

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **November 1, 2016**

ARMADA HOFFLER PROPERTIES, INC.

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction
of incorporation)

001-35908

(Commission File Number)

46-1214914

(IRS Employer
Identification No.)

222 Central Park Avenue, Suite 2100

Virginia Beach, Virginia

(Address of principal executive offices)

23462

(Zip Code)

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

Not Applicable

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

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

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

Item 2.02. Results of Operations and Financial Condition.

On November 1, 2016, Armada Hoffer Properties, Inc. (the “Company”) issued a press release announcing its financial position as of September 30, 2016, results of operations for the three months ended September 30, 2016 and other related information. Also on November 1, 2016, the Company made available on its website at www.ArmadaHoffer.com certain supplemental information concerning the Company’s financial results and operations for the three months ended September 30, 2016. Copies of such press release and supplemental information are furnished as Exhibits 99.1 and 99.2, respectively, to this Current Report on Form 8-K and are incorporated herein by reference.

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

Item 7.01. Regulation FD Disclosure.

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

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press Release, dated November 1, 2016, issued by Armada Hoffer Properties, Inc., providing its financial position as of September 30, 2016 and results of operations for the three months ended September 30, 2016.
99.2	Armada Hoffer Properties, Inc. Third Quarter 2016 Supplemental Information.

SIGNATURES

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

ARMADA HOFFLER PROPERTIES, INC.

Date: November 1, 2016

/s/ MICHAEL P. O'HARA

Michael P. O'Hara

Chief Financial Officer and Treasurer

EXHIBIT INDEX

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99.1	Press Release, dated November 1, 2016, issued by Armada Hoffler Properties, Inc., providing its financial position as of September 30, 2016 and results of operations for the three months ended September 30, 2016.
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PRESS RELEASE

ARMADA HOFFLER PROPERTIES REPORTS THIRD QUARTER 2016 RESULTS

Net Income of \$0.15 Per Diluted Share

Normalized FFO of \$0.26 Per Diluted Share

Company Raised 2016 Full-Year Normalized FFO Guidance

VIRGINIA BEACH, VA, November 1, 2016 – Armada Hoffler Properties, Inc. (NYSE: AHH) today announced its results for the quarter ended September 30, 2016 and provided an update on current events.

Highlights include:

- Net income of \$7.9 million, or \$0.15 per diluted share, for the quarter ended September 30, 2016 compared to net income of \$4.3 million, or \$0.10 per diluted share, for the quarter ended September 30, 2015.
- Normalized Funds From Operations (“FFO”) of \$13.2 million, or \$0.26 per diluted share, for the quarter ended September 30, 2016 compared to Normalized FFO of \$11.0 million, or \$0.26 per diluted share, for the quarter ended September 30, 2015.
- FFO of \$13.1 million, or \$0.25 per diluted share, for the quarter ended September 30, 2016 compared to FFO of \$10.7 million, or \$0.25 per diluted share, for the quarter ended September 30, 2015.
- Same Store Net Operating Income (“NOI”) increased for the ninth consecutive quarter.
- Core operating property portfolio occupancy at 96.2% compared to 95.6% as of September 30, 2015.
- Delivered both Lightfoot Marketplace in Williamsburg, Virginia and Johns Hopkins Village in Baltimore.
- Broke ground on Harding Place, a new \$45 million Class A multifamily property in Midtown Charlotte, North Carolina with expected delivery in 2018.
- Broke ground on the next phase of development in the Town Center of Virginia Beach, a \$41 million mixed-use project expected to include 39,000 square feet of retail space, which is nearly 50% pre-leased, and more than 130 luxury apartments, as part of the Company's ongoing public-private partnership with the City of Virginia Beach.
- Sold the Oyster Point office building in Newport News, Virginia and agreed to acquire an 80,000 square foot grocery-anchored retail center located in the greater Charlotte area of North Carolina. The Company expects to close on this acquisition in the fourth quarter of 2016.
- Sold Kroger Junction, one of the non-core retail centers acquired as part of the 11-asset portfolio purchase completed in January.
- The Company is raising its 2016 full-year Normalized FFO guidance range - now \$0.99 to \$1.01 per diluted share from its previous guidance range of \$0.96 to \$1.00 per diluted share.

Commenting on the Company’s results, Louis Haddad, President and CEO, said, "Once again we reported quarterly results at the higher end of our expected range and once again, we've raised our Normalized FFO guidance range for the year. Whether it's through selective development or strategic acquisitions and dispositions, the management team at Armada Hoffler remains committed to making the right real estate decisions in order to grow our portfolio and create value for our shareholders over the long-term."

Financial Results

Net income for the third quarter increased to \$7.9 million compared to \$4.3 million for the third quarter of 2015. Normalized FFO for the third quarter increased to \$13.2 million compared to \$11.0 million for the third quarter of 2015. FFO for the third quarter increased to \$13.1 million compared to \$10.7 million for the third quarter of 2015.

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

Operating Performance

At the end of the third quarter, the Company's office, retail and multifamily core operating property portfolios were 96.4%, 96.4% and 95.8% occupied, respectively.

Total construction contract backlog was \$246.4 million at the end of the quarter.

Balance Sheet and Financing Activity

As of September 30, 2016, the Company had \$519 million of total debt outstanding, including \$102 million outstanding under its revolving credit facility. Total debt outstanding excludes unamortized GAAP fair value adjustments and deferred financing costs. Approximately 47% of the Company's debt had fixed interest rates or were subject to interest rate swaps as of September 30, 2016. After considering LIBOR interest rate caps with strike prices at or below 150 basis points as of September 30, 2016, approximately 99% of the Company's debt was fixed or hedged.

During the third quarter, the Company raised an aggregate of \$19.9 million of gross proceeds under its At-The-Market ("ATM") continuous equity offering program at a weighted average price of \$13.93 per share.

Outlook

The Company is raising its 2016 full-year guidance and now expects 2016 Normalized FFO in the range of \$0.99 to \$1.01 per diluted share as compared to the Company's previously announced full-year guidance in the range of \$0.96 to \$1.00 per diluted share. The following table outlines the Company's assumptions along with Normalized FFO per share estimates for the full-year 2016.

Full-year 2016 Guidance ^[1]	Expected Ranges	
Total NOI	\$67.3M	\$68.0M
Construction company annual segment gross profit	\$5.1M	\$5.3M
General and administrative expenses	\$9.2M	\$9.4M
Interest income	\$3.1M	\$3.3M
Interest expense	\$16.2M	\$16.6M
Normalized FFO per diluted share ^[2]	\$0.99	\$1.01

^[1] Excludes the impact of any future acquisitions other than the October retail acquisition, dispositions or other capital markets activity, except for opportunistic sales of additional shares under the ATM program, assuming favorable market conditions.

^[2] Normalized FFO excludes certain items, including debt extinguishment losses, acquisition, development and other pursuit costs, mark-to-market adjustments for interest rate derivatives and other non-comparable items. See "Non-GAAP Financial Measures." In addition, the calculation of Normalized FFO per diluted share assumes 50.2 million weighted average shares and units outstanding, including shares issued under the ATM program and two million shares issued on October 13, 2016 for the retail acquisition. The Company does not provide a reconciliation for its guidance range of Normalized FFO per diluted share to net income per diluted

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

Supplemental Financial Information

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

Webcast and Conference Call

The Company will host a webcast and conference call on Tuesday, November 1, 2016 at 8:30 a.m. Eastern Time to review financial results and discuss recent events. The live webcast will be available through the Investor Relations page of the Company's website, www.ArmadaHoffler.com, or through www.viavid.com. To participate in the call, please dial 877-407-3982 (domestic) or 201-493-6780 (international). A replay of the conference call will be available through Thursday, December 1, 2016 by dialing 877-870-5176 (domestic) or 858-384-5517 (international) and entering the pass code 13645593.

About Armada Hoffler Properties, Inc.

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

Forward-Looking Statements

Certain matters within this press release are discussed using forward-looking language as specified in the Private Securities Litigation Reform Act of 1995, and, as such, may involve known and unknown risks, uncertainties and other factors that may cause the actual results or performance to differ from those projected in the forward-looking statement. These forward-looking statements may include comments relating to the current and future performance of the Company's operating property portfolio, the Company's development pipeline, the Company's construction and development business, including backlog and timing of deliveries, financing activities, as well as acquisitions, dispositions and the Company's financial outlook and expectations. For a description of factors that may cause the Company's actual results or performance to differ from its forward-looking statements, please review the information under the heading "Risk Factors" included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015, and the other documents filed by the Company with the Securities and Exchange Commission.

Non-GAAP Financial Measures

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

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

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

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

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

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

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

	September 30, 2016 (Unaudited)	December 31, 2015
<u>ASSETS</u>		
Real estate investments:		
Income producing property	\$ 844,127	\$ 579,000
Held for development	1,933	1,180
Construction in progress	13,895	53,411
Accumulated depreciation	(133,288)	(125,380)
Net real estate investments	726,667	508,211
Real estate investments held for sale	—	40,232
Cash and cash equivalents	23,890	26,989
Restricted cash	3,471	2,824
Accounts receivable, net	15,100	21,982
Notes receivable	49,935	7,825
Construction receivables, including retentions	39,981	36,535
Construction contract costs and estimated earnings in excess of billings	419	88
Equity method investments	10,360	1,411
Other assets	62,022	43,450
Total Assets	\$ 931,845	\$ 689,547
<u>LIABILITIES AND EQUITY</u>		
Indebtedness, net	\$ 513,993	\$ 377,593
Accounts payable and accrued liabilities	10,604	6,472
Construction payables, including retentions	51,203	52,067
Billings in excess of construction contract costs and estimated earnings	6,560	2,224
Other liabilities	39,517	25,471
Total Liabilities	621,877	463,827
Total Equity	309,968	225,720
Total Liabilities and Equity	\$ 931,845	\$ 689,547

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(Unaudited)			
Revenues				
Rental revenues	\$ 25,305	\$ 21,303	\$ 72,839	\$ 59,401
General contracting and real estate services	38,552	53,822	108,555	129,959
Total revenues	63,857	75,125	181,394	189,360
Expenses				
Rental expenses	5,834	4,865	16,234	14,256
Real estate taxes	2,356	2,056	7,087	5,672
General contracting and real estate services	37,274	51,716	104,336	125,141
Depreciation and amortization	8,885	6,317	25,636	16,991
General and administrative	2,156	1,873	6,864	6,297
Acquisition, development and other pursuit costs	345	288	1,486	1,050
Impairment charges	149	—	184	23
Total expenses	56,999	67,115	161,827	169,430
Operating income	6,858	8,010	19,567	19,930
Interest income	1,024	—	1,928	—
Interest expense	(4,124)	(3,518)	(11,893)	(9,922)
Loss on extinguishment of debt	(82)	(3)	(82)	(410)
Gain on real estate dispositions	3,753	—	30,440	13,407
Change in fair value of interest rate derivatives	498	(51)	(2,264)	(238)
Other income	35	17	154	56
Income before taxes	7,962	4,455	37,850	22,823
Income tax provision	(16)	(118)	(240)	(83)
Net income	7,946	4,337	37,610	22,740
Per diluted share	\$ 0.15	\$ 0.10	\$ 0.77	\$ 0.56
Weighted average shares outstanding	51,512	41,877	48,869	40,691

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net income	\$ 7,946	\$ 4,337	\$ 37,610	\$ 22,740
Depreciation and amortization	8,885	6,317	25,636	16,991
Gain on dispositions of operating real estate(1)	(3,753)	—	(30,010)	(13,407)
Funds From Operations (FFO)	\$ 13,078	\$ 10,654	\$ 33,236	\$ 26,324
Acquisition costs	345	288	1,486	1,050
Impairment charges	149	—	184	23
Loss on extinguishment of debt	82	3	82	410
Change in fair value of interest rate derivatives	(498)	51	2,264	238
Normalized FFO	\$ 13,156	\$ 10,996	\$ 37,252	\$ 28,045
FFO per diluted share	\$ 0.25	\$ 0.25	\$ 0.68	\$ 0.65
Normalized FFO per diluted share	\$ 0.26	\$ 0.26	\$ 0.76	\$ 0.69
Weighted average shares outstanding	51,512	41,877	48,869	40,691

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

Contact:

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

ARMADA HOFFLER

P R O P E R T I E S

SUPPLEMENTAL
INFORMATION
THIRD QUARTER 2016



Town Center Phase VI

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Forward Looking Statements

This Supplemental Information should be read in conjunction with the unaudited condensed consolidated financial statements appearing in our press release dated November 1, 2016, which has been furnished as Exhibit 99.1 to our Form 8-K filed on November 1, 2016. The Company makes statements in this Supplemental Information that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). In particular, statements pertaining to our capital resources, portfolio performance and results of operations contain forward-looking statements. Likewise, all of our statements regarding our 2016 outlook and anticipated growth in our funds from operations, normalized funds from operations, funds available for distribution and net operating income are forward-looking statements. You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "intends," "plans," "estimates" or "anticipates" or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, estimates, data or methods, which may be incorrect or imprecise, and actual results may vary materially from those anticipated, estimated or projected. The Company does not guarantee that the transactions and events described will happen as described (or that they will happen at all). For further discussion of risk factors and other events that could impact our future results, please refer to the section entitled "Risk Factors" in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC"), and the documents subsequently filed by us from time to time with the SEC.

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

Corporate Profile

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

Board of Directors

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

Analyst Coverage

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(503) 603-3041

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Raymond James & Associates
(727) 567-2594

James O. Lykins
jlykins@dadco.com

Robert Stevenson
robertstevenson@janney.com

Bill Crow
bill.crow@raymondjames.com

Corporate Officers

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

Investor Relations

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Highlights

- Net income of \$7.9 million, or \$0.15 per diluted share, for the quarter ended September 30, 2016 compared to net income of \$4.3 million, or \$0.10 per diluted share, for the quarter ended September 30, 2015.
- Normalized Funds From Operations ("FFO") of \$13.2 million, or \$0.26 per diluted share, for the quarter ended September 30, 2016 compared to Normalized FFO of \$11.0 million, or \$0.26 per diluted share, for the quarter ended September 30, 2015.
- FFO of \$13.1 million, or \$0.25 per diluted share, for the quarter ended September 30, 2016 compared to FFO of \$10.7 million, or \$0.25 per diluted share, for the quarter ended September 30, 2015.
- Same Store Net Operating Income ("NOI") increased for the ninth consecutive quarter.
- Core operating property portfolio occupancy at 96.2% compared to 95.6% as of September 30, 2015.
- Delivered both Lightfoot Marketplace in Williamsburg, Virginia and Johns Hopkins Village in Baltimore.
- Broke ground on Harding Place, a new \$45 million Class A multifamily property in Midtown Charlotte, North Carolina with expected delivery in 2018.
- Broke ground on the next phase of development in the Town Center of Virginia Beach, a \$41 million mixed-use project expected to include 39,000 square feet of retail space, which is nearly 50% pre-leased, and more than 130 luxury apartments, as part of the Company's ongoing public-private partnership with the City of Virginia Beach.
- Sold the Oyster Point office building in Newport News, Virginia and agreed to acquire an 80,000 square foot grocery-anchored retail center located in the greater Charlotte area of North Carolina. The Company expects to close on this acquisition in the fourth quarter of 2016.
- Sold Kroger Junction, one of the non-core retail centers acquired as part of the 11-asset portfolio purchase completed in January.
- The Company is raising its 2016 full-year Normalized FFO guidance range - now \$0.99 to \$1.01 per diluted share from its previous guidance range of \$0.96 to \$1.00 per diluted share.

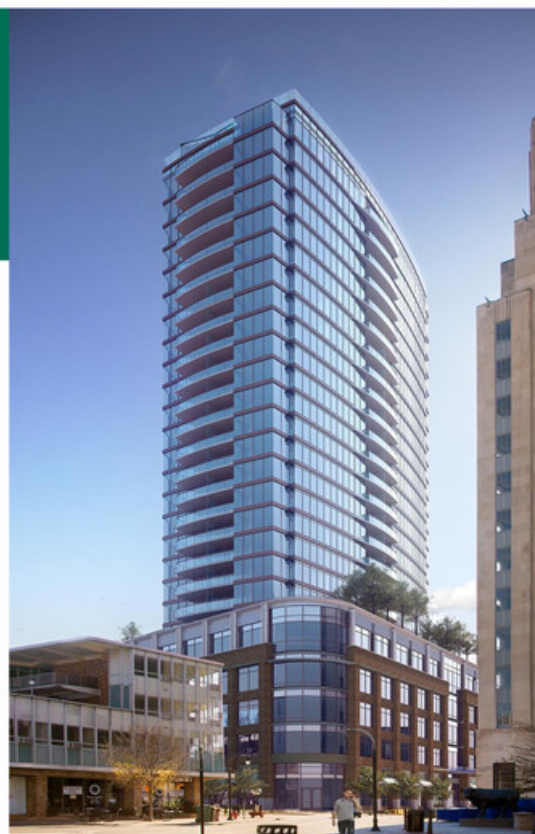
2016 Outlook

The Company is raising its 2016 full-year guidance and now expects 2016 Normalized FFO in the range of \$0.99 to \$1.01 per diluted share. The following table outlines the Company's assumptions along with Normalized FFO per share estimates for the full-year 2016.

Full-year 2016 Guidance ^[1]	Expected Ranges	
Total NOI	\$67.3M	\$68.0M
Construction company annual segment gross profit	\$5.1M	\$5.3M
General and administrative expenses	\$9.2M	\$9.4M
Interest income	\$3.1M	\$3.3M
Interest expense	\$16.2M	\$16.6M
Normalized FFO per diluted share ^[2]	\$0.99	\$1.01

^[1] Excludes the impact of any future acquisitions other than the October retail acquisition, dispositions or other capital markets activity, except for opportunistic sales of additional shares under the ATM program, assuming favorable market conditions.

^[2] Normalized FFO excludes certain items, including debt extinguishment losses, acquisition, development and other pursuit costs, mark-to-market adjustments for interest rate derivatives and other non-comparable items. See "Non-GAAP Financial Measures." In addition, the calculation of Normalized FFO per diluted share assumes 50.2 million weighted average shares and units outstanding, including shares issued under the ATM program and two million shares issued on October 13, 2016 for the retail acquisition.



Summary Information

\$ in thousands, except per share data

	Three months ended				
	9/30/2016	6/30/2016	3/31/2016	12/31/2015	9/30/2015
OPERATIONAL METRICS					
Net income	\$7,946	\$3,131	\$26,533	\$8,443	\$4,337
Net income per diluted share	\$0.15	\$0.06	\$0.57	\$0.19	\$0.10
Rental properties Net Operating Income (NOI)	17,115	16,798	15,605	14,713	14,382
General contracting and real estate services gross profit	1,278	1,175	1,766	1,106	2,106
Adjusted EBITDA ⁽¹⁾	16,720	16,077	14,406	12,903	14,341
Funds From Operations (FFO)	13,078	11,720	8,438	9,618	10,654
FFO per diluted share	\$0.25	\$0.24	\$0.18	\$0.22	\$0.25
Normalized FFO	13,156	12,530	11,566	10,614	10,996
Normalized FFO per diluted share	\$0.26	\$0.26	\$0.25	\$0.24	\$0.26
Annualized dividend yield	5.37%	5.24%	6.40%	6.49%	6.96%
CAPITALIZATION					
Total common shares outstanding	34,256	32,825	31,095	30,076	26,261
Operating Partnership ("OP") units outstanding	17,793	17,597	16,027	16,027	16,043
Common shares and OP units outstanding	52,049	50,422	47,122	46,103	42,304
Market price per common share	\$13.40	\$13.74	\$11.25	\$10.48	\$9.77
Equity market capitalization ⁽²⁾	\$697,457	\$692,798	\$530,123	\$483,159	\$413,310
Total debt ⁽³⁾	519,209	512,702	471,876	382,013	421,442
Total market capitalization	1,216,666	1,205,500	1,001,999	865,172	834,752
Less: cash	(27,361)	(23,142)	(22,505)	(29,813)	(19,434)
Total enterprise value	\$1,189,305	\$1,182,358	\$979,494	\$835,359	\$815,318
BALANCE SHEET METRICS					
Core Debt/enterprise value	34.3%	35.4%	40.1%	37.0%	44.6%
Fixed charge coverage ratio	3.4x	3.3x	3.1x	3.1x	3.3x
Core Debt/Annualized Core EBITDA	6.4x	6.7x	6.9x	6.1x	6.6x
CORE PORTFOLIO OCCUPANCY					
Office ⁽⁴⁾	96.4%	94.6%	95.0%	95.8%	95.5%
Retail ⁽⁴⁾	96.4%	96.0%	95.1%	95.5%	96.2%
Multifamily ⁽⁵⁾	95.8%	94.3%	93.5%	94.2%	94.9%
Weighted Average ⁽⁶⁾	96.2%	95.3%	94.7%	95.3%	95.6%

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

(2) Includes common shares and OP units

(3) Excludes unamortized GAAP adjustments

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

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

(6) Total occupancy weighted by annualized base rent

Summary Balance Sheet

\$ in thousands

	As of	
	9/30/2016 (Unaudited)	12/31/2015
Assets		
Real estate investments:		
Income producing property	\$844,127	\$579,000
Held for development	1,933	1,180
Construction in progress	13,895	53,411
Accumulated depreciation	(133,288)	(125,380)
Net real estate investments	726,667	508,211
Real estate investments held for sale	-	40,232
Cash and cash equivalents	23,890	26,989
Restricted cash	3,471	2,824
Accounts receivable, net	15,100	21,982
Notes receivable	49,935	7,825
Construction receivables, including retentions	39,981	36,535
Costs and estimated earnings in excess of billings	419	88
Equity method investments	10,360	1,411
Other assets	62,022	43,450
Total Assets	\$931,845	\$689,547
Liabilities and Equity		
Indebtedness, net	\$513,993	\$377,593
Accounts payable and accrued liabilities	10,604	6,472
Construction payables, including retentions	51,203	52,067
Billings in excess of costs and estimated earnings	6,560	2,224
Other liabilities	39,517	25,471
Total Liabilities	621,877	463,827
Total Equity	309,968	225,720
Total Liabilities and Equity	\$931,845	\$689,547

Summary Income Statement

Amounts in thousands, except per share data

	Three months ended		Nine months Ended	
	9/30/2016	9/30/2015	9/30/2016	9/30/2015
Revenues				
Rental revenues	\$25,305	\$21,303	\$72,839	\$59,401
General contracting and real estate services	38,552	53,822	108,555	129,959
Total Revenues	63,857	75,125	181,394	189,360
Expenses				
Rental expenses	5,834	4,865	16,234	14,256
Real estate taxes	2,356	2,056	7,087	5,672
General contracting and real estate services	37,274	51,716	104,336	125,141
Depreciation and amortization	8,885	6,317	25,636	16,991
General and administrative	2,156	1,873	6,864	6,297
Acquisition, development & other pursuit costs	345	288	1,486	1,050
Impairment charges	149	-	184	23
Total Expenses	56,999	67,115	161,827	169,430
Operating Income	6,858	8,010	19,567	19,930
Interest income	1,024	-	1,928	-
Interest expense	(4,124)	(3,518)	(11,893)	(9,922)
Loss on extinguishment of debt	(82)	(3)	(82)	(410)
Gain on real estate dispositions	3,753	-	30,440	13,407
Change in fair value of interest rate derivatives	498	(51)	(2,264)	(238)
Other income	35	17	154	56
Income before taxes	7,962	4,455	37,850	22,823
Income tax benefit (provision)	(16)	(118)	(240)	(83)
Net Income	\$7,946	\$4,337	\$37,610	\$22,740
Per Diluted Share	\$0.15	\$0.10	\$0.77	\$0.56
Weighted Average Shares-Diluted	51,512	41,877	48,869	40,691

FFO, Normalized FFO & Adjusted FFO⁽¹⁾

\$ in thousands, except per share data

	Three months ended				
	9/30/2016	6/30/2016	3/31/2016 (Unaudited)	12/31/2015	9/30/2015
Funds From Operations					
Net income	\$7,946	\$3,131	\$26,533	\$8,443	\$4,337
Earnings per diluted share	\$0.15	\$0.06	\$0.57	\$0.19	\$0.10
Depreciation and amortization	8,885	8,602	8,149	6,162	6,317
Gain on disposition of operating real estate ⁽²⁾	(3,753)	(13)	(26,244)	(4,987)	-
Real estate joint ventures	-	-	-	-	-
FFO	\$13,078	\$11,720	\$8,438	\$9,618	\$10,654
FFO per diluted share	\$0.25	\$0.24	\$0.18	\$0.22	\$0.25
Normalized FFO					
Acquisition, development & other pursuit costs	345	437	704	885	288
Loss on extinguishment of debt	82	-	-	102	3
Impairment charges	149	-	35	18	-
Change in fair value of interest rate derivatives	(498)	373	2,389	(9)	51
Normalized FFO	\$13,156	\$12,530	\$11,566	\$10,614	\$10,996
Normalized FFO per diluted share	\$0.26	\$0.26	\$0.25	\$0.24	\$0.26
Adjusted FFO					
Non-cash stock compensation	212	215	437	176	173
Acquisition, development & other pursuit costs	(345)	(437)	(704)	(885)	(288)
Tenant improvements, leasing commissions ⁽³⁾	(233)	(1,365)	(287)	(509)	(992)
Property related capital expenditures	(514)	(603)	(390)	(563)	(640)
Non-cash interest expense	219	277	191	215	233
Net effect of straight-line rents	(158)	(194)	(122)	(134)	(309)
Amortization of leasing incentives & above (below) market rents	116	(183)	6	174	170
Government development grants	-	-	-	-	300
AFFO	\$12,453	\$10,240	\$10,697	\$9,088	\$9,643
Weighted Average Common Shares Outstanding	33,792	31,736	30,191	27,411	25,958
Weighted Average Operating Partnership ("OP") Units Outstanding	17,720	17,113	16,027	16,027	15,919
Total Weighted Average Common Shares and OP Units Outstanding	51,512	48,849	46,218	43,438	41,877



(1) See definitions on pages 28-30

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

(3) Excludes first generation rental space

Outstanding Debt

\$ in thousands

Debt	Stated Rate	Effective Rate as of 9/30/2016	Maturity Date	Debt Maturities & Principal Payments						Amount Outstanding as of 9/30/2016	
				2016	2017	2018	2019	2020	Thereafter		
Secured Notes Payable - Core Debt											
North Point Note 5	L+2.00%	3.57% ⁽¹⁾	2/1/2017	\$6	\$643						\$649
Harrisonburg Regal	6.06%	6.06%	6/8/2017	53	3,256						3,309
Commonwealth of Virginia - Chesapeake	L+1.90%	2.42%	8/28/2017		4,933						4,933
Hanbury Village	6.67%	6.67%	10/11/2017	68	20,709						20,777
Sandbridge Commons	L+1.85%	2.37%	1/17/2018	59	247	9,129					9,435
Columbus Village Note 1	L+2.00%	3.05% ⁽¹⁾	4/5/2018	45	178	6,080					6,303
Columbus Village Note 2	L+2.00%	2.52%	4/5/2018	11	47	2,218					2,276
North Point Center Note 1	6.45%	6.45%	2/5/2019	49	205	219	9,352				9,825
Southgate Square	L+2.00%	2.52%	4/29/2021		391	539	561	584	19,075		21,150
249 Central Park Retail	L+1.95%	2.47%	9/10/2021	69	216	229	243	258	16,117		17,132
South Retail	L+1.95%	2.47%	9/10/2021	29	95	101	107	113	7,072		7,517
Fountain Plaza Retail	L+1.95%	2.47%	9/10/2021	40	130	138	147	156	9,703		10,314
Encore Apartments	3.25%	3.25%	9/10/2021				124	504	24,351		24,966
Socastee Commons	4.57%	4.57%	1/6/2023	23	95	100	105	109	4,458		4,890
North Point Center Note 2	7.25%	7.25%	9/15/2025	24	105	113	121	130	2,095		2,589
Smith's Landing	4.05%	4.05%	6/1/2035	204	760	791	824	858	17,257		20,694
Liberty Apartments	5.66%	5.66%	11/1/2043	80	325	344	364	385	18,586		20,084
The Cosmopolitan	3.75%	3.75%	7/1/2051	161	660	686	712	739	43,087		46,045
Total - Secured Core Debt				\$922	\$32,995	\$20,687	\$12,660	\$3,836	\$161,801		\$232,888
Secured Notes Payable - Development Pipeline											
4525 Main Street	3.25%	3.25%	9/10/2021				158	646	31,217		32,034
Ughtfoot Marketplace	L+1.90%	2.42%	11/14/2017		11,469						11,469
Johns Hopkins Village	L+1.90%	2.42%	7/30/2018			40,818					40,818
Total - Development Pipeline				-	11,469	40,818	158	646	31,217		84,321
Total Secured Notes Payable				\$922	\$44,464	\$61,505	\$12,818	\$4,482	\$193,018		\$317,209
Unsecured Core Debt											
Senior unsecured line of credit	L+1.40% - 2.00%	2.07%	2/20/2019				102,000				102,000
Senior unsecured term loan	L+1.35% - 1.95%	2.02%	2/20/2020					50,000			50,000
Senior unsecured term loan	L+1.35% - 1.95%	3.50% ⁽¹⁾	2/20/2020					50,000			50,000
Total - Unsecured Core Debt				-	-	-	102,000	100,000	-		202,000
Total Notes Payable excluding GAAP Adjustments				\$922	\$44,464	\$61,505	\$114,818	\$104,482	\$193,018		\$519,209
Weighted Average Interest Rate				4.3%	4.8%	2.6%	2.5%	2.8%	3.5%		3.1%
Balloon Payments				-	40,707	57,909	111,333	100,000	111,841		421,790
Principal amortization				922	3,757	3,596	3,485	4,482	81,177		97,419
Total Consolidated Debt				\$922	\$44,464	\$61,505	\$114,818	\$104,482	\$193,018		\$519,209
Fixed-rate Debt ⁽²⁾				714	26,936	8,333	11,760	53,371	141,051		242,165
Variable-rate Debt ⁽³⁾				208	17,528	53,172	103,058	51,111	51,967		277,044
Total Consolidated Debt				\$922	\$44,464	\$61,505	\$114,818	\$104,482	\$193,018		\$519,209
GAAP Adjustments											(5,216)
Total Notes Payable											\$513,993



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

30 Day LIBOR	0.524%
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Core Debt to Core EBITDA⁽¹⁾

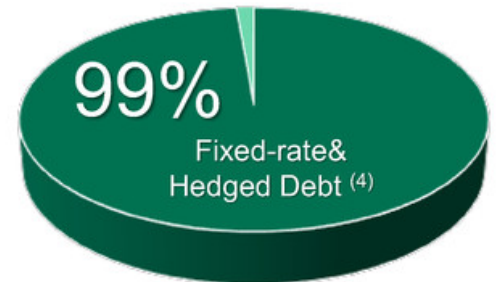
\$ in thousands

	Three months ended				
	9/30/2016	6/30/2016	3/31/2016	12/31/2015	9/30/2015
Net Income	\$7,946	\$3,131	\$26,533	\$8,443	\$4,337
Excluding:					
Interest expense	4,124	3,978	3,791	3,411	3,518
Income tax	16	6	218	(117)	118
Depreciation and amortization	8,885	8,602	8,149	6,162	6,317
Gain on real estate dispositions	(3,753)	(13)	(26,674)	(4,987)	-
Change in fair value of interest rate derivatives	(498)	373	2,389	(9)	51
Adjusted EBITDA	\$16,720	\$16,077	\$14,406	\$12,903	\$14,341
Other adjustments:					
Loss on extinguishment of debt	82	-	-	102	3
Non-cash stock compensation	212	215	437	176	173
Development Pipeline	(1,058)	(719)	(620)	(606)	(738)
Total Other Adjustments	(764)	(504)	(183)	(328)	(562)
Core EBITDA	\$15,956	\$15,573	\$14,223	\$12,575	\$13,779
Total Debt⁽²⁾	\$519,209	\$512,702	\$471,876	\$382,013	\$421,442
Adjustments to Debt:					
(Less) Development Pipeline ⁽²⁾	(84,321)	(71,035)	(56,592)	(43,340)	(37,987)
(Less) Cash & restricted cash	(27,361)	(23,142)	(22,505)	(29,813)	(19,434)
Core Debt	\$407,527	\$418,525	\$392,779	\$308,860	\$364,021
Core Debt/Annualized Core EBITDA	6.4x	6.7x	6.9x	6.1x	6.6x

Debt Information

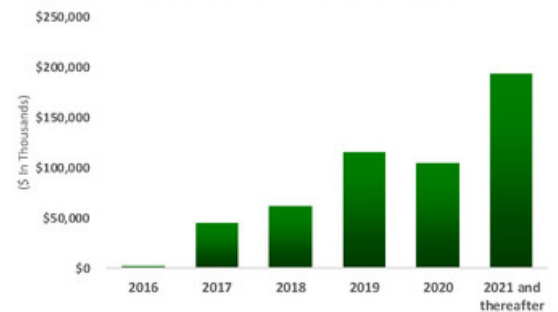
\$ in thousands

Total Debt Composition			
	Percent of Debt	Weighted Average	
		Interest Rate	Maturity
Secured vs. Unsecured Debt			
Unsecured Debt	39.3%	2.4%	2.9 Yrs
Secured Debt	60.7%	3.6%	10.4 Yrs
Variable vs. Fixed-rate Debt			
Variable-rate Debt ⁽¹⁾	53.4%	2.2%	2.9 Yrs
Fixed-rate Debt ⁽²⁾⁽³⁾	46.6%	4.2%	12.8 Yrs
Fixed-rate and Hedged Debt ⁽²⁾⁽³⁾⁽⁴⁾	98.6%		
Total		3.1%	7.5 Yrs



Interest Rate Cap Agreements At or Below 1.50%			
Effective Date	Maturity Date	Strike Rate	Notional Amount
March 14, 2014	March 1, 2017	1.25%	\$50,000
October 26, 2015	October 15, 2017	1.25%	75,000
March 1, 2016	March 1, 2018	1.50%	75,000
June 17, 2016	June 17, 2018	1.00%	70,000
Total Interest Rate Caps at or Below 1.50%			\$270,000
Fixed-rate Debt ⁽²⁾⁽³⁾			242,165
Fixed-rate and Hedged Debt			\$512,165
% of Total ⁽³⁾			98.6%

Debt Maturities & Principal Payments



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

Capitalization & Financial Ratios

\$ in thousands

Capitalization as of September 30, 2016

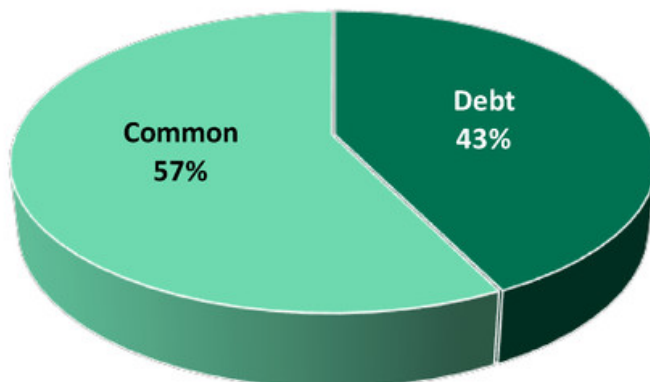
Debt	% of Total	Carrying Value
Unsecured Credit Facility	20%	\$102,000
Unsecured Term Loans	19%	100,000
Mortgages Payable	61%	317,209
Total Debt		\$519,209

Equity	% of Total	Shares/Units	Stock Price	Market Value
Common Stock (NYSE: AHH)	66%	34,256	\$13.40	\$459,030
Common Units	34%	17,793	\$13.40	238,426
Equity Market Capitalization		52,049		\$697,457
Total Market Capitalization				\$1,216,666
Debt/Market Capitalization				42.7%

Dividend Data

	Q3 2016	Q3 2015
Common Dividend Paid	\$8,837	\$6,906
AFFO	\$12,453	\$9,643
AFFO Payout Ratio	71.0%	71.6%

Capital Structure as of September 30, 2016



Liquidity as of September 30, 2016

Cash on Hand	\$27,361
Availability under Credit Facility	48,000
	\$75,361

Property Portfolio

As of 9/30/16

Property	Anchor Tenant	Location	Town Center	Unencumbered ABR	Year Built	Core Properties	Development Properties	Net Rentable Square Feet ⁽¹⁾	Core Occupancy ⁽²⁾	Development Leased ⁽²⁾	ABR ⁽¹⁾	ABR per Leased Sq ⁽¹⁾
Retail Properties - Excluding Properties Subject to Ground Lease												
249 Central Park Retail ⁽⁴⁾	CheeseCake Factory, Brooks Brothers, Gordon Biersch	Virginia Beach, VA	✓	-	2004	91,366	-	91,366	89.8%	-	\$2,358,091	\$28.75
Alexander Pointe	Harris Teeter	Salisbury, NC		100%	1997	57,710	-	57,710	97.6%	-	647,322	11.50
Bermuda Crossroads	Food Lion, OfficeMax	Chester, VA		100%	2001	111,566	-	111,566	100.0%	-	1,583,406	14.19
Broad Creek Shopping Center	Home Depot, Food Lion, PetSmart	Norfolk, VA		100%	1997/2001	227,659	-	227,659	99.3%	-	3,188,069	14.10
Broadmoor Plaza	Kroger, Staples, Jo-Ann Fabrics	South Bend, IN		100%	1980	115,059	-	115,059	93.2%	-	1,267,990	11.82
Columbus Village	Barnes & Noble	Virginia Beach, VA	✓	-	1980/2013	66,594	-	66,594	98.7%	-	1,346,501	20.48
Commerce Street Retail ⁽⁵⁾	Yard House	Virginia Beach, VA	✓	100%	2008	19,173	-	19,173	100.0%	-	794,740	41.45
Courthouse 7-Eleven	7-Eleven	Virginia Beach, VA		100%	2011	3,177	-	3,177	100.0%	-	125,015	39.35
Dick's at Town Center	Dick's Sporting Goods, USI	Virginia Beach, VA	✓	100%	2002	103,335	-	103,335	100.0%	-	1,231,340	11.92
Dimmock Square	Best Buy, Old Navy	Colonial Heights, VA		100%	1998	106,166	-	106,166	97.2%	-	1,733,856	16.81
Fountain Plaza Retail	Ruth's Chris, Ann Taylor	Virginia Beach, VA	✓	-	2004	35,961	-	35,961	100.0%	-	1,022,787	28.44
Gainsborough Square	Food Lion, Rite Aid	Chesapeake, VA		100%	1999	88,862	-	88,862	90.7%	-	1,216,489	15.10
Greentree Shopping Center	Wawa	Chesapeake, VA		100%	2014	15,751	-	15,751	85.7%	-	285,941	21.17
Hanbury Village	Walgreens, Starbucks	Chesapeake, VA		32%	2006/2009	61,049	-	61,049	92.8%	-	1,355,478	23.92
Harper Hill Commons	Harris Teeter	Winston-Salem, NC		100%	2004	55,394	-	55,394	63.8%	-	507,774	14.36
Harrisonburg Regal	Regal Cinemas	Harrisonburg, VA		-	1999	49,000	-	49,000	100.0%	-	683,550	13.95
Lightfoot Marketplace	Harris Teeter	Williamsburg, VA		-	2016	-	55,893	55,893	-	49.4%	601,665	21.80
North Hampton Market	PetSmart, Hobby Lobby, Dollar Tree	Taylors, SC		100%	2004	114,935	-	114,935	97.2%	-	1,397,087	12.50
North Point Center	Kroger, PetSmart, BB&B, Costco	Durham, NC		52%	1998/2009	215,690	-	215,690	95.9%	-	2,528,866	12.22
Oakland Marketplace	Kroger	Oakland, TN		100%	2004	19,600	-	19,600	85.7%	-	252,280	15.02
Parkway Marketplace	Rite Aid	Virginia Beach, VA		100%	1998	37,804	-	37,804	95.2%	-	712,397	19.79
Patterson Place	Bed Bath & Beyond, PetSmart	Durham, NC		100%	2004	160,942	-	160,942	98.3%	-	2,497,643	15.79
Perry Hall Marketplace	Safeway	Perry Hall, MD		100%	2001	74,256	-	74,256	100.0%	-	1,243,444	16.75
Providence Plaza	Edward Jones, Chipotle, Choate Const.	Charlotte, NC		100%	2007/2008	103,118	-	103,118	94.1%	-	2,446,619	25.21
Sandbridge Commons	Heartland Dental	Virginia Beach, VA		-	2015	16,129	-	16,129	100.0%	-	327,710	20.32
Socastee Commons	Bi-Lo	Myrtle Beach, SC		-	2000/2014	57,573	-	57,573	97.4%	-	638,616	11.39
South Retail	lululemon, free people	Virginia Beach, VA	✓	-	2002	38,515	-	38,515	100.0%	-	948,670	24.63
South Square	Ross, Petco, Office Depot	Durham, NC		100%	1977/2005	107,812	-	107,812	100.0%	-	1,829,556	16.97
Southgate Square	Burlington, PetSmart, Michaels	Colonial Heights, VA		-	1991/2016	223,131	-	223,131	100.0%	-	2,941,776	13.18
Southshore Shops	Buffalo Wild Wings	Midlothian, VA		100%	2006	40,333	-	40,333	93.1%	-	729,763	19.43
Stone House Square	Weis Markets	Hagerstown, MD		100%	2008	108,624	-	108,624	90.4%	-	1,566,916	15.95
Studio 56 Retail	McCormick & Schmick's	Virginia Beach, VA	✓	100%	2007	11,594	-	11,594	100.0%	-	375,628	32.40
Waynesboro Commons	Kroger	Waynesboro, VA		100%	1993	52,415	-	52,415	100.0%	-	438,464	8.37
Wendover Village	Bed Bath & Beyond, T.J. Maxx, Petco	Greensboro, NC		100%	2004	135,758	-	135,758	100.0%	-	1,954,542	14.40
Total / Weighted Avg Retail Portfolio				70%		2,726,051	55,893	2,781,944	96.4%	49.4%	\$42,779,991	\$16.12

- (1) The net rentable square footage for each of our retail properties is the sum of (a) the square footage of existing leases, plus (b) for available space, the field verified square footage.
- (2) Occupancy for each of our retail properties is calculated as (a) square footage under executed leases as of September 30, 2016, divided by (b) net rentable square feet, expressed as a percentage.
- (3) For the properties in our retail portfolio, annualized base rent, or ABR, is calculated by multiplying (a) base rental payments for executed leases as of Sept 30, 2016 (defined as cash base rents before abatements) excluding tenant reimbursements for expenses paid by the landlord, by (b) 12. ABR per leased square foot is calculated by dividing (a) ABR, by (b) square footage under executed leases as of September 30, 2016. In the case of triple net or modified gross leases, ABR does not include tenant reimbursements for real estate taxes, insurance, common area or other operating expenses. Excludes the square footage of land subject to ground leases.
- (4) As of September 30, 2016, the Company occupied 8,995 square feet at this property at an ABR of \$304,841, or \$33.89 per leased square foot, which amounts are reflected in this table. The rent paid by us is eliminated in accordance with GAAP.
- (5) Includes \$32,760 of ABR pursuant to a rooftop lease.

Property Portfolio - Continued

As of 9/30/16

Property	Anchor Tenant	Location	Town Center	Uncumbered ABR	Year Built	Net Rentable Square Feet (RSF) ⁽¹⁾			Core Occupancy ⁽²⁾	Development Leased ⁽²⁾	ABR ⁽³⁾	ABR per Leased SF ⁽⁴⁾
						Core Properties	Development Properties	Total				
Office Properties												
4525 Main Street	Clark Nexsen, Anthropologie, West Elm	Virginia Beach, VA	✓	-	2014	-	237,893	237,893	-	57.8%	\$3,840,876	\$27.96
Armada Hoffer Tower ⁽⁴⁾	AMH, Troutman Sanders, Williams Mullen	Virginia Beach, VA	✓	100%	2002	323,970	-	323,970	98.3%	-	8,951,468	28.12
Commonwealth of VA - Chesapeake	Commonwealth of VA	Chesapeake, VA	-	-	2015	36,227	-	36,227	100.0%	-	645,927	17.83
Commonwealth of VA - Virginia Beach	Commonwealth of VA	Virginia Beach, VA	-	100%	2015	11,139	-	11,139	100.0%	-	245,058	22.00
One Columbus	BB&T, HBA	Virginia Beach, VA	✓	100%	1984	129,272	-	129,272	92.5%	-	2,937,288	24.55
Two Columbus	The Art Institute, Kimley-Horn	Virginia Beach, VA	✓	100%	2009	108,467	-	108,467	93.8%	-	2,757,279	27.09
Total / Weighted Average Office Portfolio				77%		609,075	237,893	846,968	96.4%	57.8%	\$19,377,897	\$26.75
Properties Subject to Ground Lease												
Bermuda Crossroads ⁽⁵⁾	IHOP, O'Charley's	Chester, VA	-	-	2001	11,000	-	11,000	100.0%	-	\$163,350	\$14.85
Broad Creek Shopping Center ⁽⁶⁾	7-Eleven, Ruby Tuesdays, Home Depot	Norfolk, VA	-	-	1997/2001	24,818	-	24,818	100.0%	-	577,081	23.25
Greentree Shopping Center	Wawa	Chesapeake, VA	-	-	2014	5,088	-	5,088	100.0%	-	230,004	45.21
Hanbury Village ⁽⁷⁾	Harris Teeter, Walgreens	Chesapeake, VA	-	-	2006/2009	55,586	-	55,586	100.0%	-	1,067,598	19.21
Harper Hill Commons	Harris Teeter	Winston-Salem, NC	100%	100%	2004	41,520	-	41,520	100.0%	-	373,680	9.00
Lightfoot Marketplace	Harris Teeter	Williamsburg, VA	-	-	2016	-	51,750	51,750	-	100.0%	641,700	12.40
Oakland Marketplace	Kroger	Oakland, TN	100%	2004	2004	45,000	-	45,000	100.0%	-	186,300	4.14
North Point Center ⁽⁸⁾	Home Depot, Costco	Durham, NC	15%	1998/2009	2009	280,556	-	280,556	100.0%	-	1,083,666	3.86
Sandbridge Commons	Harris Teeter	Virginia Beach, VA	-	-	2015	53,288	-	53,288	100.0%	-	583,000	10.94
South Square	Chick-fil-A	Durham, NC	100%	1977/2005	2005	1,778	-	1,778	100.0%	-	60,000	33.75
Stone House Square	Capitol One Bank	Hagerstown, MD	100%	2008	2008	3,650	-	3,650	100.0%	-	165,000	45.21
Tyre Neck Harris Teeter ⁽⁹⁾	Harris Teeter	Portsmouth, VA	100%	2011	2011	48,808	-	48,808	100.0%	-	508,134	10.41
Total / Weighted Avg Retail Portfolio Subject to Ground Leases				26%		571,092	51,750	622,842	100.0%	100.0%	\$5,639,513	\$9.05
Multifamily												
Encore Apartments		Virginia Beach, VA	✓	-	2014	286	-	286	95.5%	-	\$4,157,232	\$17.66
Johns Hopkins Village ⁽¹⁰⁾		Baltimore, MD	-	-	2016	-	157	157	-	77.7%	6,044,640	2.79
Liberty Apartments ⁽¹¹⁾		Newport News, VA	-	-	2014	197	-	197	95.2%	-	2,509,428	1.56
Smith's Landing ⁽¹²⁾		Blacksburg, VA	-	-	2009	284	-	284	100.0%	-	3,686,868	1.14
The Cosmopolitan ⁽¹³⁾		Virginia Beach, VA	✓	-	2006	342	-	342	93.0%	-	6,021,456	1.65
Total / Weighted Avg Multifamily Portfolio						1,109	157	1,266	95.8%	77.7%	\$22,419,624	\$1.72

- The net rentable square footage for each of our office properties is the sum of (a) the square footage of existing leases, plus (b) for available space, management's estimate of net rentable square footage based, in part, on past leases. The net rentable square footage included in office leases is generally consistent with the Building Owners and Managers Association, or BOMA, 1996 measurement guidelines.
- Occupancy for each of our office properties is calculated as (a) square footage under executed leases as of September 30, 2016, divided by (b) net rentable square feet, expressed as a percentage. Occupancy for our multifamily properties is calculated as (a) total units occupied as of September 30, 2016, divided by (b) total units available, expressed as a percentage.
- For the properties in our office portfolio, annualized base rent, or ABR, is calculated by multiplying (a) base rental payments for executed leases as of September 30, 2016 (defined as cash base rents (before abatements) excluding tenant reimbursements for expenses paid by the landlord), by (b) 12. ABR per leased square foot is calculated by dividing (a) ABR, by (b) square footage under executed leases as of September 30, 2016. In the case of triple net or modified gross leases, ABR does not include tenant reimbursements for real estate taxes, insurance, common area or other operating expenses.
- As of September 30, 2016, the Company occupied 18,984 square feet at this property at an ABR of \$573,596 or \$30.21 per leased square foot, which amounts are reflected in this table. The rent paid by us is eliminated in accordance with GAAP. In addition, effective March 1, 2013, the Company subleases approximately 5,000 square feet of space from a tenant at this property.
- Pursuant to this ground lease, the Company owns the land and the tenant owns the improvements thereon. The Company will succeed to the ownership of the improvements to the land upon the termination of the ground lease.
- The Company leases the land underlying this property and re-leases it to our tenant under a ground lease pursuant to which our tenant owns the improvements on the land.
- For the properties in our multifamily portfolio, annualized base rent, or ABR, is calculated by multiplying (a) base rental payments for the month ended September 30, 2016 by (b) 12.
- ABR per occupied rentable square foot is calculated by dividing (a) ABR, by (b) net rentable square footage of occupied units as of September 30, 2016.
- The ABR for Liberty, Cosmopolitan, Johns Hopkins Village excludes \$206,000, \$916,000, \$907,875 from ground floor retail leases, respectively.
- The Company leases the land underlying this property pursuant to a ground lease.

Development Pipeline

\$ in thousands

Johns Hopkins Village



Development, Not Delivered	Property Type	Estimated ⁽¹⁾	% Leased	Schedule ⁽¹⁾			Estimated Cost ⁽¹⁾	Cost to Date	AHH Ownership %	Anchor Tenants & Other Notes
				Start	Initial Occupancy	Stabilized Operation ⁽²⁾				
Harding Place Charlotte, NC	Multifamily	225 Units	NA	3Q16	3Q18	1Q20	\$45,000	\$6,000	80% ⁽³⁾	NA
Town Center Phase VI Virginia Beach, VA	Mixed-use	39,000 SF 130 Units	46%	4Q16	3Q18	3Q19	41,000	2,000	80%	Anchor tenants not yet announced
Total Development, Not Delivered							86,000	8,000		

Lightfoot Marketplace



Development, Delivered Not Stabilized										
Property	Type	Estimated	% Leased	Start	Initial Occupancy	Stabilized Operation ⁽²⁾	Estimated Cost ⁽¹⁾	Cost to Date	AHH Ownership %	Anchor Tenants & Other Notes
Brooks Crossing Newport News, VA	Retail	18,000 sf	60%	3Q15	3Q16	4Q16	3,000	3,000	65% ⁽³⁾	Misc. small shops
4525 Main Street Virginia Beach, VA	Office	239,000 sf	64%	1Q13	3Q14	2Q17	51,000	46,000	100%	Clark Nexsen, Development Authority of Virginia Beach, Anthropologie
Johns Hopkins Village Baltimore, MD	Multifamily	157 units	72%	1Q15	3Q16	3Q17	68,000	65,000	80% ⁽³⁾	CVS
Lightfoot Marketplace Williamsburg, VA	Retail	109,000 sf	71%	3Q14	3Q16	2Q17	24,000	22,000	70% ⁽³⁾	Harris Teeter, CHKD
Total Development, Delivered Not Stabilized							146,000	136,000		

One City Center



Joint Ventures - Minority Partner										
Property	Type	Estimated	% Leased	Start	Initial Occupancy	Stabilized Operation ⁽²⁾	Project Cost	Equity Investment	AHH Ownership %	Anchor Tenants & Other Notes
One City Center - 37% JV Durham, NC	Mixed-use	152,000 sf	36%	1Q16	2Q18	2Q19	\$36,000	\$10,000	100%	Duke University. AHH Equity requirement \$10M.
Total							\$232,000	\$144,000		

Mezzanine Investments										
Property	Type	Estimated	% Leased	Start	Initial Occupancy	Stabilized Operation ⁽²⁾	Purchase Option Price	Loan Balance	Option to purchase	Anchor Tenants & Other Notes
Point Street Apartments Inner Harbor Baltimore,	Multifamily	289 units	NA	1Q16	4Q17	4Q18	\$92,000	\$19,000	88% upon completion	\$23M Mezzanine financing by AHH, earning 8% interest income
Annapolis Junction Annapolis Junction, MD	Multifamily	416 units	NA	2Q16	1Q18	2Q19	102,000	31,000	88% upon completion	\$42M Mezzanine financing by AHH, earning 10% interest income
Total Mezzanine Investment							\$194,000	\$50,000		

Point Street Apts.



	Q3 2016	Year to Date
Capitalized Interest	\$290	\$927
Capitalized Overhead	\$449	\$1,145



- (1) Represents estimates that may change as the development process proceeds
- (2) First full stabilized quarter
- (3) AHH earns a preferred return on equity prior to any distributions to JV Partners

Acquisitions & Dispositions

\$ in thousands

ACQUISITIONS										
Properties	Location	Square Feet	Purchase Price ⁽¹⁾	Reinvested 1031 Proceeds	\$ Value of OP Units/Stock ⁽²⁾	Cash Cap Rate	Purchase Date	% Leased as of 9/30/16	Anchor Tenants	
Southshore Shops	Midlothian, VA	40,333	\$9,160	-	\$2,475	7.8%	3Q16	93%	Buffalo Wild Wings	
Southgate Square	Colonial Heights, VA	220,131	\$38,585	-	\$17,485	7.3%	2Q16	100%	PetSmart, Michael's, Burlington	
Retail Portfolio (11 properties)	Mid-Atlantic	1,082,681	\$170,500	\$87,000	-	7.2%	1Q16	94%	Harris Teeter, Bed Bath & Beyond	
Providence Plaza	Charlotte, NC	103,118	\$26,200	\$14,000	-	7.3%	3Q15	97%	Chipotle	
Socastee Commons	Myrtle Beach, SC	57,573	\$8,600	\$3,600	-	7.3%	3Q15	100%	BiLo	
Columbus Village	Virginia Beach, VA	65,746	\$21,025	-	\$14,025	6.4%	3Q15	100%	Barnes & Noble	
Perry Hall Marketplace & Stone House Square	Maryland	182,949	\$39,555	\$15,200	\$4,155	7.4%	2Q15	93%	Safeway & Weis Markets	
Dimmock Square	Colonial Heights, VA	106,166	\$19,662	-	\$9,662	7.3%	3Q14	100%	Old Navy, Best Buy, Pier 1	
Total/Weighted Average		1,858,697	\$333,287	119,800.00	\$47,801	7.8%				

DISPOSITIONS										
Properties	Location	Square Feet/Units	Sale Price	Cash Proceeds	Gain on Sale	Cash Cap Rate	Disposition Date	% Leased at closing	Anchor Tenants	
Oyster Point	Newport News, VA	100,139	\$6,500	-	\$3,793	16.4% ⁽³⁾	3Q16	82%	GSA	
Non-Core Retail Portfolio	Various	174,758	\$12,850	\$12,600	(\$27)	7.1%	2Q16 - 3Q16	~85%	Kroger, Family Dollar	
Richmond Tower	Richmond, VA	206,969	\$78,000	\$77,000	\$26,674	7.9%	1Q16	99%	Williams Mullen	
Oceaneering	Chesapeake, VA	154,000	\$30,000	\$10,000	\$4,987	6.7%	4Q15	100%	Oceaneering International	
Whetstone Apartments	Durham, NC	203 units	\$35,625	\$17,600	\$7,210	5.7%	2Q15	26%	NA	
Sentara Williamsburg	Williamsburg, VA	49,200	\$15,450	\$15,200	\$6,197	6.3%	1Q15	100%	Sentara	
Virginia Natural Gas	Virginia Beach, VA	31,000	\$8,900	\$7,400	\$2,211	6.3%	4Q14	100%	Virginia Natural Gas	
Total/Weighted Average		716,066sf/ 203 units	\$187,325	\$139,800	\$51,045	7.3%				

(1) Contractual purchase price

(2) Value of OP Units/Stock at issuance

(3) Anchor tenant vacated 9/30/16, which would represent a 2.5% Cash Cap Rate



Construction Business Summary

\$ in thousands

	<u>Location</u>	<u>Total Contract Value</u>	<u>Work in Place as of 9/30/2016</u>	<u>Backlog</u>	<u>Estimated Date of Completion</u>
Highlighted Projects					
Exelon	Baltimore, MD	\$182,932	\$179,930	\$3,002	3Q 2016
Four Seasons Condominium Expansion	Baltimore, MD	72,182	42,063	30,119	2Q 2017
Point Street Apartments	Baltimore, MD	71,382	15,592	55,790	1Q 2018
Annapolis Junction	Annapolis Junction, MD	68,781	9,055	59,726	1Q 2018
Durham City Center	Durham, NC	61,962	9,591	52,371	2Q 2018
27th Street Hotel	Virginia Beach, VA	51,079	31,563	19,516	2Q 2017
Sub Total		\$508,318	\$287,794	\$220,524	
All Other Projects		136,134	110,226	25,908	
Total		\$644,452	\$398,020	\$246,432	

Gross Profit Summary

	Q3 2016	Trailing 12 Months
	(Unaudited)	
Revenue	\$38,552	\$149,864
Expense	(37,274)	(144,539)
Gross Profit	\$1,278	\$5,325



Same Store NOI by Segment

\$ in thousands

(Reconciliation to GAAP located in appendix pg. 32)

	Three months ended				Nine months ended			
	9/30/2016	9/30/2015	\$ Change	% Change	9/30/2016	9/30/2015	\$ Change	% Change
Office⁽¹⁾	(Unaudited)				(Unaudited)			
Revenue	\$3,883	\$3,838	\$45	1.2%	\$11,671	\$11,669	\$2	0.0%
Expenses	1,443	1,413	30	2.1%	4,103	4,292	(189)	-4.4%
Net Operating Income	2,440	2,425	15	0.6%	7,568	7,377	191	2.6%
Retail⁽¹⁾								
Revenue	8,211	7,907	304	3.8%	19,688	19,352	336	1.7%
Expenses	2,295	2,194	101	4.6%	5,684	5,581	103	1.8%
Net Operating Income	5,916	5,713	203	3.6%	14,004	13,771	233	1.7%
Multifamily⁽¹⁾								
Revenue	3,075	3,105	(30)	-1.0%	9,145	9,069	76	0.8%
Expenses	1,396	1,342	54	4.0%	4,016	3,913	103	2.6%
Net Operating Income	1,679	1,763	(84)	-4.8%	5,129	5,156	(27)	-0.5%
Same Store Net Operating Income (NOI)	\$10,035	\$9,901	\$134	1.4%	\$26,701	\$26,304	\$397	1.5%
Net effect of straight-line rents	48	(58)	106		280	179	101	
Amortization of lease incentives and above (below) market rents	164	173	(9)		391	369	22	
Same store portfolio NOI, cash basis	\$10,247	\$10,016	\$231	2.3%	\$27,372	\$26,852	\$520	1.9%
NOI, Cash Basis:								
Office	\$2,447	\$2,338	\$109	4.7%	\$7,519	\$7,336	\$183	2.5%
Retail	6,111	5,893	218	3.7%	14,684	14,270	414	2.9%
Multifamily	1,689	1,785	(96)	-5.4%	5,169	5,246	(77)	-1.5%
	\$10,247	\$10,016	\$231	2.3%	\$27,372	\$26,852	\$520	1.9%
NOI:								
Office	\$2,440	\$2,425	\$15	0.6%	\$7,568	\$7,377	\$191	2.6%
Retail	5,916	5,713	203	3.6%	14,004	13,771	233	1.7%
Multifamily	1,679	1,763	(84)	-4.8%	5,129	5,156	(27)	-0.5%
	\$10,035	\$9,901	\$134	1.4%	\$26,701	\$26,304	\$397	1.5%

Top 10 Tenants - Annualized Base Rent

\$ in thousands

As of September 30, 2016

Office Portfolio

Tenant	Number of Leases	Lease Expiration	Annualized Base Rent	% of Office Portfolio Annualized Base Rent	% of Total Portfolio Annualized Base Rent
Clark Nexsen	1	2029	\$ 2,487	12.8%	2.8%
Williams Mullen	1	2018	1,524	7.9%	1.7%
Hampton University	2	2024	1,003	5.2%	1.1%
Commonwealth of Virginia	2	2030	891	4.6%	1.0%
Pender & Coward	1	2030	839	4.3%	0.9%
Troutman Sanders	2	2025	822	4.2%	0.9%
The Art Institute	3	2019	819	4.2%	0.9%
Kimley-Horn	2	2018	724	3.7%	0.8%
City of Va Beach Development Authority	1	2024	701	3.6%	0.8%
Cherry Bekaert	1	2022	688	3.6%	0.8%
Top 10 Total			\$ 10,499	54.2%	11.6%

Retail Portfolio

Tenant	Number of Leases	Lease Expiration	Annualized Base Rent	% of Retail Portfolio Annualized Base Rent	% of Total Portfolio Annualized Base Rent
Kroger/Harris Teeter	10	2027	\$ 5,183	10.7%	5.7%
Home Depot	2	2019	2,190	4.5%	2.4%
Food Lion	3	2020	1,283	2.6%	1.4%
PetSmart	4	2020	1,117	2.3%	1.2%
Bed Bath & Beyond	3	2022	1,077	2.2%	1.2%
Dick's Sporting Goods	1	2020	840	1.7%	0.9%
Safeway	2	2021	821	1.7%	0.9%
Weis Markets	1	2028	802	1.7%	0.9%
Ross Dress for Less	2	2020	755	1.6%	0.8%
Petco	3	2024	739	1.5%	0.8%
Top 10 Total			\$ 14,806	30.6%	16.4%

Office Lease Summary

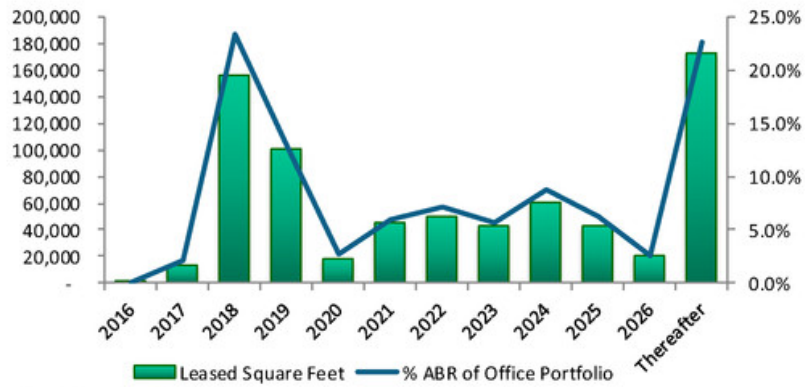
Renewal Lease Summary				GAAP			Cash			Weighted		
Quarter	Number of Leases Signed	Net rentable SF Signed	Leases Expiring	Net rentable SF Expiring	Contractual Rent per SF	Prior Rent per SF	Releasing Spread	Contractual Rent per SF	Prior Rent per SF	Releasing Spread	Average Lease Term (yrs)	TI & LC
Q3 2016	-	-	-	-	-	-	0.0%	-	-	0.0%	-	-
Q2 2016	1	2,318	2	3,870	33.27	26.53	25.4%	30.00	28.41	5.6%	10.00	-
Q1 2016	2	6,445	-	-	21.34	19.60	8.9%	21.10	20.38	3.5%	1.65	3,773
Q4 2015	2	5,708	2	3,947	24.50	23.50	4.3%	24.39	23.68	3.0%	1.31	3,682

New Lease Summary ⁽¹⁾						
Quarter	Number of Leases Signed	Net rentable SF Signed	Cash Contractual Rent per SF	Weighted Average Lease Term (yrs)	TI & LC	TI & LC per SF
Q3 2016	1	2,153	\$25.00	3.08	\$11,810	\$5.49
Q2 2016	1	1,806	25.00	5.00	63,579	35.20
Q1 2016	2	3,773	27.49	6.91	139,067	36.86
Q4 2015	2	9,920	30.13	7.17	421,094	42.45



Office Lease Expirations

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring ⁽¹⁾	% Portfolio Net Rentable Square Feet	Annualized Base Rent	% of Portfolio Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available	-	122,464	14.5%	\$ -	\$ -	\$ -
2016	1	777	0.1%	13,986	0.1%	18.00
2017	7	13,382	1.6%	421,754	2.2%	31.52
2018	18	156,646	18.5%	4,516,371	23.3%	28.83
2019	15	100,492	11.9%	2,490,286	12.9%	24.78
2020	3	17,840	2.1%	522,209	2.7%	29.27
2021	5	44,933	5.3%	1,166,237	6.0%	25.96
2022	4	49,923	5.9%	1,383,217	7.1%	27.71
2023	4	43,078	5.1%	1,087,325	5.6%	25.24
2024	3	60,751	7.2%	1,686,383	8.7%	27.76
2025	4	43,292	5.1%	1,218,282	6.3%	28.14
2026	3	20,722	2.4%	482,437	2.5%	23.28
Thereafter	8	172,668	20.3%	4,389,409	22.7%	25.42
Total / Weighted Average	75	846,968	100.0%	\$19,377,897	100.0%	\$26.75



Retail Lease Summary

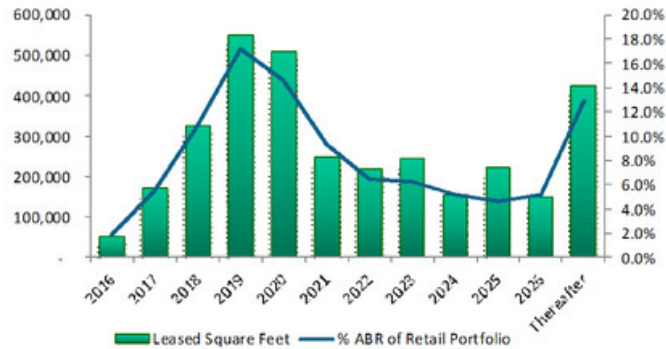
Renewal Lease Summary					GAAP			Cash			Weighted Average Lease Term (yrs)
Quarter	Number of Leases Signed	Net rentable SF Signed	Leases Expiring	Net rentable SF Expiring	Contractual Rent per SF	Prior Rent per SF	Releasing Spread	Contractual Rent per SF	Prior Rent per SF	Releasing Spread	
Q3 2016	14	80,526	10	22,340	\$16.84	\$15.69	7.3%	\$16.36	\$15.80	3.5%	7.00
Q2 2016	25	98,300	14	33,111	18.28	17.32	5.5%	17.99	17.55	2.5%	6.36
Q1 2016	10	26,870	1	1,800	22.70	21.29	6.6%	22.21	21.78	1.9%	3.37
Q4 2015	6	33,274	4	27,146	20.63	18.73	10.1%	20.55	19.45	5.6%	4.54

New Lease Summary ⁽¹⁾						
Quarter	Number of Leases Signed	Net rentable SF Signed	Cash Contractual Rent per SF	Weighted Average Lease Term (yrs)	TI & LC	TI & LC per SF
Q3 2016	3	14,341	\$14.03	6.52	\$262,134	\$18.28
Q2 2016	4	5,560	21.24	7.31	162,432	29.21
Q1 2016	4	11,913	19.68	5.10	431,103	36.19
Q4 2015	4	24,825	21.83	6.64	421,094	16.96



Retail Lease Expirations

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring ⁽¹⁾	% Portfolio Net Rentable Square Feet	Annualized Base Rent	% of Portfolio Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available	-	127,376	3.7%	\$ -	\$ -	\$ -
M-T-M	5	7,342	0.2%	118,656	0.2%	16.16
2016	15	44,425	1.3%	790,527	1.6%	17.79
2017	42	172,310	5.1%	2,676,013	5.5%	15.53
2018	69	325,814	9.6%	5,239,666	10.8%	16.08
2019	76	551,941	16.2%	8,312,918	17.2%	15.06
2020	61	508,328	14.9%	7,082,103	14.6%	13.93
2021	45	249,213	7.3%	4,553,570	9.4%	18.27
2022	22	218,491	6.4%	3,113,990	6.4%	14.25
2023	14	246,153	7.2%	3,019,432	6.2%	12.27
2024	14	156,518	4.6%	2,502,096	5.2%	15.99
2025	15	223,613	6.6%	2,259,666	4.7%	10.11
2026	17	149,286	4.4%	2,501,465	5.2%	16.76
Thereafter	22	423,976	12.5%	6,249,402	12.9%	14.74
Total / Weighted Average	417	3,404,786	100.0%	\$48,419,504	100.0%	\$14.77



Net Asset Value Component Data

In thousands

Stabilized Portfolio NOI (Cash)			Taxable REIT Subsidiary (TRS)	
	Three months ended	Annualized		Trailing 12 Months
	9/30/2016	9/30/2016		9/30/2016
Diversified Portfolio			General contracting and real estate services	\$5,325
Office	\$462	\$1,848		
Retail	8,790	35,160	Other Assets	As of 9/30/2016
Multifamily	910	3,640	Cash and Cash Equivalents	\$23,890
Total Diversified Portfolio NOI	\$10,162	\$40,648	Restricted Cash	3,471
			Accounts Receivable	15,100
Virginia Beach Town Center			Notes Receivable	49,935
Office ⁽¹⁾	\$2,394	\$9,576	Construction receivables, including retentions	39,981
Retail ⁽¹⁾	1,725	6,900	Equity method investments	10,360
Multifamily	1,764	7,056	Other Assets	62,441
Total Virginia Beach Town Center NOI	\$5,883	\$23,532	Total Other Assets	\$205,178
Timing of mid-quarter transaction			Liabilities & Share Count	As of 9/30/2016
Acquisition	\$346	\$1,384	Liabilities	
Disposition	(242)	(968)	Mortgages and notes payable	\$513,993
Total timing Mid-Quarter transaction	\$104	\$416	Accounts payable and accrued liabilities	10,604
			Construction payables, including retentions	51,203
Stabilized Portfolio NOI - Cash Basis	\$16,149	\$64,180	Other Liabilities	46,077
			Total Liabilities	\$621,877
			Share Count	Three months ended
Development Pipeline		9/30/2016	Weighted average common shares outstanding	33,792
Income producing property		\$123,600	Weighted average operating partnership ("OP") Units Outstanding	17,720
Construction in progress		13,800	Total weighted average common shares and OP units outstanding	51,512
Other assets		6,600		
Total cost to date (p. 17)		\$144,000		
Land held for development		1,933		



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



ARMADA HOFFLER

P R O P E R T I E S

Appendix – Definitions & Reconciliations

Definitions

Net Operating Income:

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

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

Funds From Operations:

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

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

Definitions

Normalized Funds From Operations:

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

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

Adjusted Funds From Operations:

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

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

Definitions

Adjusted EBITDA:

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

Core EBITDA:

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

Core Debt:

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

Same Store Portfolio:

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

Same Store vs. Non-Same Store

	Three Months Ended 9/30/2016 to 2015		Nine Months Ended 9/30/2016 to 2015	
	Same Store	Non-Same Store	Same Store	Non-Same Store
Retail Properties				
249 Central Park Retail	X		X	
Alexander Pointe		X		X
Bermuda Crossroads	X		X	
Broad Creek Shopping Center	X		X	
Broadmoor Plaza		X		X
Columbus Village		X		X
Commerce Street Retail	X		X	
Courthouse 7-Eleven	X		X	
Dick's at Town Center	X		X	
Dimmock Square	X		X	
Greentree Shopping Center	X			X
Fountain Plaza Retail	X		X	
Gainsborough Square	X		X	
Hanbury Village	X		X	
Harper Hill Commons		X		X
Harrisonburg Regal	X		X	
Kroger Junction		X		X
North Hampton Market		X		X
North Point Center	X		X	
Oakland Marketplace		X		X
Parkway Marketplace	X		X	
Patterson Place		X		X
Perry Hall Marketplace	X			X
Providence Plaza		X		X
Sandbridge Commons	X			X
Socastee Commons	X			X
South Retail	X		X	
South Square		X		X
Southgate Square		X		X
Southshore Shops		X		X
Stone House Square	X			X
Studio 56 Retail	X		X	
Tyre Neck Harris Teeter	X		X	
Waynesboro Commons		X		X
Wendover Village		X		X
Willowbrook Commons		X		X

	Three Months Ended 9/30/2016 to 2015		Nine Months Ended 9/30/2016 to 2015	
	Same Store	Non-Same Store	Same Store	Non-Same Store
Office Properties				
4525 Main Street		X		X
Armada Hoffler Tower	X		X	
Commonwealth of VA - Chesapeake	X		X	
Commonwealth of VA - Virginia Beach	X		X	
Oceanneering		X		X
One Columbus	X		X	
Oyster Point		X		X
Richmond Tower		X		X
Sentara Williamsburg		X		X
Two Columbus	X		X	
Multifamily Properties				
Encore Apartments		X		X
Liberty Apartments		X		X
Smith's Landing	X		X	
The Cosmopolitan	X		X	
Whetstone Apartments		X		X

Reconciliation to Property Portfolio NOI

\$ in thousands

	Three months ended 9/30		Nine months ended 9/30	
	2016	2015	2016	2015
Office Same Store⁽¹⁾				
Rental revenues	\$3,883	\$3,838	\$11,671	\$11,669
Property expenses	1,443	1,413	4,103	4,292
NOI	2,440	2,425	7,568	7,377
Non-Same Store NOI	799	3,175	2,672	9,026
Segment NOI	3,239	\$5,600	\$10,240	\$16,403
Retail Same Store⁽¹⁾				
Rental revenues	\$8,211	\$7,907	\$19,688	\$19,352
Property expenses	2,295	2,194	5,684	5,581
NOI	5,916	5,713	14,004	13,771
Non-Same Store NOI	4,821	522	16,708	2,641
Segment NOI	\$10,737	\$6,235	\$30,712	\$16,412
Multifamily Same Store⁽¹⁾				
Rental revenues	\$3,075	\$3,105	\$9,145	\$9,069
Property expenses	1,396	1,342	4,016	3,913
NOI	1,679	1,763	5,129	5,156
Non-Same Store NOI	1,460	784	3,437	1,502
Segment NOI	3,139	2,547	\$8,566	\$6,658
Total Property Portfolio NOI	\$17,115	\$14,382	\$49,518	\$39,473

Reconciliation to Property NOI

\$ in thousands

Three months ended 9/30/2016

Diversified Portfolio

NOI - Cash Basis
 Net effect of straight-line rents
 Amortization of lease incentives and (above) below market rents
 NOI

Office	Retail	Multifamily	Total
\$462	\$8,790	\$910	\$10,162
23	58	2	83
-	204	(13)	191
\$485	\$9,052	\$899	\$10,436

Town Center of Virginia Beach

NOI - Cash Basis
 Net effect of straight-line rents
 Amortization of lease incentives and (above) below market rents
 Elimination of AHH rent
 NOI

Office	Retail	Multifamily	Total
\$2,394	\$1,725	\$1,764	\$5,883
(2)	6	3	7
(26)	(74)	-	(100)
(176)	(81)	-	(257)
\$2,190	\$1,576	\$1,767	\$5,533

NOI

Diversified Portfolio
 Town Center of Virginia Beach
 Unstabilized Properties
Total Property Portfolio NOI

Office	Retail	Multifamily	Total
\$485	\$9,052	\$899	\$10,436
2,190	1,576	1,767	5,533
564	109	473	1,146
\$3,239	\$10,737	\$3,139	\$17,115

Reconciliation to GAAP Net Income

\$ in thousands

	Three months ended 9/30/2016					
	Office	Retail	Multifamily	Total Property Portfolio	General Contracting & Real Estate Services	Total
Segment revenues	\$ 5,277	\$ 14,340	\$ 5,688	\$ 25,305	\$ 38,552	\$ 63,857
Segment expenses	2,038	3,603	2,549	8,190	37,274	45,464
Net operating income	\$ 3,239	\$ 10,737	\$ 3,139	\$ 17,115	\$ 1,278	\$ 18,393
Depreciation and amortization						(8,885)
General and administrative expenses						(2,156)
Acquisition, development and other pursuit costs						(345)
Interest income						1,024
Interest expense						(4,124)
Gain on real estate dispositions						3,753
Change in fair value of interest rate derivatives						498
Other income						35
Income tax provision						(16)
Net income						\$ 7,946

	Nine months ended 9/30/2016					
	Office	Retail	Multifamily	Total Rental Properties	General Contracting & Real Estate Services	Total
Segment revenues	\$ 16,097	\$ 41,485	\$ 15,257	\$ 72,839	\$ 108,555	\$ 181,394
Segment expenses	5,857	10,773	6,691	23,321	104,336	127,657
Net operating income	\$ 10,240	\$ 30,712	\$ 8,566	\$ 49,518	\$ 4,219	\$ 53,737
Depreciation and amortization						(25,636)
General and administrative expenses						(6,864)
Acquisition, development and other pursuit costs						(1,486)
Impairment charges						(184)
Interest income						1,928
Interest expense						(11,893)
Loss on extinguishment of debt						(82)
Gain on real estate dispositions						30,440
Change in fair value of interest rate derivatives						(2,264)
Other income						154
Income tax provision						(240)
Net income						\$ 37,610

