Total ⁽³⁾			80.9%

Debt Maturities & Principal Payments



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

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

(3) Excludes unamortized fair value adjustments.

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

PROPERTY PORTFOLIO

As of 3/31/15

Property	Location	Town Center	Year Built	Net Rentable Square Feet (RSF) ⁽¹⁾			Core Occupancy ⁽²⁾	Development Leased ⁽³⁾	ABR ⁽⁴⁾	ABR per Leased SF ⁽⁵⁾
				Core Properties	Development Properties	Total				
Office Properties										
4525 Main Street	Virginia Beach, VA	✓	2014	-	240,522	240,522	-	57.0%	\$3,786,122	\$27.62
Armada Hoffer Tower ⁽¹⁾	Virginia Beach, VA	✓	2002	323,966	-	323,966	95.8%	-	8,416,408	27.13
Commonwealth of VA - Chesapeake	Chesapeake, VA		2015	-	36,227	36,227	-	100.0%	645,927	17.83
Commonwealth of VA - Virginia Beach	Virginia Beach, VA		2015	-	11,139	11,139	-	100.0%	241,048	21.64
Oceanering	Chesapeake, VA		2015	-	154,000	154,000	-	100.0%	1,909,600	12.40
One Columbus	Virginia Beach, VA	✓	1984	129,424	-	129,424	94.7%	-	2,884,862	23.54
Oyster Point	Newport News, VA		1989	100,139	-	100,139	76.5%	-	1,661,443	21.68
Richmond Tower	Richmond, VA		2010	206,969	-	206,969	98.6%	-	7,582,387	37.15
Two Columbus	Virginia Beach, VA	✓	2009	108,464	-	108,464	91.2%	-	2,568,216	25.96
Total / Weighted Average Office Portfolio⁽⁶⁾				868,962	441,888	1,310,850	93.5%	76.6%	\$29,696,015	\$25.80
Retail Properties										
249 Central Park Retail ⁽⁷⁾	Virginia Beach, VA	✓	2004	91,171	-	91,171	91.6%	-	\$2,429,091	\$29.10
Bermuda Crossroads	Chester, VA		2001	111,566	-	111,566	98.6%	-	1,521,921	13.84
Broad Creek Shopping Center	Norfolk, VA		1997-2001	227,659	-	227,659	98.8%	-	3,158,811	14.04
Commerce Street Retail ⁽⁷⁾	Virginia Beach, VA	✓	2008	19,173	-	19,173	100.0%	-	786,484	41.02
Courthouse 7-Eleven	Virginia Beach, VA		2013	3,177	-	3,177	100.0%	-	125,015	39.35
Dick's at Town Center	Virginia Beach, VA	✓	2002	103,335	-	103,335	100.0%	-	1,221,866	11.82
Dimmock Square	Colonial Heights, VA		1998	106,166	-	106,166	100.0%	-	1,747,002	16.46
Fountain Plaza Retail	Virginia Beach, VA	✓	2004	35,961	-	35,961	100.0%	-	963,862	26.80
Gainsborough Square	Chesapeake, VA		1999	88,862	-	88,862	96.5%	-	1,349,314	15.73
Greentree Shopping Center	Chesapeake, VA		2014	-	15,751	15,751	-	68.9%	207,550	19.13
Hanbury Village	Chesapeake, VA		2006-2009	61,049	-	61,049	94.9%	-	1,183,296	23.88
Harrisonburg Regal	Harrisonburg, VA		1999	49,000	-	49,000	100.0%	-	683,550	13.95
North Point Center	Durham, NC		1998-2009	215,690	-	215,690	95.9%	-	2,525,272	12.21
Parkway Marketplace	Virginia Beach, VA		1998	37,804	-	37,804	92.9%	-	695,437	19.81
Sandbridge Commons	Virginia Beach, VA		2015	-	16,227	16,227	-	47.8%	166,834	21.50
South Retail	Virginia Beach, VA	✓	2002	38,515	-	38,515	100.0%	-	957,296	24.86
Studio 56 Retail	Virginia Beach, VA	✓	2007	11,600	-	11,600	84.8%	-	371,200	37.75
Total / Weighted Avg Retail Portfolio⁽⁸⁾				1,200,728	31,978	1,232,706	97.4%	58.2%	\$20,293,803	\$17.08
Subtotal / Weighted Average Retail and Office Portfolio				2,069,690	473,866	2,543,556	95.7%	75.3%	\$49,989,819	\$21.37
Retail Properties Subject to Ground Lease										
Bermuda Crossroads ⁽¹⁾	Chester, VA		2001	11,000	-	11,000	100%	-	\$163,350	\$14.85
Broad Creek Shopping Center ⁽¹⁾	Norfolk, VA		1997-2001	24,818	-	24,818	100%	-	588,126	23.70
Greentree Shopping Center	Chesapeake, VA		2014	-	5,088	5,088	-	100%	230,004	45.21
Hanbury Village ⁽¹⁾	Chesapeake, VA		2006-2009	55,586	-	55,586	100%	-	1,067,598	19.21
North Point Center ⁽¹⁾	Durham, NC		1998-2009	280,556	-	280,556	100%	-	1,062,853	3.79
Sandbridge Commons	Virginia Beach, VA		2015	-	53,288	53,288	-	100%	583,000	10.94
Tyre Neck Harris Teeter ⁽¹⁾	Portsmouth, VA		2011	48,808	-	48,808	100%	-	507,603	10.40
Total / Weighted Avg Retail Portfolio Subject to Ground Leases				420,768	58,376	479,144	100.0%	100.0%	\$4,202,535	\$8.77
Subtotal / Total Weighted Average Retail (including ground leases) and Office Portfolio				2,490,458	532,242	3,022,700	96.5%	78.0%	\$54,192,353	\$19.23
Units										
Multifamily	Location	Town Center	Year Built	Core Properties	Development Properties	Total	Core Occupancy ⁽²⁾	Development Occupancy ⁽³⁾	ABR ⁽⁴⁾	ABR per Occupied RSF ⁽⁵⁾
Encore Apartments	Virginia Beach, VA	✓	2014	-	286	286	-	47.6%	\$1,883,460	\$1.67
Liberty Apartments	Newport News, VA		2014	-	197	197	-	68.3%	1,806,757	1.43
Smith's Landing ⁽¹⁴⁾	Blacksburg, VA		2009	284	-	284	99.6%	-	3,499,908	1.09
The Cosmopolitan ⁽¹⁵⁾	Virginia Beach, VA	✓	2006	342	-	342	94.2%	-	6,956,704	1.63
Whetstone Apartments ⁽¹⁴⁾	Durham, NC		2015	-	203	203	-	26.1%	774,600	1.77
Total / Weighted Avg Multifamily Portfolio				626	686	1,312	96.6%	47.2%	\$14,921,428	\$1.44

PROPERTY PORTFOLIO FOOTNOTES

- 1)The net rentable square footage for each of our office properties is the sum of (a) the square footage of existing leases, plus (b) for available space, management's estimate of net rentable square footage based, in part, on past leases. The net rentable square footage included in office leases is generally determined consistent with the Building Owners and Managers Association, or BOMA, 1996 measurement guidelines. The net rentable square footage for each of our retail properties is the sum of (a) the square footage of existing leases, plus (b) for available space, the field verified square footage.
- 2)Occupancy for each of our office and retail properties is calculated as (a) square footage under executed leases as of March 31, 2015, divided by (b) net rentable square feet, expressed as a percentage. Occupancy for our multifamily properties is calculated as (a) total units occupied as of March 31, 2015, divided by (b) total units available, expressed as a percentage.
- 3)For the properties in our office and retail portfolios, annualized base rent or ABR is calculated by multiplying (a) base rental payments for executed leases as of March 31, 2015 (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 executed leases as of March 31, 2015. 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)As of March 31,2015, the Company occupied 18,984 square feet at this property at an annualized base rent of \$529,746 or \$27.90 per leased square foot, which amounts are reflected in this table. The rent paid by us is eliminated in accordance with GAAP. In addition, effective March 1, 2013, the Company subleases approximately 5,000 square feet of space from a tenant at this property.
- 5)Includes square footage and annualized base rent pursuant to leases for space occupied by the Company.
- 6)As of March 31, 2015, the Company occupied 8,995 square feet at this property at an annualized base rent of \$287,300, or \$31.94 per leased square foot, which amounts are reflected in this table. The rent paid by us is eliminated in accordance with GAAP.
- 7)Includes \$32,460 of annualized base rent pursuant to a rooftop lease.
- 8)Reflects square footage and annualized base rent pursuant to leases for space occupied by the Company.
- 9)Pursuant to this ground lease, the Company owns the land and the tenant owns the improvements thereto. The Company will succeed to the ownership of the improvements to the land upon the termination of the ground lease.
- 10)The Company leases the land underlying this property and re-leases it to our tenant under a ground lease pursuant to which our tenant owns the improvements on the land.
- 11)Excludes the square footage of land subject to ground leases.
- 12)For the properties in our multifamily portfolio, annualized base rent or ABR is calculated by multiplying (a) base rental payments for the month ended March 31, 2015 by (b) 12.
- 13)Annualized base rent per occupied rentable square foot is calculated by dividing (a) annualized base rent, by (b) net rentable square footage of occupied units as of March 31, 2015.
- 14)The Company leases the land underlying this property pursuant to a ground lease.
- 15)The annualized base rent for The Cosmopolitan includes \$863,000 of annualized base rent from 15 retail leases at the property.
- 16)Under contract to sell.

DEVELOPMENT PIPELINE

\$ in thousands



Development, Not Delivered	Property Type	Estimated	%Leased	Schedule ⁽¹⁾			Estimated Cost ⁽¹⁾	Cost to Date	AHH Ownership %	Anchor Tenants
				Start	Initial Occupancy	Stabilized Operation ⁽²⁾				
Johns Hopkins Village Baltimore, MD	Multifamily	157 units	NA	1Q15	3Q16	4Q16	\$66,000	\$3,000	80%	CVS ⁽³⁾
Lightfoot Marketplace Williamsburg, VA	Retail	88,000 sf ⁽⁴⁾	60%	3Q14	1Q16	2Q17	24,000	12,000	60% ⁽⁵⁾	Harris Teeter
Total Development, Not Delivered							90,000	15,000		
Development, Delivered Not Stabilized										
4525 Main Street Virginia Beach, VA	Office	239,000 sf	57%	1Q13	3Q14	3Q16	51,000	44,000	100%	Clark Nexsen, Development Authority of Virginia Beach, Anthropologie
Commonwealth of VA - Chesapeake Chesapeake, VA	Office	36,000 sf	100%	2Q14	1Q15	1Q15	7,000	7,000	100%	Commonwealth of Virginia
Commonwealth of VA - Virginia Beach Virginia Beach, VA	Office	11,000 sf	100%	2Q14	1Q15	1Q15	3,000	3,000	100%	Commonwealth of Virginia
Encore Apartments Virginia Beach, VA	Multifamily	286 units	48%	1Q13	3Q14	4Q15	32,000	31,000	100%	NA
Greentree Shopping Center Chesapeake, VA	Retail	18,000 sf ⁽⁴⁾	76%	4Q13	3Q14	1Q15	6,000	6,000	100%	Wawa
Oceaneering Chesapeake, VA	Office	155,000 sf	100%	4Q13	1Q15	1Q15	25,000	24,000	100%	Oceaneering International
Sandbridge Commons Virginia Beach, VA	Retail	70,000 sf ⁽⁴⁾	88%	4Q13	1Q15	1Q15	13,000	11,000	100%	Harris Teeter
Whetstone Apartments ⁽⁶⁾ Durham, NC	Multifamily	203 units	26%	2Q13	3Q14	4Q15	29,000	28,000	100%	NA
Total Development, Delivered Not Stabilized							166,000	154,000		
Total							\$256,000	\$169,000		

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



	1Q 2015
Capitalized Interest	\$416
Capitalized Overhead	\$617

ACQUISITIONS & DISPOSITIONS

\$ in thousands

ACQUISITIONS							
Properties	Location	Square Feet	Purchase Price	Purchase Date	Property Type	%leased	Anchor Tenants
Perry Hall Marketplace & Stone House Square	Maryland	185,000 sf	\$39,806	2Q15	Retail	90%	Safeway & Weis Markets
Dimmock Square	Colonial Heights, VA	106,166 sf	\$19,716	3Q14	Retail	100%	Old Navy, Best Buy, Pier 1

DISPOSITIONS							
Properties	Location	Square Feet/Units	Sale Price	Disposition Date	Property Type	%leased	Anchor Tenants
Oyster Point	Newport News, VA	100,139 sf	\$6,500	1Q17	Office	77%	GSA
Whetstone Apartments	Durham, NC	203 units	\$35,600	2Q15	Multifamily	26%	NA
Sentara Williamsburg	Williamsburg, VA	49,200 sf	\$15,450	1Q15	Office	100%	Sentara
Virginia Natural Gas	Virginia Beach, VA	31,000 sf	\$8,900	4Q14	Office	100%	Virginia Natural Gas



CONSTRUCTION BUSINESS SUMMARY

\$ in thousands

	<u>Location</u>	<u>Total Contract Value</u>	<u>Work in Place as of 3/31/15</u>	<u>Backlog</u>	<u>Estimated Date of Completion</u>
Highlighted Projects					
Exelon	Baltimore, MD	\$171,053	\$61,803	\$109,250	1Q 2016
City of Suffolk Municipal Center	Suffolk, VA	25,430	23,838	1,592	2Q 2015
Four Seasons Condominium Expansion	Baltimore, MD	<u>27,687</u>	<u>11,791</u>	<u>15,896</u>	4Q 2015
Sub Total		224,170	97,432	126,738	
All Other Projects		91,574	79,864	11,710	
Total		<u>\$315,744</u>	<u>\$177,296</u>	<u>\$138,448</u>	

Gross Profit Summary

	<u>Q1 2015</u>	<u>Trailing 12 Months</u>
	(Unaudited)	
Revenue	\$29,071	\$113,158
Expense	<u>(28,142)</u>	<u>(108,911)</u>
Gross Profit	\$929	\$4,247



SAME STORE NOI BY SEGMENT

\$ in thousands

	Three months ended 3/31		\$ Change	% Change
	2015	2014		
Office⁽¹⁾	(Unaudited)			
Revenue	\$6,249	\$6,125	\$124	2.0%
Expenses	2,106	2,095	11	0.5%
Net Operating Income	4,143	4,030	113	2.8%
Retail⁽¹⁾				
Revenue	5,987	5,770	217	3.8%
Expenses	1,850	1,825	25	1.4%
Net Operating Income	4,137	3,945	192	4.9%
Multifamily⁽¹⁾				
Revenue	2,937	2,791	146	5.2%
Expenses	1,250	1,208	42	3.5%
Net Operating Income	1,687	1,583	104	6.6%
Same Store Net Operating Income (NOI), GAAP basis	\$9,967	\$9,558	\$409	4.3%
Net effect of straight-line rents	(178)	(374)	196	-52.3%
Amortization of lease incentives and above (below) market rents	141	156	(15)	-9.9%
Same store portfolio NOI, cash basis	\$9,929	\$9,340	\$589	6.3%
Cash Basis:				
Office	\$3,959	\$3,548	\$411	11.6%
Retail	4,251	4,180	71	1.7%
Multifamily	1,719	1,611	108	6.7%
	\$9,929	\$9,340	\$589	6.3%
GAAP Basis:				
Office	\$4,143	\$4,030	\$113	2.8%
Retail	4,137	3,945	192	4.9%
Multifamily	1,687	1,583	104	6.6%
	\$9,967	\$9,558	\$409	4.3%

TOP 10 TENANTS BY ANNUALIZED BASE RENT

As of March 31, 2015

Office Portfolio							
Tenant	Number of Leases	Number of Properties	Properties	Lease Expiration	Annualized Base Rent	% of Office Portfolio Annualized Base Rent	% of Total Portfolio Annualized Base Rent
Williams Mullen	3	2	Armada Hoffler Tower, Richmond Tower	3/22/2026	\$7,978,920	26.9%	11.5%
Clark Nexsen	1	1	4525 Main Street	9/30/2029	2,390,656	8.1%	3.5%
Oceaneering International, Inc	1	1	Oceaneering	1/30/2030	1,909,600	6.4%	2.8%
Cherry Bekaert	3	1	Armada Hoffler Tower, Richmond Tower, Oyster Point	1/31/2025	958,984	3.2%	1.4%
Hampton University	2	3	Armada Hoffler Tower	2/28/2023	891,087	3.0%	1.3%
Commonwealth of Virginia	2	2	Commonwealth of Virginia - Chesapeake & Virginia Beach	7/1/2030	886,975	3.0%	1.3%
GSA	1	1	Oyster Point	4/26/2017	856,448	2.9%	1.2%
Troutman Sanders	1	1	Armada Hoffler Tower	1/31/2025	805,605	2.7%	1.2%
The Art Institute	1	1	Two Columbus	12/31/2019	787,226	2.7%	1.1%
Pender & Coward	1	1	Armada Hoffler Tower	1/31/2030	781,536	2.6%	1.1%
Top 10 Total					\$18,247,037	61.4%	26.4%

Retail Portfolio							
Tenant	Number of Leases	Number of Properties	Properties	Lease Expiration	Annualized Base Rent	% of Retail Portfolio Annualized Base Rent	% of Total Portfolio Annualized Base Rent
Home Depot	2	2	Broad Creek Shopping Center, North Point Center	12/3/2019	\$2,189,900	8.9%	3.2%
Harris Teeter	3	3	Tyre Neck Harris Teeter, Hanbury Village, Sandbridge	8/20/2030	2,013,002	8.2%	2.9%
Food Lion	3	3	Broad Creek Shopping Center, Bermuda Crossroads, Gainsborough Square	3/19/2020	1,282,568	5.2%	1.9%
Dick's Sporting Goods	1	1	Dick's at Town Center	1/31/2020	798,000	3.3%	1.2%
Regal Cinemas	1	1	Harrisonburg Regal	4/23/2019	683,550	2.8%	1.0%
PetSmart	2	2	Broad Creek Shopping Center, North Point Center	7/21/2018	618,704	2.5%	0.9%
Kroger	1	1	North Point Center	8/31/2018	552,864	2.3%	0.8%
Yard House	1	1	Commerce Street Retail	11/30/2023	538,000	2.2%	0.8%
Rite Aid	2	2	Gainsborough Square, Parkway Marketplace	5/29/2019	484,193	2.0%	0.7%
Walgreens	1	1	Hanbury Village	12/31/2083	447,564	1.8%	0.6%
Top 10 Total					\$9,608,345	39.2%	13.9%

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			
1st Quarter 2015	1	1,120	1	2,153	\$37.00	\$37.00	\$0.00	\$37.00	\$37.00	\$0.00	4.00	\$3,315	\$2.96
4th Quarter 2014	6	26,386	3	5,726	21.08	21.23	(0.15)	20.50	22.14	(1.65)	3.65	182,728	6.93
3rd Quarter 2014	3	6,859	2	6,082	18.50	19.63	(1.13)	18.48	19.85	(1.36)	2.62	68,913	10.05
2nd Quarter 2014	2	18,824	1	8,452	25.12	24.33	0.79	25.37	27.55	(2.18)	7.75	204,718	10.88

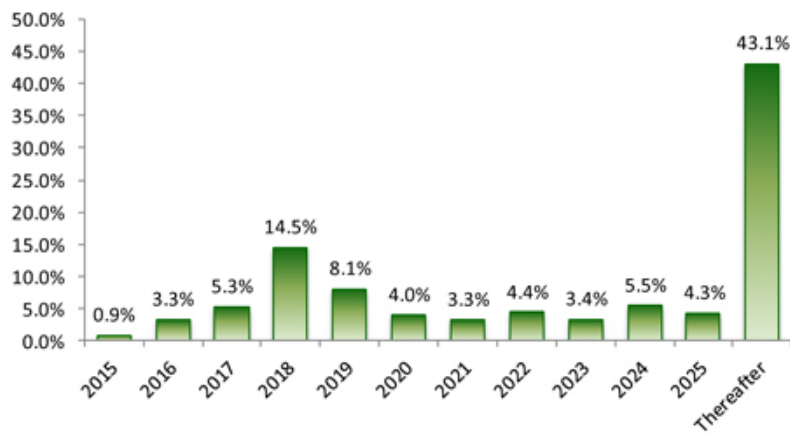
New Lease Summary⁽¹⁾

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
1st Quarter 2015	-	-	\$0.00	-	\$0	-
4th Quarter 2014	1	4,754	17.50	10.00	103,266	21.72
3rd Quarter 2014	2	2,853	22.65	2.56	55,892	19.59
2nd Quarter 2014	4	6,948	20.18	4.28	190,255	27.38



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	-	159,989	12.2%	\$0	-	\$0.00
2015	8	11,748	0.9%	262,080	0.9%	22.31
2016	16	39,688	3.0%	986,213	3.3%	24.85
2017	6	65,186	5.0%	1,576,335	5.3%	24.18
2018	18	155,821	11.9%	4,311,502	14.5%	27.67
2019	12	101,851	7.8%	2,405,268	8.1%	23.62
2020	5	42,016	3.2%	1,182,909	4.0%	28.15
2021	4	41,363	3.2%	974,134	3.3%	23.55
2022	3	48,117	3.7%	1,303,750	4.4%	27.10
2023	1	44,250	3.4%	1,001,927	3.4%	22.64
2024	3	60,751	4.6%	1,620,425	5.5%	26.67
2025	4	42,957	3.3%	1,284,137	4.3%	29.89
Thereafter	10	497,113	37.9%	12,787,335	43.1%	25.72
Total / Weighted Average	90	1,310,850	100.0%	\$29,696,015	100.0%	\$25.80



RETAIL 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			
1st Quarter 2015	-	-	4	12,120	-	-	-	-	-	-	-	\$0	\$0.00
4th Quarter 2014	6	26,900	3	6,012	17.64	16.19	1.45	17.76	16.98	0.78	5.11	44,109	1.64
3rd 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
2nd Quarter 2014	5	23,857	3	6,540	20.84	20.41	0.43	21.18	21.82	(0.64)	4.55	63,339	2.65

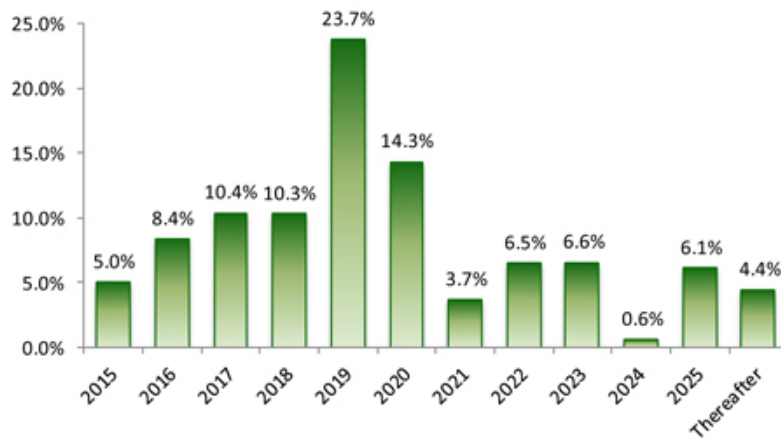
New Lease Summary⁽¹⁾

Quarter	Number of Leases Signed	Net rentable SF Signed	Contractual Rent per SF	Weighted Average Lease Term	TI, LC, & Incentives	TI, LC, & Incentives per SF
1st Quarter 2015	4	20,531	\$18.00	9.08	\$1,575,260	\$76.73
4th Quarter 2014	7	35,574	20.30	6.83	522,738	14.69
3rd Quarter 2014	4	10,574	25.73	7.78	1,071,485	101.33
2nd Quarter 2014	1	3,160	16.25	10.50	126,558	40.05



RETAIL 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	-	44,823	3.6%	\$0	-	\$0.00
2015	14	49,106	4.0%	1,017,899	5.0%	20.73
2016	23	73,259	5.9%	1,695,384	8.4%	23.14
2017	23	148,173	12.0%	2,108,555	10.4%	14.23
2018	25	138,885	11.3%	2,086,801	10.3%	15.03
2019	25	327,441	26.6%	4,818,406	23.7%	14.72
2020	21	204,877	16.6%	2,908,427	14.3%	14.20
2021	5	25,204	2.0%	745,728	3.7%	29.59
2022	8	88,838	7.2%	1,316,413	6.5%	14.82
2023	6	49,460	4.0%	1,331,093	6.6%	26.91
2024	3	5,795	0.5%	124,490	0.6%	21.48
2025	9	43,002	3.5%	1,238,485	6.1%	28.80
Thereafter	5	33,843	2.7%	902,121	4.4%	26.66
Total / Weighted Average	167	1,232,706	100.0%	\$20,293,803	100.0%	\$17.08



COMPONENTS OF NET ASSET VALUE

Stabilized Portfolio NOI ÷ Market Cap Rate = Stabilized Portfolio Value

+

Investment in Development Pipeline

+

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

+

Other Assets

-

Liabilities

NAV

NET ASSET VALUE COMPONENT DATA

\$ in thousands

Stabilized Portfolio NOI (Cash)		
	Three months ended	Annualized
	3/31/2015	3/31/2015
Diversified Portfolio		
Office	\$1,742	\$6,968
Retail	3,455	13,820
Multifamily	648	2,592
Total Diversified Portfolio NOI	\$5,845	\$23,380
Virginia Beach Town Center		
Office ⁽¹⁾	\$2,386	\$9,544
Retail ⁽¹⁾	1,285	5,140
Multifamily	1,071	4,284
Total Virginia Beach Town Center NOI	\$4,742	\$18,968
Stabilized Portfolio NOI (Cash)	\$10,587	\$42,348

Development Pipeline		
	3/31/2015	
Income producing property	\$109,000	
Construction in progress	25,000	
Real estate investment held for sale	28,000	
Other assets	7,000	
Total cost to date (p. 16)	\$169,000	
Liberty Apartments (GAAP purchase price)		\$26,735

Taxable REIT Subsidiary (TRS)	
	Trailing 12 Months
	3/31/2015
General contracting and real estate services	\$4,247

Other Assets	
	As of 3/31/2015
Other Assets	
Cash and Cash Equivalents	\$31,479
Restricted Cash	4,026
Accounts Receivable	20,788
Construction receivables, including retentions	28,085
Other Assets	32,362
Total Other Assets	\$116,740

Liabilities & Share Count	
	As of 3/31/2015
Liabilities	
Mortgages and notes payable	\$363,730
Debt related to assets held-for-sale	17,342
Accounts payable and accrued liabilities	5,649
Construction payables, including retentions	34,264
Other Liabilities	20,148
Total Liabilities	\$441,133

Share Count	
	Three months ended
	3/31/2015
Weighted average common shares outstanding	25,042
Weighted average operating partnership ("OP") Units Outstanding	14,776
Total weighted average common shares and OP units outstanding	39,818



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



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

APPENDIX –
DEFINITIONS &
RECONCILIATIONS

DEFINITIONS

Net Operating Income:

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

Funds From Operations:

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

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

DEFINITIONS

Normalized Funds From Operations:

We calculate Normalized Funds From Operations (“Normalized FFO”) as FFO calculated in accordance with the standards established by NAREIT, adjusted for acquisition, development and other pursuit costs, gains or losses from the early extinguishment of debt, impairment charges, mark-to-market adjustments on interest rate derivatives and other noncomparable items.

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

Adjusted Funds From Operations:

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

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

DEFINITIONS

EBITDA:

We calculate EBITDA as net income (loss) (calculated in accordance with GAAP), excluding interest expense, income taxes and depreciation and amortization. We also exclude gains (or losses) from sales of depreciable operating property from our calculation of EBITDA. Management believes EBITDA is useful to investors in evaluating and facilitating comparisons of our operating performance between periods and between REITs by removing the impact of our capital structure (primarily interest expense) and asset base (primarily depreciation and amortization) from our operating results.

Core EBITDA:

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

Core Debt:

We calculate Core Debt as our total debt, excluding loans associated with our development pipeline.

Same Store Portfolio:

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

SAME STORE VS. NON-SAME STORE PROPERTIES

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

RECONCILIATION TO PROPERTY PORTFOLIO NOI

\$ in thousands

	Three months ended 3/31	
	2015	2014
<u>Office Same Store⁽¹⁾</u>		
Rental revenues	\$6,249	\$6,125
Property expenses	2,106	2,095
NOI	4,143	4,030
Non-Same Store NOI	1,115	388
Segment NOI	\$5,258	\$4,418
 <u>Retail Same Store⁽¹⁾</u>		
Rental revenues	\$5,987	\$5,770
Property expenses	1,850	1,825
NOI	4,137	3,945
Non-Same Store NOI	523	-
Segment NOI	\$4,660	\$3,945
 <u>Multifamily Same Store⁽¹⁾</u>		
Rental revenues	\$2,937	\$2,791
Property expenses	1,250	1,208
NOI	1,687	1,583
Non-Same Store NOI	168	(72)
Segment NOI	1,855	1,511
 Total Property Portfolio NOI	 \$11,773	 \$9,874

RECONCILIATION TO PROPERTY PORTFOLIO NOI

\$ in thousands

	Three months ended 3/31/2015			
	Office	Retail	Multifamily	Total
Diversified Portfolio				
Cash NOI	\$1,742	\$3,455	\$648	\$5,845
Net effect of straight-line rents	172	(129)	(13)	30
Amortization of lease incentives and (above) below market rents	(12)	47	(13)	22
GAAP NOI	\$1,902	\$3,373	\$622	\$5,897
Town Center of Virginia Beach				
Cash NOI	\$2,386	\$1,285	\$1,071	\$4,742
Net effect of straight-line rents	49	114	(6)	157
Amortization of lease incentives and (above) below market rents	(25)	(130)	-	(155)
Elimination of AHH rent	(169)	(77)	-	(246)
GAAP NOI	\$2,241	\$1,192	\$1,065	\$4,498
GAAP NOI				
Diversified Portfolio	\$1,902	\$3,373	\$622	\$5,897
Town Center of Virginia Beach	2,241	1,192	1,065	4,498
Unstabilized Properties	1,115	95	168	1,378
Total Property Portfolio NOI	\$5,258	\$4,660	\$1,855	\$11,773

RECONCILIATION TO GAAP NET INCOME

\$ in thousands

	Three months ended 3/31/2015					
	Office	Retail	Multifamily	Total Property Portfolio	General Contracting & Real Estate Services	Total
Segment revenues	\$ 7,703	\$ 6,625	\$ 3,862	\$ 18,190	\$ 29,071	\$ 47,261
Segment expenses	2,445	1,965	2,007	6,417	28,142	34,559
Net operating income	\$ 5,258	\$ 4,660	\$ 1,855	\$ 11,773	\$ 929	\$ 12,702
Depreciation and amortization						(4,908)
General and administrative expenses						(2,328)
Acquisition, development and other pursuit costs						(171)
Interest expense						(3,046)
Loss on extinguishment of debt						(227)
Gain on real estate dispositions						6,197
Other income (loss)						(132)
Income tax benefit (provision)						31
Net income						<u>\$ 8,118</u>