

**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): **February 9, 2017**

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 February 9, 2017, Armada Hoffler Properties, Inc. (the “Company”) issued a press release announcing its financial position as of December 31, 2016, results of operations for the three and twelve months ended December 31, 2016 and other related information. Also on February 9, 2017, 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 twelve months ended December 31, 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.

Item 7.01. Regulation FD Disclosure.

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

On February 9, 2017, the Company made available a presentation regarding its 2017 full-year guidance, which is furnished as Exhibit 99.3 to this Current Report on Form 8-K.

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, 99.2 and 99.3 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 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press Release, dated February 9, 2017, issued by Armada Hoffler Properties, Inc., providing its financial position as of December 31, 2016 and results of operations for the three and twelve months ended December 31, 2016.
99.2	Armada Hoffler Properties, Inc. Fourth Quarter 2016 Supplemental Information.
99.3	Armada Hoffler Properties, Inc. 2017 Guidance Presentation.

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: February 9, 2017

/s/ MICHAEL P. O'HARA

Michael P. O'Hara

Chief Financial Officer and Treasurer

EXHIBIT INDEX

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99.3	Armada Hoffer Properties, Inc. 2017 Guidance Presentation.



P R O P E R T I E S

PRESS RELEASE

ARMADA HOFFLER PROPERTIES REPORTS FOURTH QUARTER AND FULL YEAR 2016 RESULTS

**Net Income of \$0.09 per Diluted Share for the Fourth Quarter
and \$0.85 per Diluted Share for the Full Year**

**Normalized FFO of \$0.25 per Diluted Share for the Fourth Quarter
and \$1.01 per Diluted Share for the Full Year**

Company Introduces 2017 Full-Year Normalized FFO Guidance

Board of Directors Increases First Quarter 2017 Cash Dividend by 5.6% to \$0.19 per Share

VIRGINIA BEACH, VA, February 9, 2017 – Armada Hoffler Properties, Inc. (NYSE: AHH) today announced its results for the quarter and year ended December 31, 2016 and provided an update on current events.

Highlights include:

- Net income of \$5.1 million, or \$0.09 per diluted share, for the quarter ended December 31, 2016 compared to net income of \$8.4 million, or \$0.19 per diluted share, for the quarter ended December 31, 2015. Net income of \$42.8 million, or \$0.85 per diluted share, for the year ended December 31, 2016 compared to net income of \$31.2 million, or \$0.75 per diluted share, for the year ended December 31, 2015.
- Normalized Funds From Operations (“FFO”) of \$13.7 million, or \$0.25 per diluted share, for the quarter ended December 31, 2016 compared to Normalized FFO of \$10.6 million, or \$0.24 per diluted share, for the quarter ended December 31, 2015. Normalized FFO of \$50.9 million, or \$1.01 per diluted share, for the year ended December 31, 2016 compared to Normalized FFO of \$38.7 million, or \$0.93 per diluted share, for the year ended December 31, 2015.
- FFO of \$14.7 million, or \$0.27 per diluted share, for the quarter ended December 31, 2016 compared to FFO of \$9.6 million, or \$0.22 per diluted share, for the quarter ended December 31, 2015. FFO of \$48.0 million, or \$0.96 per diluted share, for the year ended December 31, 2016 compared to FFO of \$35.9 million, or \$0.87 per diluted share, for the year ended December 31, 2015.
- Introduced 2017 full-year Normalized FFO guidance in the range of \$0.99 to \$1.03 per diluted share, as illustrated in the enclosed presentation that can also be found on the Company's website at www.ArmadaHoffler.com. The Company's executive management will provide further details regarding its 2017 earnings guidance during today's webcast and conference call.
- Announced that its Board of Directors declared a cash dividend of \$0.19 per common share for the first quarter of 2017, representing a 5.6% increase over the prior quarter's cash dividend and the third increase in three years totaling approximately 19% dividend growth.
- Same Store Net Operating Income (“NOI”) increased for the tenth consecutive quarter.
- Core operating property portfolio occupancy at 94.3% compared to 95.3% as of December 31, 2015. The decrease in occupancy is primarily due to existing tenants within Town Center expanding and relocating to our 4525 Main Street tower, which is a non-core office property.
- Agreed to develop, build and own a 100,000 square foot office tower anchored by Newport News Shipbuilding, a division of Huntington Ingalls Industries (NYSE:HII), as part of an ongoing public-private partnership with the City of Newport News on the Brooks Crossing development project.

- Closed on the acquisition of Columbus Village II, a 92,000 square foot retail and entertainment center adjacent to the Town Center of Virginia Beach, Virginia. Combined with Columbus Village I, which was acquired in 2015, the resulting contiguous 12 acres are a prime target for redevelopment and ultimate integration into the dynamic Town Center environment.
- Closed on the acquisition of Renaissance Square, an 80,000 square foot Harris Teeter-anchored retail center located in the greater Charlotte area of North Carolina.
- Added to the MSCI U.S REIT Index (RMZ) effective as of the close of the market on November 30, 2016.

Commenting on the Company's results, Louis Haddad, President and CEO, said, "While I am pleased to report another quarter and year of bottom-line per share growth, I'm more excited about the value that we've delivered to our shareholders this past year and our potential for future growth over the coming years. Our total shareholder return for 2016 was 47 percent, significantly outperforming both the RMS and Russell 2000 indices. And when I look at the quality of assets and locations in our development pipeline, there's good reason to be optimistic about the future growth potential of our Company."

Operating Performance

The fourth quarter and full year 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 full year change in net income was 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. For the fourth quarter, both net income and FFO were positively impacted by mark-to-market gains on interest rate derivatives. Net income for the fourth quarter was negatively impacted by the decrease in gains on real estate dispositions when compared to the fourth quarter of 2015.

At the end of the fourth quarter, the Company's office, retail and multifamily core operating property portfolios were 89.9%, 95.8% and 94.3% occupied, respectively. The decrease in office occupancy is primarily due to existing tenants within Town Center expanding and relocating to our 4525 Main Street tower, which is a non-core office property.

Total construction contract backlog was \$217.7 million at the end of the year.

Balance Sheet and Financing Activity

As of December 31, 2016, the Company had \$527 million of total debt outstanding, including \$107 million outstanding under its revolving credit facility. Total debt outstanding excludes unamortized GAAP fair value adjustments and deferred financing costs. Approximately 46% of the Company's debt had fixed interest rates or were subject to interest rate swaps as of December 31, 2016. After considering LIBOR interest rate caps with strike prices at or below 150 basis points, as of December 31, 2016, approximately 97% of the Company's debt was fixed or hedged.

During the fourth quarter, the Company raised an aggregate of \$17.4 million of gross proceeds under its At-The-Market ("ATM") continuous equity offering program at a weighted average price of \$14.10 per share. For the year ended December 31, 2016, the Company raised an aggregate of \$68.5 million of gross proceeds under the ATM at a weighted average price of \$12.89 per share.

Outlook

The Company is introducing its 2017 full-year Normalized FFO guidance in the range of \$0.99 to \$1.03 per diluted share, as illustrated in the enclosed presentation that can also be found on the Company's website at www.ArmadaHoffler.com. The Company's executive management will provide further details regarding its 2017 earnings guidance during today's webcast and conference call.

Supplemental Financial Information

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

Webcast and Conference Call

The Company will host a webcast and conference call on Thursday, February 9, 2017 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, March 9, 2017 by dialing 877-870-5176 (domestic) or 858-384-5517 (international) and entering the pass code 13652128.

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, guidance 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)

	December 31,	
	2016	2015
	(Unaudited)	
<u>ASSETS</u>		
Real estate investments:		
Income producing property	\$ 894,078	\$ 579,000
Held for development	680	1,180
Construction in progress	13,529	53,411
Accumulated depreciation	(139,553)	(125,380)
Net real estate investments	768,734	508,211
Real estate investments held for sale	—	40,232
Cash and cash equivalents	21,942	26,989
Restricted cash	3,251	2,824
Accounts receivable, net	15,052	21,982
Notes receivable	59,546	7,825
Construction receivables, including retentions	39,433	36,535
Construction contract costs and estimated earnings in excess of billings	110	88
Equity method investments	10,235	1,411
Other assets	64,165	43,450
Total Assets	\$ 982,468	\$ 689,547
<u>LIABILITIES AND EQUITY</u>		
Indebtedness, net	\$ 522,180	\$ 377,593
Accounts payable and accrued liabilities	10,804	6,472
Construction payables, including retentions	51,130	52,067
Billings in excess of construction contract costs and estimated earnings	10,167	2,224
Other liabilities	39,209	25,471
Total Liabilities	\$ 633,490	\$ 463,827
Total Equity	348,978	225,720
Total Liabilities and Equity	\$ 982,468	\$ 689,547

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

	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	2016	2015
	(Unaudited)			
Revenues				
Rental revenues	\$ 26,516	\$ 21,771	\$ 99,355	\$ 81,172
General contracting and real estate services	50,475	41,309	159,030	171,268
Total revenues	<u>76,991</u>	<u>63,080</u>	<u>258,385</u>	<u>252,440</u>
Expenses				
Rental expenses	5,670	4,948	21,904	19,204
Real estate taxes	2,542	2,110	9,629	7,782
General contracting and real estate services	49,039	40,203	153,375	165,344
Depreciation and amortization	9,692	6,162	35,328	23,153
General and administrative	2,688	2,100	9,552	8,397
Acquisition, development and other pursuit costs	77	885	1,563	1,935
Impairment charges	171	18	355	41
Total expenses	<u>69,879</u>	<u>56,426</u>	<u>231,706</u>	<u>225,856</u>
Operating income	7,112	6,654	26,679	26,584
Interest income	1,300	126	3,228	126
Interest expense	(4,573)	(3,411)	(16,466)	(13,333)
Loss on extinguishment of debt	—	(102)	(82)	(512)
Gain on real estate dispositions	93	4,987	30,533	18,394
Change in fair value of interest rate derivatives	1,323	9	(941)	(229)
Other income (loss)	(7)	63	147	119
Income before taxes	<u>5,248</u>	<u>8,326</u>	<u>43,098</u>	<u>31,149</u>
Income tax provision	(103)	117	(343)	34
Net income	<u>5,145</u>	<u>8,443</u>	<u>42,755</u>	<u>31,183</u>
Per diluted share	\$ 0.09	\$ 0.19	\$ 0.85	\$ 0.75
Weighted average shares outstanding	54,258	43,438	50,224	41,383

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

	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	2016	2015
Net income	\$ 5,145	\$ 8,443	\$ 42,755	\$ 31,183
Depreciation and amortization	9,692	6,162	35,328	23,153
Gain on dispositions of operating real estate(1)	(93)	(4,987)	(30,103)	(18,394)
Funds From Operations (FFO)	\$ 14,744	\$ 9,618	\$ 47,980	\$ 35,942
Acquisition costs	77	885	1,563	1,935
Impairment charges	171	18	355	41
Loss on extinguishment of debt	—	102	82	512
Change in fair value of interest rate derivatives	(1,323)	(9)	941	229
Normalized FFO	\$ 13,669	\$ 10,614	\$ 50,921	\$ 38,659
FFO per diluted share	\$ 0.27	\$ 0.22	\$ 0.96	\$ 0.87
Normalized FFO per diluted share	\$ 0.25	\$ 0.24	\$ 1.01	\$ 0.93
Weighted average shares outstanding	54,258	43,438	50,224	41,383

(1) Excludes gains on non-operating undepreciated real estate of \$430 for the year ended December 31, 2016.

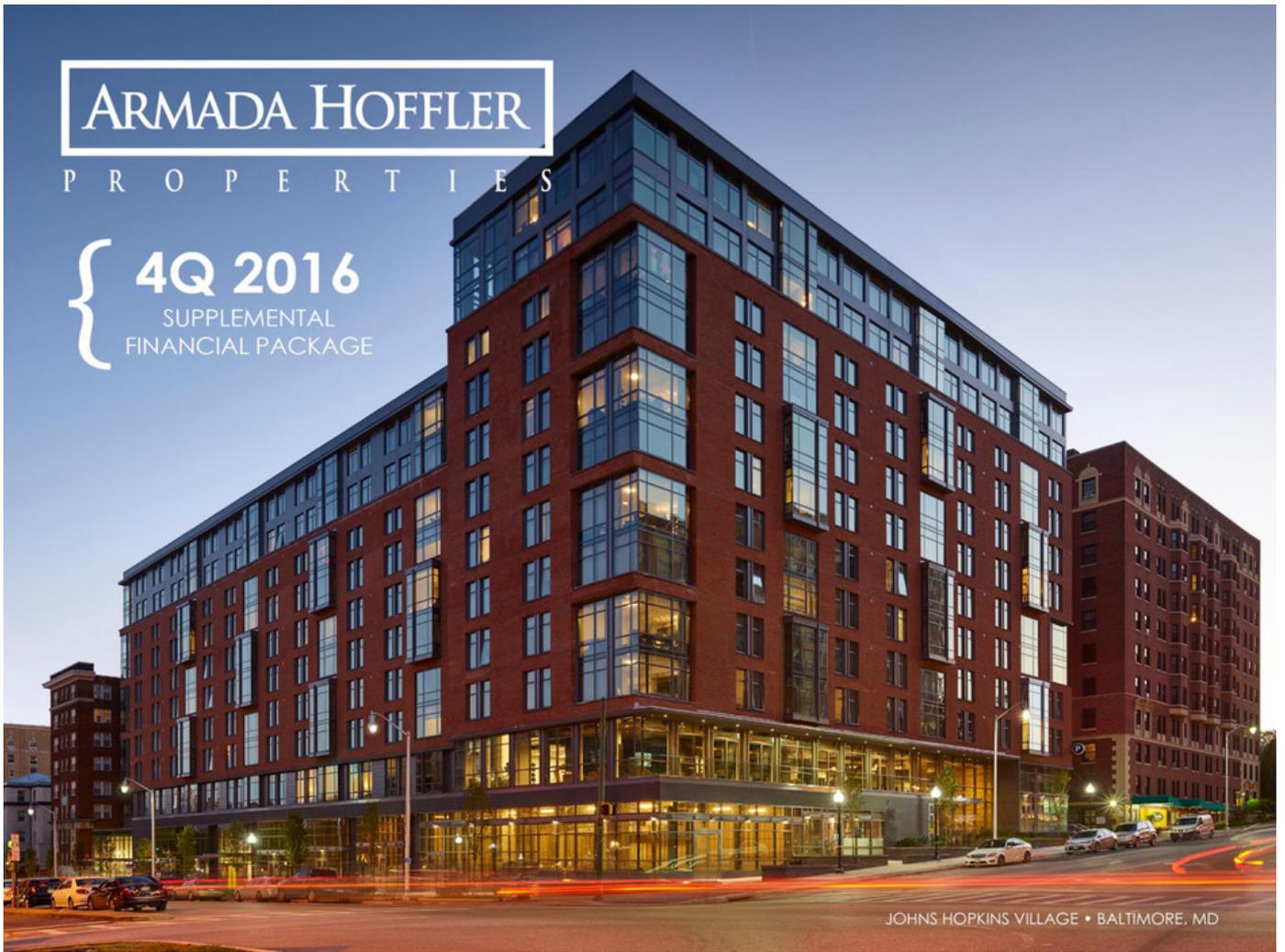
Contact:

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

{ **4Q 2016**
SUPPLEMENTAL
FINANCIAL PACKAGE



JOHNS HOPKINS VILLAGE • BALTIMORE, MD

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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 February 9, 2017, which has been furnished as Exhibit 99.1 to our Form 8-K filed on February 9, 2017. The Company makes statements in this Supplemental Information that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). In particular, statements pertaining to our capital resources, portfolio performance and results of operations contain forward-looking statements. Likewise, all of our statements regarding anticipated growth in our funds from operations, normalized funds from operations, adjusted funds from operations, funds available for distribution and net operating income are forward-looking statements. You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "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.

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

D. A. Davidson & Co.
(503) 603-3041

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

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
Eric E. Apperson	President of Construction
Shelly R. Hampton	President of Asset Management

Investor Relations

Michael P. O'Hara (757) 366-6684	Chief Financial Officer and Treasurer mohara@armadahoffler.com
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Robert W. Baird & Co.
(216) 737-7341

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(443) 224-1307

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Craig Kucera
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Highlights

- Net income of \$5.1 million, or \$0.09 per diluted share, for the quarter ended December 31, 2016 compared to net income of \$8.4 million, or \$0.19 per diluted share, for the quarter ended December 31, 2015. Net income of \$42.8 million, or \$0.85 per diluted share, for the year ended December 31, 2016 compared to net income of \$31.2 million, or \$0.75 per diluted share, for the year ended December 31, 2015.
- Normalized Funds From Operations ("FFO") of \$13.7 million, or \$0.25 per diluted share, for the quarter ended December 31, 2016 compared to Normalized FFO of \$10.6 million, or \$0.24 per diluted share, for the quarter ended December 31, 2015. Normalized FFO of \$50.9 million, or \$1.01 per diluted share, for the year ended December 31, 2016 compared to Normalized FFO of \$38.7 million, or \$0.93 per diluted share, for the year ended December 31, 2015.
- FFO of \$14.7 million, or \$0.27 per diluted share, for the quarter ended December 31, 2016 compared to FFO of \$9.6 million, or \$0.22 per diluted share, for the quarter ended December 31, 2015. FFO of \$48.0 million, or \$0.96 per diluted share, for the year ended December 31, 2016 compared to FFO of \$35.9 million, or \$0.87 per diluted share, for the year ended December 31, 2015.
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- Added to the MSCI U.S REIT Index (RMZ) effective as of the close of the market on November 30, 2016.

Summary Information

\$ in thousands, except per share data

	Three months ended				
	12/31/2016	9/30/2016	6/30/2016	3/31/2016	12/31/2015
OPERATIONAL METRICS					
Net income	\$5,145	\$7,946	\$3,131	\$26,533	\$8,443
Net income per diluted share	\$0.09	\$0.15	\$0.06	\$0.57	\$0.19
Rental properties Net Operating Income (NOI)	18,304	17,115	16,798	15,605	14,713
General contracting and real estate services gross profit	1,436	1,278	1,175	1,766	1,106
Adjusted EBITDA ⁽¹⁾	18,097	16,720	16,077	14,406	12,903
Funds From Operations (FFO)	14,744	13,078	11,720	8,438	9,618
FFO per diluted share	\$0.27	\$0.25	\$0.24	\$0.18	\$0.22
Normalized FFO	13,669	13,156	12,530	11,566	10,614
Normalized FFO per diluted share	\$0.25	\$0.26	\$0.26	\$0.25	\$0.24
Annualized dividend yield	4.94%	5.37%	5.24%	6.40%	6.49%
CAPITALIZATION					
Total common shares outstanding	37,491	34,256	32,825	31,095	30,076
Operating Partnership ("OP") units outstanding	17,793	17,793	17,597	16,027	16,027
Common shares and OP units outstanding	55,284	52,049	50,422	47,122	46,103
Market price per common share	\$14.57	\$13.40	\$13.74	\$11.25	\$10.48
Equity market capitalization ⁽²⁾	\$805,488	\$697,457	\$692,798	\$530,123	\$483,159
Total debt ⁽³⁾	527,082	519,209	512,702	471,876	382,013
Total market capitalization	1,332,570	1,216,666	1,205,500	1,001,999	865,172
Less: cash	(25,193)	(27,361)	(23,142)	(22,505)	(29,813)
Total enterprise value	\$1,307,377	\$1,189,305	\$1,182,358	\$979,494	\$835,359
BALANCE SHEET METRICS					
Core Debt/enterprise value	31.7%	34.3%	35.4%	40.1%	37.0%
Fixed charge coverage ratio	3.3x	3.4x	3.3x	3.1x	3.1x
Core Debt/Annualized Core EBITDA	6.3x	6.4x	6.7x	6.9x	6.1x
CORE PORTFOLIO OCCUPANCY					
Office ⁽⁴⁾	89.9%	96.4%	94.6%	95.0%	95.8%
Retail ⁽⁴⁾	95.8%	96.4%	96.0%	95.1%	95.5%
Multifamily ⁽⁵⁾	94.3%	95.8%	94.3%	93.5%	94.2%
Weighted Average ⁽⁶⁾	94.3%	96.2%	95.3%	94.7%	95.3%

- (1) Excludes gains on dispositions of real estate and mark-to-market adjustments on interest rate derivatives
(2) Includes common shares and OP units
(3) Excludes unamortized GAAP adjustments
(4) Office and retail occupancy based on 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	
	12/31/2016 (Unaudited)	12/31/2015
Assets		
Real estate investments:		
Income producing property	\$894,078	\$579,000
Held for development	680	1,180
Construction in progress	13,529	53,411
Accumulated depreciation	(139,553)	(125,380)
Net real estate investments	768,734	508,211
Real estate investments held for sale	-	40,232
Cash and cash equivalents	21,942	26,989
Restricted cash	3,251	2,824
Accounts receivable, net	15,052	21,982
Notes receivable	59,546	7,825
Construction receivables, including retentions	39,433	36,535
Costs and estimated earnings in excess of billings	110	88
Equity method investments	10,235	1,411
Other assets	64,165	43,450
Total Assets	\$982,468	\$689,547
Liabilities and Equity		
Indebtedness, net	\$522,180	\$377,593
Accounts payable and accrued liabilities	10,804	6,472
Construction payables, including retentions	51,130	52,067
Billings in excess of costs and estimated earnings	10,167	2,224
Other liabilities	39,209	25,471
Total Liabilities	633,490	463,827
Total Equity	348,978	225,720
Total Liabilities and Equity	\$982,468	\$689,547

Summary Income Statement

Amounts in thousands, except per share data

	Three months ended		Year Ended	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Revenues	(Unaudited)		(Unaudited)	
Rental revenues	\$26,516	\$21,771	\$99,355	\$81,172
General contracting and real estate services	50,475	41,309	159,030	171,268
Total Revenues	76,991	63,080	258,385	252,440
Expenses				
Rental expenses	5,670	4,948	21,904	19,204
Real estate taxes	2,542	2,110	9,629	7,782
General contracting and real estate services	49,039	40,203	153,375	165,344
Depreciation and amortization	9,692	6,162	35,328	23,153
General and administrative	2,688	2,100	9,552	8,397
Acquisition, development & other pursuit costs	77	885	1,563	1,935
Impairment charges	171	18	355	41
Total Expenses	69,879	56,426	231,706	225,856
Operating Income	7,112	6,654	26,679	26,584
Interest income	1,300	126	3,228	126
Interest expense	(4,573)	(3,411)	(16,466)	(13,333)
Loss on extinguishment of debt	-	(102)	(82)	(512)
Gain on real estate dispositions	93	4,987	30,533	18,394
Change in fair value of interest rate derivatives	1,323	9	(941)	(229)
Other income (loss)	(7)	63	147	119
Income before taxes	5,248	8,326	43,098	31,149
Income tax benefit (provision)	(103)	117	(343)	34
Net Income	\$5,145	\$8,443	\$42,755	\$31,183
Per Diluted Share	\$0.09	\$0.19	\$0.85	\$0.75
Weighted Average Shares-Diluted	54,258	43,438	50,224	41,383

FFO, Normalized FFO & Adjusted FFO⁽¹⁾

\$ in thousands, except per share data

	Three months ended				Year Ended December 31,	
	12/31/2016	9/30/2016	6/30/2016	3/31/2016	2016	2015
Funds From Operations						
Net income	\$5,145	\$7,946	\$3,131	\$26,533	\$42,755	\$31,183
Earnings per diluted share	\$0.09	\$0.15	\$0.06	\$0.57	\$0.85	\$0.75
Depreciation and amortization	9,692	8,885	8,602	8,149	35,328	23,153
Gain on disposition of operating real estate ⁽²⁾	(93)	(3,753)	(13)	(26,244)	(30,103)	(18,394)
FFO	\$14,744	\$13,078	11,720	\$8,438	\$47,980	\$35,942
FFO per diluted share	\$0.27	\$0.25	\$0.24	\$0.18	\$0.96	\$0.87
Normalized FFO						
Acquisition, development & other pursuit costs	77	345	437	704	1,563	1,935
Loss on extinguishment of debt	-	82	-	-	82	512
Impairment charges	171	149	-	35	355	41
Change in fair value of interest rate derivatives	(1,323)	(498)	373	2,389	941	229
Normalized FFO	\$13,669	\$13,156	\$12,530	\$11,566	\$50,921	\$38,659
Normalized FFO per diluted share	\$0.25	\$0.26	\$0.26	\$0.25	\$1.01	\$0.93
Adjusted FFO						
Non-cash stock compensation	218	212	215	437	1,082	931
Acquisition, development & other pursuit costs	(77)	(345)	(437)	(704)	(1,563)	(1,935)
Tenant improvements, leasing commissions ⁽³⁾	(507)	(233)	(1,365)	(287)	(2,392)	(2,741)
Property related capital expenditures	(434)	(514)	(603)	(390)	(1,941)	(1,718)
Non-cash interest expense	293	219	277	191	980	1,006
Net effect of straight-line rents	(246)	(158)	(194)	(122)	(720)	(1,634)
Amortization of leasing incentives & above (below) market rents	(24)	116	(183)	6	(85)	738
Government development grants	-	-	-	-	-	300
AFFO	\$12,892	\$12,453	\$10,240	\$10,697	\$46,282	\$33,606
Weighted Average Common Shares Outstanding	36,465	33,792	31,736	30,191	33,057	26,006
Weighted Average Operating Partnership ("OP") Units Outstanding	17,793	17,720	17,113	16,027	17,167	15,377
Total Weighted Average Common Shares and OP Units Outstanding	54,258	51,512	48,849	46,218	50,224	41,383



- (1) See definitions on pages 27-28
 (2) Excludes gain on non-operating real estate of \$430K for the three months ended 3/31/2016 and year ended 12/31/16
 (3) Excludes first generation rental space

Outstanding Debt

\$ in thousands

Debt	Stated Rate	Effective Rate as of 12/31/2016	Maturity Date	Debt Maturities & Principal Payments						Amount Outstanding as of 12/31/2016	
				2017	2018	2019	2020	2021	Thereafter		
Secured Notes Payable - Core Debt											
North Point Note 5	L+2.00%	3.57% ⁽¹⁾	2/1/2017	\$643							\$643
Harrisonburg Regal	6.06%	6.06%	6/8/2017	3,256							3,256
Commonwealth of Virginia - Chesapeake	L+1.90%	2.67%	8/28/2017	4,933							4,933
Hanbury Village	6.67%	6.67%	10/11/2017	20,709							20,709
Sandbridge Commons	L+1.85%	2.62%	1/17/2018	247	9,129						9,376
Columbus Village Note 1	L+2.00%	3.05% ⁽¹⁾	4/5/2018	178	6,080						6,258
Columbus Village Note 2	L+2.00%	2.77%	4/5/2018	48	2,218						2,266
North Point Center Note 1	6.45%	6.45%	2/5/2019	205	219	9,352					9,776
Southgate Square	L+2.00%	2.77%	4/29/2021	391	539	561	584	19,075			21,150
249 Central Park Retail	L+1.95%	2.72%	8/8/2021	229	229	243	258	16,117			17,076
South Retail	L+1.95%	2.72%	8/8/2021	100	101	107	113	7,072			7,493
Fountain Plaza Retail	L+1.95%	2.72%	8/8/2021	137	138	147	156	9,703			10,281
Encore Apartments	3.25%	3.25%	9/10/2021			124	504	24,338			24,966
Socastee Commons	4.57%	4.57%	1/6/2023	94	100	105	109	115	4,343		4,866
North Point Center Note 2	7.25%	7.25%	9/15/2025	106	113	121	130	140	1,954		2,564
Smith's Landing	4.05%	4.05%	6/1/2035	754	791	824	858	890	16,394		20,511
Liberty Apartments	5.66%	5.66%	11/1/2043	326	344	364	385	415	18,171		20,005
The Cosmopolitan	3.75%	3.75%	7/1/2051	660	686	712	739	767	42,320		45,884
Total - Secured Core Debt				\$33,016	\$20,687	\$12,660	\$3,836	\$78,632	\$83,182		\$232,013
Secured Notes Payable - Development Pipeline											
4525 Main Street	3.25%	3.25%	9/10/2021			158	646	31,230			32,034
Lightfoot Marketplace	L+1.90%	2.67%	11/14/2017	12,194							12,194
Johns Hopkins Village	L+1.90%	2.67%	7/30/2018		43,841						43,841
Total - Development Pipeline				12,194	43,841	158	646	31,230			88,069
Total Secured Notes Payable				\$45,210	\$64,528	\$12,818	\$4,482	\$109,862	\$83,182		\$320,082
Unsecured Core Debt											
Senior unsecured line of credit	L+1.40% - 2.00%	2.32%	2/20/2019			107,000					107,000
Senior unsecured term loan	L+1.35% - 1.95%	2.27%	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						107,000	100,000				207,000
Total Notes Payable excluding GAAP Adjustments				\$45,210	\$64,528	\$119,818	\$104,482	\$109,862	\$83,182		\$527,082
Weighted Average Interest Rate				4.9%	2.8%	2.7%	2.9%	3.0%	4.4%		3.3%
Ballloon Payments				41,432	60,873	116,333	100,000	106,274	5,567		430,479
Principal amortization				3,778	3,655	3,485	4,482	3,588	77,615		96,603
Total Consolidated Debt				\$45,210	\$64,528	\$119,818	\$104,482	\$109,862	\$83,182		\$527,082
Fixed-rate Debt ⁽²⁾				26,931	8,333	11,760	53,371	57,895	83,182		241,472
Variable-rate Debt ⁽³⁾				18,279	56,195	108,058	51,111	51,967	-		285,610
Total Consolidated Debt				\$45,210	\$64,528	\$119,818	\$104,482	\$109,862	\$83,182		\$527,082
GAAP Adjustments											(4,902)
Total Notes Payable											\$522,180

30 Day LIBOR as of 12/31/2016	0.772%
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- (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.

Core Debt to Core EBITDA⁽¹⁾

\$ in thousands

	Three months ended				
	12/31/2016	9/30/2016	6/30/2016	3/31/2016	12/31/2015
Net Income	\$5,145	\$7,946	\$3,131	\$26,533	\$8,443
Excluding:					
Interest expense	4,573	4,124	3,978	3,791	3,411
Income tax	103	16	6	218	(117)
Depreciation and amortization	9,692	8,885	8,602	8,149	6,162
Gain on real estate dispositions	(93)	(3,753)	(13)	(26,674)	(4,987)
Change in fair value of interest rate derivatives	(1,323)	(498)	373	2,389	(9)
Adjusted EBITDA	\$18,097	\$16,720	\$16,077	\$14,406	\$12,903
Other adjustments:					
Loss on extinguishment of debt	-	82	-	-	102
Non-cash stock compensation	218	212	215	437	176
Development Pipeline	(1,917)	(1,058)	(719)	(620)	(606)
Total Other Adjustments	(1,699)	(764)	(504)	(183)	(328)
Core EBITDA	\$16,398	\$15,956	\$15,573	\$14,223	\$12,575
Total Debt⁽²⁾	\$527,082	\$519,209	\$512,702	\$471,876	\$382,013
Adjustments to Debt:					
(Less) Development Pipeline ⁽²⁾	(88,069)	(84,321)	(71,035)	(56,592)	(43,340)
(Less) Cash & restricted cash	(25,193)	(27,361)	(23,142)	(22,505)	(29,813)
Core Debt	\$413,820	\$407,527	\$418,525	\$392,779	\$308,860
Core Debt/Annualized Core EBITDA	6.3x	6.4x	6.7x	6.9x	6.1x



(1) See definitions on page 29
(2) Excludes GAAP Adjustments

Debt Information

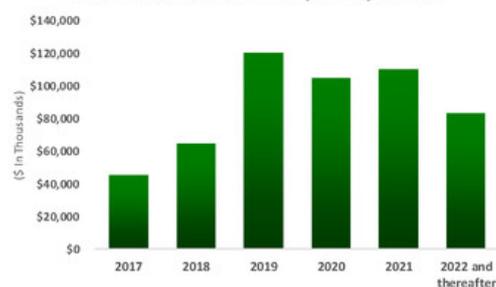
\$ in thousands

Total Debt Composition			
	Percent of Debt	Weighted Average	
		Interest Rate	Maturity
Secured vs. Unsecured Debt			
Unsecured Debt	39.3%	2.6%	2.6 Yrs
Secured Debt	60.7%	3.7%	10.0 Yrs
Variable vs. Fixed-rate Debt			
Variable-rate Debt ⁽¹⁾	54.2%	2.5%	2.6 Yrs
Fixed-rate Debt ⁽²⁾⁽³⁾	45.8%	4.2%	12.5 Yrs
Fixed-rate and Hedged Debt ⁽²⁾⁽³⁾	97.0%		
Total		3.3%	7.1 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⁾			241,472
Fixed-rate and Hedged Debt			\$511,472
% of Total ⁽³⁾			97.0%

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.

Capitalization & Financial Ratios

\$ in thousands

Capitalization as of December 31, 2016

Debt	% of Total	Carrying Value
Unsecured Credit Facility	20%	\$107,000
Unsecured Term Loans	19%	100,000
Mortgages Payable	61%	320,082
Total Debt		\$527,082

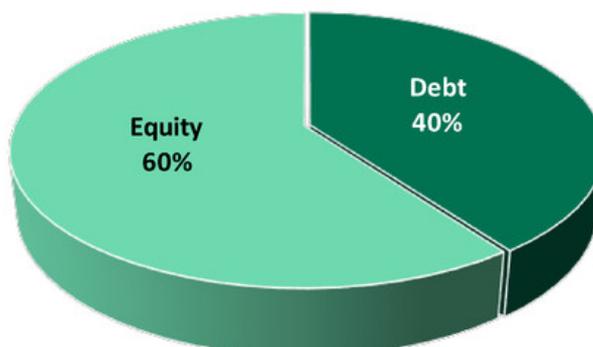
Equity	% of Total	Shares/Units	Stock Price	Market Value
Common Stock (NYSE: AHH)	68%	37,491	\$14.57	\$546,244
Common Units	32%	17,793	\$14.57	259,244
Equity Market Capitalization		55,284		\$805,488

Total Market Capitalization	\$1,332,570
Debt/Market Capitalization	39.6%

Dividend Data

	Trailing 12 Months
Common Dividends and Distributions	\$33,843
AFFO	\$46,282
AFFO Payout Ratio	73.1%

Capital Structure as of December 31, 2016



Liquidity as of December 31, 2016

Cash on Hand	\$25,193
Availability under Credit Facility ⁽¹⁾	68,000
	\$93,193

Property Portfolio

As of 12/31/16

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 ⁽³⁾	ABR per Leased Sq ⁽⁴⁾
Retail Properties - Excluding Properties Subject to Ground Lease												
249 Central Park Retail ⁽⁵⁾	Cheesecake Factory, Brooks Brothers, Gordon Biersch	Virginia Beach, VA	✓	-	2004	91,366	-	91,366	89.8%	-	\$2,376,820	\$28.98
Alexander Pointe	Harris Teeter	Salisbury, NC		100%	1997	57,710	-	57,710	97.6%	-	649,530	11.53
Bermuda Crossroads	Food Lion, OfficeMax	Chester, VA		100%	2001	111,566	-	111,566	93.1%	-	1,519,843	14.63
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
Brooks Crossing	Various Small Shops	Newport News, VA		100%	2016	-	18,343	18,343	-	59.8%	151,380	13.80
Columbus Village	Barnes & Noble	Virginia Beach, VA	✓	-	1980/2013	66,594	-	66,594	93.5%	-	1,200,454	19.27
Columbus Village II	Regal Cinemas, BB&B	Virginia Beach, VA	✓	100%	1995/1996	92,061	-	92,061	100.0%	-	1,575,991	17.12
Commerce Street Retail ⁽⁵⁾	Yard House	Virginia Beach, VA	✓	100%	2008	19,173	-	19,173	100.0%	-	848,540	44.26
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%	-	1,736,216	16.83
Fountain Plaza Retail	Ruth's Chris, Ann Taylor	Virginia Beach, VA	✓	-	2004	35,961	-	35,961	100.0%	-	1,022,629	28.44
Gainsborough Square	Food Lion, Rite Aid	Chesapeake, VA		100%	1999	88,862	-	88,862	90.7%	-	1,220,121	15.14
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	65.9%	-	518,400	14.19
Harrisonburg Regal	Regal Cinemas	Harrisonburg, VA		-	1999	49,000	-	49,000	100.0%	-	683,550	13.95
Lightfoot Marketplace	Harris Teeter	Williamsburg, VA		-	2016	-	56,043	56,043	-	49.2%	601,665	21.80
North Hampton Market	PetSmart, Hobby Lobby, Dollar Tree	Taylors, SC		100%	2004	114,935	-	114,935	97.2%	-	1,397,423	12.51
North Point Center	Kroger, PetSmart, BB&B, Costco	Durham, NC		52%	1998/2009	215,690	-	215,690	99.3%	-	2,583,835	12.06
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%	-	716,852	19.91
Patterson Place	BB&B, PetSmart	Durham, NC		100%	2004	160,942	-	160,942	96.8%	-	2,443,501	15.69
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	97.4%	-	2,564,010	25.52
Renaissance Square	Harris Teeter	Davidson, NC		-	2008	80,467	-	80,467	92.2%	-	1,281,142	17.26
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	57,273	-	57,273	97.4%	-	633,672	11.36
South Retail	Iululemon, free people	Virginia Beach, VA	✓	-	2002	38,515	-	38,515	84.9%	-	879,870	26.89
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	220,131	-	220,131	96.3%	-	2,812,549	13.27
Southshore Shops	Buffalo Wild Wings	Midlothian, VA		100%	2006	40,333	-	40,333	93.1%	-	737,009	19.63
Stone House Square	Weis Markets	Hagerstown, MD		100%	2008	108,624	-	108,624	90.4%	-	1,567,631	15.96
Studio 56 Retail	McCormick & Schmick's	Virginia Beach, VA	✓	100%	2007	11,594	-	11,594	100.0%	-	375,632	32.40
Waynesboro Commons	Kroger	Waynesboro, VA		100%	1993	52,415	-	52,415	100.0%	-	438,464	8.37
Wendover Village	BB&B, T.J. Maxx, Petco	Greensboro, NC		100%	2004	135,758	-	135,758	100.0%	-	1,955,629	14.41
Total / Weighted Avg Retail Portfolio				69%		2,895,279	74,386	2,969,665	95.8%	51.9%	\$45,599,181	\$16.21

(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 December 31, 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 December 31, 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 December 31, 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 December 31, 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 12/31/16 Property	Anchor Tenant	Location	Town Center	Unencumbered ABR	Year Built	Net Rentable Square Feet (RSF) ⁽¹⁾			Core Occupancy ⁽²⁾	Development Leased ⁽²⁾	ABR ⁽¹⁾	ABR per Leased SF ⁽³⁾
						Core Properties	Development Properties	Total				
Office Properties												
4525 Main Street	Clark Nexsen, Anthropologie, West Elm	Virginia Beach, VA	✓	-	2014	-	237,893	237,893	-	76.7%	\$5,096,663	\$27.93
Armada Hoffer Tower ⁽⁴⁾	AHH, Troutman Sanders, Williams Mullen	Virginia Beach, VA	✓	100%	2002	324,242	-	324,242	96.9%	-	8,947,379	28.49
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&H, HBA	Virginia Beach, VA	✓	100%	1984	129,272	-	129,272	80.2%	-	2,582,506	24.90
Two Columbus	The Art Institute, Kimley-Horn	Virginia Beach, VA	✓	100%	2009	108,467	-	108,467	76.5%	-	2,176,255	26.24
Total / Weighted Average Office Portfolio				71%		609,347	237,893	847,240	89.9%	76.7%	\$19,693,788	\$26.96
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%	-	607,081	24.46
Greentree Shopping Center	Wawa	Chesapeake, VA	-	-	2014	5,088	-	5,088	100.0%	-	230,004	45.21
Hanbury Village ⁽¹⁾	Harris Teeter, Walgreens	Chesapeake, VA	-	-	2006/2009	55,586	-	55,586	100.0%	-	1,067,598	19.21
Harper Hill Commons ⁽¹⁾	Harris Teeter	Winston-Salem, NC	-	100%	2004	41,520	-	41,520	100.0%	-	373,680	9.00
Lightfoot Marketplace ⁽¹⁾	Harris Teeter	Williamsburg, VA	-	-	2016	-	51,750	51,750	-	100.0%	660,771	12.77
North Point Center ⁽¹⁾	Home Depot, Costco	Durham, NC	-	15%	1998/2009	280,556	-	280,556	100.0%	-	1,083,666	3.86
Oakland Marketplace ⁽¹⁾	Kroger	Oakland, TN	-	100%	2004	45,000	-	45,000	100.0%	-	186,300	4.14
Sandbridge Commons ⁽¹⁾	Harris Teeter	Virginia Beach, VA	-	-	2015	53,288	-	53,288	100.0%	-	583,000	10.94
South Square ⁽¹⁾	Chick-fil-A	Durham, NC	-	100%	1977/2005	1,778	-	1,778	100.0%	-	60,000	33.75
Stone House Square ⁽¹⁾	Capitol One Bank	Hagerstown, MD	-	100%	2008	3,650	-	3,650	100.0%	-	165,000	45.21
Tyre Neck Harris Teeter ⁽¹⁾	Harris Teeter	Portsmouth, VA	-	100%	2011	48,859	-	48,859	100.0%	-	508,134	10.40
Total / Weighted Avg Retail Portfolio Subject to Ground Leases				26%		571,143	51,750	622,893	100.0%	100.0%	\$5,688,584	\$9.13
Multifamily												
Encore Apartments		Virginia Beach, VA	✓	-	2014	286	-	286	94.4%	-	\$4,130,448	\$17.76
Johns Hopkins Village ⁽⁹⁾⁽¹⁰⁾		Baltimore, MD	-	-	2016	-	157	157	-	76.4%	5,916,960	2.78
Liberty Apartments ⁽⁹⁾		Newport News, VA	-	-	2013	197	-	197	91.2%	-	2,263,236	1.42
Smith's Landing ⁽¹⁰⁾		Blacksburg, VA	-	-	2009	284	-	284	98.9%	-	3,653,952	1.14
The Cosmopolitan ⁽⁹⁾		Virginia Beach, VA	✓	-	2006	342	-	342	92.1%	-	6,013,536	1.65
Total / Weighted Avg Multifamily Portfolio						1,109	157	1,266	94.3%	76.4%	\$21,978,132	\$17.70

- (1) The net rentable square footage for each of our office properties is the sum of (a) the square footage of existing leases, plus (b) for available space, management's estimate of net rentable square footage based, in part, on past leases. The net rentable square footage included in office leases is generally consistent with the Building Owners and Managers Association, or BOMA, 1996 measurement guidelines.
- (2) Occupancy for each of our office properties is calculated as (a) square footage under executed leases as of December 31, 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 December 31, 2016, divided by (b) total units available, expressed as a percentage.
- (3) 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 December 31, 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 December 31, 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.
- (4) As of December 31, 2016, the Company occupied 21,942 square feet at this property at an ABR of \$688,788 or \$30.48 per leased square foot, which amounts are reflected in this table. The rent paid by us is eliminated in accordance with GAAP.
- (5) 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.
- (6) 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.
- (7) For the properties in our multifamily portfolio, annualized base rent, or ABR, is calculated by multiplying (a) base rental payments for the month ended December 31, 2016 by (b) 12.
- (8) ABR per occupied rentable square foot is calculated by dividing (a) ABR, by (b) net rentable square footage of occupied units as of December 31, 2016.
- (9) The ABR for Liberty, Cosmopolitan, Johns Hopkins Village excludes \$212,000, \$970,000, \$1,159,000 from ground floor retail leases, respectively.
- (10) 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	\$8,000	80% ⁽³⁾	NA
Town Center Phase VI Virginia Beach, VA	Mixed-use	39,000 SF 130 Units	46%	4Q16	3Q18	3Q19	42,000	3,000	100%	Anchor tenants not yet announced
Brooks Crossing Newport News, VA	Office	100,000 sf	NA	3Q16	4Q18	4Q18	20,000	-	65% ⁽³⁾	Huntington Ingalls Industries ⁽⁴⁾
Total Development, Not Delivered							107,000	11,000		

Lightfoot Marketplace



Development, Delivered Not Stabilized										
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	77%	1Q13	3Q14	2Q17	51,000	46,000	100%	Clark Nexsen, Development Authority of Virginia Beach, Anthropologie
Johns Hopkins Village Baltimore, MD	Multifamily	157 units	76%	1Q15	3Q16	3Q17	68,000	67,000	80% ⁽³⁾	CVS
Lightfoot Marketplace Williamsburg, VA	Retail	109,000 sf	71%	3Q14	3Q16	2Q17	24,000	23,000	70% ⁽³⁾	Harris Teeter, CHKD
Total Development, Delivered Not Stabilized							146,000	139,000		

One City Center



Joint Ventures - Minority Partner										
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

Mezzanine Investments										
Point Street Apartments Baltimore, MD	Multifamily	289 units	NA	1Q16	4Q17	1Q19	\$92,000	\$20,600	Option to purchase 88% upon completion	\$23M Mezzanine financing by AHH, earning 8% interest income
Annapolis Junction Annapolis Junction, MD	Multifamily	416 units	NA	2Q16	3Q17	2Q19	102,000	39,000	Option to purchase 88% upon completion	\$42M Mezzanine financing by AHH, earning 10% interest income
Total Mezzanine Investment							\$194,000	\$59,600		

Point Street Apts.



	Q4 2016	Year to Date
Capitalized Interest	\$119	\$1,046
Capitalized Overhead	\$559	\$1,704



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

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 12/31/16	Anchor Tenants	
Renaissance Square	Davidson, NC	80,468	\$17,085	-	-	7.1%	4Q16	92%	Harris Teeter	
Columbus Village II	Virginia Beach, VA	92,061	\$26,200	-	\$26,200	5.6%	4Q16	100%	Regal, Bed Bath & Beyond	
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	96%	PetSmart, Michael's, Burlington	
Retail Portfolio (11 properties)	Mid-Atlantic	1,082,681	\$170,500	\$87,000	-	7.2%	1Q16	95%	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	97%	BiLo	
Columbus Village	Virginia Beach, VA	65,746	\$21,025	-	\$14,025	6.4%	3Q15	94%	Barnes & Noble	
Perry Hall Marketplace & Stone House Square	Maryland	182,949	\$39,555	\$15,200	\$4,155	7.4%	2Q15	98%	Safeway & Weis Markets	
Dimmock Square	Colonial Heights, VA	106,166	\$19,662	-	\$9,662	7.3%	3Q14	97%	Old Navy, Best Buy, Pier 1	
Total/Weighted Average		2,031,226	\$376,572	\$119,800	\$74,002	7.1%				

DISPOSITIONS										
Properties	Location	Square Feet/Units	Sale Price	Cash Proceeds	Gain on Sale	Cash Cap Rate	Disposition Date	% Leased at closing	Anchor Tenants	
Greentree Wawa	Chesapeake, VA	5,088	\$4,600	\$4,400	\$3,396	5.0%	1Q17	100%	Wawa	
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		721,154sf/ 203 units	\$191,925	\$144,200	\$54,441	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

ARMADA HOFFLER
PROPERTIES



Construction Business Summary

\$ in thousands

	<u>Location</u>	<u>Total Contract Value</u>	<u>Work in Place as of 12/31/2016</u>	<u>Backlog</u>	<u>Estimated Date of Completion</u>
Highlighted Projects					
Four Seasons Condominium Expansion	Baltimore, MD	72,385	50,146	22,239	2Q 2017
Point Street Apartments	Baltimore, MD	72,100	23,392	48,708	1Q 2018
Annapolis Junction	Annapolis Junction, MD	68,300	18,083	50,217	1Q 2018
Durham City Center	Durham, NC	62,463	15,861	46,602	2Q 2018
27th Street Hotel	Virginia Beach, VA	44,367	36,568	7,799	2Q 2017
Dinwiddie	Dinwiddie, VA	24,042	1,000	23,042	2Q 2019
Sub Total		\$343,657	\$145,050	\$198,607	
All Other Projects		322,623	303,512	19,111	
Total		<u>\$666,280</u>	<u>\$448,562</u>	<u>\$217,718</u>	

Gross Profit Summary		
	<u>Q4 2016</u>	<u>Trailing 12 Months</u>
	<u>(Unaudited)</u>	
Revenue	\$50,475	\$159,030
Expense	(49,039)	(153,375)
Gross Profit	\$1,436	\$5,655



Same Store NOI by Segment

\$ in thousands

(Reconciliation to GAAP located in appendix pg. 31)

	Three months ended				Year ended			
	12/31/2016	12/31/2015	\$ Change	% Change	12/31/2016	12/31/2015	\$ Change	% Change
Office⁽¹⁾	(Unaudited)				(Unaudited)			
Revenue	\$3,805	\$3,896	(\$91)	-2.3%	\$15,476	\$15,565	(\$89)	-0.6%
Expenses	1,328	1,417	(89)	-6.3%	5,430	5,709	(279)	-4.9%
Net Operating Income	2,477	2,479	(2)	-0.1%	10,046	9,856	190	1.9%
Retail⁽¹⁾								
Revenue	9,380	9,348	32	0.3%	26,316	25,984	332	1.3%
Expenses	2,526	2,540	(14)	-0.6%	7,579	7,485	94	1.3%
Net Operating Income	6,854	6,808	46	0.7%	18,737	18,499	238	1.3%
Multifamily⁽¹⁾								
Revenue	4,840	4,735	105	2.2%	12,221	12,158	63	0.5%
Expenses	2,069	2,073	(4)	-0.2%	5,325	5,249	76	1.4%
Net Operating Income	2,771	2,662	109	4.1%	6,896	6,909	(13)	-0.2%
Same Store Net Operating Income (NOI)	\$12,102	\$11,949	\$153	1.3%	\$35,679	\$35,264	\$415	1.2%
Net effect of straight-line rents	125	63	62		539	338	201	
Amortization of lease incentives and above (below) market rents	117	118	(1)		516	514	2	
Same store portfolio NOI, cash basis	\$12,344	\$12,130	\$214	1.8%	\$36,734	\$36,116	\$618	1.7%
NOI, Cash Basis:								
Office	\$2,611	\$2,500	\$111	4.4%	\$10,130	\$9,846	\$284	2.9%
Retail	6,955	6,957	(2)	0.0%	19,659	19,257	402	2.1%
Multifamily	2,778	2,673	105	3.9%	6,945	7,013	(68)	-1.0%
	\$12,344	\$12,130	\$214	1.8%	\$36,734	\$36,116	\$618	1.7%
NOI:								
Office	\$2,477	\$2,479	(\$2)	-0.1%	\$10,046	\$9,856	\$190	1.9%
Retail	6,854	6,808	46	0.7%	18,737	18,499	238	1.3%
Multifamily	2,771	2,662	109	4.1%	6,896	6,909	(13)	-0.2%
	\$12,102	\$11,949	\$153	1.3%	\$35,679	\$35,264	\$415	1.2%

Top 10 Tenants - Annualized Base Rent

\$ in thousands
As of December 31, 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	12.6%	2.7%
Williams Mullen	1	2018	1,524	7.7%	1.6%
Hampton University	2	2024	1,023	5.2%	1.1%
Commonwealth of Virginia	2	2030	891	4.5%	1.0%
Kimley-Horn	1	2027	859	4.4%	0.9%
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%
City of Va Beach Development Authority	1	2024	701	3.6%	0.8%
Cherry Bekaert	1	2022	698	3.5%	0.8%
Top 10 Total			\$ 10,663	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	11	2027	\$ 5,923	11.5%	6.4%
Home Depot	2	2019	2,190	4.3%	2.4%
Bed, Bath, & Beyond	4	2022	1,669	3.3%	1.8%
Regal Cinemas	2	2018	1,607	3.1%	1.7%
PetSmart	5	2020	1,398	2.7%	1.5%
Food Lion	3	2020	1,283	2.5%	1.4%
Dick's Sporting Goods	1	2020	840	1.6%	0.9%
Safeway	2	2021	821	1.6%	0.9%
Weis Markets	1	2028	802	1.6%	0.9%
Ross Dress for Less	2	2020	755	1.5%	0.8%
Top 10 Total			\$ 17,288	33.7%	18.7%

Office Lease Summary

Renewal Lease Summary				GAAP			Cash			Weighted Average Lease Term (yrs)			TI & LC	TI & LC 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	Releasing Spread	Contractual Rent per SF	Prior Rent per SF	Releasing Spread				
Q4 2016	1	22,950	1	777	\$30.66	\$26.58	15.3%	\$28.00	\$29.75	-5.9%	10.00	\$569,907	\$24.83	
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	0.59	

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
Q4 2016	-	-	-	-	-	-
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

(1) Excludes new leases from properties in development



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	-	116,693	13.8%	\$ -	\$ -	\$ -
2017	8	14,159	1.7%	437,004	2.2%	30.86
2018	16	137,023	16.2%	3,920,009	19.9%	28.61
2019	14	90,120	10.6%	2,259,108	11.5%	25.07
2020	3	17,840	2.1%	524,457	2.7%	29.40
2021	6	44,933	5.3%	1,186,952	6.0%	26.42
2022	3	48,117	5.7%	1,347,805	6.8%	28.01
2023	4	43,078	5.1%	1,087,325	5.5%	25.24
2024	3	60,751	7.2%	1,706,129	8.7%	28.08
2025	4	43,292	5.1%	1,218,282	6.2%	28.14
2026	3	15,168	1.8%	328,333	1.7%	21.65
2027	3	49,072	5.8%	1,395,219	7.1%	28.43
Thereafter	8	166,994	19.6%	4,283,165	21.7%	25.65
Total / Weighted Average	75	847,240	100.0%	\$19,693,788	100.0%	\$26.96



(1) Includes new leases from properties in development

Retail Lease Summary

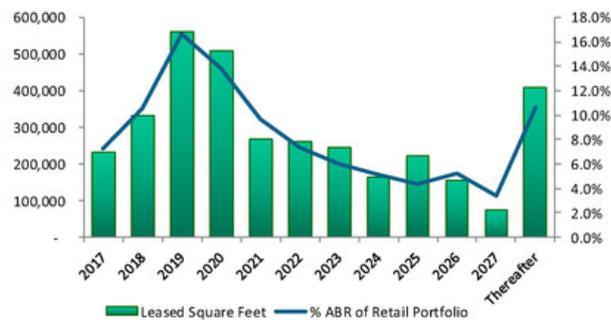
Renewal Lease Summary				GAAP			Cash			Weighted		TI & LC	
Quarter	Number of Leases Signed	Net rentable SF Signed	Leases Expiring	Net rentable SF Expiring	Contractual Rent per SF	Prior Rent per SF	Releasing Spread	Contractual Rent per SF	Prior Rent per SF	Releasing Spread	Average Lease Term (yrs)	TI & LC	TI & LC per SF
Q4 2016	8	57,227	8	23,035	\$16.81	\$17.07	-1.5%	\$16.25	\$17.13	-5.1%	6.50	\$443,344	\$ 7.75
Q3 2016	14	80,526	10	22,340	16.84	15.69	7.3%	16.36	15.80	3.5%	7.00	503,893	6.26
Q2 2016	25	98,300	14	33,111	18.28	17.32	5.5%	17.99	17.55	2.5%	6.36	234,929	2.39
Q1 2016	10	26,870	1	1,800	22.70	21.29	6.6%	22.21	21.78	1.9%	3.37	61,290	2.28

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
Q4 2016	6	21,078	\$13.25	8.39	\$365,657	\$17.35
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



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	-	156,929	4.4%	\$ -	\$ -	\$ -
M-T-M	5	7,342	0.2%	118,656	0.2%	16.16
2017	45	224,974	6.3%	3,645,108	7.1%	16.20
2018	73	331,094	9.2%	5,371,571	10.5%	16.22
2019	80	559,851	15.6%	8,515,948	16.6%	15.21
2020	60	507,658	14.1%	7,073,303	13.8%	13.93
2021	52	268,455	7.5%	4,965,436	9.7%	18.50
2022	27	262,149	7.3%	3,798,078	7.4%	14.49
2023	14	246,153	6.9%	3,077,764	6.0%	12.50
2024	16	165,318	4.6%	2,596,382	5.1%	15.71
2025	15	223,613	6.2%	2,259,666	4.4%	10.11
2026	19	154,386	4.3%	2,649,185	5.2%	17.16
2027	9	75,346	2.1%	1,732,069	3.4%	22.99
Thereafter	16	409,290	11.3%	5,484,599	10.6%	13.40
Total / Weighted Average	431	3,592,558	100.0%	\$51,287,765	100.0%	\$14.93



Net Asset Value Component Data

In thousands

Stabilized Portfolio NOI (Cash)			Taxable REIT Subsidiary (TRS)	
	Three months ended	Annualized	Trailing 12 Months	
	12/31/2016	12/31/2016	12/31/2016	
Diversified Portfolio			General contracting and real estate services	\$5,655
Office	\$232	\$928	Other Assets	
Retail	8,963	35,852	Other Assets	As of 12/31/2016
Multifamily	993	3,972	Cash and Cash Equivalents	\$21,942
Total Diversified Portfolio NOI	\$10,188	\$40,752	Restricted Cash	3,251
			Accounts Receivable	15,052
Virginia Beach Town Center			Notes Receivable	59,546
Office ⁽¹⁾	\$2,566	\$10,264	Construction receivables, including retentions	39,433
Retail ⁽¹⁾	2,026	8,104	Equity method investments (Durham City Center JV)	10,235
Multifamily	1,786	7,144	Other Assets	64,275
Total Virginia Beach Town Center NOI	\$6,378	\$25,512	Total Other Assets	\$213,734
			Liabilities & Share Count	
Timing of mid-quarter transaction			As of 12/31/2016	
Acquisition	\$208	\$832	Liabilities	
Disposition	-	-	Mortgages and notes payable	\$522,180
Total timing Mid-Quarter transaction	\$208	\$832	Accounts payable and accrued liabilities	10,804
			Construction payables, including retentions	51,130
Stabilized Portfolio NOI - Cash Basis	\$16,774	\$66,264	Other Liabilities	49,376
			Total Liabilities	\$633,490
			Share Count	
			12/31/2016	
Development Pipeline		12/31/2016	Weighted average common shares outstanding	36,465
Income producing property		\$132,000	Weighted average operating partnership ("OP") Units Outstanding	17,793
Construction in progress		12,000	Total weighted average common shares and OP units outstanding	54,258
Other assets		6,000		
Total cost to date (p. 16)		\$150,000		
Land held for development		680		



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



ARMADA HOFFLER

P R O P E R T I E S

Appendix – Definitions & Reconciliations

Definitions

Net Operating Income:

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

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

Funds From Operations:

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

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

Definitions

Normalized Funds From Operations:

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

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

Adjusted Funds From Operations:

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

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

Definitions

Adjusted EBITDA:

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

Core EBITDA:

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

Core Debt:

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

Same Store Portfolio:

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

Same Store vs. Non-Same Store

	Three Months Ended 12/31/2016 to 2015		Year Ended 12/31/2016 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	
Brooks Crossing (Retail)		X		X
Broadmoor Plaza		X		X
Columbus Village	X			X
Columbus Village II		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	
Renaissance Square		X		X
Sandbridge Commons	X			X

	Three Months Ended 12/31/2016 to 2015		Year Ended 12/31/2016 to 2015	
	Same Store	Non-Same Store	Same Store	Non-Same Store
Retail Properties (Continued)				
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
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	
Oceaneering		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	
Johns Hopkins Village		X		X

Reconciliation to Property Portfolio NOI

\$ in thousands

	Three months ended 12/31		Year ended 12/31	
	2016	2015	2016	2015
Office Same Store⁽¹⁾				
Rental revenues	\$3,805	\$3,896	\$15,476	\$15,565
Property expenses	1,328	1,417	\$5,430	5,709
NOI	2,477	2,479	\$10,046	9,856
Non-Same Store NOI	652	2,764	\$3,323	11,790
Segment NOI	3,129	\$5,243	\$13,369	\$21,646
Retail Same Store⁽¹⁾				
Rental revenues	\$9,380	\$9,348	\$26,316	\$25,984
Property expenses	2,526	2,540	\$7,579	7,485
NOI	6,854	6,808	\$18,737	18,499
Non-Same Store NOI	4,434	-	\$23,263	4,722
Segment NOI	\$11,288	\$6,808	\$42,000	\$23,221
Multifamily Same Store⁽¹⁾				
Rental revenues	\$4,840	\$4,735	\$12,221	\$12,158
Property expenses	2,069	2,073	\$5,325	5,249
NOI	2,771	2,662	\$6,896	6,909
Non-Same Store NOI	1,116	-	\$5,557	2,410
Segment NOI	3,887	2,662	\$12,453	\$9,319
Total Property Portfolio NOI	\$18,304	\$14,713	\$67,822	\$54,186

Reconciliation to Property NOI

\$ in thousands

	Three months ended 12/31/2016			
	Office	Retail	Multifamily	Total
Diversified Portfolio				
NOI - Cash Basis	\$232	\$8,963	\$993	\$10,188
Net effect of straight-line rents	21	102	2	125
Amortization of lease incentives and (above) below market rents	-	195	(13)	182
NOI	\$253	\$9,260	\$982	\$10,495
Town Center of Virginia Beach				
NOI - Cash Basis	\$2,566	\$2,026	\$1,786	\$6,378
Net effect of straight-line rents	(128)	(4)	4	(128)
Amortization of lease incentives and (above) below market rents	(26)	(51)	-	(77)
Elimination of AHH rent	(187)	(81)	-	(268)
NOI	\$2,225	\$1,890	\$1,790	\$5,905
NOI				
Diversified Portfolio	\$253	\$9,260	\$982	\$10,495
Town Center of Virginia Beach	2,225	1,890	1,790	5,905
Unstabilized Properties	651	138	1,115	1,904
Total Property Portfolio NOI	\$3,129	\$11,288	\$3,887	\$18,304

Reconciliation to GAAP Net Income

\$ in thousands

	Three months ended 12/31/2016					
	Office	Retail	Multifamily	Total Property Portfolio	General Contracting & Real Estate Services	Total
Segment revenues	\$ 4,832	\$ 15,026	\$ 6,658	\$ 26,516	\$ 50,475	\$ 76,991
Segment expenses	1,703	3,738	2,771	8,212	49,039	57,251
Net operating income	\$ 3,129	\$ 11,288	\$ 3,887	\$ 18,304	\$ 1,436	\$ 19,740
Depreciation and amortization						(9,692)
General and administrative expenses						(2,688)
Acquisition, development and other pursuit costs						(77)
Impairment charges						(171)
Interest income						1,300
Interest expense						(4,573)
Loss on extinguishment of debt						-
Gain on real estate dispositions						93
Change in fair value of interest rate derivatives						1,323
Other income						(7)
Income tax provision						(103)
Net income						\$ 5,145

	Year ended 12/31/2016					
	Office	Retail	Multifamily	Total Rental Properties	General Contracting & Real Estate Services	Total
Segment revenues	\$ 20,929	\$ 56,511	\$ 21,915	\$ 99,355	\$ 159,030	\$ 258,385
Segment expenses	7,560	14,511	9,462	31,533	153,375	184,908
Net operating income	\$ 13,369	\$ 42,000	\$ 12,453	\$ 67,822	\$ 5,655	\$ 73,477
Depreciation and amortization						(35,328)
General and administrative expenses						(9,552)
Acquisition, development and other pursuit costs						(1,563)
Impairment charges						(355)
Interest income						3,228
Interest expense						(16,466)
Loss on extinguishment of debt						(82)
Gain on real estate dispositions						30,533
Change in fair value of interest rate derivatives						(941)
Other income						147
Income tax provision						(343)
Net income						\$ 42,755

ARMADA HOFFLER

P R O P E R T I E S

{ 2017 }
GUIDANCE



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FORWARD LOOKING STATEMENTS



This Supplemental Information should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2016, and the unaudited condensed consolidated financial statements appearing in our press release dated February 9, 2017, which has been furnished as Exhibit 99.1 to our Form 8-K filed on February 9, 2017. The Company makes statements in this Supplemental Information that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). In particular, statements pertaining to our capital resources, portfolio performance and results of operations contain forward-looking statements. Likewise, all of our statements regarding anticipated growth in our funds from operations, normalized funds from operations, adjusted funds from operations, funds available for distribution and net operating income are forward-looking statements. You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "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.

PROJECTS DELIVERED SINCE IPO

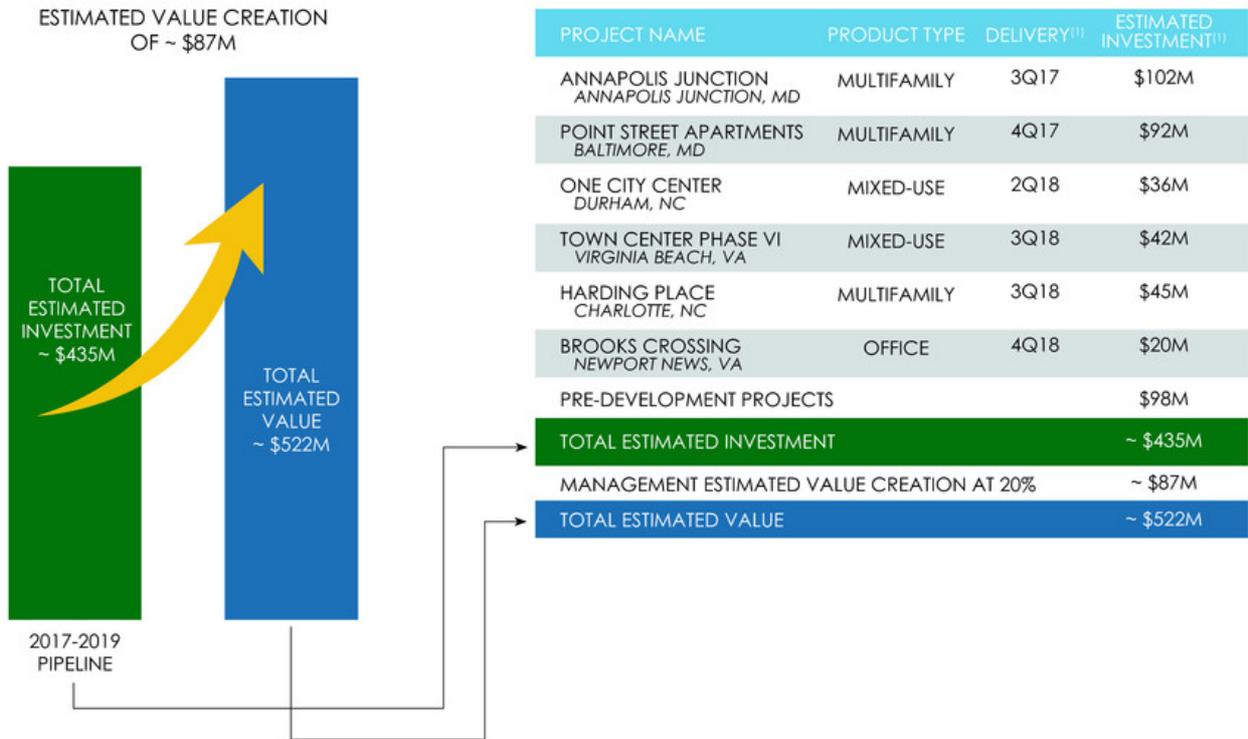
ESTIMATED VALUE CREATION
OF ~ \$52M



PROJECT NAME	PRODUCT TYPE	SF OR UNITS	DELIVERY	INVESTMENT
4525 MAIN STREET VIRGINIA BEACH, VA	OFFICE	239,000 SF	3Q14	\$51M
ENCORE APARTMENTS VIRGINIA BEACH, VA	MULTIFAMILY	286 UNITS	3Q14	\$32M
WHETSTONE APARTMENTS ⁽¹⁾ DURHAM, NC	MULTIFAMILY	203 UNITS	3Q14	\$29M
GREENTREE CHESAPEAKE, VA	RETAIL	18,000 SF	4Q14	\$6M
OCEANEERING ⁽¹⁾ CHESAPEAKE, VA	OFFICE	155,000 SF	1Q15	\$25M
COMMONWEALTH OF VIRGINIA CHESAPEAKE, VA	OFFICE	36,000 SF	1Q15	\$7M
COMMONWEALTH OF VIRGINIA VIRGINIA BEACH, VA	OFFICE	11,000 SF	1Q15	\$3M
SANDBRIDGE COMMONS VIRGINIA BEACH, VA	RETAIL	70,000 SF	1Q15	\$13M
LIGHTFOOT MARKETPLACE WILLIAMSBURG, VA	RETAIL	109,000 SF	3Q16	\$24M
BROOKS CROSSING NEWPORT NEWS, VA	RETAIL	18,000 SF	3Q16	\$3M
JOHNS HOPKINS VILLAGE BALTIMORE, MD	MULTIFAMILY	157 UNITS	3Q16	\$68M
TOTAL INVESTMENT		656,000 SF/ 646 UNITS		\$261M
MANAGEMENT ESTIMATED VALUE CREATION AT 20%				~ \$52M
TOTAL ESTIMATED VALUE				~ \$313M

⁽¹⁾ Realized value of disposed properties created from the wholesale to retail spread.

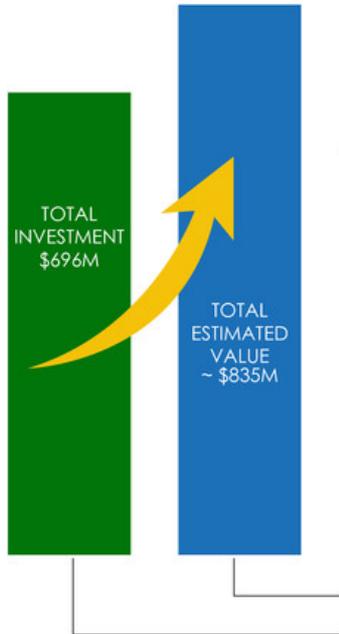
PROJECTS UNDER DEVELOPMENT



⁽¹⁾ Timing and investment amounts are estimates and are subject to change as the development process demands.

TOTAL ESTIMATED VALUE CREATION

ESTIMATED VALUE CREATION
~ \$139M



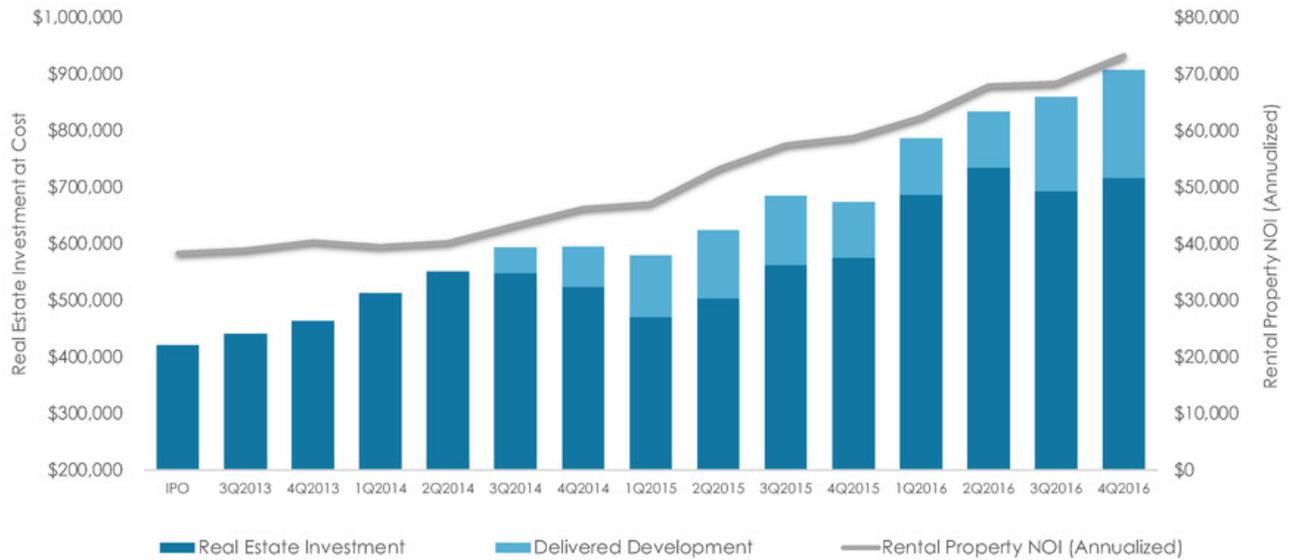
YEAR DELIVERED	INVESTMENT
2014	\$118M
2015	\$48M
2016	\$95M
2018-2019 ⁽¹⁾	\$435M ⁽¹⁾
TOTAL INVESTMENT	\$696M
MANAGEMENT ESTIMATED VALUE CREATION AT 20%	~ \$139M
TOTAL ESTIMATED VALUE	~ \$835M



⁽¹⁾ Timing and investment amounts are estimates and are subject to change as the development process demands.

PORTFOLIO GROWTH SINCE IPO

\$ in thousands



Following IPO no development projects were delivered until 3Q14

Projected NOI increase partially corresponds to the delivery of development properties

NOI projected to increase as the development projects are delivered between 2017 - 2019

2017 OUTLOOK & ASSUMPTIONS

2017 OUTLOOK	LOW	HIGH
TOTAL NOI	\$73.8 M	\$74.5 M
CONSTRUCTION SEGMENT GROSS PROFIT	\$5.0 M	\$5.5 M
G&A EXPENSES	\$10.2 M	\$10.5 M
INTEREST INCOME	\$5.7 M	\$5.9 M
INTEREST EXPENSE	\$17.9 M	\$18.5 M
NORMALIZED FFO PER DILUTED SHARE	\$0.99	\$1.03

GUIDANCE ASSUMPTIONS

Disposition of a single tenant asset during the first quarter with the proceeds being used for balance sheet purposes.

Raising 40 million dollars through the ATM program, or 10 million dollars per quarter, for a full year weighted average share count of 56.8 million.

Interest expense is calculated based on the Forward LIBOR Curve, which forecasts rates rising to 1.25% by year end.

Maintaining core debt to core EBITDA in the mid 6x range.

No acquisitions in 2017.

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Visit IR.ArmadaHoffler.com for quarterly results, supplemental financial information and more.
