
**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): October 31, 2014

ARMADA HOFFLER PROPERTIES, INC.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

001-35908
(Commission
File Number)

46-1214914
(IRS Employer
Identification No.)

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

23462
(Zip Code)

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

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

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

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

On October 31, 2014, Armada Hoffler Properties, Inc. (the "Company") issued a press release announcing its financial position as of September 30, 2014, results of operations for the three and nine months ended September 30, 2014 and other related information. Also on October 31, 2014, the Company made available on its website at www.ArmadaHoffler.com certain supplemental information concerning the Company's financial results and operations for the three and nine months ended September 30, 2014. Copies of such press release and supplemental information are furnished as Exhibits 99.1 and 99.2, respectively, to this Current Report on Form 8-K and are incorporated herein by reference.

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

Item 7.01. Regulation FD Disclosure.

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

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release, dated October 31, 2014, issued by Armada Hoffler Properties, Inc., providing its financial position as of September 30, 2014 and results of operations for the three and nine months ended September 30, 2014.
99.2	Armada Hoffler Properties, Inc. Third Quarter 2014 Supplemental Information.

SIGNATURES

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

ARMADA HOFFLER PROPERTIES, INC.

Date: October 31, 2014

/s/ MICHAEL P. O'HARA

Michael P. O'Hara
Chief Financial Officer and Treasurer

EXHIBIT INDEX

Exhibit
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99.2	Armada Hoffer Properties, Inc. Third Quarter 2014 Supplemental Information.



PRESS RELEASE

ARMADA HOFFLER PROPERTIES REPORTS THIRD QUARTER 2014 RESULTS**FFO of \$0.21 Per Diluted Share and Core FFO of \$0.22 Per Diluted Share****Operating Property Portfolio at 95% Occupancy****Company Raised Full-Year 2014 Outlook**

VIRGINIA BEACH, VA, October 31, 2014 — Armada Hoffer Properties, Inc. (NYSE: AHH), a full service real estate company that develops and owns high-quality office, retail and multifamily properties in key Mid-Atlantic markets, today announced its results for the quarter ended September 30, 2014.

Highlights include:

- Funds From Operations (“FFO”) of \$7.3 million, or \$0.21 per diluted share, for the quarter ended September 30, 2014.
- Core FFO of \$7.5 million, or \$0.22 per diluted share, for the quarter ended September 30, 2014.
- Occupancy up to 95.1%, compared to 94.6% as of June 30, 2014.
- Increased GAAP and Cash Same Store Net Operating Income (“NOI”) 4% and 2%, respectively, compared to the third quarter of 2013.
- Delivered approximately 83,000 square feet of office space to Clark Nexsen – the anchor tenant in the new 4525 Main Street tower.
- Delivered the initial units at both Encore Apartments and Whetstone Apartments in September 2014.
- Leased substantially all of the remaining vacant retail space at the Town Center of Virginia Beach.
- Completed the previously announced acquisition of Dimmock Square, a 106,000 square foot retail power center located in Colonial Heights, Virginia.
- Completed an underwritten public offering of 5.75 million shares of common stock at \$9.05 per share, generating net proceeds of \$49.3 million.
- Entered into a preliminary agreement to sell the Sentara Williamsburg office building for approximately \$15.4 million, representing an implied cap rate of 6.3%.
- Construction contract backlog of \$153.5 million as of September 30, 2014.

“This morning, we reported another solid quarter with FFO and Core FFO coming in better than expectations driven primarily by stronger than expected leasing,” commented Louis Haddad, Chief Executive Officer. “This quarter marked an inflection point in the execution of our development pipeline, as we delivered the remaining projects slated for 2014. In addition, we closed on the Dimmock Square acquisition, are in the process of selling two assets and raised our 2014 outlook. We are enthusiastic about a strong finish to the year as well as our ability to execute in the coming year.”

Financial Results

Net income for the third quarter increased 120% to \$2.8 million, or \$0.08 per diluted share, compared to \$1.3 million, or \$0.04 per diluted share, in the third quarter of 2013.

FFO for the third quarter increased 41% to \$7.3 million, or \$0.21 per diluted share, compared to \$5.2 million, or \$0.16 per diluted share, for the third quarter of 2013. Core FFO for the third quarter increased 15% to \$7.5 million, or \$0.22 per diluted share, compared to \$6.6 million, or \$0.20 per diluted share, for the third quarter of 2013.

The quarter-over-quarter increases in net income and Core FFO reflect the acquisition of Dimmock Square as well as increased occupancy and Same Store NOI in each of the Company’s operating property segments. The quarter-over-quarter increases in net income and FFO also reflect the positive initial leasing performance of 4525 Main Street and the negative impact of a \$1.1 million loss on debt extinguishment in the prior year.

The Company believes that Core FFO is a useful supplemental performance measure as it excludes certain items including, but not limited to, losses on debt extinguishments, non-cash compensation expense and effects from non-stabilized development projects. A reconciliation of GAAP net income to FFO and Core FFO is presented on page eight of this release.

Operating Performance

The Company executed new and renewal office and retail leases totaling 72,000 square feet. At the end of the quarter, the Company’s office, retail and multifamily operating property portfolios were 94.8%, 94.7% and 96.6% occupied, respectively.

Balance Sheet and Financing Activity

At the end of the quarter, the Company had total outstanding debt of approximately \$335.8 million, including \$54.0 million outstanding on its revolving credit facility. Approximately 43% of the Company’s debt had fixed interest rates at September 30, 2014 and, after considering interest rate swaps and LIBOR interest rate caps with strike prices at or below 150 basis points, approximately 78% of the Company’s debt was fixed or hedged at September 30, 2014.

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Outlook

The Company raised its full-year 2014 outlook.

	<u>Current Parameters</u> 3Q 2014	<u>Previous Parameters</u> 2Q 2014
Core FFO		
(excluding the impact from non-stabilized projects)	~\$29.0 million	~\$27.5 million
General & administrative expenses	~\$7.6 million	~\$7.6 million
Construction company annual segment gross profit	~\$4.6 million	~\$4.3 million
Non-stabilized projects—negative impact to FFO (excluded from Core FFO)	~\$400,000	~\$1.0 million

The Company raised its full-year 2014 Core FFO expectations, which excludes the impact from non-stabilized projects and non-cash compensation, to approximately \$29.0 million from the previous expectation of approximately \$27.5 million. The increase was driven by better than expected leasing activity across the portfolio most notably at the Cosmopolitan, better than expected construction activity and lower interest expense.

Full-year construction company segment gross profit is now expected to be approximately \$4.6 million compared to the previous expectation of \$4.3 million.

The Company expected to deliver five development projects in 2014, all of which have been delivered as of October 31, 2014, and the related leasing activity has been strong. The Company now expects the negative impact from non-stabilized projects in 2014 to be approximately \$400,000, which is better than the previous expectation of \$1.0 million. This is the amount that the Company will exclude from its calculation of Core FFO.

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.

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Webcast and Conference Call

The Company will host a webcast and conference call on Friday, October 31, 2014 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 Friday, November 28, 2014, by dialing 877-870-5176 (domestic) or 858-384-5517 (international) and entering the pass code 13592458.

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, and financing activities, as well as acquisitions, dispositions and the Company's financial outlook and expectations. For a description of factors that may cause the Company's actual results or performance to differ from its forward-looking statements, please review the information under the heading "Risk Factors" included in the Company's Annual Report on Form 10-K for the year ended December 31, 2013, and other documents filed by the Company with the Securities and Exchange Commission.

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Non-GAAP Financial Measures

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

FFO is a supplemental non-GAAP financial measure. The Company uses FFO as a supplemental performance measure because it believes that FFO is beneficial to investors as a starting point in measuring the Company's operational performance. Specifically, in excluding real estate related depreciation and amortization and gains and losses from property dispositions, which do not relate to or are not indicative of operating performance, FFO provides a performance measure that, when compared 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, the Company further adjusts FFO to arrive at Core FFO, which eliminates certain of these items, including, but not limited to, gains and losses on the extinguishment of debt and non-cash stock compensation expense.

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

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

	<u>September 30,</u> 2014 (Unaudited)	<u>December 31,</u> 2013
Assets		
Real estate investments:		
Income producing property	\$ 499,661	\$ 406,239
Construction in progress	93,946	56,737
Accumulated depreciation	(115,839)	(105,228)
Net real estate investments	477,768	357,748
Cash and cash equivalents	17,101	18,882
Restricted cash	4,425	2,160
Accounts receivable, net	20,307	18,272
Construction receivables, including retentions	15,285	12,633
Construction costs and estimated earnings in excess of billings	40	1,178
Other assets	32,409	24,409
Total Assets	<u>\$ 567,335</u>	<u>\$ 435,282</u>
Liabilities and Equity		
Indebtedness	\$ 335,792	\$ 277,745
Accounts payable and accrued liabilities	7,569	6,463
Construction payables, including retentions	39,820	28,139
Billings in excess of construction costs and estimated earnings	3,420	1,541
Other liabilities	17,979	15,873
Total Liabilities	<u>404,580</u>	<u>329,761</u>
Total Equity	<u>162,755</u>	<u>105,521</u>
Total Liabilities and Equity	<u>\$ 567,335</u>	<u>\$ 435,282</u>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
	(Unaudited)			
Revenues				
Rental revenues	\$16,713	\$14,899	\$ 47,225	\$ 42,528
General contracting and real estate services	31,532	21,896	71,261	63,143
Total revenues	<u>48,245</u>	<u>36,795</u>	<u>118,486</u>	<u>105,671</u>
Expenses				
Rental expenses	4,414	3,840	12,230	10,468
Real estate taxes	1,480	1,317	4,231	3,777
General contracting and real estate services	30,468	20,907	67,807	60,868
Depreciation and amortization	4,567	3,933	12,593	11,112
General and administrative	1,741	1,638	5,768	5,212
Acquisition, development and other pursuit costs	174	—	174	—
Impairment charges	15	—	15	533
Total expenses	<u>42,859</u>	<u>31,635</u>	<u>102,818</u>	<u>91,970</u>
Operating income	5,386	5,160	15,668	13,701
Interest expense	(2,734)	(2,598)	(7,977)	(9,802)
Loss on extinguishment of debt	—	(1,127)	—	(2,252)
Gain on acquisitions	—	—	—	9,460
Other income (expense)	59	(109)	(23)	343
Income before taxes	2,711	1,326	7,668	11,450
Income tax benefit (provision)	43	(74)	(135)	137
Net income	<u>2,754</u>	<u>1,252</u>	<u>7,533</u>	<u>11,587</u>
Net income attributable to Predecessor	—	—	—	(2,020)
Net income attributable to stockholders and unitholders	<u>\$ 2,754</u>	<u>\$ 1,252</u>	<u>\$ 7,533</u>	<u>\$ 9,567</u>
Per Share:				
Basic and Diluted	\$ 0.08	\$ 0.04	\$ 0.23	\$ 0.30
Weighted Average Common Shares and Units:				
Basic and Diluted	34,557	32,223	33,479	32,028

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

	Three Months Ended September 30,		Nine Months Ended September 30,
	2014 (Unaudited)	2013	2014 (Unaudited)
Net income	\$ 2,754	\$ 1,252	\$ 7,533
Depreciation and amortization	4,567	3,933	12,593
Funds From Operations	\$ 7,321	\$ 5,185	\$ 20,126
Non-cash stock compensation	198	242	720
Non-stabilized development projects	(178)	—	384
Loss on extinguishment of debt	—	1,127	—
Loan modification costs	—	—	—
Acquisition costs	174	—	174
Impairment charges	15	—	15
Core Funds From Operations	\$ 7,530	\$ 6,554	\$ 21,419
Funds From Operations per diluted share	\$ 0.21	\$ 0.16	\$ 0.60
Core Funds From Operations per diluted share	\$ 0.22	\$ 0.20	\$ 0.64
Common Shares and Units Outstanding	34,557	32,223	33,479

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ARMADA HOFFLER PROPERTIES, INC.
SAME STORE RESULTS
(dollars in thousands)

	Three Months Ended September 30,		Change	
	2014 (Unaudited)	2013	\$	%
Office Same Store⁽¹⁾				
Rental revenues	\$ 6,623	\$6,364	\$259	4%
Property expenses	2,139	2,081	58	3%
Net Operating Income	4,484	4,283	201	5%
Retail Same Store⁽²⁾				
Rental revenues	5,765	5,683	82	1%
Property expenses	1,739	1,745	(6)	0%
Net Operating Income	4,026	3,938	88	2%
Multifamily Same Store⁽³⁾				
Rental revenues	2,979	2,852	127	4%
Property expenses	1,386	1,331	55	4%
Net Operating Income	1,593	1,521	72	5%
Net Operating Income (GAAP)	\$10,103	\$9,742	\$361	4%
Net effect of straight-line rents	(263)	(125)		
Amortization of lease incentives and above or below market rents	148	155		
Net Operating Income (Cash)	\$ 9,988	\$9,772	\$216	2%

- (1) Excludes 4525 Main Street
(2) Excludes Dimmock Square and Greentree Shopping Center
(3) Excludes Encore Apartments, Liberty Apartments and Whetstone Apartments

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ARMADA HOFFLER PROPERTIES, INC.
RECONCILIATION OF SAME STORE RESULTS TO SEGMENT RESULTS
(dollars in thousands)

	Three Months Ended September 30,	
	2014	2013
	(Unaudited)	
Office Same Store⁽¹⁾		
Rental revenues	\$6,623	\$ 6,364
Property expenses	2,139	2,081
Net Operating Income	4,484	4,283
Non-Same Store Net Operating Income	460	—
Segment Net Operating Income	\$4,944	\$ 4,283
Retail Same Store⁽²⁾		
Rental revenues	5,765	5,683
Property expenses	1,739	1,745
Net Operating Income	4,026	3,938
Non-Same Store Net Operating Income	265	—
Segment Net Operating Income	\$4,291	\$ 3,938
Multifamily Same Store⁽³⁾		
Rental revenues	2,979	2,852
Property expenses	1,386	1,331
Net Operating Income	1,593	1,521
Non-Same Store Net Operating Income	(9)	—
Segment Net Operating Income	\$1,584	\$ 1,521

- (1) Excludes 4525 Main Street
(2) Excludes Dimmock Square and Greentree Shopping Center
(3) Excludes Encore Apartments, Liberty Apartments and Whetstone Apartments

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ARMADA HOFFLER PROPERTIES, INC.
RECONCILIATION OF SEGMENT RESULTS TO NET INCOME
(dollars in thousands)

	Three months ended September 30, 2014 (Unaudited)					
	Office	Retail	Multifamily	Total Rental Properties	General Contracting & Real Estate Services	Total
Segment revenues	\$7,295	\$6,086	\$ 3,332	\$ 16,713	\$ 31,532	\$48,245
Segment expenses	2,351	1,795	1,748	5,894	30,468	36,362
Net Operating Income	\$4,944	\$4,291	\$ 1,584	\$ 10,819	\$ 1,064	\$11,883
Depreciation and amortization						(4,567)
General and administrative expenses						(1,741)
Acquisition, development and other pursuit costs						(174)
Impairment charges						(15)
Interest expense						(2,734)
Other income						59
Income tax benefit						43
Net income						<u>\$ 2,754</u>

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.

Third Quarter 2014 Supplemental Information



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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 September 30, 2014, and the unaudited consolidated financial statements appearing in our press release dated October 31, 2014, which has been furnished as Exhibit 99.1 to our Form 8-K filed on October 31, 2014. The Company makes statements in this Supplemental Information that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). In particular, statements pertaining to our capital resources, portfolio performance and results of operations contain forward-looking statements. Likewise, all of our statements regarding anticipated growth in our funds from operations, core funds from operations, adjusted funds from operations, funds available for distribution and net operating income are forward-looking statements. You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates" or "anticipates" or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

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

Corporate Profile

Corporate Information

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

Management & Board

Board of Directors

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

Corporate Officers

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

Analyst Coverage

Janney, Montgomery, & Scott LLC	Raymond James & Associates	Robert W. Baird & Co.	Stifel, Nicolaus & Company, Inc.	Wunderlich Securities
Michael Gorman	Richard Mulligan	David Rodgers	John Guinee	Craig Kucera
(215) 665-6224	(727) 567-2660	(216) 737-7341	(443) 224-1307	(540) 277-3366
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Investor Relations Contact

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Third Quarter Results and Financial Summary

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



Highlights

- Funds From Operations (“FFO”) of \$7.3 million, or \$0.21 per diluted share, for the quarter ended September 30, 2014.
- Core FFO of \$7.5 million, or \$0.22 per diluted share, for the quarter ended September 30, 2014.
- Occupancy up to 95.1%, compared to 94.6% as of June 30, 2014.
- Increased GAAP and Cash Same Store Net Operating Income (“NOI”) 4% and 2%, respectively, compared to the third quarter of 2013.
- Delivered approximately 83,000 square feet of office space to Clark Nexsen—the anchor tenant in the new 4525 Main Street tower.
- Delivered the initial units at both Encore Apartments and Whetstone Apartments in September 2014.
- Leased substantially all of the remaining vacant retail space at the Town Center of Virginia Beach.
- Completed the previously announced acquisition of Dimmock Square, a 106,000 square foot retail power center located in Colonial Heights, Virginia.
- Completed an underwritten public offering of 5.75 million shares of common stock at \$9.05 per share, generating net proceeds of \$49.3 million.
- Entered into a preliminary agreement to sell the Sentara Williamsburg office building for approximately \$15.4 million, representing an implied cap rate of 6.3%.
- Construction contract backlog of \$153.5 million as of September 30, 2014.

2014 Outlook

	Current Parameters As of September 30, 2014	Previous Parameters As of June 30, 2014
Core FFO (excluding the impact from non-stabilized projects)	Approximately \$29.0 million	Approximately \$27.5 million
General & administrative expenses	Approximately \$7.6 million	Approximately \$7.6 million
Construction company annual segment gross profit	Approximately \$4.6 million	Approximately \$4.3 million
Non-stabilized projects - negative impact to FFO (excluded from Core FFO)	Approximately \$400,000	Approximately \$1.0 million

Summary Information

\$ in thousands, except per share

Market Capitalization		
	9/30/2014	
	% of Total Equity	Total Market Capitalization
Market Data		
Total Common Shares Outstanding	63%	25,018,733
Operating Partnership ("OP") Units Outstanding	37%	14,775,967
Common shares and OP units outstanding	100%	39,794,700
Market price per common share		\$9.08
Equity market capitalization		\$361,336
Total debt		335,792
Total market capitalization		\$697,128
Less: cash		(21,526)
Total enterprise value		\$675,602

Stable Portfolio Metrics		
	9/30/2014	
Rentable square feet or number of units:		
Office ⁽¹⁾		949,789
Retail ⁽²⁾		1,198,207
Multifamily ⁽³⁾		626
Occupancy:		
Office ⁽⁴⁾		94.8%
Retail ⁽⁴⁾		94.7%
Multifamily ⁽⁵⁾		96.6%
Weighted Average ⁽⁶⁾		95.1%

Key Financials	
	Three months ended 9/30/2014
Financial Information:	
Rental revenues	\$16,713
General contracting and real estate services revenues	31,532
Rental properties Net Operating Income (NOI)	10,819
General contracting and real estate services gross profit	1,064
Net income	2,754
Funds From Operations (FFO)	7,321
FFO per diluted share	\$0.21
Core FFO	7,530
Core FFO per diluted share	\$0.22
Weighted Average Shares/Units Outstanding	34,557,129

Debt Metrics	
	Three months ended 9/30/2014
Key Metrics	
Core debt/enterprise value	35.7%
Fixed charge coverage ratio:	
Core EBITDA	\$9,986
Interest	2,734
Principal	771
Total Fixed Charges	3,505
Fixed charge coverage ratio	2.85x
Core Debt/Annualized Core EBITDA	6.0x

(1) Excludes 4525 Main Street

(2) Excludes Greentree Shopping Center

(3) Excludes Liberty, Encore, and Whetstone Apartments

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

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

(6) Total occupancy weighted by annualized base rent



Summary Balance Sheet

\$ in thousands

	As of	
	<u>9/30/2014</u>	<u>12/31/2013</u>
Assets	(Unaudited)	
Real estate investments:		
Income producing property	\$499,661	\$406,239
Construction in progress	93,946	56,737
Accumulated depreciation	<u>(115,839)</u>	<u>(105,228)</u>
Net real estate investments	477,768	357,748
Cash and cash equivalents	17,101	18,882
Restricted cash	4,425	2,160
Accounts receivable, net	20,307	18,272
Construction receivables, including retentions	15,285	12,633
Costs and estimated earnings in excess of billings	40	1,178
Other assets	<u>32,409</u>	<u>24,409</u>
Total Assets	<u>\$567,335</u>	<u>\$435,282</u>
Liabilities and Equity		
Indebtedness	\$335,792	\$277,745
Accounts payable and accrued liabilities	7,569	6,463
Construction payables, including retentions	39,820	28,139
Billings in excess of costs and estimated earnings	3,420	1,541
Other liabilities	<u>17,979</u>	<u>15,873</u>
Total Liabilities	404,580	329,761
Total Equity	162,755	105,521
Total Liabilities and Equity	<u>\$567,335</u>	<u>\$435,282</u>

Summary Income Statement

\$ in thousands

	Three months ended		Nine months ended	
	9/30/2014	9/30/2013	9/30/2014	9/30/2013
Revenues				
Rental revenues	\$16,713	\$14,899	\$47,225	\$42,528
General contracting and real estate services	31,532	21,896	71,261	63,143
Total Revenues	48,245	36,795	118,486	105,671
Expenses				
Rental expenses	4,414	3,840	12,230	10,468
Real estate taxes	1,480	1,317	4,231	3,777
General contracting and real estate services	30,468	20,907	67,807	60,868
Depreciation and amortization	4,567	3,933	12,593	11,112
General and administrative	1,741	1,638	5,768	5,212
Acquisition, development & other pursuit costs	174	-	174	-
Impairment charges	15	-	15	533
Total Expenses	42,859	31,635	102,818	91,970
Operating Income	5,386	5,160	15,668	13,701
Interest expense	(2,734)	(2,598)	(7,977)	(9,802)
Loss on extinguishment of debt	-	(1,127)	-	(2,252)
Gain on acquisitions	-	-	-	9,460
Other income (loss)	59	(109)	(23)	343
Income before taxes	2,711	1,326	7,668	11,450
Income tax benefit (provision)	43	(74)	(135)	137
Net Income	\$2,754	\$1,252	\$7,533	\$11,587

Core FFO & AFFO

\$ in thousands, except per share

	Three months ended	Nine months ended
	9/30/2014	9/30/2014
	(Unaudited)	
Net income	\$2,754	\$7,533
Depreciation and amortization	4,567	12,593
FFO	7,321	20,126
FFO per weighted average share	\$0.21	\$0.60
Core FFO		
<u>Adjustments</u>		
Non-cash stock compensation	198	720
Impairment charges	15	15
Acquisition costs	174	174
Non-stabilized development pipeline adjustments	(178)	384
Core FFO	7,530	21,419
Core FFO per weighted average share	\$0.22	\$0.64
AFFO		
<u>Adjustments</u>		
Non-Stabilized development pipeline adjustments	178	(384)
Acquisition costs	(174)	(174)
Tenant improvements, leasing commissions ⁽¹⁾	(981)	(2,197)
Leasing incentives	(65)	(128)
Property related capital expenditures	(355)	(896)
Non cash interest expense	117	410
GAAP Adjustments		
Net effect of straight-line rents	(803)	(1,493)
Amortization of lease incentives and above (below) market rents	144	461
Derivative (income) losses	(46)	123
Government development grants	300	300
AFFO	5,845	17,441
AFFO per weighted average share	\$0.17	\$0.52



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

Summary of Outstanding Debt

\$ in thousands

Debt	Amount Outstanding	Interest Rate ⁽¹⁾	Effective Rate as of September 30, 2014	Maturity Date	Balance at Maturity
Virginia Beach Town Center					
249 Central Park Retail	\$15,635	5.99%		September 8, 2016	\$15,084
South Retail	6,898	5.99%		September 8, 2016	6,655
Studio 56 Retail	2,636	3.75%		May 7, 2015	2,592
Commerce Street Retail	5,566	LIBOR+2.25%	2.41%	October 31, 2018	5,264
Fountain Plaza Retail	7,818	5.99%		September 8, 2016	7,542
Dick's at Town Center	8,242	LIBOR+2.75%	2.91%	October 31, 2017	7,889
The Cosmopolitan	47,282	3.75%		July 1, 2051	-
Diversified Portfolio					
Oyster Point	6,323	5.41%		December 1, 2015	6,089
Broad Creek Shopping Center					
Note 1	4,465	LIBOR+2.25%	2.41%	October 31, 2018	4,223
Note 2	8,197	LIBOR+2.25%	2.41%	October 31, 2018	7,752
Note 3	3,432	LIBOR+2.25%	2.41%	October 31, 2018	3,246
Hanbury Village					
Note 1	21,278	6.67%		October 11, 2017	20,499
Note 2	4,108	LIBOR+2.25%	2.41%	October 31, 2018	3,777
Harrisonburg Regal	3,706	6.06%		June 8, 2017	3,165
North Point Center					
Note 1	10,193	6.45%		February 5, 2019	9,333
Note 2	2,775	7.25%		September 15, 2025	1,344
Note 4	1,011	5.59%		December 1, 2014	1,007
Note 5	690	LIBOR+2.00%	3.57% ⁽²⁾	February 1, 2017	641
Tyre Neck Harris Teeter	2,449	LIBOR+2.25%	2.41%	October 31, 2018	2,235
Smith's Landing	24,551	LIBOR+2.15%	2.31%	January 31, 2017	23,793
	187,255				132,130
Credit Facility	54,000	LIBOR + 1.60% - 2.20%	2.11%	May 13, 2016	54,000
Total including Credit Facility	\$241,255				\$186,130
Development Pipeline					
4525 Main Street	29,600	LIBOR+1.95%	2.11%	January 30, 2017	29,600
Encore Apartments	19,568	LIBOR+1.95%	2.11%	January 30, 2017	19,568
Whetstone Apartments	12,651	LIBOR+1.90%	2.06%	October 8, 2016	12,651
Sandbridge Commons	5,092	LIBOR+1.85%	2.01%	January 17, 2018	5,092
Liberty Apartments	20,673 ⁽³⁾	5.66%		November 1, 2043	-
Oceanneering	7,699	LIBOR+1.75%	1.91%	February 28, 2018	7,699
Commonwealth of Virginia - Chesapeake	709	LIBOR+1.90%	2.06%	August 28, 2017	709
Total Notes Payable - Development Pipeline	95,992				75,319
Unamortized fair value adjustments	(1,455)				
Total Notes Payable	\$335,792				\$261,449

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

Weighted Average Fixed Interest Rate	5.3%
Weighted Average Variable Interest Rate	2.2%
Total Weighted Average Interest Rate	3.5%
Variable Interest Rate as a % of Total (excluding interest rate caps)	56.0%
Weighted Average Maturity (years) ⁽⁴⁾	9.0

	3Q 2014	Year to Date
Capitalized Interest	\$698	\$1,958



Core Debt to Core EBITDA

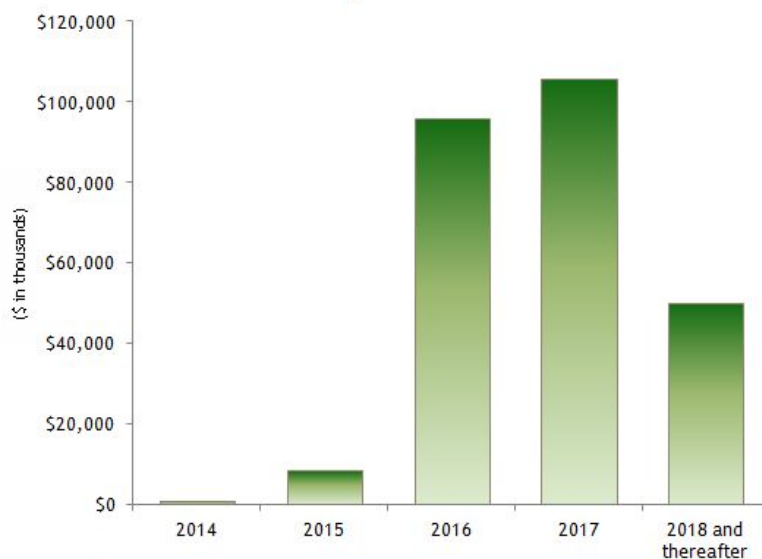
\$ in thousands

	Three months ended 9/30/2014 (Unaudited)		9/30/2014 (Unaudited)
Net Income	\$2,754	Total Debt	\$335,792
Excluding:		Excluding:	
Interest Expense	2,734	Development Pipeline Unstabilized Debt	(94,538)
Income Tax	(43)	Core Debt	\$241,254
Depreciation and amortization	<u>4,567</u>		
EBITDA	10,012		
Additional Adjustments:		Core Debt/Annualized Core EBITDA	6.0x
Non-recurring or extraordinary (gains) losses	-		
Early extinguishment of debt	-		
Derivative (income) losses	(46)		
Non-cash stock compensation	198		
Development Pipeline	<u>(178)</u>		
Total Other Adjustments	<u>(26)</u>		
Core EBITDA	<u>9,986</u>		
Annualized Core EBITDA	\$39,944		

Debt Information

\$ in thousands

Debt Maturity as of 9/30/2014



Interest Rate Cap Agreements At or Below 1.50%

Effective Date	Maturity Date	Strike Rate	Notional Amount
May 31, 2012	May 29, 2015	1.09%	\$8,950
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%			\$117,450
Fixed Debt Outstanding (excludes fair value adjustment)			<u>146,918</u>
Total Fixed Interest Rate Debt (including caps)			<u>\$264,368</u>
Fixed Interest Rate Debt as a % of Total			78%



Portfolio Summary & Business Segment Overview



Stabilized Portfolio Summary

As of 9/30/2014

Property	Location	Year Built	Net Rentable Square Feet	% Leased ⁽¹⁾	Annualized Base Rent ⁽²⁾	Average Net Effective Annual Base Rent per Leased Sq. Ft.	
						Annualized Base Rent per Leased Sq. Ft. ⁽³⁾	Leased Sq. Ft.
Office Properties							
Armada Hoffer Tower ⁽⁴⁾	Virginia Beach, VA	2002	323,966	95.6%	\$8,055,758	\$26.02	\$27.56
One Columbus	Virginia Beach, VA	1984	129,424	100.0%	3,004,179	23.21	23.15
Two Columbus	Virginia Beach, VA	2009	109,091	90.7%	2,527,929	25.55	25.75
Virginia Natural Gas	Virginia Beach, VA	2010	31,000	100.0%	568,230	18.33	20.17
Richmond Tower	Richmond, VA	2010	206,969	98.0%	7,569,747	37.32	42.07
Oyster Point	Newport News, VA	1989	100,139	79.2%	1,749,151	22.06	21.49
Sentara Williamsburg ⁽⁵⁾	Williamsburg, VA	2008	49,200	100.0%	1,006,140	20.45	20.50
Subtotal / Weighted Average Office Portfolio			949,789	94.8%	\$24,481,134	\$27.19	\$28.82
Retail Properties Not Subject to Ground Lease							
Bermuda Crossroads	Chester, VA	2001	111,566	98.6%	1,491,853	13.57	13.79
Broad Creek Shopping Center	Norfolk, VA	1997-2001	227,691	97.3%	3,102,578	14.00	12.61
Courthouse 7-Eleven	Virginia Beach, VA	2011	3,177	100.0%	125,000	39.35	43.81
Gainsborough Square	Chesapeake, VA	1999	88,862	96.5%	1,342,034	15.64	15.37
Hanbury Village	Chesapeake, VA	2006-2009	61,049	86.4%	1,300,035	24.66	24.42
North Point Center	Durham, NC	1998-2009	215,690	92.1%	2,349,473	11.82	11.83
Parkway Marketplace	Virginia Beach, VA	1998	37,804	100.0%	734,111	19.42	20.02
Harrisonburg Regal	Harrisonburg, VA	1999	49,000	100.0%	683,550	13.95	13.95
Dick's at Town Center	Virginia Beach, VA	2002	100,804	83.3%	798,000	9.50	9.58
249 Central Park Retail	Virginia Beach, VA	2004	91,171	94.8%	2,493,554	28.84	27.97
Studio 56 Retail	Virginia Beach, VA	2007	11,600	84.8%	371,200	37.75	40.21
Commerce Street Retail ⁽⁶⁾	Virginia Beach, VA	2008	19,173	100.0%	781,588	40.77	40.61
Fountain Plaza Retail	Virginia Beach, VA	2004	35,961	100.0%	970,230	26.98	26.21
South Retail ⁽⁷⁾	Virginia Beach, VA	2002	38,493	88.2%	791,578	23.30	26.53
Dimmock Square	Colonial Heights, VA	1998	106,166	100.0%	1,767,178	16.65	17.05
Subtotal / Weighted Avg Retail Portfolio not Subject to Ground Leases			1,198,207	94.7%	\$19,101,961	\$16.84	\$16.66
Retail Properties Subject to Ground Lease							
Bermuda Crossroads ⁽⁸⁾	Chester, VA	2001		100.0%	163,350		
Broad Creek Shopping Center ⁽⁹⁾	Norfolk, VA	1997-2001		100.0%	579,188		
Hanbury Village ⁽¹⁰⁾	Chesapeake, VA	2006-2009		100.0%	1,067,598		
North Point Center ⁽¹¹⁾	Durham, NC	1998-2009		100.0%	1,062,784		
Tyre Neck Harris Teeter ⁽¹²⁾	Portsmouth, VA	2011		100.0%	508,134		
Subtotal / Weighted Avg Retail Portfolio Subject to Ground Leases				100.0%	\$3,381,055		
Total / Weighted Avg Retail Portfolio			1,198,207	94.7%	\$22,483,016	\$16.84	\$16.66
Total / Weighted Average Retail and Office Portfolio			2,147,996	94.7%	\$46,964,150	\$21.42	\$22.04
Multifamily							
Smith's Landing ⁽¹³⁾	Blacksburg, VA	2009	284	96.5%	\$3,379,428	\$1,027.81	
The Cosmopolitan	Virginia Beach, VA	2006	342	96.8%	7,116,900	1,565.68	
Total / Weighted Avg Multifamily Portfolio			626	96.6%	\$10,496,328	\$1,322.08	



Stabilized Portfolio Summary Footnotes

- 1) The net rentable square footage for each of our office properties is the sum of (a) the square footages of existing leases, plus (b) for available space, management's estimate of net rentable square footage based, in part, on past leases. The net rentable square footage included in office leases is generally determined consistently with the Building Owners and Managers Association, or BOMA, 1996 measurement guidelines. The net rentable square footage for each of our retail properties is the sum of (a) the square footages of existing leases, plus (b) for available space, the field verified square footage.
- 2) Percentage leased for each of our office and retail properties is calculated as (a) square footage under executed leases as of September 30, 2014, divided by (b) net rentable square feet, expressed as a percentage. Percentage leased for our multifamily properties is calculated as (a) total units occupied as of September 30, 2014, divided by (b) total units available, expressed as a percentage.
- 3) For the properties in our office and retail portfolios, annualized base rent is calculated by multiplying (a) base rental payments for executed leases as of September 30, 2014 (defined as cash base rents (before abatements) excluding tenant reimbursements for expenses paid by the landlord), by (b) 12. Annualized base rent per leased square foot is calculated by dividing (a) annualized base rent, by (b) square footage under commenced leases as of September 30, 2014. In the case of triple net or modified gross leases, annualized base rent does not include tenant reimbursements for real estate taxes, insurance, common area or other operating expenses.
- 4) Average net effective annual base rent per leased square foot represents (a) the contractual base rent for leases in place as of September 30, 2014, calculated on a straight-line basis to amortize free rent periods and abatements, but without regard to tenant improvement allowances and leasing commissions, divided by (b) square footage under commenced leases as of September 30, 2014.
- 5) As of September 30, 2014, the Company occupied 16,151 square feet at this property at an annualized base rent of \$446,172 or \$29.40 per leased square foot, which amounts are reflected in the % leased, annualized base rent and annualized base rent per square foot columns in the table above. The rent paid by us is eliminated from our revenues in consolidation. In addition, effective March 1, 2013, the Company sublease approximately 5,000 square feet of space from a tenant at this property.
- 6) This property is subject to a triple net lease pursuant to which the tenant pays operating expenses, insurance and real estate taxes.
- 7) Includes square footage and annualized base rent pursuant to leases for space occupied by us.
- 8) As of September 30, 2014, the Company occupied 8,995 square feet at this property at an annualized base rent of \$287,300, or \$31.94 per leased square foot, which amounts are reflected in the % leased, annualized base rent and annualized base rent per square foot columns in the table above. The rent paid by us is eliminated from our revenues in consolidation.
- 9) Includes \$31,200 of annualized base rent pursuant to a rooftop lease.
- 10) Reflects square footage and annualized base rent pursuant to leases for space occupied by AHH.
- 11) For this ground lease, the Company own the land and the tenant owns the improvements thereto. The Company will succeed to the ownership of the improvements to the land upon the termination of the ground lease.
- 12) The Company lease the land underlying this property from the owner of the land pursuant to a ground lease. The Company re-lease the land to our tenant under a separate ground lease pursuant to which our tenant owns the improvements on the land.
- 13) Tenants collectively lease approximately 139,356 square feet of land from us pursuant to ground leases.
- 14) Tenants collectively lease approximately 299,170 square feet of land from us pursuant to ground leases.
- 15) Tenants collectively lease approximately 105,988 square feet of land from us pursuant to ground leases.
- 16) Tenants collectively lease approximately 1,443,985 square feet of land from us pursuant to ground leases.
- 17) Tenant leases approximately 200,073 square feet of land from us pursuant to a ground lease.
- 18) The total square footage of our retail portfolio excludes the square footage of land subject to ground leases.
- 19) Units represent the total number of apartment units available for rent at September 30, 2014.
- 20) For the properties in our multifamily portfolio, annualized base rent is calculated by multiplying (a) base rental payments for the month ended September 30, 2014 by (b) 12.
- 21) Average monthly base rent per leased unit represents the average monthly rent for all leased units for the month ended September 30, 2014.
- 22) The Company lease the land underlying this property from the owner of the land pursuant to a ground lease.
- 23) The annualized base rent for The Cosmopolitan includes \$898,000 of annualized rent from 15 retail leases at the property.
- 24) As of September 30, 2014, The Company occupied 2,908 square feet at this property at an annualized base rent of \$12,000, or \$4.13 per leased square foot, which amounts are reflected in the % leased, annualized base rent and annualized base rent per square foot columns in the table above. The rent paid by us and is eliminated from our revenues in consolidation.

Development Pipeline

\$ in thousands

Development, Not Delivered	Location	Estimated ⁽¹⁾	Estimated Cost ⁽²⁾	Cost Incurred through 9/30/2014	Schedule			AHH Ownership %	Property Type	%leased	Anchor Tenants
					Start	Initial Occupancy	Stabilized Operation				
Oceaneering	Chesapeake, VA	155,000 sf	\$26,000	\$16,000	4Q13	1Q15	1Q15	100%	Office	100%	Oceaneering
Sandbridge Commons	Virginia Beach, VA	70,000 sf	13,000	8,000	4Q13	1Q15	4Q15	100%	Retail	66%	Harris Teeter
Brooks Crossing ⁽²⁾	Newport News, VA										
Commonwealth of VA Chesapeake	Chesapeake, VA	36,000 sf	7,000	4,000	2Q14	1Q15	1Q15	100%	Office	100%	Commonwealth of Virginia
Commonwealth of VA Virginia Beach	Virginia Beach, VA	11,000 sf	3,000	2,000	2Q14	1Q15	1Q15	100%	Office	100%	Commonwealth of Virginia
Lightfoot Marketplace	Williamsburg, VA	88,000 sf	24,000	9,000	3Q14	1Q16	2Q17	60% ⁽³⁾	Retail	60%	Harris Teeter
			73,000	39,000							

Development, Delivered Not Stabilized	Location	Estimated ⁽¹⁾	Estimated Cost ⁽²⁾	Cost Incurred through 9/30/2014	Schedule			AHH Ownership % ⁽¹⁾	Property Type	%leased	Anchor Tenants
					Start	Initial Occupancy	Stabilized Operation				
4525 Main Street ⁽⁴⁾	Virginia Beach, VA	239,000 sf ⁽⁵⁾	\$50,000	\$40,000	1Q13	3Q14	1Q16	100%	Office	56% ⁽⁵⁾	Clark Nexsen, Development Authority of Virginia Beach Anthropologie
Greentree Shopping Center	Chesapeake, VA	18,000 sf	6,000	5,000	4Q13	3Q14	3Q15	100%	Retail	40%	Wawa
Encore Apartments ⁽⁵⁾	Virginia Beach, VA	286 units	34,000	28,000	1Q13	3Q14	4Q15	100%	Multifamily	NA	NA
Whetstone Apartments	Durham, NC	203 units	28,000	25,000	2Q13	3Q14	4Q15	100%	Multifamily	NA	NA
			118,000	98,000							

Re-Development	Location	Estimated ⁽¹⁾	Estimated Cost ⁽²⁾	Cost Incurred through 9/30/2014	Schedule			%leased	Anchor Tenants
					Start	Complete ⁽¹⁾	Property Type		
Dick's at Town Center	Virginia Beach, VA	20,000 sf	\$2,000	\$1,000	1Q14	4Q14	Retail	100%	USI
Total			\$193,000	\$138,000					

- (1) Represents estimates that may change as the development process proceeds
(2) Originally a development pipeline project, now anticipate selling the first building to a third party upon completion
(3) AHH earns a preferred return on equity prior to any distributions to JV partners
(4) This property is located within the Virginia Beach Town Center
(5) Approximately 83,000 square feet is leased to Clark Nexsen, an architectural firm and approximately 23,000 square feet is leased to the Development Authority of Virginia Beach



Acquisitions & Dispositions

\$ in thousands

Acquisitions	Location	Approximately	Negotiated Purchase Price	Purchased Date	AHH Ownership %	Property Type	%leased	Anchor Tenants
Liberty Apartments	Newport News, VA	197 units	\$30,700	1Q14	100%	Multifamily	67%	NA
Dimmock Square ⁽¹⁾	Colonial Heights, VA	106,166 sf	19,650	3Q14	100%	Retail	100%	Old Navy, Best Buy, Pier 1

Pending Dispositions	Location	Approximately	Estimated Disposition Sale Price	Disposition Date	AHH Ownership %	Property Type	%leased	Anchor Tenants
Virginia Natural Gas	Virginia Beach, VA	31,000 sf	\$8,900	4Q14	100%	Office	100%	Virginia Natural Gas
Sentara Williamsburg	Williamsburg, VA	49,200 sf	15,450	4Q14	100%	Office	100%	Sentara



(1) Dimmock Square purchase price includes the issuance of operating partnership (OP) units, based upon a negotiated value of \$9.75 per OP unit

Construction Business Summary

\$ in thousands

	<u>Location</u>	<u>Total Contract Value</u>	<u>Work in Place as of 9/30/2014</u>	<u>Backlog</u>	<u>Estimated Date of Completion</u>
Projects Greater than \$5.0M					
Exelon	Baltimore, MD	\$166,538	\$22,729	\$143,809	1Q 2016
Hyatt Place Baltimore / Inner Harbor Hotel	Baltimore, MD	25,592	23,564	2,028	4Q 2014
City of Suffolk Municipal Center	Suffolk, VA	25,240	22,904	2,336	2Q 2015
Sub Total		217,370	69,197	148,173	
Projects Less than \$5.0M					
		108,081	102,754	5,327	
Total		\$325,451	\$171,951	\$153,500	

Gross Profit Summary

	<u>Q3 2014</u>	<u>YTD 2014</u>
	(Unaudited)	
Revenue	\$31,532	\$71,261
Expense	(30,468)	(67,807)
Gross Profit	\$1,064	\$3,454



Operating Results & Property- Type Segment Analysis

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



Same Store NOI by Segment

(Reconciliation to GAAP located in appendix pg. 37)
\$ in thousands

	Three months ended 9/30				Nine months ended 9/30			
	2014	2013	\$ Change	% Change	2014	2013	\$ Change	% Change
Office⁽¹⁾	(Unaudited)				(Unaudited)			
Revenue	\$6,623	\$6,364	\$259	4%	\$19,645	\$19,270	\$375	2%
Expenses	2,139	2,081	58	3%	6,242	5,967	275	5%
Net Operating Income	4,484	4,283	201	5%	13,403	13,303	100	1%
Retail⁽¹⁾								
Revenue	5,765	5,683	82	1%	15,625	15,299	326	2%
Expenses	1,739	1,745	(6)	0%	4,901	4,899	2	0%
Net Operating Income	4,026	3,938	88	2%	10,724	10,400	324	3%
Multifamily⁽¹⁾								
Revenue	2,979	2,852	127	4%	5,752	5,684	68	1%
Expenses	1,386	1,331	55	4%	2,661	2,558	103	4%
Net Operating Income	1,593	1,521	72	5%	3,091	3,126	(35)	-1%
Same Store Net Operating Income (NOI), GAAP basis	\$10,103	\$9,742	\$361	4%	\$27,218	\$26,829	\$389	1%
Net effect of straight-line rents	(263)	(125)	(138)	110%	(886)	(429)	(457)	107%
Amortization of lease incentives and above (below) market rents	148	155	(7)	-5%	543	582	(39)	-7%
Same store portfolio NOI, cash basis	\$9,988	\$9,772	\$216	2%	\$26,875	\$26,982	(\$107)	0%
Cash Basis:								
Office	4,178	4,101	77	2%	12,245	12,548	(303)	-2%
Retail	4,188	4,120	68	2%	11,527	11,291	236	2%
Multifamily	1,622	1,551	71	5%	3,103	3,143	(40)	-1%
	\$9,988	\$9,772	\$216	2%	\$26,875	\$26,982	(\$107)	0%
GAAP Basis:								
Office	4,484	4,283	201	5%	13,403	13,303	100	1%
Retail	4,026	3,938	88	2%	10,724	10,400	324	3%
Multifamily	1,593	1,521	72	5%	3,091	3,126	(35)	-1%
	\$10,103	\$9,742	\$361	4%	\$27,218	\$26,829	\$389	1%

Top 10 Tenants by Annual Base Rent

As of September 30, 2014

Office Portfolio

Tenant	Number		Property(ies)	Lease Expiration	Annualized Base Rent	% of Office Portfolio Annualized Base Rent	% of Total Portfolio Annualized Base Rent
	Number of Leases	Number of Properties					
Williams Mullen	3	2	Armada Hoffer Tower, Richmond Tower	3/22/2026	\$7,978,920	32.6%	13.9%
Sentara Medical Group	1	1	Sentara Williamsburg	3/31/2023	1,006,140	4.1%	1.8%
Cherry Bekaert	3	3	Armada Hoffer Tower, Richmond Tower, Oyster Point	1/31/2025	949,713	3.9%	1.7%
GSA	1	1	Oyster Point	4/26/2017	856,448	3.5%	1.5%
Troutman Sanders	1	1	Armada Hoffer Tower	1/31/2025	805,605	3.3%	1.4%
The Art Institute	1	1	Two Columbus	12/31/2019	787,226	3.2%	1.4%
Pender & Coward	2	1	Armada Hoffer Tower	1/31/2030	781,536	3.2%	1.4%
Hampton University	2	1	Two Columbus	2/28/2023	745,650	3.0%	1.3%
Kimley Horn	1	1	Armada Hoffer Tower	12/31/2018	682,162	2.8%	1.2%
Hankins & Anderson	1	1	Armada Hoffer Tower	4/30/2022	572,601	2.3%	1.0%
Top 10 Total					\$15,166,001	61.9%	26.4%

Retail Portfolio

Tenant	Number		Property(ies)	Lease Expiration	Annualized Base Rent	% of Retail Portfolio Annualized Base Rent	% of Total Portfolio Annualized Base Rent
	Number of Leases	Number of Properties					
Home Depot	2	2	Broad Creek Shopping Center, North Point Center	12/3/2019	\$2,189,900	9.7%	3.8%
Harris Teeter	2	2	Tyre Neck Harris Teeter, Hanbury Village	10/16/2028	1,430,532	6.4%	2.5%
Food Lion	3	3	Broad Creek Shopping Center, Bermuda Crossroads, Gainsborough Square	3/19/2020	1,282,568	5.7%	2.2%
Dick's Sporting Goods	1	1	Dick's at Town Center	1/31/2020	798,000	3.5%	1.4%
Regal Cinemas	1	1	Harrisonburg Regal	4/23/2019	683,550	3.0%	1.2%
PetsMart	2	2	Broad Creek Shopping Center, North Point Center	7/21/2018	618,704	2.8%	1.1%
Kroger	1	1	North Point Center	8/31/2018	552,864	2.5%	1.0%
Yard House	1	1	Commerce Street Retail	11/30/2023	538,000	2.4%	0.9%
Rite Aid	2	2	Gainsborough Square, Parkway Marketplace	5/29/2019	484,193	2.2%	0.8%
Walgreens	1	1	Hanbury Village	12/31/2083	447,564	2.0%	0.8%
Top 10 Total					\$8,868,044	40.1%	15.7%



(1) Virginia Beach Development Authority (~\$0.65M ABR) and Clark Nexsen (~\$2.3M ABR) would be included in the Office Portfolio top ten tenants based on ABR if 4525 Main Street were stabilized

Office Lease Summary

Renewal Lease Summary ⁽¹⁾				GAAP			Cash			Weighted Average Lease Term	TI, LC, & Incentives	TI, LC, & Incentives per SF	
Quarter	Number of Leases Signed	Net rentable SF Signed	Leases Expiring	Net rentable SF Expiring	Contractual Rent per SF	Prior Rent per SF	Annual Change in Rent per SF	Contractual Rent per SF	Prior Rent per SF				Annual Change in Rent per SF
3rd Quarter 2014	3	6,859	2	6,082	\$18.50	\$19.63	(\$1.13)	\$18.48	\$19.85	(\$1.36)	2.62	\$68,913	\$10.05
2nd Quarter 2014	2	18,824	1	8,452	25.12	24.33	0.79	25.37	27.55	(2.18)	7.75	204,718	10.88
1st Quarter 2014	1	25,506	2	5,430	32.28	26.66	5.63	29.95	29.25	0.70	10.00	1,315,127	51.56
4th Quarter 2013	5	45,677	4	5,112	26.74	25.27	1.47	23.58	27.97	(4.39)	11.34	1,927,309	42.19

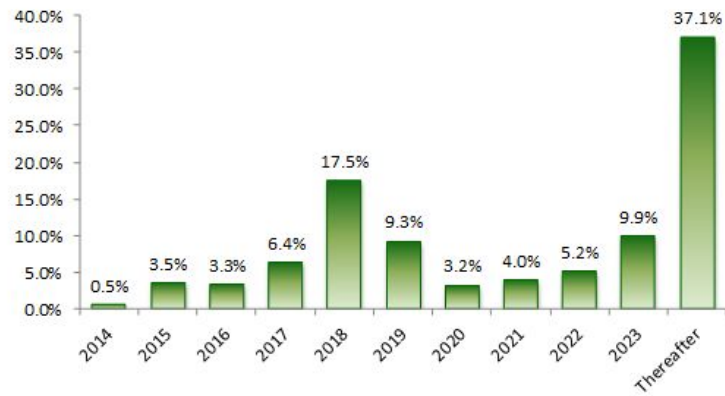
New Lease Summary ⁽¹⁾						
Quarter	Number of Leases Signed	Net rentable SF Signed	Contractual Rent per SF	Weighted Average Lease Term	TI, LC, & Incentives	TI, LC, & Incentives per SF
3rd Quarter 2014	2	2,853	\$22.65	2.56	\$55,892	\$19.59
2nd Quarter 2014	4	6,948	20.18	4.28	190,255	27.38
1st Quarter 2014	2	5,430	24.12	1.00	5,239	0.96
4th Quarter 2013	4	18,381	23.56	10.34	577,382	31.41



(1) Excludes leases for space occupied by AHH.

Office Lease Expirations

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring	% Portfolio Net Rentable Square Feet	Annualized Base Rent	% of Portfolio Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available	-	47,329	5.0%	\$0	-	\$0.00
Signed Leases not Commenced	1	2,220	0.2%	0	-	0.00
2014	3	5,726	0.6%	133,021	0.5%	23.23
2015	14	38,743	4.1%	862,230	3.5%	22.26
2016	11	34,258	3.6%	819,850	3.3%	23.93
2017	5	64,492	6.8%	1,564,421	6.4%	24.26
2018	17	157,665	16.6%	4,276,094	17.5%	27.12
2019	10	95,977	10.1%	2,266,218	9.3%	23.61
2020	3	25,283	2.7%	793,496	3.2%	31.38
2021	4	41,363	4.4%	973,852	4.0%	23.54
2022	3	48,117	5.1%	1,275,784	5.2%	26.51
2023	4	115,889	12.2%	2,432,759	9.9%	20.99
Thereafter	9	272,727	28.7%	9,083,408	37.1%	33.31
Total / Weighted Average	84	949,789	100.0%	\$24,481,134	100.0%	\$27.19



Retail Lease Summary

Renewal Lease Summary ⁽¹⁾				GAAP			Cash			Weighted Average Lease Term	TI, LC, & Incentives	TI, LC, & Incentives per SF	
Quarter	Number of Leases Signed	Net rentable SF Signed	Leases Expiring	Net rentable SF Expiring	Contractual Rent per SF	Prior Rent per SF	Annual Change in Rent per SF	Contractual Rent per SF	Prior Rent per SF				Annual Change in Rent per SF
3rd Quarter 2014	6	26,900	3	6,012	\$17.64	\$16.19	\$1.45	\$17.76	\$16.98	\$0.78	5.11	\$44,109	\$1.64
2nd Quarter 2014	6	12,916	2	3,842	20.47	19.66	0.81	20.20	20.65	(0.46)	1.87	5,730	0.44
1st Quarter 2014	5	23,857	3	6,540	20.84	20.41	0.43	21.18	21.82	(0.64)	4.55	63,339	2.65
4th Quarter 2013	7	37,733	6	7,928	13.82	13.49	0.33	13.79	14.12	(0.33)	4.70	40,540	1.07

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
3rd Quarter 2014	7	35,574	\$20.30	6.83	\$522,738	\$14.69
2nd Quarter 2014	4	10,574	25.73	7.78	1,071,485	101.33
1st Quarter 2014	1	3,160	16.25	10.50	126,558	40.05
4th Quarter 2013	2	3,270	18.67	5.06	75,884	23.21

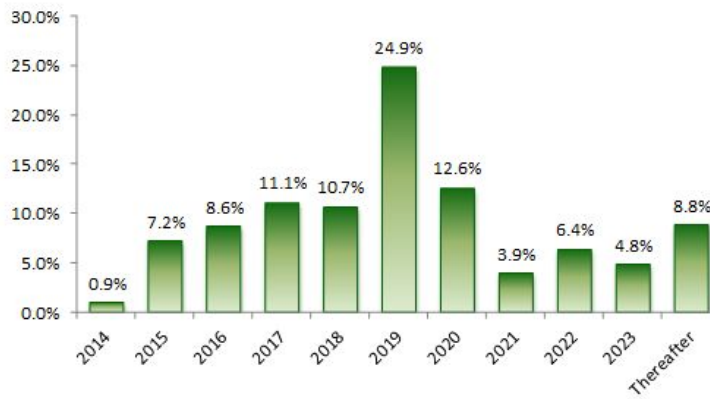


(1) Excludes leases from space occupied by AHH

(2) Tenant improvements and leasing commission expenses do not include the redevelopment activities at Dick's at Town Center

Retail Lease Expiration

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring	% Portfolio Net Rentable Square Feet	Annualized Base Rent	% of Portfolio Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available	-	42,535	3.5%	\$0	-	\$0.00
Signed Leases not Commenced	3	21,330	1.8%	-	-	-
2014	6	8,519	0.7%	176,716	0.9%	20.74
2015	18	63,739	5.3%	1,374,619	7.2%	21.57
2016	23	73,259	6.1%	1,651,561	8.6%	22.54
2017	24	148,963	12.4%	2,127,465	11.1%	14.28
2018	23	136,687	11.4%	2,040,950	10.7%	14.93
2019	24	326,041	27.2%	4,759,462	24.9%	14.60
2020	12	184,586	15.4%	2,408,800	12.6%	13.05
2021	5	25,204	2.1%	740,832	3.9%	29.39
2022	6	83,588	7.0%	1,215,718	6.4%	14.54
2023	5	30,125	2.5%	922,055	4.8%	30.61
Thereafter	10	53,631	4.5%	1,683,782	8.8%	31.40
Total / Weighted Average	159	1,198,207	100.0%	\$19,101,961	100.0%	\$16.84



Historical Occupancy

Occupancy All Properties of

Sector	9/30/2014	6/30/2014	3/31/2014	12/31/2013	9/30/2013
Office ⁽¹⁾	94.8%	95.3%	95.4%	95.2%	93.4%
Retail ⁽¹⁾	94.7%	93.5%	93.4%	93.4%	93.6%
Multifamily ⁽²⁾	96.6%	94.9%	94.2%	94.2%	92.7%
Weighted Average ⁽³⁾	95.1%	94.6%	94.5%	94.4%	93.3%



- (1) Office and retail occupancy based on occupied square feet as a % of respective total
(2) Multifamily occupancy based on occupied units as a % of respective total
(3) Total occupancy weighted by annualized base rent

Multifamily Occupancy

Occupancy Summary - Smiths Landing (284 available units)

Quarter Ended	Number of Units Occupied	Percentage Occupied ⁽¹⁾	Annualized Base Rent ⁽²⁾	Average Monthly Rent per Occupied Unit
9/30/2014	274	96.5%	\$3,379,428	\$1,028
6/30/2014	273	96.1%	3,321,096	1,014
3/31/2014	283	99.6%	3,430,260	1,010
12/31/2013	282	99.3%	3,382,380	1,000
9/30/2013	284	100.0%	3,427,980	1,006

Occupancy Summary - The Cosmopolitan (342 available units)

Quarter Ended	Number of Units Occupied	Percentage Occupied ⁽¹⁾	Annualized Base Rent ⁽²⁾⁽⁴⁾	Average Monthly Rent per Occupied Unit ⁽³⁾
9/30/2014	331	96.8%	\$6,218,892	\$1,566
6/30/2014	321	93.9%	6,042,132	1,569
3/31/2014	307	89.8%	5,799,564	1,574
12/31/2013	308	90.1%	5,721,144	1,548
9/30/2013	296	86.5%	5,506,764	1,550

(1) Total units occupied as of each respective date

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

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

(4) Excludes annualized base rent from retail leases

Components of NAV

Stabilized Portfolio NOI x Market Cap Rate = Stabilized Portfolio Value

+

Investment in Unstabilized Development Pipeline

+

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

+

Annualized General Contracting and Real Estate Services x Appropriate Multiple = TRS Value

+

Other Assets

-

Liabilities

NAV

Net Asset Value Component Data

\$ in thousands

Stabilized Portfolio NOI (Cash)			Other Assets	
	Three months ended	Annualized		As of 9/30/2014
	9/30/2014	9/30/2014		
Diversified Portfolio				
Office	\$2,101	\$8,404	Cash and Cash Equivalents	\$17,101
Retail	3,232	12,928	Restricted Cash	4,425
Multifamily	562	2,248	Accounts Receivable	20,307
Total Diversified Portfolio NOI	\$5,895	\$23,580	Construction receivables, including retentions	15,285
			Other Assets	32,449
			Total Other Assets	\$89,567
Virginia Beach Town Center				
Office ⁽¹⁾	\$2,220	\$8,880		
Retail ⁽¹⁾	1,230	4,920		
Multifamily	1,060	4,240		
Total Virginia Beach Town Center NOI	\$4,510	\$18,040		
Stabilized Portfolio NOI (Cash)	\$10,405	\$41,620		
Development Pipeline				
		9/30/2014		
Construction in Progress: (pg. 9 balance sheet)		\$93,946		Three months ended
Development Pipeline Completed Not Stabilized at Cost ⁽²⁾		73,101		9/30/2014
Taxable REIT Subsidiary (TRS)				
		Outlook		
		9/30/2014		
Annualized General Contracting and Real Estate Services per Company September 30, 2014 parameters (pg. 7)		\$4,600		
Liabilities & Share Count				
Liabilities				
				As of 9/30/2014
Mortgages and notes payable				\$335,792
Accounts payable and accrued liabilities				7,569
Construction payables, including retentions				39,820
Other Liabilities				21,399
Total Liabilities				\$404,580
Share Count				
				Three months ended
				9/30/2014
Weighted Average Common Shares Outstanding				20,266
Weighted Average Operating Partnership ("OP") Units Outstanding				14,291
Total Weighted Average Common shares and OP units outstanding				34,557



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



Appendix –
Definitions & Reconciliations



Definitions

Net Operating Income:

We calculate Net Operating Income (“NOI”) as property revenues (base rent, expense reimbursements and other revenue) less property expenses (rental expenses and real estate taxes). For our office, retail and multifamily segments, NOI excludes general contracting and real estate services expenses, depreciation and amortization, general and administrative expenses, and impairment charges. Other REITs may use different methodologies for calculating NOI, and accordingly, our NOI may not be comparable to such other REITs’ NOI. NOI is not a measure of operating income or cash flows from operating activities as measured by GAAP and is not indicative of cash available to fund cash needs. As a result, net operating income should not be considered an alternative to cash flows as a measure of liquidity. We consider NOI to be an appropriate supplemental measure to net income because it assists both investors and management in understanding the core operations of our real estate business. (Reconciliation to GAAP located in appendix pg. 37)

Funds From Operations:

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

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

Definitions

Core Funds From Operations:

We calculate Core Funds From Operations ("Core FFO") as FFO calculated in accordance with the standards established by NAREIT, adjusted for losses on debt extinguishments, non-cash stock compensation and impairment charges. Such items are non-recurring or non-cash in nature. Our calculation of Core FFO also excludes acquisition costs and the impact of development pipeline projects that are still in lease-up. We generally consider a property to be in lease-up until the earlier of (i) the quarter after which the property reaches 80% occupancy or (ii) the thirteenth quarter after the property receives its certificate of occupancy.

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

Adjusted Funds From Operations:

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

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

Definitions

EBITDA:

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

Core EBITDA:

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

Core Debt:

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

Same Store Portfolio:

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

Same Store vs. Non-Same Store Properties

	Comparison of Three Months Ended September 30, 2014 to 2013		Comparison of Nine Months Ended September 30, 2014 to 2013	
	Same Store	Non-Same Store	Same Store	Non-Same Store
Office Properties				
Armada Hoffer Tower	X		X	
One Columbus	X		X	
Two Columbus	X		X	
Virginia Natural Gas	X		X	
Richmond Tower	X		X	
Oyster Point	X		X	
Sentara Williamsburg	X		X	
4525 Main Street		X		X
Retail Properties				
Bermuda Crossroads	X			X
Broad Creek Shopping Center	X		X	
Courthouse 7-Eleven	X		X	
Dimmock Square		X		X
Gainsborough Square	X		X	
Hanbury Village	X		X	
North Point Center	X		X	
Parkway Marketplace	X		X	
Harrisonburg Regal	X		X	
Dick's at Town Center	X		X	
249 Central Park Retail	X		X	
Studio 56 Retail	X		X	
Commerce Street Retail	X		X	
Fountain Plaza Retail	X		X	
South Retail	X		X	
Tyre Neck Harris Teeter	X		X	
Greentree Shopping Center		X		X
Multifamily Properties				
Encore Apartments		X		X
Smith's Landing	X			X
The Cosmopolitan	X		X	
Liberty Apartments		X		X
Whetstone Apartments		X		X

Reconciliation to GAAP - Segment Portfolio NOI

\$ in thousands

	Three months ended 9/30		Nine months ended 9/30	
	2014	2013	2014	2013
Office Same Store⁽¹⁾				
Rental revenues	\$6,623	\$6,364	\$19,645	\$19,270
Property expenses	2,139	2,081	6,242	5,967
NOI	4,484	4,283	13,403	13,303
Non-Same Store NOI	460	-	507	-
Segment NOI	\$4,944	\$4,283	\$13,910	\$13,303
Retail Same Store⁽¹⁾				
Rental revenues	\$5,765	\$5,683	\$15,625	\$15,299
Property expenses	1,739	1,745	4,901	4,899
NOI	4,026	3,938	10,724	10,400
Non-Same Store NOI	265	-	1,525	617
Segment NOI	\$4,291	\$3,938	\$12,249	\$11,017
Multifamily Same Store⁽¹⁾				
Rental revenues	\$2,979	\$2,852	\$5,752	\$5,684
Property expenses	1,386	1,331	2,661	2,558
NOI	1,593	1,521	3,091	3,126
Non-Same Store NOI	(9)	-	1,514	837
Segment NOI	1,584	1,521	\$4,605	\$3,963
Total Segment Portfolio NOI	\$10,819	\$9,742	\$30,764	\$28,283



(1) See page 36 for Same Store vs. Non-Same Store Properties

Reconciliation to GAAP - Segment Portfolio NOI

\$ in thousands

Three months ended 9/30/2014

	Office	Retail	Multifamily	Total
Diversified Portfolio				
Cash NOI	\$2,101	\$3,232	\$562	\$5,895
Net effect of straight-line rents	190	(96)	(11)	83
Amortization of lease incentives and (above) below market rents	(16)	44	(13)	15
GAAP NOI	\$2,275	\$3,180	\$538	\$5,993
Town Center of Virginia Beach				
Cash NOI	\$2,220	\$1,230	\$1,060	\$4,510
Net effect of straight-line rents	157	28	(4)	181
Amortization of lease incentives and (above) below market rents	(26)	(132)	-	(158)
Elimination of AHH rent	(142)	(76)	-	(218)
GAAP NOI	\$2,209	\$1,050	\$1,056	\$4,315
GAAP NOI				
Diversified Portfolio	\$2,275	\$3,180	\$538	\$5,993
Town Center of Virginia Beach	2,209	1,050	1,056	4,315
Unstabilized Properties	460	61	(10)	511
Total Segment Portfolio GAAP NOI	\$4,944	\$4,291	\$1,584	\$10,819

Reconciliation to GAAP - Segment Portfolio NOI

\$ in thousands

Three months ended 9/30/2014							
	Office	Retail	Multifamily	Total Rental Properties	General Contracting & Real Estate Services	Total	
Segment revenues	\$ 7,295	\$ 6,086	\$ 3,332	\$ 16,713	\$ 31,532	\$	48,245
Segment expenses	2,351	1,795	1,748	5,894	30,468		36,362
Net operating income	\$ 4,944	\$ 4,291	\$ 1,584	\$ 10,819	\$ 1,064	\$	11,883
Depreciation and amortization							(4,567)
General and administrative expenses							(1,741)
Acquisition, development and other pursuit costs							(174)
Impairment charges							(15)
Interest expense							(2,734)
Other income							59
Income tax benefit							43
Net income							<u>\$ 2,754</u>

Nine months ended 9/30/2014							
	Office	Retail	Multifamily	Total Rental Properties	General Contracting & Real Estate Services	Total	
Segment revenues	\$ 20,363	\$ 17,559	\$ 9,303	\$ 47,225	\$ 71,261	\$	118,486
Segment expenses	6,453	5,310	4,698	16,461	67,807		84,268
Net operating income	\$ 13,910	\$ 12,249	\$ 4,605	\$ 30,764	\$ 3,454	\$	34,218
Depreciation and amortization							(12,593)
General and administrative expenses							(5,768)
Acquisition, development and other pursuit costs							(174)
Impairment charges							(15)
Interest expense							(7,977)
Other loss							(23)
Income tax provision							(135)
Net income							<u>\$ 7,533</u>