

**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): **May 3, 2016**

**ARMADA HOFFLER PROPERTIES, INC.**

(Exact name of registrant as specified in its charter)

**Maryland**  
(State or other jurisdiction  
of incorporation)

**001-35908**  
(Commission File Number)

**46-1214914**  
(IRS Employer  
Identification No.)

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

**23462**  
(Zip Code)

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

**Not Applicable**

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

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

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

**Item 2.02. Results of Operations and Financial Condition.**

On May 3, 2016, Armada Hoffler Properties, Inc. (the "Company") issued a press release announcing its financial position as of March 31, 2016, results of operations for the three months ended March 31, 2016 and other related information. Also on May 3, 2016, the Company made available on its website at [www.ArmadaHoffler.com](http://www.ArmadaHoffler.com) certain supplemental information concerning the Company's financial results and operations for the three months ended March 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.

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.

<b>Exhibit No.</b>	<b>Description</b>
99.1	Press Release, dated May 3, 2016, issued by Armada Hoffler Properties, Inc., providing its financial position as of March 31, 2016 and results of operations for the three months ended March 31, 2016.

**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: May 3, 2016

/s/ MICHAEL P. O'HARA

Michael P. O'Hara

Chief Financial Officer and Treasurer

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**EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Description</b>
99.1	Press Release, dated May 3, 2016, issued by Armada Hoffler Properties, Inc., providing its financial position as of March 31, 2016 and results of operations for the three months ended March 31, 2016.
99.2	Armada Hoffler Properties, Inc. First Quarter 2016 Supplemental Information.



PRESS RELEASE

## ARMADA HOFFLER PROPERTIES REPORTS FIRST QUARTER 2016 RESULTS

### Normalized FFO of \$0.25 Per Diluted Share

### Core Operating Property Portfolio at 94.7% Occupancy

### Company Raised 2016 Full-Year Normalized FFO Guidance

VIRGINIA BEACH, VA, May 3, 2016 – Armada Hoffler Properties, Inc. (NYSE: AHH) today announced its results for the quarter ended March 31, 2016.

#### Highlights include:

- Normalized Funds From Operations (“FFO”) of \$11.6 million, or \$0.25 per diluted share, for the quarter ended March 31, 2016 compared to Normalized FFO of \$7.4 million, or \$0.19 per diluted share, for the quarter ended March 31, 2015.
- FFO of \$8.4 million, or \$0.18 per diluted share, for the quarter ended March 31, 2016 compared to FFO of \$6.8 million, or \$0.17 per diluted share, for the quarter ended March 31, 2015.
- Same Store Net Operating Income (“NOI”) for the quarter ended March 31, 2016 up 2.2% on a GAAP basis and 3.8% on a cash basis compared to the quarter ended March 31, 2015.
- Core operating property portfolio occupancy at 94.7% compared to 95.6% as of March 31, 2015.
- Completed the sale of the Richmond Tower office building for \$78 million and reinvested the net proceeds, along with the net proceeds from the fourth quarter 2015 sale of the Oceaneering International building, into a \$170.5 million retail property portfolio totaling 1.1 million square feet across 11 assets. The Company recognized a gain on the Richmond Tower sale of \$26 million in the first quarter of 2016.
- Entered into a joint venture agreement as a minority partner to develop One City Center, a mixed-use project located in Durham, North Carolina. Upon completion, the Company will exit the joint venture and retain ownership of 150,000 square feet of retail and office space anchored by a 55,000 square foot lease with Duke University.
- Increased the borrowing capacity on the Company’s unsecured credit facility to \$250 million.
- Declared a cash dividend of \$0.18 per common share for the first quarter of 2016, representing a 5.9% increase over the prior quarter’s cash dividend.

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- After the end of the quarter, the Company:
    - Completed the acquisition of Southgate Square, a 220,000 square foot retail center adjacent to Southpark Mall in Colonial Heights, Virginia, for a combination of \$21.1 million of debt and 1,575,185 Operating Partnership units.
    - Agreed to invest \$42.0 million in The Residences at Annapolis Junction Town Center, located approximately two miles from Fort Meade, with options to acquire a controlling interest upon the project’s completion.
    - Entered into agreements to sell, for \$28.3 million, three of the retail centers acquired as part of the 11-asset portfolio purchase completed in January.

Commenting on the Company’s results, Louis Haddad, President and CEO, said, “We continue to successfully execute across all areas of our business, demonstrated by significant year-over-year growth in Normalized FFO, NOI and Same Store NOI. In fact, this marked our seventh consecutive quarter of significant Same Store NOI growth. More importantly, the number of high-quality transactions that we announced this quarter demonstrates our commitment to aggressively manage the portfolio in order to position Armada Hoffler for sustained long-term value creation.”

#### Financial Results

Net income for the first quarter increased to \$26.5 million compared to \$8.1 million for the first quarter of 2015. Normalized FFO for the first quarter increased to \$11.6 million compared to \$7.4 million for the first quarter of 2015. FFO for the first quarter increased to \$8.4 million compared to \$6.8 million for the first quarter of 2015.

The year-over-year increases in FFO and Normalized FFO were primarily attributable to property acquisitions, organic Same Store NOI growth and higher construction segment gross profits, partially offset by higher interest expense. Both net income and FFO were negatively impacted by higher acquisition, development and other pursuit costs as well as higher mark-to-market losses on interest rate derivatives. The year-over-year increases in net income were also positively impacted by higher gains on real estate sales, partially offset by higher depreciation and amortization from acquired properties and new properties placed into service.

#### Operating Performance

At the end of the quarter, the Company's office, retail and multifamily core operating property portfolios were 95.0%, 95.1% and 93.5% occupied, respectively.

Total construction contract backlog was \$176.2 million at the end of the quarter.

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## Balance Sheet and Financing Activity

In the first quarter, the Company increased the total borrowing capacity on its unsecured credit facility to \$250 million, consisting of a \$100 million term loan and a \$150 million revolving credit facility.

As of March 31, 2016, the Company had \$472 million of total debt outstanding, including \$101 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 March 31, 2016. After considering LIBOR interest rate caps with strike prices at or below 150 basis points and maturities greater than 30 days as of March 31, 2016, approximately 88% of the Company's debt was fixed or hedged.

During the first quarter, the Company raised \$10.1 million of gross proceeds under the At-The-Market ("ATM") continuous equity offering program at a weighted average price of \$10.76 per share.

## Outlook

The Company is raising its 2016 full-year guidance and now expects 2016 Normalized FFO in the range of \$0.94 to \$0.98 per diluted share. The following table outlines the Company's assumptions along with Normalized FFO per share estimates for the full-year 2016.

Full-year 2016 Guidance [1]	Expected Ranges	
Total GAAP NOI	\$64.5M	\$65.2M
Construction company annual segment gross profit	\$4.5M	\$5.0M
General and administrative expenses	\$9.1M	\$9.4M
Interest income	\$3.2M	\$3.5M
Interest expense	\$16.0M	\$16.5M
Normalized FFO per diluted share [2]	\$0.94	\$0.98

[1] Includes the sale of three non-core properties by June 30, 2016, the sale of a fourth non-core property in the third quarter of 2016, the impact of the two recently announced pipeline projects, the acquisition of Southgate Square and the additional shares that may be issued under the ATM program, assuming favorable market conditions.

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[2] Normalized FFO excludes certain items, including debt extinguishment losses, acquisition, development and other pursuit costs, mark-to-market adjustments for interest rate derivatives and other non-comparable items. See "Non-GAAP Financial Measures." In addition, the calculation of Normalized FFO per diluted share assumes 48.9 million weighted average shares and units outstanding, including shares issued under the ATM program.

## 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](http://www.ArmadaHoffler.com) under the Investor Relations section.

## Webcast and Conference Call

The Company will host a webcast and conference call on Tuesday, May 3, 2016 at 8:30 a.m. Eastern Time to review financial results and discuss recent events. The live webcast will be available through the Investor Relations page of the Company's website, [www.ArmadaHoffler.com](http://www.ArmadaHoffler.com), or through [www.viavid.com](http://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, June 3, 2016 by dialing 877-870-5176 (domestic) or 858-384-5517 (international) and entering the pass code 13632994.

## About Armada Hoffler Properties, Inc.

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

## Forward-Looking Statements

Certain matters within this press release are discussed using forward-looking language as specified in the Private Securities Litigation Reform Act of 1995, and, as such, may involve known and unknown risks, uncertainties and other factors that may cause the actual results or performance to differ from those projected in the forward-looking statement. These forward-looking statements may include comments relating to the current and future performance of the Company's operating property portfolio, the Company's development pipeline, the Company's construction and development business, including backlog and timing of deliveries, financing activities, as well as acquisitions, dispositions and the Company's financial outlook and expectations. For a description

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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 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

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that excludes certain items, including but not limited to, debt extinguishment losses and prepayment penalties, property acquisition, development and other pursuit costs, mark-to-market adjustments for interest rate derivatives and other non-comparable items.

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

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

	<u>March 31,</u> <u>2016</u> <u>(Unaudited)</u>	<u>December 31,</u> <u>2015</u>
<b>Assets</b>		
Real estate investments:		
Income producing property	\$ 722,123	\$ 579,000
Held for development	1,995	1,180
Construction in progress	62,365	53,411
Accumulated depreciation	(121,920)	(125,380)
Net real estate investments	664,563	508,211
Real estate investments held for sale	2,731	40,232
Cash and cash equivalents	18,810	26,989
Restricted cash	3,695	2,824
Accounts receivable, net	13,360	21,982
Notes receivable	10,464	7,825
Construction receivables, including retentions	31,567	36,535
Construction costs and estimated earnings in excess of billings	300	88
Other assets	64,493	44,861
Total Assets	<u>\$ 809,983</u>	<u>\$ 689,547</u>
<b>Liabilities and Equity</b>		
Indebtedness, net	\$ 460,938	\$ 377,593
Debt secured by real estate investments held for sale	6,373	—
Accounts payable and accrued liabilities	6,812	6,472

Construction payables, including retentions	43,611	52,067
Billings in excess of construction costs and estimated earnings	3,177	2,224
Other liabilities	33,820	25,471
<b>Total Liabilities</b>	<b>554,731</b>	<b>463,827</b>
Total Equity	255,252	225,720
<b>Total Liabilities and Equity</b>	<b>\$ 809,983</b>	<b>\$ 689,547</b>

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

	Three Months Ended March 31,	
	2016 (Unaudited)	2015
<b>Revenues</b>		
Rental revenues	\$ 23,283	\$ 18,190
General contracting and real estate services	36,803	29,071
<b>Total revenues</b>	<b>60,086</b>	<b>47,261</b>
<b>Expenses</b>		
Rental expenses	5,329	4,760
Real estate taxes	2,349	1,657
General contracting and real estate services	35,037	28,142
Depreciation and amortization	8,149	4,908
General and administrative	2,484	2,328
Acquisition, development and other pursuit costs	704	171
Impairment charges	35	—
<b>Total expenses</b>	<b>54,087</b>	<b>41,966</b>
<b>Operating income</b>	<b>5,999</b>	<b>5,295</b>
Interest income	182	—
Interest expense	(3,791)	(3,046)
Loss on extinguishment of debt	—	(227)
Gain on real estate dispositions	26,674	6,197
Change in fair value of interest rate derivatives	(2,389)	(147)
Other income (expense)	76	15
Income before taxes	26,751	8,087
Income tax benefit (provision)	(218)	31
<b>Net income</b>	<b>\$ 26,533</b>	<b>\$ 8,118</b>
<b>Per diluted share</b>	<b>\$ 0.57</b>	<b>\$ 0.20</b>
<b>Weighted average shares outstanding</b>	<b>46,218</b>	<b>39,818</b>

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

	Three Months Ended March 31,	
	2016 (Unaudited)	2015
<b>Net income</b>	<b>\$ 26,533</b>	<b>\$ 8,118</b>
Depreciation and amortization	8,149	4,908
Gain on dispositions of operating real estate(1)	(26,244)	(6,197)
<b>Funds From Operations (FFO)</b>	<b>\$ 8,438</b>	<b>\$ 6,829</b>
Acquisition costs	704	171
Impairment charges	35	—
Loss on extinguishment of debt	—	227
Change in fair value of interest rate derivatives	2,389	147
<b>Normalized FFO</b>	<b>\$ 11,566</b>	<b>\$ 7,374</b>

<b>FFO per diluted share</b>	<b>\$</b>	<b><u>0.18</u></b>	<b>\$</b>	<b><u>0.17</u></b>
<b>Normalized FFO per diluted share</b>	<b>\$</b>	<b><u>0.25</u></b>	<b>\$</b>	<b><u>0.19</u></b>
Weighted average shares outstanding		46,218		39,818

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(1) Excludes gains on non-operating undepreciated real estate of \$430.

**Contact:**

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

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# Armada Hoffler Properties, Inc.

First Quarter 2016 Supplemental Information





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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 May 3, 2016, which has been furnished as Exhibit 99.1 to our Form 8-K filed on May 3, 2016. The Company makes statements in this Supplemental Information that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). In particular, statements pertaining to our capital resources, portfolio performance and results of operations contain forward-looking statements. Likewise, all of our statements regarding our 2016 outlook and anticipated growth in our funds from operations, normalized funds from operations, funds available for distribution and net operating income are forward-looking statements. You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "intends," "plans," "estimates" or "anticipates" or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

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

# 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

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

## Corporate Officers

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

## Analyst Coverage

Janney, Montgomery, & Scott LLC Robert Stevenson (646) 840-3217 <a href="mailto:robertstevenson@janney.com">robertstevenson@janney.com</a>	Raymond James & Associates Bill Crow (727) 567-2594 <a href="mailto:rj.milligan@raymondjames.com">rj.milligan@raymondjames.com</a>	Robert W. Baird & Co. David Rodgers (216) 737-7341 <a href="mailto:drodgers@rwbaird.com">drodgers@rwbaird.com</a>	Stifel, Nicolaus & Company, Inc. John Guinee (443) 224-1307 <a href="mailto:jwguinee@stifel.com">jwguinee@stifel.com</a>	Wunderlich Securities Craig Kucera (540) 277-3366 <a href="mailto:ckucera@wundernet.com">ckucera@wundernet.com</a>
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## Investor Relations Contact

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Chief Financial Officer and Treasurer  
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[mohara@armadahoffler.com](mailto:mohara@armadahoffler.com)



# Highlights

- Normalized Funds From Operations (“FFO”) of \$11.6 million, or \$0.25 per diluted share, for the quarter ended March 31, 2016 compared to Normalized FFO of \$7.4 million, or \$0.19 per diluted share, for the quarter ended March 31, 2015.
- FFO of \$8.4 million, or \$0.18 per diluted share, for the quarter ended March 31, 2016 compared to FFO of \$6.8 million, or \$0.17 per diluted share, for the quarter ended March 31, 2015.
- Same Store Net Operating Income (“NOI”) for the quarter ended March 31, 2016 up 2.2% on a GAAP basis and 3.8% on a cash basis compared to the quarter ended March 31, 2015.
- Core operating property portfolio occupancy at 94.7% compared to 95.6% as of March 31, 2015.
- Completed the sale of the Richmond Tower office building for \$78 million and reinvested the net proceeds, along with the net proceeds from the fourth quarter 2015 sale of the Oceaneering International building, into a \$170.5 million retail property portfolio totaling 1.1 million square feet across 11 assets. The Company recognized a gain on the Richmond Tower sale of \$26 million in the first quarter of 2016.
- Entered into a joint venture agreement as a minority partner to develop One City Center, a mixed-use project located in Durham, North Carolina. Upon completion, the Company will exit the joint venture and retain ownership of 150,000 square feet of retail and office space anchored by a 55,000 square foot lease with Duke University.
- Increased the borrowing capacity on the Company’s unsecured credit facility to \$250 million.
- Declared a cash dividend of \$0.18 per common share for the first quarter of 2016, representing a 5.9% increase over the prior quarter’s cash dividend.
- After the end of the quarter, the Company:
  - Completed the acquisition of Southgate Square, a 220,000 square foot retail center adjacent to Southpark Mall in Colonial Heights, Virginia, for a combination of \$21.1 million of debt and 1,575,185 Operating Partnership units.
  - Agreed to invest \$42.0 million in The Residences at Annapolis Junction Town Center, located approximately two miles from Fort Meade, with options to acquire a controlling interest upon the project’s completion.
  - Entered into agreements to sell, for \$28.3 million, three of the retail centers acquired as part of the 11-asset portfolio purchase completed in January.



# 2016 Outlook

The Company is raising its 2016 full-year guidance and now expects 2016 Normalized FFO in the range of \$0.94 to \$0.98 per diluted share. The following table outlines the Company's assumptions along with Normalized FFO per share estimates for the full-year 2016.

<b>Full-year 2016 Guidance</b> <sup>[1]</sup>	<b>Expected Ranges</b>	
Total GAAP NOI	\$64.5M	\$65.2M
Construction company annual segment gross profit	\$4.5M	\$5.0M
General and administrative expenses	\$9.1M	\$9.4M
Interest income	\$3.2M	\$3.5M
Interest expense	\$16.0M	\$16.5M
Normalized FFO per diluted share <sup>[2]</sup>	\$0.94	\$0.98

[1] Includes the sale of three non-core properties by June 30, 2016, the sale of a fourth non-core property in the third quarter of 2016, the impact of the two recently announced pipeline projects, the acquisition of Southgate Square and the additional shares that may be issued under the ATM program, assuming favorable market conditions.

[2] Normalized FFO excludes certain items, including debt extinguishment losses, acquisition, development and other pursuit costs, mark-to-market adjustments for interest rate derivatives and other non-comparable items. See "Non-GAAP Financial Measures." In addition, the calculation of Normalized FFO per diluted share assumes 48.9 million weighted average shares and units outstanding, including shares issued under the ATM program.

# Summary Information

\$ in thousands, except per share data

	Three months ended				
	3/31/2016	12/31/2015	9/30/2015	6/30/2015	3/31/2015
<b>OPERATIONAL METRICS</b>					
Rental revenues	\$23,283	\$21,771	\$21,303	\$19,908	\$18,190
General contracting and real estate services revenues	36,803	41,309	53,822	47,066	29,071
Rental properties Net Operating Income (NOI)	15,605	14,713	14,382	13,318	11,773
General contracting and real estate services gross profit	1,766	1,106	2,106	1,783	929
EBITDA <sup>(1)</sup>	12,017	12,912	14,290	12,195	9,844
Net income	26,533	8,443	4,337	10,285	8,118
Funds From Operations (FFO)	8,438	9,618	10,654	8,841	6,829
FFO per diluted share	\$0.18	\$0.22	\$0.25	\$0.22	\$0.17
Normalized FFO	11,566	10,614	10,996	9,675	7,374
Normalized FFO per diluted share	\$0.25	\$0.24	\$0.26	\$0.24	\$0.19
<b>CAPITALIZATION</b>					
Total common shares outstanding	31,095	30,076	26,261	25,855	25,084
Operating Partnership ("OP") units outstanding	16,027	16,027	16,043	14,769	14,776
Common shares and OP units outstanding	47,122	46,103	42,304	40,624	39,860
Market price per common share	\$11.25	\$10.48	\$9.77	\$9.99	\$10.66
Equity market capitalization	530,123	483,159	413,310	405,834	424,908
Total debt <sup>(2)</sup>	471,876	382,013	421,442	388,288	382,501
Total market capitalization	1,001,999	865,172	834,752	794,122	807,409
Less: cash	(22,505)	(29,813)	(19,434)	(30,446)	(35,505)
Total enterprise value	\$979,494	\$835,359	\$815,318	\$763,676	\$771,904
<b>BALANCE SHEET METRICS</b>					
Core debt/enterprise value	40.1%	37.0%	44.6%	36.3%	28.6%
Fixed charge coverage ratio	2.6x	3.1x	3.3x	3.0x	2.6x
Core Debt/Annualized Core EBITDA	6.9x	6.1x	6.6x	6.0x	6.0x
<b>CORE PORTFOLIO OCCUPANCY</b>					
Office <sup>(3)</sup>	95.0%	95.8%	95.5%	94.6%	93.5%
Retail <sup>(3)</sup>	95.1%	95.5%	96.2%	95.6%	97.4%
Multifamily <sup>(4)</sup>	93.5%	94.2%	94.9%	96.5%	96.6%
Weighted Average <sup>(5)</sup>	94.7%	95.3%	95.6%	95.3%	95.6%

(1) Excludes gains on dispositions of real estate

(2) Excludes unamortized GAAP adjustments

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

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

(5) Total occupancy weighted by annualized base rent



# Summary Balance Sheet

\$ in thousands

	As of	
	3/31/2016 (Unaudited)	12/31/2015
<b>Assets</b>		
Real estate investments:		
Income producing property	\$722,123	\$579,000
Held for development	1,995	1,180
Construction in progress	62,365	53,411
Accumulated depreciation	<u>(121,920)</u>	<u>(125,380)</u>
Net real estate investments	664,563	508,211
Real estate investments held for sale	2,731	40,232
Cash and cash equivalents	18,810	26,989
Restricted cash	3,695	2,824
Accounts receivable, net	13,360	21,982
Notes receivable	10,464	7,825
Construction receivables, including retentions	31,567	36,535
Costs and estimated earnings in excess of billings	300	88
Other assets	<u>64,493</u>	<u>44,861</u>
<b>Total Assets</b>	<b><u>\$809,983</u></b>	<b><u>\$689,547</u></b>
<b>Liabilities and Equity</b>		
Indebtedness, net	\$460,938	\$377,593
Debt secured by real estate held for sale	6,373	-
Accounts payable and accrued liabilities	6,812	6,472
Construction payables, including retentions	43,611	52,067
Billings in excess of costs and estimated earnings	3,177	2,224
Other liabilities	<u>33,820</u>	<u>25,471</u>
<b>Total Liabilities</b>	<b>554,731</b>	<b>463,827</b>
<b>Total Equity</b>	<b>255,252</b>	<b>225,720</b>
<b>Total Liabilities and Equity</b>	<b><u>\$809,983</u></b>	<b><u>\$689,547</u></b>



# Summary Income Statement

Amounts in thousands, except per share data

	<b>Three months ended</b>	
	<u>3/31/2016</u>	<u>3/31/2015</u>
<b>Revenues</b>	(Unaudited)	
Rental revenues	\$23,283	\$18,190
General contracting and real estate services	36,803	29,071
<b>Total Revenues</b>	<u>60,086</u>	<u>47,261</u>
<b>Expenses</b>		
Rental expenses	5,329	4,760
Real estate taxes	2,349	1,657
General contracting and real estate services	35,037	28,142
Depreciation and amortization	8,149	4,908
General and administrative	2,484	2,328
Acquisition, development & other pursuit costs	704	171
Impairment charges	35	-
<b>Total Expenses</b>	<u>54,087</u>	<u>41,966</u>
<b>Operating Income</b>	5,999	5,295
Interest income	182	-
Interest expense	(3,791)	(3,046)
Loss on extinguishment of debt	-	(227)
Gain on real estate dispositions	26,674	6,197
Change in fair value of interest rate derivatives	(2,389)	(147)
Other income	76	15
Income before taxes	26,751	8,087
Income tax benefit (provision)	(218)	31
<b>Net Income</b>	<u>\$26,533</u>	<u>\$8,118</u>
<b>Per Diluted Share</b>	<u>\$0.57</u>	<u>\$0.20</u>
<b>Weighted Average Shares-Diluted</b>	46,218	39,818

# FFO, Normalized FFO & Adjusted FFO<sup>(1)</sup>

\$ in thousands, except per share data

	Three months ended				
	3/31/2016	12/31/2015	9/30/2015 (Unaudited)	6/30/2015	3/31/2015
<b>Funds From Operations</b>					
Net income	\$26,533	\$8,443	\$4,337	\$10,285	\$8,118
Depreciation and amortization	8,149	6,162	6,317	5,766	4,908
Gain on disposition of operating real estate <sup>(2)</sup>	(26,244)	(4,987)	-	(7,210)	(6,197)
<b>FFO</b>	<b>\$8,438</b>	<b>\$9,618</b>	<b>\$10,654</b>	<b>\$8,841</b>	<b>\$6,829</b>
FFO per diluted share	\$0.18	\$0.22	\$0.25	\$0.22	\$0.17
<b>Normalized FFO</b>					
Acquisition, development & other pursuit costs	704	885	288	591	171
Loss on extinguishment of debt	-	102	3	180	227
Impairment charges	35	18	-	23	-
Change in fair value of interest rate derivatives	2,389	(9)	51	40	147
<b>Normalized FFO</b>	<b>\$11,566</b>	<b>\$10,614</b>	<b>\$10,996</b>	<b>\$9,675</b>	<b>\$7,374</b>
Normalized FFO per diluted share	\$0.25	\$0.24	\$0.26	\$0.24	\$0.19
<b>Adjusted FFO</b>					
Non-cash stock compensation	437	176	173	203	379
Acquisition, development & other pursuit costs	(704)	(885)	(288)	(591)	(171)
Tenant improvements, leasing commissions <sup>(1)</sup>	(287)	(509)	(992)	(756)	(484)
Leasing incentives <sup>(3)</sup>	-	-	-	-	-
Property related capital expenditures	(390)	(563)	(640)	(366)	(149)
Non-cash interest expense	191	215	233	240	318
GAAP Adjustments					
Net effect of straight-line rents	(122)	(134)	(309)	(545)	(646)
Amortization of leasing incentives & above (below) market rents	6	174	170	217	177
Government development grants	-	-	300	-	-
<b>AFFO</b>	<b>\$10,697</b>	<b>\$9,088</b>	<b>\$9,643</b>	<b>\$8,077</b>	<b>\$6,798</b>
AFFO per diluted share	\$0.23	\$0.21	\$0.23	\$0.20	\$0.17
Weighted Average Common Shares Outstanding	30,191	27,411	25,958	25,587	25,042
Weighted Average Operating Partnership ("OP") Units Outstanding	16,027	16,027	15,919	14,769	14,776
Total Weighted Average Common shares and OP units outstanding	46,218	43,438	41,877	40,356	39,818



- (1) See definitions on page 31-33  
(2) Excludes gain on non-operating real estate \$430K  
(3) Excludes first generation rental space

# Outstanding Debt

\$ in thousands

Debt	Stated Rate	Effective Rate as of 3/31/2016	Maturity Date	Debt Maturities & Principal Payments							Amount Outstanding as of 3/31/2016
				2016	2017	2018	2019	2020	Thereafter		
<b>Secured Notes Payable - Core Debt</b>											
249 Central Park Retail	5.99%	5.99%	9/8/2016	\$15,207							\$15,207
South Retail	5.99%	5.99%	9/8/2016	6,709							6,709
Fountain Plaza Retail	5.99%	5.99%	9/8/2016	7,604							7,604
Encore Apartments	L+1.95%	2.39%	1/30/2017		25,184						25,184
North Point Note 5	L+2.00%	3.57% <sup>(1)</sup>	2/1/2017	16	643						659
Oyster Point	L+1.40% - 2.00%	1.99%	2/28/2017		6,400						6,400
Harrisonburg Regal	6.06%	6.06%	6/8/2017	156	3,256						3,412
Commonwealth of Virginia - Chesapeake	L+1.90%	2.34%	8/28/2017		4,933						4,933
Hanbury Village	6.67%	6.67%	10/11/2017	195	20,709						20,904
Sandbridge Commons	L+1.85%	2.29%	1/17/2018	670	247	8,525					9,442
Columbus Village Note 1	L+2.00%	3.05% <sup>(1)</sup>	4/5/2018	129	179	6,079					6,387
Columbus Village Note 2	L+2.00%	2.44%	4/5/2018	36	47	2,217					2,300
North Point Center Note 1	6.45%	6.45%	2/5/2019	146	205	219	9,352				9,922
Socastee Commons	4.57%	4.57%	1/6/2023	67	95	100	105	109	4,458		4,934
North Point Center Note 2	7.25%	7.25%	9/15/2025	73	105	113	121	130	2,095		2,638
Smith's Landing	4.05%	4.05%	6/1/2015	538	747	779	811	843	17,331		21,049
Liberty Apartments	5.66%	5.66%	11/1/2043	233	325	344	364	385	18,586		20,237
The Cosmopolitan	3.75%	3.75%	7/1/2051	480	660	686	712	739	43,086		46,363
<b>Total - Secured Core Debt</b>				<b>\$32,260</b>	<b>\$63,735</b>	<b>\$19,062</b>	<b>\$11,465</b>	<b>\$2,206</b>	<b>\$85,556</b>		<b>\$214,284</b>
<b>Secured Notes Payable - Development Pipeline</b>											
4525 Main Street	L+1.95%	2.39%	1/30/2017		31,613						31,613
Lightfoot Marketplace	L+1.90%	2.34%	11/14/2017		8,536						8,536
Johns Hopkins Village	L+1.90%	2.34%	7/30/2018			16,443					16,443
<b>Total - Development Pipeline</b>					<b>40,149</b>	<b>16,443</b>					<b>56,592</b>
<b>Total Secured Notes Payable</b>				<b>\$32,260</b>	<b>\$103,884</b>	<b>\$35,505</b>	<b>\$11,465</b>	<b>\$2,206</b>	<b>\$85,556</b>		<b>\$270,876</b>
<b>Unsecured Core Debt</b>											
Senior unsecured line of credit	L+1.40% - 2.00%	1.99%	2/20/2019				101,000				101,000
Senior unsecured term loan	L+1.35% - 1.95%	1.94%	2/20/2020					50,000			50,000
Senior unsecured term loan	L+1.35% - 1.95%	3.50% <sup>(2)</sup>	2/20/2020					50,000			50,000
<b>Total - Unsecured Core Debt</b>							<b>101,000</b>	<b>100,000</b>			<b>201,000</b>
<b>Total Notes Payable excluding GAAP Adjustments</b>				<b>\$32,260</b>	<b>\$103,884</b>	<b>\$35,505</b>	<b>\$112,465</b>	<b>\$102,206</b>	<b>\$85,556</b>		<b>\$471,876</b>
<b>Ballon Payments</b>				<b>29,281</b>	<b>100,971</b>	<b>33,638</b>	<b>110,333</b>	<b>100,000</b>	<b>5,567</b>		<b>379,790</b>
<b>Principal amortization</b>				<b>2,979</b>	<b>2,913</b>	<b>1,867</b>	<b>2,132</b>	<b>2,206</b>	<b>79,989</b>		<b>92,086</b>
<b>Total Consolidated Debt</b>				<b>\$32,260</b>	<b>\$103,884</b>	<b>\$35,505</b>	<b>\$112,465</b>	<b>\$102,206</b>	<b>\$85,556</b>		<b>\$471,876</b>
<b>Fixed-rate Debt<sup>(3)</sup></b>				<b>31,554</b>	<b>26,924</b>	<b>8,320</b>	<b>11,465</b>	<b>52,206</b>	<b>85,556</b>		<b>216,025</b>
<b>Variable-rate Debt<sup>(3)</sup></b>				<b>706</b>	<b>76,960</b>	<b>27,185</b>	<b>101,000</b>	<b>50,000</b>	<b>-</b>		<b>255,851</b>
<b>Total Consolidated Debt</b>				<b>\$32,260</b>	<b>\$103,884</b>	<b>\$35,505</b>	<b>\$112,465</b>	<b>\$102,206</b>	<b>\$85,556</b>		<b>\$471,876</b>
<b>GAAP Adjustments</b>											<b>(4,565)</b>
<b>Total Notes Payable</b>											<b>\$467,311</b>



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

30 Day LIBOR	0.4385%
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# Core Debt to Core EBITDA<sup>(1)</sup>

\$ in thousands

	Three months ended				
	3/31/2016	12/31/2015	9/30/2015	6/30/2015	3/31/2015
Net Income	\$26,533	\$8,443	\$4,337	\$10,285	\$8,118
Excluding:					
Interest expense	3,791	3,411	3,518	3,358	3,046
Income tax	218	(117)	118	(4)	(31)
Depreciation and amortization	8,149	6,162	6,317	5,766	4,908
Gain on real estate dispositions	(26,674)	(4,987)	-	(7,210)	(6,197)
<b>EBITDA</b>	<b>\$12,017</b>	<b>\$12,912</b>	<b>\$14,290</b>	<b>\$12,195</b>	<b>\$9,844</b>
Adjustments to EBITDA:					
Loss on extinguishment of debt	-	102	3	180	227
Change in fair value of interest rate derivatives	2,389	(9)	51	40	147
Non-cash stock compensation	437	176	173	203	379
Development Pipeline	(620)	(606)	(738)	(1,086)	(1,386)
Total Other Adjustments	2,206	(337)	(511)	(663)	(633)
<b>Core EBITDA</b>	<b>\$14,223</b>	<b>\$12,575</b>	<b>\$13,779</b>	<b>\$11,532</b>	<b>\$9,211</b>
Total Debt <sup>(2)</sup>	\$471,876	\$382,013	\$421,442	\$388,288	\$382,501
Adjustments to Debt:					
(Less) Development Pipeline <sup>(2)</sup>	(56,592)	(43,340)	(37,987)	(80,877)	(126,554)
(Less) Cash & restricted cash	(22,505)	(29,813)	(19,434)	(30,446)	(35,505)
<b>Core Debt</b>	<b>\$392,779</b>	<b>\$308,860</b>	<b>\$364,021</b>	<b>\$276,965</b>	<b>\$220,442</b>
<b>Core Debt/Annualized Core EBITDA</b>	<b>6.9x</b>	<b>6.1x</b>	<b>6.6x</b>	<b>6.0x</b>	<b>6.0x</b>



(1) See definitions on page 33  
(2) Excludes GAAP Adjustments

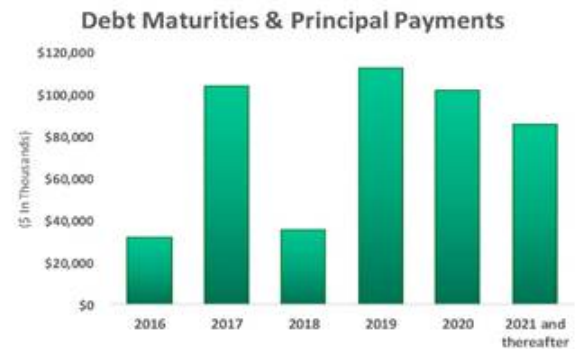
# Debt Information

\$ in thousands

Total Debt Composition			
	Percent of Debt	Weighted Average	
		Interest Rate	Maturity
<b>Secured vs. Unsecured Debt</b>			
Unsecured Debt	43.0%	2.4%	3.4 Yrs
Secured Debt	57.0%	4.0%	10.6 Yrs
<b>Variable vs. Fixed-rate Debt</b>			
Variable-rate Debt <sup>(1)</sup>	54.2%	2.1%	2.4 Yrs
Fixed-rate Debt <sup>(2)(3)</sup>	45.8%	4.7%	13.6 Yrs
Fixed-rate and Hedged Debt <sup>(2)(3)(4)</sup>	88.2%		
<b>Total</b>		3.3%	7.5 Yrs



Interest Rate Cap Agreements At or Below 1.50%			
Effective Date	Maturity Date	Strike Rate	Notional Amount
March 14, 2014	March 1, 2017	1.25%	50,000
October 26, 2015	October 15, 2017	1.25%	75,000
March 1, 2016	March 1, 2018	1.50%	75,000
Total Interest Rate Caps at or Below 1.50%			\$200,000
Fixed-rate Debt <sup>(2)(3)</sup>			216,025
Fixed-rate and Hedged Debt			\$416,025
% of Total <sup>(3)</sup>			88.2%



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



# Property Portfolio

As of 3/31/16

Property	Anchor Tenant	Location	Town Center	Unencumbered ABR	Year Built	Net Rentable Square Feet <sup>(1)</sup>	Core Occupancy <sup>(2)</sup>	ABR <sup>(3)</sup>	ABR per Leased Sq <sup>(4)</sup>
<b>Retail Properties - Excluding Properties Subject to Ground Lease</b>									
249 Central Park Retail <sup>(5)</sup>	Chesecake Factory, Brooks Brothers, Gordon Biersch	Virginia Beach, VA	✓	-	2004	91,387	89.7%	\$2,302,266	\$28.10
Alexander Pointe	Harris Teeter	Salisbury, NC		100%	1997	57,710	100.0%	673,796	11.68
Bermuda Crossroads	Food Lion, OfficeMax	Chester, VA		100%	2001	111,566	91.3%	1,470,353	14.43
Broad Creek Shopping Center	Home Depot, Food Lion, PetSmart	Norfolk, VA		100%	1997/2001	227,659	98.8%	3,155,289	14.03
Broadmoor Plaza	Kroger, Staples, Jo-Ann Fabrics	South Bend, IN		100%	1980	115,059	93.8%	1,273,865	11.80
Columbus Village	Barnes & Noble	Virginia Beach, VA	✓	-	1980/2013	66,594	93.5%	1,200,454	19.27
Commerce Street Retail <sup>(5)</sup>	Yard House	Virginia Beach, VA	✓	100%	2008	19,173	100.0%	793,250	41.37
Courthouse 7-Eleven	7-Eleven	Virginia Beach, VA		100%	2011	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	100.0%	1,221,866	11.82
Dimmock Square	Best Buy, Old Navy	Colonial Heights, VA		100%	1998	106,166	97.2%	1,726,339	16.73
Fountain Plaza Retail	Ruth's Chris, Ann Taylor	Virginia Beach, VA	✓	-	2004	35,961	100.0%	1,014,090	28.20
Gainsborough Square	Food Lion, Rite Aid	Chesapeake, VA		100%	1999	88,862	92.5%	1,252,588	15.24
Greentree Shopping Center	Wawa	Chesapeake, VA		100%	2014	15,751	85.7%	284,044	21.03
Hanbury Village	Walgreens, Starbucks	Chesapeake, VA		32%	2006/2009	61,049	92.8%	1,352,725	23.87
Harper Hill Commons	Harris Teeter	Winston-Salem, NC		100%	2004	55,394	63.0%	501,507	14.36
Harrisonburg Regal	Regal Cinemas	Harrisonburg, VA		-	1999	49,000	100.0%	683,550	13.95
Kroger Junction	Kroger, Family Dollar	Pasadena, TX		100%	1984	81,158	77.9%	473,108	7.48
North Hampton Market	PetSmart, Hobby Lobby, Dollar Tree	Taylors, SC		100%	2004	114,935	96.2%	1,352,077	12.23
North Point Center	Kroger, PetSmart, B&B, Costco	Durham, NC		52%	1998/2009	215,690	95.9%	2,528,096	12.22
Oakland Marketplace	Kroger	Oakland, TN		100%	2004	19,600	85.7%	250,656	14.92
Parkway Marketplace	Rite Aid	Virginia Beach, VA		100%	1998	37,804	100.0%	754,710	19.96
Patterson Place	Bed Bath & Beyond, PetSmart	Durham, NC		100%	2004	160,942	99.3%	2,546,392	15.93
Perry Hall Marketplace	Safeway	Perry Hall, MD		100%	2001	74,256	100.0%	1,224,475	16.49
Providence Plaza	Edward Jones, Chipotle, Choate Const.	Charlotte, NC		100%	2007/2008	103,118	97.4%	2,517,245	25.05
Sandbridge Commons	Heartland Dental	Virginia Beach, VA		-	2015	16,156	92.6%	303,050	20.26
Socastee Commons	Bi-Lo	Myrtle Beach, SC		-	2000/2014	57,573	97.4%	638,616	11.39
South Retail	Jululemon, free people	Virginia Beach, VA	✓	-	2002	38,515	100.0%	939,543	24.39
South Square	Ross, Petco, Office Depot	Durham, NC		100%	1977/2005	107,812	100.0%	1,826,837	16.94
Stone House Square	Weis Markets	Hagerstown, MD		100%	2008	108,624	90.4%	1,566,916	15.95
Studio 56 Retail	McCormick & Schmick's	Virginia Beach, VA	✓	100%	2007	11,594	100.0%	373,360	32.20
Waynesboro Commons	Kroger	Waynesboro, VA		100%	1993	52,415	100.0%	437,024	8.34
Wendover Village	Bed Bath & Beyond, T.J. Maxx, Petco	Greensboro, NC		100%	2004	135,758	100.0%	1,949,734	14.36
Willowbrook Commons	Kroger	Nashville, TN		100%	2005	39,100	82.1%	525,266	16.36
<b>Total / Weighted Avg Retail Portfolio</b>				<b>77%</b>		<b>2,582,893</b>	<b>95.1%</b>	<b>\$39,238,103</b>	<b>\$15.98</b>

- (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 March 31, 2016, divided by (b) net rentable square feet, expressed as a percentage.
- (3) For the properties in our retail portfolios, annualized base rent, or ABR, is calculated by multiplying (a) base rental payments for executed leases as of March 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 March 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 March 31, 2016, the Company occupied 8,995 square feet at this property at an ABR of \$295,900, or \$32.90 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 3/31/16

Property	Anchor Tenant	Location	Town Center	Unencumbered ABR	Year Built	Net Rentable Square Feet (RSF) <sup>(1)</sup>			Core Occupancy <sup>(2)</sup>	Development Leased <sup>(2)</sup>	ABR <sup>(3)</sup>	ABR per Leased sq <sup>(4)</sup>
						Core Properties	Development Properties	Total				
<b>Office Properties</b>												
4525 Main Street	Clark Nexsen, Anthropologia, west elm	Virginia Beach, VA	✓	-	2014	-	237,893	237,893	-	57.8%	\$3,725,916	\$27.12
<b>Armada Hoffer Tower<sup>(5)</sup></b>	<b>ABR, Troutman Sanders, Williams Mullen</b>	<b>Virginia Beach, VA</b>	<b>✓</b>	<b>100%</b>	<b>2002</b>	<b>323,970</b>	<b>-</b>	<b>323,970</b>	<b>97.6%</b>	<b>-</b>	<b>8,792,059</b>	<b>27.81</b>
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	B&T, HSA	Virginia Beach, VA	✓	100%	1984	129,424	-	129,424	93.2%	-	2,913,464	24.16
Oyster Point	GSA, SunTrust Bank	Newport News, VA	-	-	1989	100,139	-	100,139	83.8%	-	1,731,930	20.64
Two Columbus	The Art Institute, Kinley-Horn	Virginia Beach, VA	✓	100%	2009	108,467	-	108,467	97.5%	-	2,871,638	27.15
<b>Total / Weighted Average Office Portfolio</b>				<b>71%</b>		<b>709,366</b>	<b>237,893</b>	<b>947,259</b>	<b>95.0%</b>	<b>57.8%</b>	<b>\$20,925,992</b>	<b>\$25.80</b>
<b>Retail Properties Subject to Ground Lease</b>												
Bermuda Crossroads <sup>(6)</sup>	IHOP, O'Charley's	Chester, VA	-	-	2001	11,000	-	11,000	100.0%	-	\$163,350	\$14.85
Broad Creek Shopping Center <sup>(6)</sup>	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
Hambury Village <sup>(6)</sup>	Harris Teeter, Walgreens	Chesapeake, VA	-	-	2006/2009	55,586	-	55,586	100.0%	-	1,067,598	19.21
Harpur Hill Commons	Harris Teeter	Winston-Salem, NC	-	100%	2004	41,520	-	41,520	100.0%	-	373,680	9.00
Oakland Marketplace	Kroger	Oakland, TN	-	100%	2004	45,000	-	45,000	100.0%	-	186,300	4.14
North Point Center <sup>(7)</sup>	Home Depot, Costco	Durham, NC	-	15%	1998/2009	280,556	-	280,556	100.0%	-	1,083,666	3.86
Sandbridge Commons	Harris Teeter	Virginia Beach, VA	-	-	2015	53,288	-	53,288	100.0%	-	563,000	10.54
South Square	Chick-fil-A	Durham, NC	-	100%	1977/2005	1,778	-	1,778	100.0%	-	60,000	33.75
Stone House Square	Capital One Bank	Hagerstown, MD	-	100%	2008	3,650	-	3,650	100.0%	-	165,000	45.21
Tyne Neck Harris Teeter <sup>(8)</sup>	Harris Teeter	Portsmouth, VA	-	100%	2011	48,859	-	48,859	100.0%	-	508,134	10.40
Willowbrook Commons	Kroger	Nashville, TN	-	100%	2005	54,500	-	54,500	100.0%	-	387,554	7.11
<b>Total / Weighted Avg Retail Portfolio Subject to Ground Leases</b>				<b>34%</b>		<b>625,643</b>	<b>-</b>	<b>625,643</b>	<b>100.0%</b>	<b>-</b>	<b>\$5,415,367</b>	<b>\$8.66</b>
<b>Multifamily</b>												
		Location	Town Center	Unencumbered ABR	Year Built	Core Properties	Development Properties	Total	Core Occupancy <sup>(9)</sup>	Development Occupancy <sup>(9)</sup>	ABR <sup>(10)</sup>	ABR per Occupied RSF <sup>(10)</sup>
Encore Apartments		Virginia Beach, VA	✓	-	2014	286	-	286	88.5%	-	\$3,707,184	\$1.75
Liberty Apartments <sup>(11)</sup>		Newport News, VA	-	-	2014	197	-	197	93.0%	-	2,131,824	1.35
Smith's Landing <sup>(11)</sup>		Blacksburg, VA	-	-	2009	284	-	284	100.0%	-	3,584,092	1.11
The Cosmopolitan <sup>(11)</sup>		Virginia Beach, VA	✓	-	2006	342	-	342	92.7%	-	6,011,172	1.64
<b>Total / Weighted Avg Multifamily Portfolio</b>						<b>1,109</b>	<b>-</b>	<b>1,109</b>	<b>93.5%</b>	<b>-</b>	<b>\$15,434,232</b>	<b>\$1.46</b>

- The net rentable square footage for each of our office properties is the sum of (a) the square footage of existing leases, plus (b) for available space, management's estimate of net rentable square footage based, in part, on past leases. The net rentable square footage included in office leases is generally consistent with the Building Owners and Managers Association, or BOMA, 1996 measurement guidelines.
- Occupancy for each of our office properties is calculated as (a) square footage under executed leases as of March 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 March 31, 2016, divided by (b) total units available, expressed as a percentage.
- For the properties in our office portfolios, annualized base rent, or ABR, is calculated by multiplying (a) base rental payments for executed leases as of March 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 March 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.
- As of March 31, 2016, the Company occupied 18,984 square feet at this property at an ABR of \$559,294 or \$29.46 per leased square foot, which amounts are reflected in this table. The rent paid by us is eliminated in accordance with GAAP. In addition, effective March 1, 2013, the Company subleases approximately 5,000 square feet of space from a tenant at this property.
- Pursuant to this ground lease, the Company owns the land and the tenant owns the improvements thereto. The Company will succeed to the ownership of the improvements to the land upon the termination of the ground lease.
- The Company leases the land underlying this property and re-leases it to our tenant under a ground lease pursuant to which our tenant owns the improvements on the land.
- For the properties in our multifamily portfolio, annualized base rent, or ABR, is calculated by multiplying (a) base rental payments for the month ended March 31, 2016 by (b) 12.
- ABR per occupied rentable square foot is calculated by dividing (a) ABR, by (b) net rentable square footage of occupied units as of March 31, 2016.
- The ABR for Liberty and Cosmopolitan excludes \$206,000 and \$967,000 from ground floor retail leases, concurrently.
- The Company leases the land underlying this property pursuant to a ground lease.





# Development Pipeline

\$ in thousands



Development, Not Delivered	Property Type	Estimated <sup>(1)</sup>	% Leased	Schedule <sup>(1)</sup>			Estimated Cost <sup>(1)</sup>	Cost to Date	AHH Ownership %	Anchor Tenants & Other Notes
				Start	Initial Occupancy	Stabilized Operation <sup>(2)</sup>				
Johns Hopkins Village Baltimore, MD	Multifamily	157 units	60%	1Q15	3Q16	3Q17	\$68,000	\$41,000	80% <sup>(3)</sup>	CVS <sup>(4)</sup>
Brooks Crossing Phase 1 Newport News, VA	Mixed-use	50,000 sf	NA	3Q15	3Q16	3Q17	10,000	2,000	65% <sup>(3)</sup>	LDI outstanding
Lightfoot Marketplace Williamsburg, VA	Retail	109,000 sf	71%	3Q14	3Q16	2Q17	24,000	18,000	60% <sup>(3)</sup>	Harris Teeter, CHKD
Total Development, Not Delivered							102,000	61,000		
<b>Development, Delivered Not Stabilized</b>										
4525 Main Street Virginia Beach, VA	Office	239,000 sf	58%	1Q13	3Q14	2Q17	51,000	45,000	100%	Clark Nexsen, Development Authority of Virginia Beach, Anthropologie <sup>(4)</sup>
Total							\$153,000	\$106,000		
<b>Joint Ventures - Minority Partner</b>										
One City Center - 37% JV Durham, NC	Mixed-use	152,000 sf	36%	1Q16	2Q18	2Q19	\$34,000	\$7,000	100%	Duke University
<b>Mezzanine Investments</b>										
Point Street Apartments Inner Harbor Baltimore, MD	Multifamily	289 units	NA	1Q16	3Q17	3Q18	\$92,000	\$10,000	Option to purchase 88% upon completion	\$25M Mezzanine financing offered by AHH, earning 8% interest income
Annapolis Junction Annapolis Junction, MD	Multifamily	416 units	NA	2Q16	1Q18	2Q19	102,000	-	Option to purchase 88% upon completion	\$42M Mezzanine financing offered by AHH, earning 10% interest income
Total Mezzanine Investment							\$194,000	\$10,000		



- (1) Represents the expected 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) Ground floor retail tenant

	Q1 2016
Capitalized Interest	\$252
Capitalized Overhead	\$362

# Acquisitions & Dispositions

\$ in thousands

ACQUISITIONS									
Properties	Location	Square Feet	Purchase Price <sup>(1)</sup>	Cash Cap Rate	Purchase Date	Property Type	% Leased as of		Anchor Tenants
							3/31/16		
Southgate Square	Colonial Heights, VA	220,131	\$38,585	7.3%	2Q16	Retail	99%		PetSmart, Michael's, Burlington's
Retail Portfolio (11 properties)	Mid-Atlantic	1,082,681	\$170,500	7.2%	1Q16	Retail	94%		Harris Teeter, Bed Bath & Beyond
Providence Plaza	Charlotte, NC	103,118	\$26,200	7.3%	3Q15	Retail	97%		Chipotle
Socastee Commons	Myrtle Beach, SC	57,573	\$8,600	7.3%	3Q15	Retail	100%		BiLo
Columbus Village	Virginia Beach, VA	65,746	\$21,025	6.4%	3Q15	Retail	100%		Barnes & Noble
Perry Hall Marketplace & Stone House Square	Maryland	182,949	\$39,555	7.4%	2Q15	Retail	93%		Safeway & Weis Markets
Dimmock Square	Colonial Heights, VA	106,166	\$19,662	7.3%	3Q14	Retail	100%		Old Navy, Best Buy, Pier 1
<b>Total/Weighted Average</b>		<b>1,818,364</b>	<b>\$324,127</b>	<b>7.2%</b>					

DISPOSITIONS									
Properties	Location	Square Feet/Units	Sale Price	Cash Cap Rate	Disposition Date	Property Type	% Leased at		Anchor Tenants
							closing		
Oyster Point	Newport News, VA	100,139	\$6,500	TBD	1Q17 <sup>(2)</sup>	Office	84% <sup>(3)</sup>		GSA
Richmond Tower	Richmond, VA	206,969	\$78,000	7.9%	1Q16	Office	99%		Williams Mullen
Oceaneering	Chesapeake, VA	154,000	\$30,000	6.7%	4Q15	Office	100%		Oceaneering International
Whetstone Apartments	Durham, NC	203 units	\$35,625	5.7%	2Q15	Multifamily	26%		NA
Sentara Williamsburg	Williamsburg, VA	49,200	\$15,450	6.3%	1Q15	Office	100%		Sentara
Virginia Natural Gas	Virginia Beach, VA	31,000	\$8,900	6.3%	4Q14	Office	100%		Virginia Natural Gas
<b>Total/Weighted Average</b>		<b>541,308sf/ 203 units</b>	<b>\$174,475</b>	<b>7.0%</b>					

(1) Non-GAAP purchase price

(2) Anticipated closing date. The disposition is subject to customary conditions and, accordingly, there can be no assurance that this transaction will be completed on the terms set forth herein or at all.

(3) As of 3/31/16

**ARMADA HOFFLER**  
PROPERTIES



# Construction Business Summary

\$ in thousands

	<u>Location</u>	<u>Total Contract Value</u>	<u>Work in Place as of 3/31/2016</u>	<u>Backlog</u>	<u>Estimated Date of Completion</u>
<b>Highlighted Projects</b>					
Exelon	Baltimore, MD	\$179,629	\$170,184	\$9,445	2Q 2016
Point Street Apartments	Baltimore, MD	\$68,203	\$4,356	\$63,847	1Q 2018
One City Center	Raleigh, NC	\$60,905	\$1,044	\$59,861	2Q 2018
27th Street Hotel	Virginia Beach, VA	50,562	16,305	34,257	2Q 2017
Four Seasons Condominium Expansion	Baltimore, MD	38,673	33,748	4,925	3Q 2016
Sub Total		\$397,972	\$225,637	\$172,335	
<b>All Other Projects</b>					
		104,693	100,849	3,844	
<b>Total</b>		<u>\$502,665</u>	<u>\$326,486</u>	<u>\$176,179</u>	

## Gross Profit Summary

	Q1 2016	Trailing 12 Months
	(Unaudited)	
Revenue	\$36,803	\$179,000
Expense	(35,037)	(172,239)
Gross Profit	\$1,766	\$6,761



# Same Store NOI by Segment

\$ in thousands

(Reconciliation to GAAP located in appendix pg. 35)

	Three months ended		\$ Change	% Change
	3/31/2016	3/31/2015		
<b>Office<sup>(1)</sup></b>	(Unaudited)			
Revenue	\$4,262	\$4,315	(\$53)	-1.2%
Expenses	1,526	1,637	(111)	-6.8%
Net Operating Income	2,736	2,678	58	2.2%
<b>Retail<sup>(1)</sup></b>				
Revenue	6,608	6,506	102	1.6%
Expenses	1,946	1,941	5	0.3%
Net Operating Income	4,662	4,565	97	2.1%
<b>Multifamily<sup>(1)</sup></b>				
Revenue	3,051	2,937	114	3.9%
Expenses	1,321	1,250	71	5.7%
Net Operating Income	1,730	1,687	43	2.5%
<b>Same Store Net Operating Income (NOI), GAAP basis</b>	<b>\$9,128</b>	<b>\$8,930</b>	<b>\$198</b>	<b>2.2%</b>
Net effect of straight-line rents	115	(19)	134	
Amortization of lease incentives and above (below) market rents	134	121	13	
<b>Same store portfolio NOI, cash basis</b>	<b>\$9,377</b>	<b>\$9,032</b>	<b>\$345</b>	<b>3.8%</b>
<b>Cash Basis:</b>				
Office	\$2,713	\$2,650	\$63	2.4%
Retail	4,915	4,663	252	5.4%
Multifamily	1,749	1,719	30	1.7%
	<b>\$9,377</b>	<b>\$9,032</b>	<b>\$345</b>	<b>3.8%</b>
<b>GAAP Basis:</b>				
Office	\$2,736	\$2,678	\$58	2.2%
Retail	4,662	4,565	97	2.1%
Multifamily	1,730	1,687	43	2.5%
	<b>\$9,128</b>	<b>\$8,930</b>	<b>\$198</b>	<b>2.2%</b>



(1) See page 34 for Same Store vs. Non - Same Store Properties

# Top 10 Tenants by Annualized Base Rent

\$ in thousands  
As of March 31, 2016

## Office Portfolio - Top 10 Tenants

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	\$ 2,438	11.7%	3.0%
Williams Mullen	1	2018	1,494	7.1%	1.8%
Hampton University	2	2024	1,003	4.8%	1.2%
Commonwealth of Virginia	2	2030	891	4.3%	1.1%
GSA	1	2016	855	4.1%	1.1%
Pender & Coward	1	2030	839	4.0%	1.0%
Troutman Sanders	1	2025	822	3.9%	1.0%
The Art Institute	1	2019	819	3.9%	1.0%
Cherry Bekaert	2	2022	736	3.5%	0.9%
Kimley-Horn	1	2018	724	3.5%	0.9%
<b>Top 10 Total</b>			<b>\$ 10,622</b>	<b>50.8%</b>	<b>13.1%</b>

## Retail Portfolio - Top 10 Tenants

Tenant	Number of Leases	Lease Expiration	Annualized Base Rent	% of Retail Portfolio Annualized Base Rent	% of Total Portfolio Annualized Base Rent
Harris Teeter	5	2029	\$ 2,853	6.4%	3.5%
Kroger	7	2021	2,205	4.9%	2.7%
Home Depot	2	2019	2,190	4.9%	2.7%
Food Lion	3	2020	1,283	2.9%	1.6%
PetSmart	4	2020	1,117	2.5%	1.4%
Bed Bath & Beyond	3	2022	1,077	2.4%	1.3%
Dick's Sporting Goods	1	2020	840	1.9%	1.0%
Safeway	2	2021	821	1.8%	1.0%
Weis Markets	1	2028	802	1.8%	1.0%
Ross Dress for Less	2	2018	755	1.7%	0.9%
<b>Top 10 Total</b>			<b>\$ 13,942</b>	<b>31.2%</b>	<b>17.2%</b>



# Office Lease Summary

Renewal Lease Summary				GAAP			Cash			Weighted			
Quarter	Number of Leases Signed	Net rentable SF Signed	Leases Expiring	Net rentable SF Expiring	Contractual Rent per SF	Prior Rent per SF	Annual Change in Rent per SF	Contractual Rent per SF	Prior Rent per SF	Annual Change in Rent per SF	Average Lease Term (yrs)	TI & LC	TI & LC per SF
Q1 2016	2	6,445	-	-	\$21.34	\$19.60	\$1.75	\$21.10	\$20.38	\$0.72	1.65	\$3,773	\$0.59
Q4 2015	2	5,708	2	3,947	24.50	23.50	1.01	24.39	23.68	0.71	1.31	3,682	0.65
Q3 2015	4	16,609	4	9,554	23.69	22.29	1.40	24.28	23.81	0.46	5.95	138,923	8.36
Q2 2015	-	-	-	-	-	-	-	-	-	-	-	-	-

New Lease Summary <sup>(1)</sup>						
Quarter	Number of Leases Signed	Net rentable SF Signed	Contractual Rent per SF	Weighted Average Lease Term (yrs)	TI & LC	TI & LC per SF
Q1 2016	2	3,773	\$27.49	6.91	\$139,067	\$36.86
Q4 2015	2	9,920	30.13	7.17	421,094	42.45
Q3 2015	3	13,500	21.37	6.02	166,463	12.33
Q2 2015	1	3,500	18.25	3.00	22,345	6.38

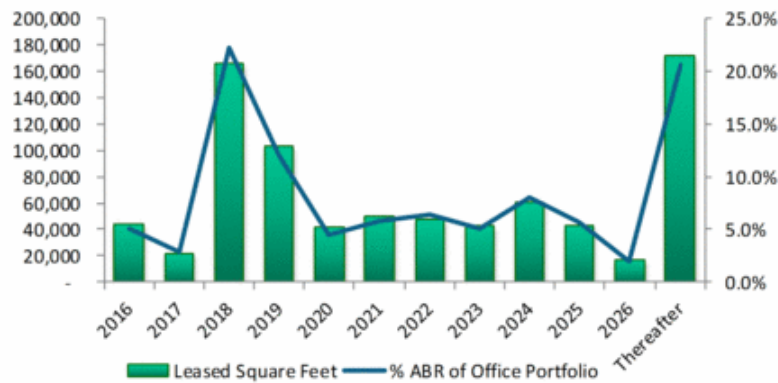


(1) Excludes new leases from properties in development



# Office Lease Expirations

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring <sup>(1)</sup>	% Portfolio Net Rentable Square Feet	Annualized Base Rent	% of Portfolio Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available	-	136,050	14.4%	\$ -	-	\$ -
2016	12	44,550	4.7%	1,058,460	5.1%	23.76
2017	6	21,254	2.2%	610,455	2.9%	28.72
2018	22	166,325	17.6%	4,645,663	22.2%	27.93
2019	16	103,761	11.0%	2,506,963	12.0%	24.16
2020	5	41,546	4.4%	942,604	4.5%	22.69
2021	6	49,659	5.2%	1,227,550	5.9%	24.72
2022	3	48,117	5.1%	1,326,903	6.3%	27.58
2023	4	43,078	4.5%	1,052,197	5.0%	24.43
2024	3	60,751	6.4%	1,666,025	8.0%	27.42
2025	4	43,292	4.6%	1,172,763	5.6%	27.09
2026	3	16,841	1.8%	400,474	1.9%	23.78
Thereafter	6	172,035	18.1%	4,315,937	20.6%	25.09
<b>Total / Weighted Average</b>	<b>90</b>	<b>947,259</b>	<b>100.0%</b>	<b>\$20,925,993</b>	<b>100.0%</b>	<b>\$25.80</b>





# Retail Lease Summary

## Renewal Lease Summary

Quarter	Number of Leases Signed	Net rentable SF Signed	Leases Expiring	Net rentable SF Expiring	GAAP			Cash			Weighted Average Lease Term (yrs)	TI & LC	TI & LC per SF
					Contractual Rent per SF	Prior Rent per SF	Annual Change in Rent per SF	Contractual Rent per SF	Prior Rent per SF	Annual Change in Rent per SF			
Q1 2016	10	26,870	1	1,800	\$22.70	\$21.29	\$1.41	\$22.21	\$21.78	\$0.42	3.37	\$61,290	\$ 2.28
Q4 2015	6	33,274	4	27,146	20.63	18.73	1.89	20.55	19.45	1.09	4.54	-	-
Q3 2015	11	28,760	5	24,491	25.03	24.67	0.37	23.96	26.42	(2.46)	2.68	96,077	3.34
Q2 2015	4	10,352	3	5,255	19.81	17.65	2.16	19.37	19.25	0.11	4.37	-	-

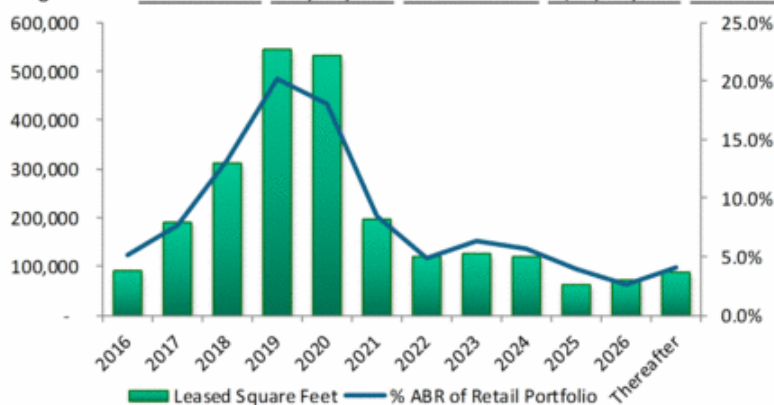
## New Lease Summary<sup>(1)</sup>

Quarter	Number of Leases Signed	Net rentable SF Signed	Contractual Rent per SF	Weighted Average Lease Term (yrs)	TI & LC	TI & LC per SF
Q1 2016	4	11,913	\$19.68	5.10	\$431,103	\$36.19
Q4 2015	4	24,825	21.83	6.64	421,094	16.96
Q3 2015	1	3,606	19.00	10.00	42,190	11.70
Q2 2015	3	5,012	13.69	5.59	65,253	13.02



# Retail Lease Expirations

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring <sup>(1)</sup>	% Portfolio Net Rentable Square Feet	Annualized Base Rent	% of Portfolio Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available	-	127,798	4.9%	\$ -	-	\$ -
M-T-M	8	16,280	0.6%	345,732	0.9%	21.24
2016	37	75,417	2.9%	1,633,226	4.2%	21.66
2017	47	190,884	7.4%	3,029,772	7.7%	15.87
2018	63	311,024	12.0%	5,190,373	13.2%	16.69
2019	64	544,478	21.1%	7,912,363	20.2%	14.53
2020	55	532,101	20.6%	7,076,585	18.0%	13.30
2021	27	197,316	7.6%	3,309,754	8.4%	16.77
2022	14	121,405	4.7%	1,906,762	4.9%	15.71
2023	12	125,772	4.9%	2,489,209	6.3%	19.79
2024	14	120,198	4.7%	2,205,990	5.6%	18.35
2025	12	62,257	2.4%	1,546,062	3.9%	24.83
2026	8	71,117	2.8%	1,039,722	2.6%	14.62
Thereafter	5	86,846	3.4%	1,552,553	4.1%	17.88
<b>Total / Weighted Average</b>	<b>366</b>	<b>2,582,893</b>	<b>100.0%</b>	<b>\$39,238,103</b>	<b>100.0%</b>	<b>\$15.98</b>



# Components of Net Asset Value

Stabilized Portfolio Cash NOI ÷ Market Cap Rate = Stabilized Portfolio Value

+

Investment in Development Pipeline

+

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

+

Other Assets

-

Liabilities

---

NAV

# Net Asset Value Component Data

In thousands

Stabilized Portfolio NOI (Cash)		
	Three months ended	Annualized
	3/31/2016	3/31/2016
<b>Diversified Portfolio</b>		
Office	\$619	\$2,476
Retail	7,886	31,544
Multifamily	995	3,980
Total Diversified Portfolio NOI	\$9,500	\$38,000
<b>Virginia Beach Town Center</b>		
Office <sup>(1)</sup>	\$2,424	\$9,696
Retail <sup>(1)</sup>	1,551	6,204
Multifamily	1,702	6,808
Total Virginia Beach Town Center NOI	\$5,677	\$22,708
Stabilized Portfolio NOI (Cash)	\$15,177	\$60,708

Development Pipeline		
	3/31/2016	
Income producing property	\$41,100	
Construction in progress	60,500	
Other assets	4,400	
Total cost to date (p. 16)	\$106,000	
Land held for development		1,995

Taxable REIT Subsidiary (TRS)	
	Trailing 12 Months
	3/31/2016
General contracting and real estate services	\$6,761

Other Assets	
	As of 3/31/2016
<b>Other Assets</b>	
Cash and Cash Equivalents	\$18,810
Restricted Cash	3,695
Accounts Receivable	13,360
Notes Receivable	10,464
Construction receivables, including retentions	31,567
Other Assets	64,793
Total Other Assets	\$142,689

Liabilities & Share Count	
	As of 3/31/2016
<b>Liabilities</b>	
Mortgages and notes payable	\$467,311
Accounts payable and accrued liabilities	6,812
Construction payables, including retentions	43,611
Other Liabilities	36,997
Total Liabilities	\$554,731

Share Count	
	Three months ended
	3/31/2016
Weighted average common shares outstanding	30,191
Weighted average operating partnership ("OP") Units Outstanding	16,027
Total weighted average common shares and OP units outstanding	46,218



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





# Retail Portfolio Acquisition

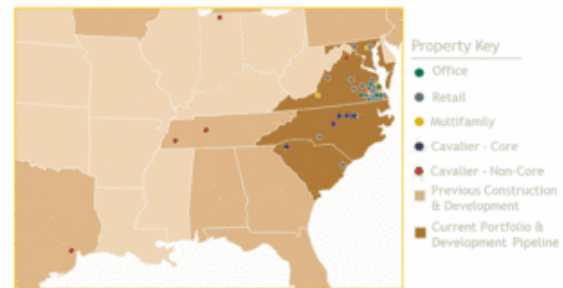
**ARMADA HOFFLER**  
PROPERTIES



# Retail Portfolio Acquisition

\$ in thousands

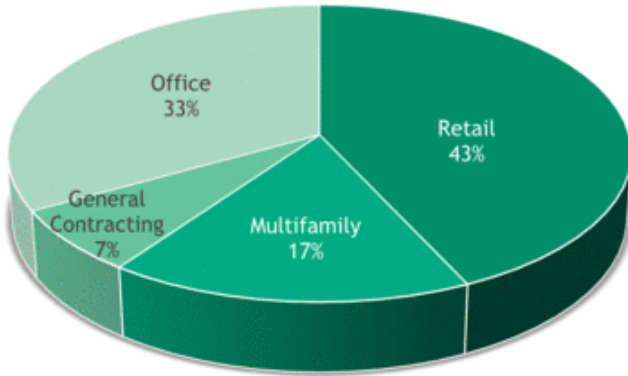
	SF	Anchors (Shadow)	Occupancy <sup>(1)</sup>	NOI <sup>(2)</sup>	% of Total Portfolio NOI
<b>Property - To Hold (Core Retail Properties)</b>					
South Square Raleigh-Durham-Chapel Hill, NC	109,590	Ross, Petco, Office Depot, (Target), (Sam's Club)	100%		
Patterson Place Raleigh-Durham-Chapel Hill, NC	160,942	Bed Bath & Beyond, PetSmart, Total Wine & More, A.C. Moore, (The Home Depot), (Kohl's), (Kroger)	99%		
Wendover Village Winston-Salem, NC	135,758	Bed Bath & Beyond, Golfsmith, T.J. Maxx, Petco, Five Below, (Costco)	100%		
Alexander Pointe Charlotte, NC	57,710	Harris Teeter	100%		
Harper Hill Commons Greensboro, NC	96,914	Harris Teeter	79%		
Northhampton Market Greenville-Spartanburg, SC	114,935	Petsmart, Hobby Lobby, Dollar Tree, (Target)	94%		
Sub Total/Weighted Average	675,849		96%	9,100	75%
<b>Properties Under Evaluation</b>					
Waynesboro Commons Waynesboro, VA	52,415	Kroger <sup>(3)</sup>	100%		
Oakland Marketplace Memphis, TN	64,600	Kroger <sup>(3)</sup>	96%		
Willowbrook Commons Nashville, TN	93,600	Kroger <sup>(3)</sup>	88%		
Broadmoor Plaza South Bend, IN	115,059	Kroger, Staples, Jo-Ann Fabrics <sup>(3)</sup>	94%		
Kroger Junction, Pasadena, TX	81,158	Kroger, Family Dollar	78%		
Sub Total/Weighted Average	406,832		91%	3,100	25%
Total/Weighted Average	<b>1,082,681</b>		<b>94%</b>	<b>\$12,200</b>	<b>100%</b>



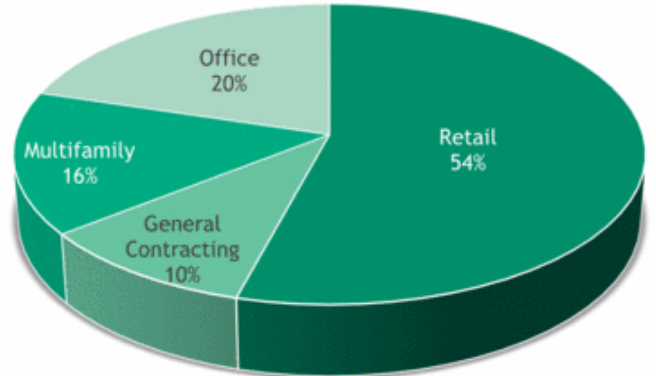
- (1) As of January 14, 2016  
 (2) Based on 2016 budget adjusted for a full year of operation  
 (3) LOI or Purchase and Sale Agreement outstanding

# NOI Contribution

As of 12/31/15



As of 3/31/16



## TOP 5 Tenants

% of Total		% of Total		% of Total		% of Total	
Retail Tenant	Portfolio ABR	Office Tenant	Portfolio ABR	Retail Tenant	Portfolio ABR	Office Tenant	Portfolio ABR
Home Depot	2.9%	Williams Mullen	11.6%	Harris Teeter	3.5%	Clark Nexsen	3.0%
Harris Teeter	2.0%	Clark Nexsen	3.2%	Kroger	2.7%	Williams Mullen	1.8%
Food Lion	1.7%	Cherry Bekaert	1.3%	Home Depot	2.7%	Hampton University	1.2%
Dick's Sporting Goods	1.1%	Hampton University	1.3%	Food Lion	1.6%	Commonwealth of Virginia	1.1%
Weis Markets	1.1%	Commonwealth of Va	1.2%	PetSmart	1.4%	GSA	1.1%



(1) Gives effect to the disposition of the Richmond Tower office buildings for which Williams Mullen was the anchor tenant.





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

Appendix -  
Definitions &  
Reconciliations

# Definitions

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## **Net Operating Income:**

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

## **Funds From Operations:**

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

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

# Definitions

## **Normalized Funds From Operations:**

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

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## **EBITDA:**

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

## **Core EBITDA:**

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

## **Core Debt:**

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

	Comparison of Three Months Ended 3/31/2016 to 2015			Comparison of Three Months Ended 3/31/2016 to 2015	
	Same Store	Non-Same Store		Same Store	Non-Same Store
<b>Retail Properties</b>					
249 Central Park Retail	X				
Alexander Pointe		X			
Bermuda Crossroads	X				
Broad Creek Shopping Center	X				
Broadmoor Plaza		X			
Columbus Village		X			
Commerce Street Retail	X				
Courthouse 7-Eleven	X				
Dick's at Town Center	X				
Dimmock Square	X				
Greentree Shopping Center		X			
Fountain Plaza Retail	X				
Gainsborough Square	X				
Hanbury Village	X				
Harper Hill Commons		X			
Harrisonburg Regal	X				
Kroger Junction		X			
North Hampton Market		X			
North Point Center	X				
Oakland Marketplace		X			
Parkway Marketplace	X				
Patterson Place		X			
Perry Hall Marketplace		X			
Providence Plaza		X			
Sandbridge Commons		X			
Socastee Commons		X			
South Retail	X				
South Square		X			
Stone House Square		X			
Studio 56 Retail	X				
Tyre Neck Harris Teeter	X				
Waynesboro Commons		X			
Wendover Village		X			
Willowbrook Commons		X			
<b>Office Properties</b>					
4525 Main Street				X	
Armada Hoffler Tower	X				
Commonwealth of VA - Chesapeake	X				
Commonwealth of VA - Virginia Beach				X	
Oceanneering				X	
One Columbus	X				
Oyster Point	X				
Richmond Tower				X	
Sentara Williamsburg				X	
Two Columbus	X				
<b>Multifamily Properties</b>					
Encore Apartments				X	
Liberty Apartments				X	
Smith's Landing	X				
The Cosmopolitan	X				
Whetstone Apartments				X	



# Reconciliation to Property Portfolio NOI

\$ in thousands

	Three months ended 3/31	
	2016	2015
<u>Office Same Store</u> <sup>(1)</sup>		
Rental revenues	\$4,262	\$4,315
Property expenses	<u>1,526</u>	<u>1,637</u>
NOI	2,736	2,678
Non-Same Store NOI	790	2,580
Segment NOI	<u>3,526</u>	<u>\$5,258</u>
<u>Retail Same Store</u> <sup>(1)</sup>		
Rental revenues	\$6,608	\$6,506
Property expenses	<u>1,946</u>	<u>1,941</u>
NOI	4,662	4,565
Non-Same Store NOI	4,750	95
Segment NOI	<u>\$9,412</u>	<u>\$4,660</u>
<u>Multifamily Same Store</u> <sup>(1)</sup>		
Rental revenues	\$3,051	\$2,937
Property expenses	<u>1,321</u>	<u>1,250</u>
NOI	1,730	1,687
Non-Same Store NOI	937	168
Segment NOI	<u>2,667</u>	<u>1,855</u>
<b>Total Property Portfolio NOI</b>	<b><u>\$15,605</u></b>	<b><u>\$11,773</u></b>

# Reconciliation to Property Portfolio NOI

\$ in thousands

Three months ended 3/31/2016

## Diversified Portfolio

	Office	Retail	Multifamily	Total
Cash NOI	\$619	\$7,886	\$995	\$9,500
Net effect of straight-line rents	25	6	(11)	20
Amortization of lease incentives and (above) below market rents	-	159	(13)	146
GAAP NOI	\$644	\$8,051	\$971	\$9,666

## Town Center of Virginia Beach

	Office	Retail	Multifamily	Total
Cash NOI	\$2,424	\$1,551	\$1,702	\$5,677
Net effect of straight-line rents	30	(26)	(6)	(2)
Amortization of lease incentives and (above) below market rents	(26)	(84)	-	(110)
Elimination of AHH rent	(176)	(78)	-	(254)
GAAP NOI	\$2,252	\$1,363	\$1,696	\$5,311

## GAAP NOI

	Office	Retail	Multifamily	Total
Diversified Portfolio	\$644	\$8,051	\$971	\$9,666
Town Center of Virginia Beach	2,252	1,363	1,696	5,311
Unstabilized Properties	630	(3)	-	628
<b>Total Property Portfolio NOI</b>	<b>\$3,526</b>	<b>\$9,411</b>	<b>\$2,667</b>	<b>\$15,605</b>

# Reconciliation to GAAP Net Income

\$ in thousands

	Three months ended 3/31/2016						Total
	Office	Retail	Multifamily	Total Property Portfolio	General Contracting & Real Estate Services		
Segment revenues	\$ 5,521	\$ 13,032	\$ 4,730	\$ 23,283	\$ 36,803	\$	\$ 60,086
Segment expenses	1,995	3,620	2,063	7,678	35,037		42,715
Net operating income	\$ 3,526	\$ 9,412	\$ 2,667	\$ 15,605	\$ 1,766	\$	\$ 17,371
Depreciation and amortization							(8,149)
General and administrative expenses							(2,484)
Acquisition, development and other pursuit costs							(704)
Impairment charges							(35)
Interest income							182
Interest expense							(3,791)
Loss on extinguishment of debt							-
Gain on real estate dispositions							26,674
Change in fair value of interest rate derivatives							(2,389)
Other income							76
Income tax provision							(218)
Net income							<u>\$ 26,533</u>