



Armada Hoffler Properties Announces \$42 Million Investment in the Residences at Annapolis Junction Town Center

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VIRGINIA BEACH, Va.--(BUSINESS WIRE)-- Armada Hoffler Properties, Inc. (NYSE: AHH) announced today its investment in the \$102 million multifamily component of Annapolis Junction Town Center, a planned 18-acre mixed-use, multi-asset development that will also feature 17,000 square feet of retail space, a 150-room hotel and 100,000 square feet of office space upon completion of all phases.

Scheduled to break ground in the second quarter of 2016 with estimated completion in the first quarter of 2018, The Residences at Annapolis Junction Town Center will pursue LEED Silver certification and feature 416 apartment homes with structured parking adjacent to the Savage MARC Commuter Rail Station.

Between Washington, D.C. and Baltimore, Annapolis Junction Town Center is situated approximately two miles from Fort Meade – Maryland’s largest employer, the nation’s third-largest Army installation and home to both the National Security Agency and the U.S. Cyber Security Command – as well as an additional six million square feet of commercial office park space.

“The Residences at Annapolis Junction Town Center are strategically located in close proximity to key government installations and private-sector employers and are therefore well positioned to serve professionals seeking new housing opportunities within affluent Howard County, where the median household income exceeds \$100,000,” said Louis Haddad, Chief Executive Officer. “We are thrilled to be investing in yet another high barrier to entry asset that allows us to maintain our traditional wholesale to retail spread while further diversifying into one of our target markets.”

The Company has entered into the following agreements with the developer of The Residences at Annapolis Junction Town Center:

- Mezzanine financing of \$42 million at an annual interest rate of 10% provided by the Company, which, when combined with the proceeds from a senior construction loan and the developer’s equity, will complete the developer’s capital stack;
- A \$68 million guaranteed maximum price construction contract as general contractor to build The Residences at Annapolis Junction Town Center; and
- A purchase option to acquire an 88% interest in the project at the developer’s cost basis, upon completion of construction.

Both the general contracting fees and the interest income expected to be earned from the Company’s construction contract and mezzanine loan agreement with the developer were included in the Company’s previously issued guidance for 2016.

The Company expects to include additional information with respect to this transaction in its Quarterly Report on Form 10-Q for the quarter ended March 31, 2016.

About Armada Hoffler Properties, Inc.

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

Forward-Looking Statements

Certain matters within this press release are discussed using forward-looking language as specified in the Private Securities Litigation Reform Act of 1995, and, as such, may involve known and unknown risks, uncertainties and other factors that may cause the actual results or performance to differ from those projected in the forward-looking statement. These forward-looking statements may include comments relating to the expected size of the development, the timing of its completion and the expected impact on the Company’s earnings. For a description of factors that may cause the Company’s actual results or performance to differ from its forward-looking statements, please review the information under the heading “Risk Factors” included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2015, and other documents filed by the Company with the Securities and Exchange Commission.



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