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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 8-K**

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

**Date of Report (Date of earliest event reported): August 13, 2013**

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**ARMADA HOFFLER PROPERTIES, INC.**

(Exact name of registrant as specified in its charter)

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**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)

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

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

On August 13, 2013, Armada Hoffler Properties, Inc. (the “Company”) issued a press release announcing its financial position as of June 30, 2013, results of operations for the three months ended June 30, 2013 and other related information. Also on August 13, 2013, 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 quarter ended June 30, 2013. Copies of such press release and supplemental information are furnished as Exhibits 99.1 and 99.2, respectively, to this report and incorporated herein by reference.

The information in Item 2.02 of this report, including the information in the press release attached as Exhibit 99.1 and the supplemental information attached as Exhibit 99.2 to this report, is furnished pursuant to Item 2.02 of Form 8-K and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. Furthermore, the information in Item 2.02 of this report, including the information in the press release and the supplemental information attached as Exhibit 99.1 and Exhibit 99.2, respectively, to this report, shall not be deemed to be incorporated by reference in the filings of the registrant under the Securities Act of 1933, as amended.

### **Forward-Looking Statements Disclaimer**

This Current Report on Form 8-K contains statements that are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Act of 1934, as amended, pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on certain assumptions and can include future expectations, future plans and strategies, financial and operating projections or other forward-looking information.

These forward-looking statements are subject to various risks and uncertainties, not all of which are known to the Company and many of which are beyond the Company’s control, which could cause actual results to differ materially from such statements. These risks and uncertainties include, but are not limited to, the state of the U.S. economy, supply of and demand for office, retail and multifamily properties in the markets in which we operate and other factors as are described in greater detail in the Company’s filings with the Securities and Exchange Commission, including, without limitation, the Company’s Prospectus filed pursuant to Rule 424(b)(4) on May 9, 2013. Unless legally required, the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1*	Press Release, dated August 13, 2013, issued by Armada Hoffler Properties, Inc., providing its financial position as of June 30, 2013 and results of operations for the three months ended June 30, 2013.
99.2*	Armada Hoffler Properties, Inc. Supplemental Information for the three and six months ended June 30, 2013.

\* Furnished herewith.

**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.**

Dated: August 13, 2013

By: /s/ MICHAEL P. O'HARA

Michael P. O'Hara

Chief Financial Officer and Treasurer

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**EXHIBIT INDEX**

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**ARMADA HOFFLER PROPERTIES REPORTS SECOND QUARTER 2013****PRO FORMA RESULTS**

**- Pro Forma Core FFO of \$6.5 Million, \$0.20 Per Share -**

**- Operating Property Portfolio at 93.5% Average Occupancy -**

VIRGINIA BEACH, VA, August 13, 2013—Armada Hoffer Properties, Inc. (NYSE: AHH), a full service real estate company, which develops and owns high-quality office, retail and multifamily properties in key Mid-Atlantic markets, today announced its pro forma results for the quarter ended June 30, 2013.

**Company Highlights for the Second Quarter 2013**

- Generated Pro Forma Core FFO of \$6.5 million, or \$0.20 per share.
- Average occupancy stable at 93.5% compared to the prior quarter and year end 2012.
- Executed new and renewal leases totaling over 80,000 square feet in the office and retail property portfolios.
- Development pipeline of six properties, consisting of 384,600 square feet of office and retail property and 491 multifamily units. The Main Street Office development in Virginia Beach is 46% pre-leased.
- Engaged in 17 construction contracts at an estimated value of approximately \$117.3 million, with approximately \$58.2 million of work still to be completed.
- Completed a successful initial public offering (IPO) raising gross proceeds of approximately \$218.5 million.

“We are pleased with the stable performance generated by our portfolio in the second quarter,” commented Louis Haddad, Chief Executive Officer. “Our portfolio continued to produce strong metrics, including solid leasing activity and the execution on our development pipeline is progressing, while the completion of our initial public offering provides us with a more efficient capital base. With an attractive array of opportunities which our teams are pursuing, we are well-positioned to grow cash flows and create value for our shareholders into the future.”

## **Second quarter 2013 operating results for the quarter ended June 30, 2013**

For the second quarter of 2013, net income was \$8.4 million, or \$0.26 per share, which includes one-time items from the Company's IPO and Formation Transactions as well as non-cash stock compensation and impairment charges during the second quarter 2013. Net income was the result of revenue of \$37.5 million, expenses of \$34.6 million, and interest expense of \$3.3 million. Net income for the second quarter of 2013 excluding one-time and non-cash items was \$1.4 million, or \$0.04 per share.

In addition to the Company's second quarter 2013 operating results, a reconciliation of net income to pro forma core funds from operations can be found in the tables at back of this release. The pro forma results reflect the second quarter results as if the Company's IPO and the Formation Transactions were completed at the start of the second quarter. Pro forma core funds from operations for the second quarter of 2013, as defined and reconciled to net income, was \$6.5 million, or \$0.20 per share.

During the second quarter the Company executed seven new office leases and lease renewals totaling 33,771 square feet and 13 new retail leases and lease renewals totaling 46,382 square feet. At the end of the second quarter, the Company's office, retail and multifamily property operating portfolios were 93.4%, 94.6% and 91.2% occupied, respectively.

### **General Contracting Activities**

At the end of the second quarter, the Company was engaged in 17 construction contracts with an estimated contract value of approximately \$117.3 million, with approximately \$59.1 million of work in place and a balance to complete of approximately \$58.2 million. The Company executed another five contracts subsequent to the quarter close with a total contract value of approximately \$25.9 million.

### **Balance Sheet and Financing**

During the second quarter of 2013 the Company completed its IPO, raising gross proceeds of approximately \$218.5 million, and net proceeds of approximately \$203.2 million after the underwriting discount but before expenses. Proceeds were used to repay certain indebtedness, acquire properties and equity interests, and for general business purposes.

On May 13, 2013, the Company, through its operating partnership, entered into a \$100.0 million senior secured revolving credit facility with an option to increase the borrowing capacity to \$250.0 million. The facility has a three-year term with an initial maturity date of May 13, 2016 and with a one-year extension option.

After completion of these transactions, the Company repaid approximately \$150.0 million of debt outstanding, including \$146.6 million of secured first mortgage debt and \$3.4 million of other debt. Of the nine properties unencumbered by these mortgage loan repayments, four properties have been pledged as collateral for the credit facility, and the remaining five are available to increase the borrowing capacity of the facility.

Including the impact of these transactions and repayments, the Company had approximately \$244.3 million of debt outstanding at the end of the second quarter, including \$25.0 million outstanding on the credit facility.

## **Subsequent Events**

On July 3, 2013 Armada Hoffler paid off the loan secured by the Main Street Land and on July 30, 2013 closed on a \$63.0 million construction loan to fund the Main Street Office and Main Street Apartment development pipeline projects. The loan matures on January 30, 2017 and is interest only at LIBOR plus 1.95%. The loan is a credit line deed of trust in which the Company intends to use periodically to fund construction of the two projects. As of the date of this release there is no balance outstanding on this loan.

On July 17, 2013, Armada Hoffler unencumbered a sixth property after closing on the full defeasance of the Columbus Tower loan at a cost of \$14.9 million. The property is now available to be added to the borrowing base of the secured credit facility. Concurrent with this transaction, the Company borrowed \$15.0 million from the credit facility and, thus, as of the date of this filing has \$40.0 million outstanding on the credit facility.

## **Dividend**

On June 19, 2013, the Company announced that its Board of Directors declared a partial dividend of \$0.08 per share on the Company's common stock for the second quarter of 2013. The partial dividend reflects the 48 days during the quarter after which the Company's IPO and related formation transactions were completed, and reflects the board's current intention to provide an annualized distribution of \$0.63 per share. The dividend was paid in cash on July 11, 2013.

## **Supplemental Financial Information**

Further details regarding pro forma operating results, the Company predecessor's historical operating results, properties and leasing statistics can be found in the Company's supplemental financial package and Form 10-Q 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 Wednesday, August 14, 2013 at 10:00 a.m. Eastern time to review second quarter results and discuss recent events. The live webcast will be available at [www.armadahoffler.com](http://www.armadahoffler.com) under the Investors Relations section. 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 August 28, 2013, by dialing 877-870-5176 (domestic) or 858-384-5517 (international) and entering the pass code 418596.

## **About Armada Hoffler Properties, Inc.**

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

## **Forward-Looking Statements**

Certain matters within this press release are discussed using forward-looking language as specified in the Private Securities Litigation Reform Act of 1995, and, as such, may involve known and unknown risks, uncertainties and other factors that may cause the actual results or performance to differ from those projected in the forward-looking statement. These forward-looking statements may include statements related to the Company's ability to outperform the ongoing recovery of the office, retail and residential REIT industry and the markets in which the Company's properties are located, the Company's ability to generate internal and external



growth, the Company's ability to increase cash flows and valuation, expansion of the credit facility and the Company's payment of dividends in the future. 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 registration statement in Form S-11 and other documents filed by the Company with the Securities and Exchange Commission.

**Non GAAP Financial Measures**

The Company makes reference to FFO, as defined by the National Association of Real Estate Investment Trusts, as a supplemental measure of our operating performance. FFO is defined as net income (loss) in accordance with GAAP, excluding impairment write-downs on depreciable real estate, gains (or losses) from cumulative effects of accounting changes, extraordinary items and sales of properties, plus real estate related depreciation and amortization. FFO and derivations thereof, are not alternatives to GAAP operating income (loss) or net income (loss) available to common stockholders.

For reference, as an aid in understanding management's computation of FFO, a reconciliation of FFO to net income (loss) in accordance with GAAP has been included below.

**FINANCIAL TABLES:****Armada Hoffler Properties, Inc.  
Condensed Consolidated Balance Sheet  
June 30, 2013****(Unaudited and in Thousands)**

<b>Assets</b>	
Real estate investments:	
Income producing property	\$403,296
Held for development	4,733
Construction in progress	12,258
Accumulated depreciation	(98,612)
Net real estate investments	321,675
Cash and cash equivalents	14,737
Restricted cash	3,117
Accounts receivable, net	17,509
Construction receivables, including retentions	17,511
Construction contract costs and estimated earnings in excess of billings	901
Other assets	23,857
<b>Total Assets</b>	<b><u>\$399,307</u></b>
<b>Liabilities</b>	
Indebtedness:	
Secured debt	\$244,336
Accounts payable and accrued liabilities	8,060
Construction payables, including retentions	17,512
Billings in excess of construction contract costs and estimated earnings	3,258
Other liabilities	14,590
<b>Total Liabilities</b>	<b>287,756</b>
<b>Equity</b>	
Common stock	192
Additional paid-in capital	767
Distributions in excess of earnings	(43,934)
Non-controlling interest in operating partnership	154,526
<b>Total Equity</b>	<b>111,551</b>
<b>Total Liabilities and Equity</b>	<b><u>\$399,307</u></b>

**Armada Hoffler Properties, Inc. and Predecessor**  
**Condensed Consolidated and Combined Income Statement**

**For the Three Months Ended June 30, 2013**

**(Unaudited and in Thousands, except per share data)**

<b>Revenues</b>	
Rental revenues	\$14,231
General contracting and real estate services revenues	23,291
<b>Total revenues</b>	<b><u>37,522</u></b>
<b>Expenses</b>	
Rental expenses	3,399
Real estate taxes	1,248
General contracting and real estate services expenses	22,503
Depreciation and amortization	4,020
General and administrative	2,857
Impairment charges	533
<b>Total expenses</b>	<b><u>34,560</u></b>
<b>Operating income</b>	<b>2,962</b>
Interest expense	(3,289)
Loss on extinguishment of debt	(1,125)
Gain on acquisitions	9,460
Other income (expense)	185
Income before income taxes	8,193
Income tax benefit	211
<b>Net income</b>	<b><u>\$ 8,404</u></b>
Per Share:	
Basic and Diluted	<u>\$ 0.26</u>
Weighted Average Common Shares and Units:	
Basic and Diluted	<u>31,664</u>

**Armada Hoffer Properties, Inc. and Predecessor**  
**Reconciliation of Net Income to Pro Forma Core Funds From Operations**

**For the Three Months Ended June 30, 2013**  
**(Unaudited and in Thousands, except per share data)**

<b>Net Income</b>	<b>\$ 8,404</b>
Funds From Operations Adjustments:	
Depreciation and amortization	4,020
Gain on acquisitions	(9,460)
Real estate joint ventures	(78)
<b>Funds From Operations</b>	<b><u>2,886</u></b>
Pro Forma Adjustments:	
Interest expense	1,060
Real estate joint ventures	285
General and administrative expenses	(200)
<b>Pro Forma Funds From Operations</b>	<b><u>4,031</u></b>
Core FFO Adjustments:	
Loss on extinguishment of debt	1,125
Non-cash stock compensation	769
Impairment charges	533
<b>Pro Forma Core Funds From Operations</b>	<b><u>\$ 6,458</u></b>
<b>Pro Forma Core Funds From Operations per share</b>	<b><u>\$ 0.20</u></b>
<b>Common Shares and Units Outstanding</b>	<b><u>32,223</u></b>

**Contact:**

Investor Relations

Email: [InvestorRelations@ArmadaHoffer.com](mailto:InvestorRelations@ArmadaHoffer.com)

Phone: (757) 366-6620

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



**Armada Hoffler Properties, Inc.  
Second Quarter 2013 Supplemental Information**

**Forward-Looking Statement**

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This Supplemental Information should be read in conjunction with our Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 (the “10-Q”), the consolidated financial statements and notes thereto appearing in the 10-Q and our press release, dated August 13, 2013, which has been filed as Exhibit 99.1 to our Form 8-K filed on August 13, 2013. We make 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 core funds from operation, funds available for distribution and net operating income are forward-looking statements. You can identify forward-looking statements by the use of forward-looking terminology such as “believes,” “expects,” “may,” “will,” “should,” “seeks,” “approximately,” “intends,” “plans,” “estimates” or “anticipates” or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions. Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events.

Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). For further discussion of factors that could impact our future results, please refer to our Registration Statement on Form S-11, initially filed with the Securities and Exchange Commission (the “SEC”) on March 26, 2013, as subsequently amended, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 and the documents subsequently filed by us from time to time with the SEC.

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**Second Quarter 2013 Highlights**

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- Generated Pro Forma Core FFO (Funds From Operations) of \$6.5 Million, or \$0.20 per share.
- Average occupancy stable at 93.5% when compared to the prior quarter and year end 2012.
- Executed new and renewal leases totaling over 80,000 square feet in the office and retail property portfolios.
- Development pipeline of six properties, consisting of 384,600 square feet of office and retail property and 491 multifamily units. The Main Street Office development in Virginia Beach is 46% pre-leased.
- Engaged in 17 construction contracts at an value of approximately \$117.3 million, with approximately \$58.2 million of work still to be completed.
- Completed a successful initial public offering (IPO) raising gross proceeds of approximately \$218.5 million.



## Summary Information

\$ in thousands except per share data & rentable square feet/multifamily units

	<u>Three months ended</u> 6/30/2013 (Unaudited)
<b>Shares and Units:</b>	
Common Shares outstanding at end of period	19,164
Common Units outstanding at end of period	13,059
Total	32,223
<b>Share Price:</b>	
At end of period	\$ 11.78
High during period	\$ 11.83
Low during period	\$ 11.13
<b>Financial Information:</b>	
Rental revenues	\$ 14,231
General contracting and real estate services revenue	23,291
Net operating income (NOI)	10,372
Net income	8,404
Funds from operations (FFO)	2,886
Pro forma FFO	4,031
Pro forma Core FFO	6,458
<b>Pro forma Core FFO per share</b>	<b>\$ 0.20</b>
<b>Wholly - owned property information:</b>	
<b>Rentable square feet or number of units:</b>	
Office	954,458
Retail	1,094,663
Multifamily	626
<b>Occupancy:</b>	
Office <sup>(1)</sup>	93.4%
Retail <sup>(1)</sup>	94.6%
Multifamily <sup>(2)</sup>	91.2%
Weighted Average <sup>(3)</sup>	93.5%

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

(2) Multifamily occupancy based on weighted average of total units

(3) Total occupancy weighted by annualized base rent

**Summary Balance Sheet**

\$ in thousands

	As of	
	6/30/2013 (Unaudited)	12/31/2012
<b>Assets</b>		
Real estate, at cost		
Income producing property	\$403,296	\$350,814
Held for development	4,733	3,926
Construction in progress	12,258	—
Accumulated depreciation	(98,612)	(92,454)
Net real estate investments	321,675	262,286
Cash and cash equivalents	14,737	9,400
Restricted cash	3,117	3,725
Construction assets	18,412	11,696
Other assets	41,366	44,706
<b>Total Assets</b>	<b>\$399,307</b>	<b>\$331,813</b>
<b>Liabilities and Equity</b>		
Indebtedness:		
Secured debt	\$244,336	\$334,438
Participating note	—	643
Construction liabilities	20,770	21,605
Other liabilities	22,650	16,468
<b>Total Liabilities</b>	<b>\$287,756</b>	<b>\$373,154</b>
Equity	111,551	(41,341)
<b>Total Liabilities and Equity</b>	<b>\$399,307</b>	<b>\$331,813</b>

**Summary Income Statement**

\$ in thousands

	<u>Three months ended</u>		<u>Six months ended</u>	
	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>6/30/2013</u>	<u>6/30/2012</u>
	(Unaudited)			
<b>Revenues:</b>				
Rental revenues	\$14,231	\$13,609	\$27,629	\$26,996
General contracting and real estate services revenues	23,291	12,383	41,247	27,024
<b>Total Revenues</b>	<u>\$37,522</u>	<u>\$25,992</u>	<u>\$68,876</u>	<u>\$54,020</u>
<b>Expenses:</b>				
Rental expenses	\$ 3,399	\$ 2,944	\$ 6,628	\$ 5,808
Real estate taxes	1,248	1,209	2,460	2,392
General contracting and real estate services expenses	22,503	11,501	39,961	25,493
Depreciation and amortization	4,020	3,232	7,179	6,579
General and administrative expenses	2,857	954	3,574	1,788
Impairment charges	533	—	533	—
<b>Total Expenses</b>	<u>34,560</u>	<u>19,840</u>	<u>60,335</u>	<u>42,060</u>
<b>Operating Income</b>	<u>\$ 2,962</u>	<u>\$ 6,152</u>	<u>\$ 8,541</u>	<u>\$11,960</u>
Interest expense	(3,289)	(4,217)	(7,204)	(8,344)
Loss on extinguishment of debt	(1,125)	—	(1,125)	—
Gain on acquisition	9,460	—	9,460	—
Other income (expense)	185	164	452	387
Income from continuing operations, before tax	8,193	2,099	10,124	4,003
Income tax benefit	211	—	211	—
Income from continuing operations	8,404	2,099	10,335	4,003
Discontinued operations:				
Loss from discontinued operations	—	(9)	—	(35)
Loss on sale of real estate	—	20	—	25
Results from discontinued operations	—	11	—	(10)
<b>Net income</b>	<u>\$ 8,404</u>	<u>\$ 2,110</u>	<u>\$10,335</u>	<u>\$ 3,993</u>
Net income attributable to Predecessor	(89)		(2,020)	
Net income attributable to noncontrolling interests in operating partnership	(3,429)		(3,429)	
<b>Net income attributable to common stockholders</b>	<u>\$ 4,886</u>		<u>\$ 4,886</u>	

**Pro Forma Core Funds From Operations**

\$ in thousands, except per share

	<u>Three months ended</u> <u>6/30/2013</u> (Unaudited)
<b>Funds from Operations (FFO)</b>	
Net income	\$ 8,404
Depreciation and amortization	4,020
Gain on acquisitions	(9,460)
Real estate joint ventures	(78)
<b>FFO, as defined by NAREIT</b>	<b>\$ 2,886</b>
<b>Pro Forma FFO</b>	
FFO, as defined by NAREIT	\$ 2,886
Interest expense	1,060
Real estate joint ventures	285
General and administrative expenses	(200)
<b>Pro Forma FFO</b>	<b>\$ 4,031</b>
<b>Pro Forma Core FFO</b>	
Pro Forma FFO	\$ 4,031
Loss on extinguishment of debt	1,125
Non-cash stock compensation	769
Impairment charges	533
<b>Pro Forma Core FFO</b>	<b>\$ 6,458</b>
<b>Pro Forma Core FFO per share</b>	<b>\$ 0.20</b>
<b>Common Shares and Units Outstanding</b>	<b>32,223</b>

**Same-Store Portfolio Net Operating Income (NOI)**

\$ in thousands

	Three months ended 6/30,		Change	Six months ended 6/30,		Change
	2013	2012		2013	2012	
	(Unaudited)			(Unaudited)		
<b>Office<sup>(1)</sup></b>						
Revenue	\$ 6,420	\$ 6,566	\$(146)	\$12,906	\$12,959	\$ (53)
Expenses	1,940	1,804	136	3,886	3,650	236
Net Operating Income	4,480	4,762	(282)	9,020	9,309	(289)
<b>Retail<sup>(2)</sup></b>						
Revenue	4,986	5,096	(110)	9,849	10,196	(347)
Expenses	1,510	1,450	60	3,124	2,976	148
Net Operating Income	3,476	3,646	(170)	6,725	7,220	(495)
<b>Multi Family<sup>(3)</sup></b>						
Revenue	1,903	1,856	47	3,810	3,750	60
Expenses	875	839	36	1,690	1,507	183
Net Operating Income	1,028	1,017	11	2,120	2,243	(123)
<b>Net Operating Income (NOI), GAAP basis</b>	<u>\$ 8,984</u>	<u>\$ 9,425</u>	<u>\$(441)</u>	<u>\$17,865</u>	<u>\$18,772</u>	<u>\$(907)</u>
Net effect of straight-line rents	(141)	(366)	225	(353)	(787)	434
Amortization of lease incentives	206	182	24	402	364	38
<b>Same-store portfolio NOI, cash basis</b>	<u>\$ 9,049</u>	<u>\$ 9,241</u>	<u>\$(192)</u>	<u>\$17,914</u>	<u>\$18,349</u>	<u>\$(435)</u>
<b>Cash Basis:</b>						
Office	\$ 4,237	\$ 4,361	\$(124)	\$ 8,447	\$ 8,469	\$ (22)
Retail	3,778	3,859	(81)	7,335	7,631	(296)
Multifamily	1,034	1,021	13	2,132	2,249	(117)
	<u>\$ 9,049</u>	<u>\$ 9,241</u>	<u>\$(192)</u>	<u>\$17,914</u>	<u>\$18,349</u>	<u>\$(435)</u>
<b>GAAP Basis:</b>						
Office	\$ 4,480	\$ 4,762	\$(282)	\$ 9,020	\$ 9,309	\$(289)
Retail	3,476	3,646	(170)	6,725	7,220	(495)
Multifamily	1,028	1,017	11	2,120	2,243	(123)
	<u>\$ 8,984</u>	<u>\$ 9,425</u>	<u>\$(441)</u>	<u>\$17,865</u>	<u>\$18,772</u>	<u>\$(907)</u>

(1) No assets excluded

(2) Bermuda Crossroads and Tyre Neck Harris Teeter excluded

(3) Smith's Landing excluded

**Portfolio Summary as of 6/30/2013**

<u>Property</u>	<u>Location</u>	<u>Year Built</u>	<u>Net Rentable Square Feet<sup>(1)</sup></u>	<u>% Leased<sup>(2)</sup></u>	<u>Annualized Base Rent<sup>(3)</sup></u>	<u>Annualized Base Rent per Leased Sq. Ft.<sup>(3)</sup></u>	<u>Average Net Effective Annual Base Rent per Leased Sq. Ft.<sup>(4)</sup></u>
<b>Office Properties</b>							
Armada Hoffler Tower <sup>(5)</sup>	Virginia Beach, VA	2002	328,436	95.9%	\$ 8,656,685	\$ 27.49	\$ 26.25
One Columbus	Virginia Beach, VA	1984	129,424	95.6%	2,836,177	22.92	23.22
Two Columbus	Virginia Beach, VA	2009	109,215	82.3%	2,229,517	24.82	25.23
Virginia Natural Gas <sup>(6)</sup>	Virginia Beach, VA	2010	31,000	100.0%	568,230	18.33	20.17
Richmond Tower	Richmond, VA	2010	206,969	98.0%	7,274,896	35.87	41.83
Oyster Point	Newport News, VA	1989	100,214	79.8%	1,719,733	21.50	21.23
Sentara Williamsburg <sup>(6)</sup>	Williamsburg, VA	2008	49,200	100.0%	1,006,140	20.45	20.50
<b>Subtotal / Weighted Average Office Portfolio<sup>(7)</sup></b>			<b>954,458</b>	<b>93.4%</b>	<b>\$24,291,378</b>	<b>\$ 27.25</b>	<b>\$ 28.29</b>
<b>Retail Properties Not Subject to Ground Lease</b>							
Bermuda Crossroads	Chester, VA	2001	111,566	95.4%	\$ 1,439,512	\$ 13.52	\$ 13.97
Broad Creek Shopping Center	Norfolk, VA	1997-2001	227,750	96.8%	2,919,295	13.25	12.90
Courthouse 7-11	Virginia Beach, VA	2011	3,177	100.0%	125,000	39.35	43.81
Gainsborough Square	Chesapeake, VA	1999	88,862	93.0%	1,291,858	15.64	15.36
Hanbury Village	Chesapeake, VA	2006-2009	61,049	88.7%	1,345,808	24.87	23.86
North Point Center	Durham, NC	1998-2009	215,689	93.1%	2,362,403	11.76	11.34
Parkway Marketplace	Virginia Beach, VA	1998	37,804	100.0%	754,702	19.96	20.88
Harrisonburg Regal	Harrisonburg, VA	1999	49,000	100.0%	683,550	13.95	13.95
Dick's at Town Center	Virginia Beach, VA	2002	100,804	83.3%	798,000	9.50	9.11
249 Central Park Retail	Virginia Beach, VA <sup>(8)</sup>	2004	92,515	100.0%	2,552,830	27.59	26.98
Studio 56 Retail	Virginia Beach, VA	2007	11,600	84.8%	371,200	37.75	36.92
Commerce Street Retail	Virginia Beach, VA	2008	20,123	100.0%	792,313	39.37 <sup>(9)</sup>	39.67
Fountain Plaza Retail	Virginia Beach, VA	2004	35,961	100.0%	972,021	27.03	25.40
South Retail	Virginia Beach, VA	2002	38,763	100.0%	837,358	21.60	21.06
<b>Subtotal / Weighted Avg Retail Portfolio not Subject to Ground Leases<sup>(10)</sup></b>			<b>1,094,663</b>	<b>94.6%</b>	<b>\$17,245,851</b>	<b>\$ 16.65</b>	<b>\$ 16.35</b>
<b>Retail Properties Subject to Ground Lease</b>							
Bermuda Crossroads <sup>(11)</sup>	Chester, VA	2001	<sup>(13)</sup>	100.0%	\$ 163,344		
Broad Creek Shopping Center <sup>(12)</sup>	Norfolk, VA	1997-2001	<sup>(14)</sup>	100.0%	572,291		
Hanbury Village <sup>(11)</sup>	Chesapeake, VA	2006-2009	<sup>(15)</sup>	100.0%	1,067,598		
North Point Center <sup>(11)</sup>	Durham, NC	1996-2009	<sup>(16)</sup>	100.0%	1,048,175		
Tyre Neck Harris Teeter <sup>(12)</sup>	Chesapeake, VA	2011	<sup>(17)</sup>	100.0%	507,603		
<b>Subtotal / Weighted Avg Retail Portfolio Subject to Ground Leases</b>				<b>100.0%</b>	<b>\$ 3,359,012</b>		
<b>Total / Weighted Avg Retail Portfolio</b>			<b>1,094,663<sup>(18)</sup></b>	<b>94.6%</b>	<b>\$20,604,863</b>	<b>\$ 16.65</b>	<b>\$ 16.35</b>
<b>Total / Weighted Average Retail and Office Portfolio</b>			<b>2,049,121</b>	<b>94.0%</b>	<b>\$44,896,241</b>	<b>\$ 21.55</b>	<b>\$ 21.91</b>

<u>Property</u>	<u>Location</u>	<u>Year Built</u>	<u>Units<sup>(19)</sup></u>	<u>% Leased<sup>(2)</sup></u>	<u>Annualized Base Rent<sup>(20)</sup></u>	<u>Average Monthly Base Rent per Leased Unit<sup>(21)</sup></u>
<b>Multifamily</b>						
Smith's Landing <sup>(22)</sup>	Blacksburg, VA	2009	284	93.0%	\$3,273,291	\$ 1,033.24
The Cosmopolitan	Virginia Beach, VA	2006	342	89.8%	6,321,732 <sup>(23)</sup>	1,463.25
<b>Total / Weighted Avg Multifamily Portfolio</b>			<b>626</b>	<b>91.2%</b>	<b>\$9,595,023</b>	<b>\$ 1,264.43</b>

**Portfolio Definitions**

- (1) The net rentable square footage for each of our office properties is the sum of (a) the square footages of existing leases, plus (b) for available space, management's estimate of net rentable square footage based, in part, on past leases. The net rentable square footage included in office leases is generally determined consistently with the Building Owners and Managers Association, or BOMA, 1996 measurement guidelines. The net rentable square footage for each of our retail properties is the sum of (a) the square footages of existing leases, plus (b) for available space, the field verified square footage.
- (2) Percentage leased for each of our office and retail properties is calculated as (a) square footage under commenced leases as of June 30, 2013, divided by (b) net rentable square feet, expressed as a percentage. Percentage leased for our multifamily properties is calculated as (a) total units rented as of June 30, 2013, divided by (b) total units available, expressed as a percentage.
- (3) For the properties in our office and retail portfolios, annualized base rent is calculated by multiplying (a) base rental payments (defined as cash base rents (before abatements) excluding tenant reimbursements for expenses paid by the landlord) for the month ended June 30, 2013, by (b) 12. Annualized base rent per leased square foot is calculated by dividing (a) annualized base rent, by (b) square footage under commenced leases as of June 30, 2013. In the case of triple net or modified gross leases, annualized base rent does not include tenant reimbursements for real estate taxes, insurance, common area or other operating expenses.
- (4) Average net effective annual base rent per leased square foot represents (a) the contractual base rent for leases in place as of June 30, 2013, calculated on a straight-line basis to amortize free rent periods and abatements, but without regard to tenant improvement allowances and leasing commissions, divided by (b) square footage under commenced leases as of June 30, 2013.
- (5) As of June 30, 2013, we occupied 16,151 square feet at this property at an annualized base rent of \$484,853, or \$30.02 per leased square foot, which amounts are reflected in the % leased, annualized base rent and annualized base rent per square foot columns in the table above. The rent paid by us is eliminated from our revenues in consolidation. In addition, effective March 1, 2013, we sublease approximately 5,000 square feet of space from a tenant at this property.
- (6) This property is subject to a triple net lease pursuant to which the tenant pays operating expenses, insurance and real estate taxes.
- (7) Includes square footage and annualized base rent pursuant to leases for space occupied by us.
- (8) As of June, 2013, we occupied 8,995 square feet at this property at an annualized base rent of \$270,839, or \$30.11 per leased square foot, which amounts are reflected in the % leased, annualized base rent and annualized base rent per square foot columns in the table above. The rent paid by us is eliminated from our revenues in consolidation.
- (9) Includes \$31,200 of annualized base rent pursuant to a rooftop lease.
- (10) Reflects square footage and annualized base rent pursuant to leases for space occupied by us.
- (11) For this ground lease, we own the land and the tenant owns the improvements thereto. We will succeed to the ownership of the improvements to the land upon the termination of the ground lease.
- (12) We lease the land underlying this property from the owner of the land pursuant to a ground lease. We re-lease the land to our tenant under a separate ground lease pursuant to which our tenant owns the improvements on the land.
- (13) Tenants collectively lease approximately 139,356 square feet of land from us pursuant to ground leases.
- (14) Tenants collectively lease approximately 299,170 square feet of land from us pursuant to ground leases.
- (15) Tenants collectively lease approximately 105,988 square feet of land from us pursuant to ground leases.
- (16) Tenants collectively lease approximately 1,443,985 square feet of land from us pursuant to ground leases.
- (17) Tenant leases approximately 200,073 square feet of land from us pursuant to a ground lease.
- (18) The total square footage of our retail portfolio excludes the square footage of land subject to ground leases.
- (19) Units represent the total number of apartment units available for rent at June 30, 2013.
- (20) For the properties in our multifamily portfolio, annualized base rent is calculated by multiplying (a) base rental payments for the month ended June 30, 2013 by (b) 12.
- (21) Average monthly base rent per leased unit represents the average monthly rent for all leased units for the month ended June 30, 2013.
- (22) We lease the land underlying this property from the owner of the land pursuant to a ground lease.
- (23) The annualized base rent for The Cosmopolitan includes \$931,125 of annualized rent from 15 retail leases at the property.



## Historical Occupancy

Sector	Occupancy - All Properties as of		
	6/30/2013	3/31/2013	12/31/2012
Office <sup>(1)</sup>	93.4%	93.9%	94.1%
Retail <sup>(1)</sup>	94.6%	93.9%	93.9%
Multifamily <sup>(2)</sup>	91.2%	93.3%	94.9%
Total <sup>(3)</sup>	<u>93.5%</u>	<u>93.8%</u>	<u>94.2%</u>

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

(2) Multifamily occupancy based on weighted average of total units

(3) Total occupancy weighted by annualized base rent

## Multifamily Occupancy Summary

### Occupancy Summary - Smiths Landing

Quarter Ended	Number of Units Occupied	Percentage Occupied <sup>(1)</sup>	Annualized Base Rent <sup>(2)</sup>	Average Monthly Rent per Occupied Unit
6/30/2013 <sup>(4)</sup>	264	93.0%	\$ 3,273,291	\$ 1,033.24
3/31/2013	284	100.0%	\$ 3,354,463	\$ 984.29
12/31/2012	280	98.6%	\$ 3,305,046	\$ 983.64

### Occupancy Summary - The Cosmopolitan

Quarter Ended	Number of Units Occupied	Percentage Occupied <sup>(1)</sup>	Annualized Base Rent <sup>(2)(3)</sup>	Average Monthly Rent per Occupied Unit
6/30/2013	307	89.9%	\$ 5,390,607	\$ 1,463.25
3/31/2013	300	87.7%	\$ 5,642,035	\$ 1,567.23
12/31/2012	314	91.8%	\$ 5,636,650	\$ 1,494.50

(1) Total units rented as of each respective quarter end date

(2) Annualized base rent is calculated by multiplying base rental payments for each of the last month of the respective quarter multiplied by 12

(3) Excludes annualized base rent from retail leases

## Historical Office Lease Retention and Tenant Improvement and Leasing Commission Costs

The following table sets forth certain historical information regarding tenant improvement and leasing commission costs per square foot at the properties in our office portfolio for the three months ended 6/30/2013:

	<u>Three months ended</u> <u>6/30/2013</u>
<b>Expirations</b>	
Number of Leases expired during the applicable period	4
Aggregate net rentable square footage of expiring leases <sup>(1)</sup>	16,635
<b>Renewals</b>	
Number of Leases renewed during the applicable period	5
Aggregate net rentable square footage of renewed leases	29,725
Retention percentage by square feet	76.1%
Tenant improvement costs <sup>(2)</sup>	\$ 309,426
Leasing commission costs <sup>(2)</sup>	171,963
Total tenant improvements and leasing commission costs	\$ 481,389
Tenant improvement costs per square foot	\$ 10.41
Leasing commission costs per square foot	\$ 5.79
Total tenant improvements and leasing commission costs per square foot	\$ 16.19
<b>New Leases</b>	
Number of New Leases	2
Square Feet	4,046
Tenant improvement costs <sup>(2) (3)</sup>	\$ 155,148
Leasing commission costs <sup>(2)</sup>	10,480
Total tenant improvements and leasing commission costs	\$ 165,628
Tenant improvement costs per square foot	\$ 38.35
Leasing commission costs per square foot	\$ 2.59
Total tenant improvements and leasing commission costs per square foot	\$ 40.94
<b>Total Tenant Improvements and Leasing Commissions</b>	
Square feet	33,771
Tenant improvement costs <sup>(2) (3)</sup>	\$ 464,574
Leasing commission costs <sup>(2)</sup>	182,443
Total tenant improvement and leasing commission costs	\$ 647,017
Tenant improvement costs per square foot <sup>(2) (3)</sup>	\$ 13.76
Leasing commission costs per square foot <sup>(2)</sup>	\$ 5.40
Total tenant improvement and leasing commission costs per square foot	\$ 19.16

(1) Excludes properties subject to ground lease

(2) Reflects tenant improvement and leasing commissions incurred during the three months ended 6/30/13, which may be different than the period in which the lease commenced

(3) Excludes \$27.39 PSF for landward base building work above ceiling related to a 1,400 SF lease at Two Columbus

## Historical Retail Lease Retention and Tenant Improvement and Leasing Commission Costs

The following table sets forth certain historical information regarding tenant improvement and leasing commission costs per square foot at the properties in our retail portfolio for the three months ended 6/30/2013:

	<u>Three months ended</u> <u>6/30/2013</u>
<b>Expirations</b>	
Number of Leases expired during the applicable period	3
Aggregate net rentable square footage of expiring leases <sup>(1)</sup>	7,728
<b>Renewals</b>	
Number of Leases renewed during the applicable period	6
Aggregate net rentable square footage of renewed leases	26,345
Retention percentage by square feet	100.0%
Tenant improvement costs <sup>(2)</sup>	\$ 0
Leasing commission costs <sup>(2)</sup>	0
Total tenant improvements and leasing commission costs	\$ 0
Tenant improvement costs per square foot	\$ 0.00
Leasing commission costs per square foot	\$ 0.00
Total tenant improvements and leasing commission costs per square foot	\$ 0.00
<b>New Leases</b>	
Number of New Leases	7
Square Feet	20,037
Tenant improvement costs <sup>(2)</sup>	\$ 317,000
Leasing commission costs <sup>(2)</sup>	116,101
Total tenant improvements and leasing commission costs	\$ 433,101
Tenant improvement costs per square foot	\$ 15.82
Leasing commission costs per square foot	\$ 5.79
Total tenant improvements and leasing commission costs per square foot	\$ 21.62
<b>Total Tenant Improvements and Leasing Commissions</b>	
Square feet	46,382
Tenant improvement costs <sup>(2)</sup>	\$ 317,000
Leasing commission costs <sup>(2)</sup>	116,101
Total tenant improvement and leasing commission costs	\$ 433,101
Tenant improvement costs per square foot <sup>(2)</sup>	\$ 6.83
Leasing commission costs per square foot <sup>(2)</sup>	\$ 2.50
Total tenant improvement and leasing commission costs per square foot	\$ 9.34

(1) Excludes properties subject to ground lease

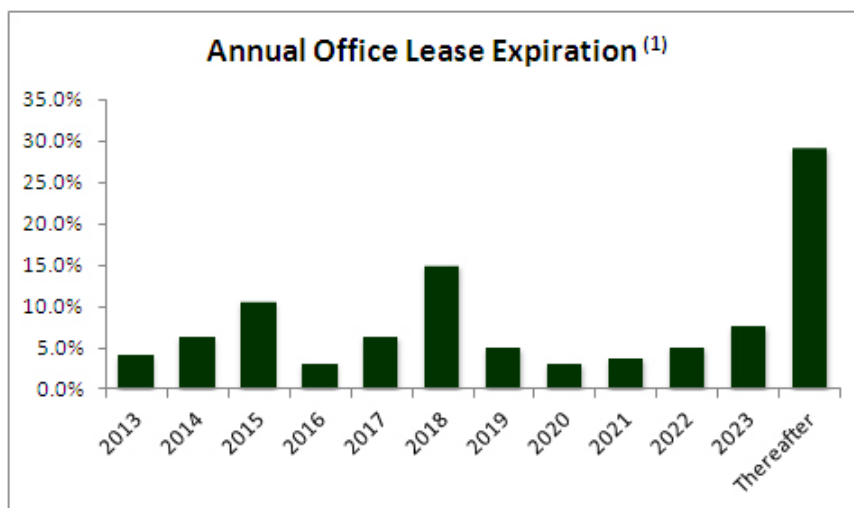
(2) Reflects tenant improvement and leasing commissions incurred during the three months ended 6/30/13, which may be different than the period in which the lease commenced

**Top 10 Tenants by Annualized Base Rent as of 6/30/2013**

<b>Office Portfolio</b>							
Tenant	Number of Leases	Number of Properties	Property(ies)	Lease Expiration	Weighted Annualized Base Rent	% of Office Portfolio Annualized Base Rent	% of Total Portfolio Annualized Base Rent
Williams Mullen	3	2	Armada Hoffler Tower, Richmond Tower	3/19/2026	\$ 7,779,349	32.0%	14.3%
Troutman Sanders LLP	1	1	Armada Hoffler Tower	1/31/2015	1,026,938	4.2%	1.9%
Sentara Medical Group	1	1	Sentara Williamsburg	3/31/2023	1,006,140	4.1%	1.8%
Pender & Coward	2	1	Armada Hoffler Tower	1/31/2015	972,179	4.0%	1.8%
Cherry, Bekaert & Holland, LLP	3	3	Armada Hoffler Tower, Richmond Tower, Oyster Point	9/21/2022	932,547	3.8%	1.7%
GSA-USAF	1	1	Oyster Point	4/26/2017	870,047	3.6%	1.6%
The Art Institute	1	1	Two Columbus	12/31/2019	771,898	3.2%	1.4%
Hampton University	2	1	Armada Hoffler Tower	5/3/2023	629,935	2.6%	1.2%
Virginia Natural Gas	1	1	Virginia Natural Gas Headquarters	9/30/2025	568,230	2.3%	1.0%
Hankins & Anderson	1	1	Armada Hoffler Tower	4/30/2022	562,363	2.3%	1.0%
<b>Top 10 Total</b>					<b>\$15,119,627</b>	<b>62.2%</b>	<b>27.7%</b>

<b>Retail Portfolio</b>							
Tenant	Number of Leases	Number of Properties	Property(ies)	Lease Expiration	Weighted Annualized Base Rent	% of Retail Portfolio Annualized Base Rent	% of Total Portfolio Annualized Base Rent
Home Depot	2	2	Broad Creek Shopping Center, North Point Center	12/27/2019	\$2,032,600	9.9%	3.7%
Harris Teeter	2	2	Tyre Neck Harris Teeter, Hanbury Village	10/15/2028	1,430,001	6.9%	2.6%
Food Lion	3	3	Broad Creek Shopping Center, Bermuda Crossroads, Gainsborough Square	3/19/2020	1,282,568	6.2%	2.4%
Dick's Sporting Goods	1	1	Dick's at Town Center	1/31/2020	798,000	3.9%	1.5%
Regal Cinemas	1	1	Harrisonburg Regal	4/23/2019	683,550	3.3%	1.3%
PetsMart	2	2	Broad Creek Shopping Center, North Point Center	2/7/2016	618,704	3.0%	1.1%
Kroger	1	1	North Point Center	8/31/2018	552,864	2.7%	1.0%
Yard House	1	1	Commerce Street Retail	11/30/2023	538,000	2.6%	1.0%
Rite Aid	2	2	Gainsborough Square, Parkway Marketplace	5/29/2019	484,193	2.3%	0.9%
Walgreens	1	1	Hanbury Village	12/31/2083	447,564	2.2%	0.8%
<b>Top 10 Total</b>					<b>\$8,868,044</b>	<b>43.0%</b>	<b>16.3%</b>

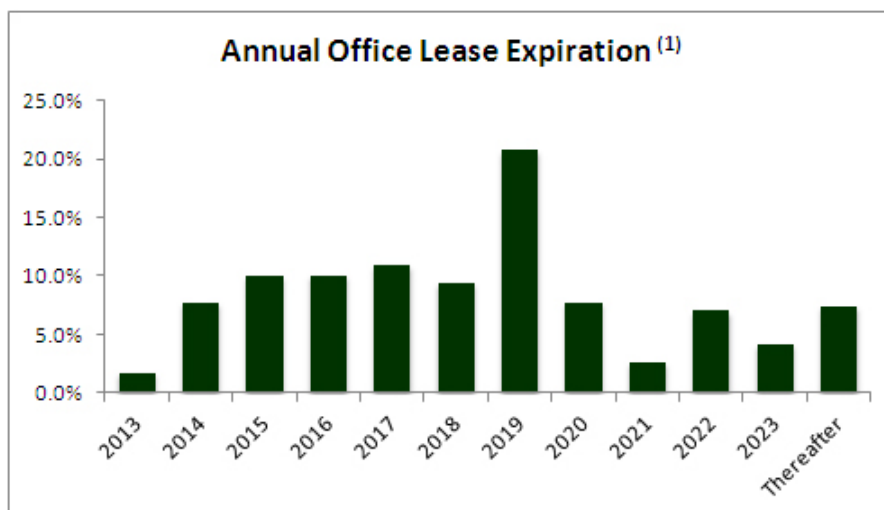
Lease Expirations for Office Portfolio



Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring	% Portfolio Net Rentable Square Feet	Annualized Base Rent	% of Portfolio Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available	—	63,047	6.6%	\$ —	—	\$ 0.00
2013	7	34,608	3.6%	1,020,231	4.2%	29.48
2014	14	59,226	6.2%	1,545,787	6.4%	26.10
2015	9	96,577	10.1%	2,587,380	10.7%	26.79
2016	10	33,481	3.5%	781,772	3.2%	23.35
2017	4	64,589	6.8%	1,555,767	6.4%	24.09
2018	13	139,177	14.6%	3,653,770	15.0%	26.25
2019	4	54,264	5.7%	1,235,086	5.1%	22.76
2020	3	25,283	2.6%	769,811	3.2%	30.45
2021	4	41,363	4.3%	938,151	3.9%	22.68
2022	3	48,117	5.0%	1,258,877	5.2%	26.16
2023	4	89,009	9.3%	1,864,058	7.7%	20.94
Thereafter	5	205,717	21.6%	7,080,688	29.1%	34.42
<b>Total / Weighted Average</b>	<b>80</b>	<b>954,458</b>	<b>100.0%</b>	<b>\$24,291,378</b>	<b>100.0%</b>	<b>\$ 27.25</b>

(1) Annualized base rent as of 6/30/13

Lease Expirations for Retail Portfolio



Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring	% Portfolio Net Rentable Square Feet	Annualized Base Rent	% of Portfolio Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available	—	58,992	5.4%	\$ —	—	\$ 0.00
2013	11	16,725	1.5%	308,903	1.8%	18.47
2014	19	59,277	5.4%	1,335,031	7.7%	22.52
2015	19	93,011	8.5%	1,728,906	10.0%	18.59
2016	23	75,645	6.9%	1,742,502	10.1%	23.04
2017	19	135,545	12.4%	1,890,547	11.0%	13.95
2018	16	115,194	10.5%	1,630,659	9.5%	14.16
2019	12	269,729	24.6%	3,584,803	20.8%	13.29
2020	5	105,946	9.7%	1,343,863	7.8%	12.68
2021	3	15,068	1.4%	455,649	2.6%	30.24
2022	6	83,588	7.6%	1,214,794	7.0%	14.53
2023	4	23,792	2.2%	726,576	4.2%	30.54
Thereafter	5	42,151	3.9%	1,283,617	7.4%	30.45
<b>Total / Weighted Average</b>	<b>142</b>	<b>1,094,663</b>	<b>100.0%</b>	<b>\$17,245,851</b>	<b>100.0%</b>	<b>\$ 16.65</b>

(1) Annualized base rent as of 6/30/13

## Development Pipeline

\$ in thousands

Property	Location	Property Type	Estimated Square Footage <sup>(1)</sup>	Estimated Apartment Units <sup>(1)</sup>	Estimated Cost <sup>(1)</sup>	Cost Incurred through June 30, 2013	Estimated Date of Completion <sup>(1)</sup>	Estimated Ownership % <sup>(1)</sup>	Principal Tenants
Main Street Office <sup>(2)</sup>	Virginia Beach, VA	Office	234,000 <sup>(3)</sup>	N/A	\$ 50,863	\$ 7,535	July 2014	100%	Clark Nexsen, Development Authority of Virginia Beach
Main Street Apartments <sup>(2)</sup>	Virginia Beach, VA	Multifamily	N/A	288	32,845	2,688	July 2014	100%	N/A
Jackson Street Apartments	Durham, NC	Multifamily	N/A	203	27,857	3,004	August 2014	100%	N/A
Sandbridge Commons	Virginia Beach, VA	Retail	75,000	N/A	13,675	645	September 2014	85%	Harris Teeter
Brooks Crossing	Virginia Beach, VA	Office	60,000	N/A	12,793	672	February 2015	65%	Huntington Ingalls <sup>(4)</sup> , City of Newport News <sup>(4)</sup>
Greentree Shopping Center <sup>(5)</sup>	Chesapeake, VA	Retail	15,600	N/A	5,402	412	September 2014	100%	Wawa
			<b>384,600</b>	<b>491</b>	<b>\$ 143,435</b>	<b>\$ 14,956</b>			

(1) Represents estimates that may change as the development process proceeds

(2) This property will be located within the Virginia Beach Town Center

(3) 82,645 square feet is leased to Clark Nexsen, an architectural firm and approximately 23,300 square feet is leased to the Development Authority of Virginia Beach

(4) No lease agreement has been signed

(5) We have a contract to sell Wal-Mart a pad-ready site adjacent to Greentree Shopping Center



## Market Capitalization

\$ in thousands, except per share data

<u>Market Data</u>	<u>June 30, 2013</u>
Common shares outstanding	19,163,705
Common units outstanding	13,059,365
Common shares and common units outstanding	32,223,070
Market price per common share	\$ 11.78
Equity market capitalization	379,588
Total debt	244,336
Total market capitalization	\$ 623,924
Less: cash on hand	(17,854)
Total enterprise value	\$ 606,070
Total assets, gross	\$ 497,543
Total debt/Total capitalization	39.2%
Total debt/Total enterprise value	40.3%
Total debt/Total assets, gross	49.1%

## Summary of Outstanding Debt

\$ in thousands

Debt	Amount Outstanding	Interest Rate <sup>(1)</sup>	Effective Rate as of June 30, 2013	Maturity Date	Balance at Maturity
Oyster Point	\$ 6,558	5.41%		December 1, 2015	\$ 6,089
One Columbus	13,955	5.31%		December 11, 2014	13,542
<b>Broad Creek Shopping Center</b>					
Note 1	4,528	LIBOR 3.00%	3.19%	November 29, 2014	4,454
Note 2	8,313	LIBOR+2.75%	2.94%	December 7, 2016	7,947
Note 3	3,481	LIBOR+2.75%	2.94%	December 7, 2016	3,327
<b>Hanbury Village</b>					
Note 1	21,558	6.67%		October 11, 2017	20,499
Note 2	4,309	LIBOR+2.75%	2.94%	February 28, 2015	4,226
Harrisonburg Regal	3,930	6.06%		June 8, 2017	3,165
<b>North Point Center</b>					
Note 1	10,400	6.45%		February 5, 2019	9,333
Note 2	2,877	7.25%		September 15, 2015	1,344
Note 4	1,042	5.59%		December 1, 2014	1,007
Note 5	714	LIBOR+2.00%	3.57% <sup>(2)</sup>	February 1, 2017	641
Tyre Neck Harris Teeter	2,650	LIBOR+2.75%	2.94%	June 10, 2014	2,650
249 Central Park Retail	15,960	5.99%		September 8, 2016	15,084
South Retail	7,041	5.99%		September 8, 2016	6,655
Studio 56 Retail	2,725	3.75%		May 7, 2015	2,592
Commerce Street Retail	6,771	LIBOR+3.00%	3.19%	August 18, 2014	6,694
Fountain Plaza Retail	7,980	5.99%		September 8, 2016	7,542
Dick's at Town Center	8,366	LIBOR+2.75%	2.94%	October 31, 2017	7,929
The Cosmopolitan	48,010	3.75%		July 1, 2051	—
Bermuda Crossroads	10,834 <sup>(4)</sup>	6.01%		January 1, 2014	10,710
Smith's Landing	24,945 <sup>(4)</sup>	LIBOR+2.15%	2.34%	January 31, 2014	24,770
Main Street Land	2,208	LIBOR+2.50%	4.00% <sup>(3)</sup>	July 3, 2013	2,208
	<u>219,155</u>				<u>162,408</u>
Credit Facility	25,000	LIBOR + 1.60% - 2.20%	2.39% <sup>(5)</sup>	May 13, 2016	25,000
<b>Total</b>	<b>\$244,155</b>				<b>\$ 187,408</b>
Unamortized fair value adjustment	181				
<b>Indebtedness</b>	<b>\$244,336</b>				

(1) LIBOR rate is determined by individual lenders.

(2) Subject to an interest rate swap lock.

(3) Subject to an interest rate floor.

(4) Principal balance excluding any fair value adjustment that was recognized upon acquisition.

(5) Decreased to 1.94% as of 7/16/13.

Weighted Average Interest Rate	4.48%
Variable Interest Rate as a % of Total	37.10%
Weighted Average Maturity (years)	9.56

## Definitions

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### **Core Funds From Operations:**

We calculate Core Funds From Operations (“Core FFO”) as FFO calculated in accordance with the standards established by NAREIT, adjusted for losses on debt extinguishments, non-cash stock compensation and impairment charges. Such items are non-recurring or non-cash in nature.

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

### **Funds From Operations:**

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

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

**Definitions**

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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). For our office, retail and multifamily segments, NOI excludes general contracting and real estate services expenses, depreciation and amortization, general and administrative expenses, and impairment charges. Other REITs may use different methodologies for calculating NOI, and accordingly, our NOI may not be comparable to such other REITs’ NOI. NOI is not a measure of operating income or cash flows from operating activities as measured by GAAP and is not indicative of cash available to fund cash needs. As a result, net operating income should not be considered an alternative to cash flows as a measure of liquidity. We consider NOI to be an appropriate supplemental measure to net income because it assists both investors and management in understanding the core operations of our real estate business.

**Same Store Portfolio:**

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

**Definitions**

	Comparison of Three Months Ended June 30, 2013 to 2012		Comparison of Six Months Ended June 30, 2013 to 2012	
	Same Store	Non-Same Store	Same Store	Non-Same Store
<b>Office Properties</b>				
Armada Hoffler Tower	X		X	
One Columbus	X		X	
Two Columbus	X		X	
Virginia Natural Gas	X		X	
Richmond Tower	X		X	
Oyster Point	X		X	
Sentara Williamsburg	X		X	
<b>Retail Properties</b>				
Bermuda Crossroads		X		X
Broad Creek Shopping Center	X		X	
Courthouse 7-Eleven	X		X	
Gainsborough Square	X		X	
Hanbury Village	X		X	
North Point Center	X		X	
Parkway Marketplace	X		X	
Harrisonburg Regal	X		X	
Dick's at Town Center	X		X	
249 Central Park Retail	X		X	
Studio 56 Retail	X		X	
Commerce Street Retail	X		X	
Fountain Plaza Retail	X		X	
South Retail	X		X	
Tyre Neck Harris Teeter		X		X
<b>Multifamily</b>				
Smith's Landing		X		X
The Cosmopolitan	X		X	