
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-35908

ARMADA HOFFLER PROPERTIES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Maryland
(State or Other Jurisdiction of
Incorporation or Organization)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name Of Each Exchange On Which Registered
Common Stock, \$0.01 par value per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of June 30, 2015, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately \$253.6 million, based on the closing sales price of \$9.99 per share as reported on the New York Stock Exchange. (For purposes of this calculation all of the registrant's directors and executive officers are deemed affiliates of the registrant.)

As of February 29, 2016, the registrant had 30,076,359 shares of common stock outstanding.

Documents Incorporated by Reference

Portions of the registrant's Definitive Proxy Statement relating to its 2016 Annual Meeting of Stockholders are incorporated by reference into Part III of this report. The registrant expects to file its Definitive Proxy Statement with the Securities and Exchange Commission within 120 days after December 31, 2015.

ARMADA HOFFLER PROPERTIES, INC.
FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

The following discussion should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this report. This report contains forward-looking statements within the meaning of the federal securities laws. We caution investors that any forward-looking statements presented in this report, or which management may make orally or in writing from time to time, are based on management's beliefs and assumptions made by, and information currently available to, management. When used, the words "anticipate," "believe," "expect," "intend," "may," "might," "plan," "estimate," "project," "should," "will," "result" and similar expressions, which do not relate solely to historical matters, are intended to identify forward-looking statements. Such statements are subject to risks, uncertainties and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. We caution you that while forward-looking statements reflect our good faith beliefs when we make them, they are not guarantees of future performance and are impacted by actual events when they occur after we make such statements. We expressly disclaim any responsibility to update forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Accordingly, investors should use caution in relying on past forward-looking statements, which are based on results and trends at the time they are made, to anticipate future results or trends.

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). The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- adverse economic or real estate developments, either nationally or in the markets in which our properties are located;
- our failure to develop the properties in our development pipeline successfully, on the anticipated timeline or at the anticipated costs;
- our failure to generate sufficient cash flows to service our outstanding indebtedness;
- defaults on, early terminations of or non-renewal of leases by tenants, including significant tenants;
- bankruptcy or insolvency of a significant tenant or a substantial number of smaller tenants;
- difficulties in identifying or completing development, acquisition or disposition opportunities;
- our failure to successfully operate developed and acquired properties;
- our failure to generate income in our general contracting and real estate services segment in amounts that we anticipate;
- fluctuations in interest rates and increased operating costs;
- our failure to obtain necessary outside financing on favorable terms or at all;
- our inability to extend the maturity of or refinance existing debt or comply with the financial covenants in the agreements that govern our existing debt;
- financial market fluctuations;
- risks that affect the general retail environment or the market for office properties or multifamily units;

- the competitive environment in which we operate;
- decreased rental rates or increased vacancy rates;
- conflicts of interests with our officers and directors;
- lack or insufficient amounts of insurance;
- environmental uncertainties and risks related to adverse weather conditions and natural disasters;
- other factors affecting the real estate industry generally;
- our failure to maintain our qualification as a real estate investment trust (“REIT”) for U.S. federal income tax purposes;
- limitations imposed on our business and our ability to satisfy complex rules in order for us to maintain our qualification as a REIT for U.S. federal income tax purposes; and
- changes in governmental regulations or interpretations thereof, such as real estate and zoning laws and increases in real property tax rates and taxation of REITs.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, of new information, data or methods, future events or other changes after the date of this Annual Report on Form 10-K, except as required by applicable law. You should not place undue reliance on any forward-looking statements that are based on information currently available to us or the third parties making the forward-looking statements. For a further discussion of these and other factors that could impact our future results, performance or transactions, see the risk factors described in Item 1A herein and in other documents that we file from time to time with the Securities and Exchange Commission (the “SEC”).

PART I

Item 1. Business.

Our Company

References to “we,” “our,” “us” and “our company” refer to Armada Hoffler Properties, Inc., a Maryland corporation, together with our consolidated subsidiaries, including Armada Hoffler, L.P., a Virginia limited partnership (the “Operating Partnership”), of which we are the sole general partner.

We are 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. In addition to the ownership of our operating property portfolio, we develop and build properties for our own account and through joint ventures between us and unaffiliated partners. We also provide general contracting services to third parties. Our construction and development experience includes mid- and high-rise office buildings, retail strip malls and retail power centers, multifamily apartment communities, hotels and conference centers, single- and multi-tenant industrial, distribution and manufacturing facilities, educational, medical and special purpose facilities, government projects, parking garages and mixed-use town centers. Our third-party construction contracts have included signature properties across the Mid-Atlantic region, such as the Inner Harbor East development in Baltimore, Maryland, including the Four Seasons Hotel and Legg Mason office tower, the Mandarin Oriental Hotel in Washington, D.C., and a \$50 million proton therapy institute for Hampton University in Hampton, Virginia. Our construction company historically has been ranked among the “Top 400 General Contractors” nationwide by Engineering News Record and has been ranked among the “Top 50 Retail Contractors” by Shopping Center World.

We were formed on October 12, 2012 under the laws of the State of Maryland and are headquartered in Virginia Beach, Virginia. We elected to be taxed as a REIT for U.S. federal income tax purposes commencing with the taxable year ended December 31, 2013. Substantially all of our assets are held by, and all of our operations are conducted through, our Operating Partnership. As of December 31, 2015, we owned, through a combination of direct and indirect interests, 65.6% of the units of limited partnership interest in our Operating Partnership (“OP Units”).

2015 Highlights

The following highlights our results of operations and significant transactions for the year ended December 31, 2015:

- Net income of \$31.2 million, or \$0.75 per diluted share, compared to \$12.8 million, or \$0.36 per diluted share, for the year ended December 31, 2014.
- Funds from operations (“FFO”) of \$35.9 million, or \$0.87 per diluted share, compared to \$28.1 million, or \$0.80 per diluted share, for the year ended December 31, 2014.
- Normalized FFO of \$38.7 million, or \$0.93 per diluted share, compared to \$28.6 million, or \$0.82 per diluted share, for the year ended December 31, 2014.
- Property segment net operating income (“NOI”) of \$54.2 million compared to \$42.3 million for the year ended December 31, 2014:
 - Office NOI of \$21.6 million compared to \$19.1 million
 - Retail NOI of \$23.2 million compared to \$16.8 million
 - Multifamily NOI of \$9.3 million compared to \$6.4 million
- Same store NOI of \$40.2 million compared to \$39.0 million for the year ended December 31, 2014:
 - Office same store NOI of \$16.5 million compared to \$16.5 million

- Retail same store NOI of \$16.8 million compared to \$16.0 million
- Multifamily same store NOI of \$6.9 million compared to \$6.5 million
- Core stabilized portfolio occupancy by segment as of December 31, 2015 compared to December 31, 2014:
 - Office occupancy at 95.8% compared to 95.2%
 - Retail occupancy at 95.5% compared to 96.4%
 - Multifamily occupancy at 94.2% compared to 95.7%
- Delivered four new development projects in Hampton Roads, Virginia – two office buildings for the Commonwealth of Virginia, the Oceaneering International build-to-suit building and Sandbridge Commons shopping center.
- Completed the dispositions of:
 - the Sentara Williamsburg medical office building for \$15.4 million at a gain of \$6.2 million
 - Whetstone Apartments for \$35.6 million at a gain of \$7.2 million
 - the Oceaneering International building for \$30.0 million at a gain of \$5.0 million
- Agreed to sell the Richmond Tower office building for \$78.0 million, which closed on January 8, 2016.
- Completed the acquisitions of:
 - Perry Hall Marketplace in Perry Hall, Maryland and Stone House Square in Hagerstown, Maryland for total consideration of \$39.8 million
 - Socastee Commons in Myrtle Beach, South Carolina for total consideration of \$8.7 million
 - Columbus Village in Virginia Beach, Virginia for total consideration of \$19.2 million
 - Providence Plaza in Charlotte, North Carolina for \$26.2 million of cash
- Agreed to acquire a \$170.5 million retail portfolio totaling 1.1 million square feet across 11 properties, which closed on January 14, 2016.
- Agreed to invest up to \$23.0 million in the new Point Street Apartments project in the Harbor Point area of Baltimore, Maryland with options to acquire a controlling interest upon the project's completion.
- General contracting and real estate services segment gross profit of \$5.9 million compared to \$4.6 million for the year ended December 31, 2014.
- Executed \$95.4 million of new third-party construction contract work.
- Third-party construction backlog of \$83.4 million as of December 31, 2015.
- Closed on a new \$200.0 million senior unsecured credit facility, comprised of a \$150.0 million revolving credit facility and a \$50.0 million term loan.
- Raised \$35.1 million of net proceeds through an underwritten public offering of common stock at \$10.70 per share on December 9, 2015.

- Raised \$10.9 million of net proceeds at a weighted average price of \$10.26 per share under our at-the-market continuous equity offering program.
- Cash from operating activities of \$33.1 million, or \$0.80 per diluted share, compared to \$31.4 million, or \$0.89 per diluted share, for the year ended December 31, 2014.
- Declared cash dividends of \$0.68 per share compared to \$0.64 per share for the year ended December 31, 2014.

For definitions and discussion of FFO, NOI and same store NOI, see the sections below entitled “Item 6. Selected Financial Data” and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Our Competitive Strengths

We believe that we distinguish ourselves from other REITs through the following competitive strengths:

- *High-Quality, Diversified Portfolio.* Our portfolio consists of institutional-grade, premier office, retail and multifamily properties located primarily in Virginia, Maryland, North Carolina and South Carolina. Our properties are generally in the top tier of commercial properties in their markets and offer Class-A amenities and finishes.
- *Seasoned, Committed and Aligned Senior Management Team with a Proven Track Record.* Our senior management team has extensive experience developing, constructing, owning, operating, renovating and financing institutional-grade office, retail, multifamily and hotel properties in the Mid-Atlantic region. As of December 31, 2015, our executive officers and directors collectively owned approximately 21% of our company on a fully diluted basis, which we believe aligns their interests with those of our stockholders.
- *Strategic Focus on Attractive Mid-Atlantic and Southeastern Markets.* We focus our activities in our target markets in the Mid-Atlantic and Southeastern regions of the United States that demonstrate attractive fundamentals driven by favorable supply and demand characteristics and limited competition from other large, well-capitalized operators. We believe that our longstanding presence in our target markets provides us with significant advantages in sourcing and executing development opportunities, identifying and mitigating potential risks and negotiating attractive pricing.
- *Extensive Experience with Construction and Development.* Our platform consists of development, construction and asset management capabilities, which comprise an integrated delivery system for every project that we build for our own account or for third-party clients. This integrated approach provides a single source of accountability for design and construction, simplifies coordination and communication among the relevant stakeholders in each project and provides us valuable insight from an operational perspective. We believe that being regularly engaged in construction and development projects provides us significant and distinct advantages, including enhanced market intelligence, greater insight into best practices, enhanced operating leverage and “first look” access to development and ownership opportunities in our target markets.
- *Longstanding Public and Private Relationships.* We have extensive experience with public/private real estate development projects dating back to 1984, having worked with the Commonwealth of Virginia, the State of Georgia and the Kingdom of Sweden, as well as various municipalities. Through our experience and longstanding relationships with governmental entities such as these, we have learned to successfully navigate the often complex and time-consuming government approval process, which has given us the ability to capture opportunities that we believe many of our competitors are unable to pursue.

Our Business and Growth Strategies

Our primary business objectives are to: (i) continue to develop, build and own institutional-grade office, retail and multifamily properties in our target markets, (ii) finance and operate our portfolio in a manner that increases cash flow and property values, (iii) execute new third-party construction work with consistent operating margins and (iv) pursue

selective acquisition opportunities, particularly when the acquisition involves a significant redevelopment aspect. We will seek to achieve our objectives through the following strategies:

- *Pursue a Disciplined, Opportunistic Development and Acquisition Strategy Focused on Office, Retail and Multifamily Properties.* We intend to grow our asset base through continued strategic development of office, retail and multifamily properties, and the selective acquisition of high-quality properties that are well-located in their submarkets. Furthermore, we believe our construction and development expertise provides a high level of quality control while ensuring that the projects we construct and develop are completed more quickly and at a lower cost than if we engaged a third-party general contractor.
- *Pursue New, and Expand Existing, Public/Private Relationships.* We intend to leverage our extensive experience in completing large, complex, mixed-use, public/private projects to establish relationships with new public partners while expanding our relationships with existing public partners.
- *Leverage our Construction and Development Platform to Attract Additional Third-Party Clients.* We believe that we have a unique advantage over many of our competitors due to our integrated construction and development business that provides expertise, oversight and a broad array of client-focused services. We intend to continue to conduct and grow our construction business and other third-party services by pursuing new clients and expanding our relationships with existing clients.
- *Engage in Disciplined Capital Recycling.* We intend to opportunistically divest properties when we believe returns have been maximized and to redeploy the capital into new development, acquisition, repositioning or redevelopment projects that are expected to generate higher potential risk-adjusted returns.

Our Properties

As of December 31, 2015, our operating property portfolio comprised the following:

Property	Location	Year Built	Net Rentable		ABR ⁽⁹⁾	ABR per
			Square Feet ⁽¹⁾	Occupancy ⁽²⁾		Leased SF ⁽³⁾
Office Properties						
4525 Main Street	Virginia Beach, VA	2014	237,893	57.8 %	\$ 3,833,278	\$ 27.90
Armada Hoffler Tower ⁽⁴⁾	Virginia Beach, VA	2002	323,970	97.6	8,742,774	27.65
Commonwealth of Virginia – Chesapeake	Chesapeake, VA	2015	36,227	100.0	645,927	17.83
Commonwealth of Virginia – Virginia Beach	Virginia Beach, VA	2015	11,139	100.0	245,058	22.00
One Columbus	Virginia Beach, VA	1984	129,424	93.2	2,898,551	24.04
Oyster Point	Newport News, VA	1989	100,139	83.8	1,734,946	20.67
Richmond Tower ⁽⁵⁾	Richmond, VA	2010	206,969	98.6	7,885,208	38.64
Two Columbus	Virginia Beach, VA	2009	108,448	97.5	2,830,859	26.77
Total / Weighted Average			1,154,209	88.0 %	\$ 28,816,601	\$ 28.38
Retail Properties						
249 Central Park Retail ⁽⁶⁾	Virginia Beach, VA	2004	91,366	89.7 %	\$ 2,291,649	\$ 27.98
Bermuda Crossroads	Chester, VA	2001	111,566	91.3	1,450,214	14.23
Broad Creek Shopping Center	Norfolk, VA	1997-2001	227,659	98.8	3,169,973	14.09
Columbus Village	Virginia Beach, VA	1985	66,594	93.5	1,200,454	19.27
Commerce Street Retail ⁽⁷⁾	Virginia Beach, VA	2008	19,173	100.0	788,234	41.11
Courthouse 7-Eleven	Virginia Beach, VA	2011	3,177	100.0	125,015	39.35
Dick's at Town Center	Virginia Beach, VA	2002	103,335	100.0	1,221,866	11.82
Dimmock Square	Colonial Heights, VA	1998	106,166	97.2	1,723,682	16.71
Fountain Plaza Retail	Virginia Beach, VA	2004	35,961	100.0	1,031,983	28.70
Gainsborough Square	Chesapeake, VA	1999	88,862	87.8	1,183,308	15.16
Greentree Shopping Center	Chesapeake, VA	2014	15,751	85.7	283,246	20.97
Hanbury Village	Chesapeake, VA	2009	61,049	92.8	1,347,642	23.78
Harrisonburg Regal	Harrisonburg, VA	1999	49,000	100.0	683,550	13.95
North Point Center	Durham, NC	1998	215,690	95.9	2,526,028	12.21
Parkway Marketplace	Virginia Beach, VA	1998	37,804	100.0	751,484	19.88
Perry Hall Marketplace	Perry Hall, MD	2001	74,256	98.0	1,166,761	16.04
Providence Plaza	Charlotte, NC	2008	103,118	97.4	2,491,308	24.79
Sandbridge Commons	Virginia Beach, VA	2015	16,156	79.3	259,150	20.24
Socastee Commons	Myrtle Beach, SC	2000	57,573	100.0	661,896	11.50
South Retail	Virginia Beach, VA	2002	38,515	100.0	936,020	24.30
Stone House Square	Hagerstown, MD	2008	108,693	90.4	1,560,983	15.89
Studio 56 Retail	Virginia Beach, VA	2007	11,594	100.0	373,360	32.20
Total / Weighted Average			1,643,058	95.5 %	\$ 27,227,808	\$ 17.35
Retail Properties Subject to Ground Lease						
Bermuda Crossroads ⁽⁸⁾	Chester, VA	2001	11,000	100.0 %	\$ 163,350	\$ 14.85
Broad Creek Shopping Center ⁽⁹⁾	Norfolk, VA	1997-2001	24,818	100.0	597,564	24.08
Greentree Shopping Center	Chesapeake, VA	2014	5,088	100.0	230,004	45.21
Hanbury Village ⁽⁸⁾	Chesapeake, VA	2009	55,586	100.0	1,067,598	19.21
North Point Center ⁽⁸⁾	Durham, NC	1998	280,556	100.0	1,083,666	3.86
Sandbridge Commons	Virginia Beach, VA	2015	53,288	100.0	583,000	10.94
Stone House Square	Hagerstown, MD	2008	3,650	100.0	165,000	45.21
Tyre Neck Harris Teeter ⁽⁹⁾	Portsmouth, VA	2011	48,859	100.0	508,134	10.40
Total / Weighted Average			482,845	100.0 %	\$ 4,398,316	\$ 9.11
			Units	Occupancy⁽²⁾	ABR⁽¹⁰⁾	ABR per Occupied SF⁽¹¹⁾
Multifamily Properties						
Encore Apartments	Virginia Beach, VA	2014	286	87.4 %	\$ 3,707,184	\$ 1.74
Liberty Apartments ⁽¹²⁾	Newport News, VA	2013	197	94.2	2,131,824	1.32
Smith's Landing ⁽¹³⁾	Blacksburg, VA	2009	284	98.6	3,539,076	1.11
The Cosmopolitan ⁽¹²⁾	Virginia Beach, VA	2006	342	96.2	6,230,016	1.64
Total / Weighted Average			1,109	94.2 %	\$ 15,608,100	\$ 1.45



- (1) The net rentable square footage for each of our office properties is the sum of (a) the square footage of existing leases, plus (b) for available space, management's estimate of net rentable square footage based, in part, on past leases. The net rentable square footage included in office leases is generally consistent with the Building Owners and Managers Association, or BOMA, 1996 measurement guidelines. 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 office and retail properties is calculated as (a) square footage under executed leases as of December 31, 2015 divided by (b) net rentable square feet, expressed as a percentage. Occupancy for our multifamily properties is calculated as (a) total units occupied as of December 31, 2015 divided by (b) total units available, expressed as a percentage.
- (3) For the properties in our office and retail portfolios, annualized base rent, or ABR, is calculated by multiplying (a) base rental payments for executed leases as of December 31, 2015 (defined as cash base rents (before abatements) excluding tenant reimbursements for expenses paid by the landlord) by (b) 12. ABR per leased square foot is calculated by dividing (a) ABR by (b) square footage under executed leases as of December 31, 2015. In the case of triple net or modified gross leases, ABR does not include tenant reimbursements for real estate taxes, insurance, common area or other operating expenses.
- (4) As of December 31, 2015, 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 the occupancy, ABR and ABR per leased square foot columns in the table. The rent paid by us is eliminated from our revenues in consolidation 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.
- (5) Sold on January 8, 2016.
- (6) As of December 31, 2015, 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 the occupancy, ABR and ABR per leased square foot columns in the table. The rent paid by us is eliminated from our revenues in consolidation in accordance with GAAP.
- (7) Includes \$32,760 of ABR pursuant to a rooftop lease.
- (8) 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.
- (9) The Company leases the land underlying this property from the owner of the land pursuant to a ground lease. The Company re-leases the land to our tenant under a separate ground lease pursuant to which our tenant owns the improvements on the land.
- (10) For the properties in our multifamily portfolio, ABR is calculated by multiplying (a) base rental payments for the month ended December 31, 2015 by (b) 12.
- (11) ABR per occupied rentable square foot is calculated by dividing (a) ABR by (b) net rentable square footage of occupied units as of December 31, 2015.
- (12) ABR for Liberty Apartments and The Cosmopolitan excludes \$206,000 and \$912,000 of ABR from ground floor retail leases, respectively.
- (13) The Company leases the land underlying this property from the owner of the land pursuant to a ground lease.

The following tables summarize the scheduled expirations of leases in our office and retail operating property portfolios as of December 31, 2015. The information in the following tables does not assume the exercise of any renewal options.

Office Lease Expirations

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring	% Portfolio Net Rentable Square Feet	Annualized Base Rent	% of Office Portfolio		Annualized Base Rent per Leased Square Foot
					Annualized Base Rent	%	
Available	—	138,936	12.0 %	\$ —	— %	\$ —	—
2016	15	20,204	1.8	542,980	1.9		26.87
2017	8	70,966	6.1	1,715,975	6.0		24.18
2018	20	160,652	13.9	4,492,140	15.6		27.96
2019	16	103,761	9.0	2,484,581	8.6		23.95
2020	4	52,028	4.5	1,337,775	4.6		25.71
2021	6	52,009	4.5	1,257,492	4.4		24.18
2022	3	48,117	4.2	1,326,903	4.6		27.58
2023	5	53,560	4.6	1,284,542	4.5		23.98
2024	3	60,751	5.3	1,659,613	5.8		27.32
2025	4	43,292	3.8	1,264,013	4.4		29.20
2026	3	16,822	1.5	399,883	1.4		23.77
Thereafter	9	333,111	28.9	11,050,704	38.3		33.17
Total / Weighted Average	96	1,154,209	100.0 %	\$28,816,601	100.0 %		\$ 28.38

Retail Lease Expirations

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring	% Portfolio Net Rentable Square Feet	Annualized Base Rent	% of Retail Portfolio		Annualized Base Rent per Leased Square Foot
					Annualized Base Rent	%	
Available	—	73,318	4.5 %	\$ —	— %	\$ —	—
2016	35	80,932	4.9	1,801,982	6.6		22.27
2017	27	136,361	8.3	2,010,077	7.4		14.74
2018	45	232,282	14.1	4,186,759	15.4		18.02
2019	32	352,718	21.5	5,311,612	19.5		15.06
2020	32	225,792	13.7	3,352,617	12.3		14.85
2021	13	145,268	8.8	2,329,277	8.6		16.03
2022	11	112,092	6.8	1,722,131	6.3		15.36
2023	8	70,386	4.3	1,798,522	6.6		25.55
2024	7	54,779	3.3	1,241,686	4.6		22.67
2025	11	48,178	2.9	1,363,419	5.0		28.30
2026	5	20,151	1.2	476,553	1.8		23.65
Thereafter	6	90,801	5.5	1,633,172	6.0		17.99
Total / Weighted Average	232	1,643,058	100.0 %	\$27,227,808	100.0 %		\$ 17.35

Tenant Diversification

The following tables list the 10 tenants in each of our office and retail operating property portfolios with the greatest annualized base rent as of December 31, 2015 (\$ in thousands):

Office Tenant	Annualized Base Rent	% of	% of
		Office Portfolio Annualized Base Rent	Total Portfolio Annualized Base Rent
Williams Mullen ⁽¹⁾	\$ 8,857	30.7 %	11.6 %
Clark Nexsen	2,438	8.5	3.2
Cherry Bekaert	977	3.4	1.3
Hampton University	973	3.4	1.3
Commonwealth of Virginia	891	3.1	1.2
General Services Administration	855	3.0	1.1
Pender & Coward	819	2.8	1.1
Troutman Sanders	806	2.8	1.1
The Art Institute	803	2.8	1.1
Kimley-Horn	703	2.4	0.9
Top 10 Total	\$ 18,121	62.9 %	23.8 %

(1)Includes \$7.4 million of annualized base rent from the Richmond Tower office building that we sold on January 8, 2016.

Retail Tenant	Annualized Base Rent	% of	% of
		Retail Portfolio Annualized Base Rent	Total Portfolio Annualized Base Rent
Home Depot	\$ 2,190	6.9 %	2.9 %
Harris Teeter	1,505	4.8	2.0
Food Lion	1,283	4.1	1.7
Dick's Sporting Goods	840	2.7	1.1
Weis Markets	802	2.5	1.1
Safeway	798	2.5	1.0
Regal Cinemas	684	2.2	0.9
PetSmart	649	2.1	0.9
Kroger	553	1.7	0.7
Yard House	538	1.7	0.7
Top 10 Total	\$ 9,842	31.1 %	12.9 %

Development Pipeline

In addition to the properties in our operating property portfolio as of December 31, 2015, we had the following properties in various stages of development and stabilization. We generally consider a property to be stabilized when it reaches 80% occupancy or three years after acquisition or completion.

Pending Delivery		(\$ in '000s)			Schedule ⁽¹⁾				
Property	Location	Estimated Size ⁽¹⁾	Estimated Cost ⁽¹⁾	Incurred Cost	Stabilized				
					Start	Initial Occupancy	Operation ⁽²⁾	AHH Ownership %	Property Type
Johns Hopkins Village	Baltimore, MD	157 units	\$ 68,000	\$ 30,000	1Q15	3Q16	3Q16	80 % (3)	Multifamily
Brooks Crossing	Newport News, VA	50,000 sf	10,000	1,000	3Q15	3Q16	3Q17	65 % (3)	Office/Retail
Lightfoot Marketplace	Williamsburg, VA	109,000 sf ⁽⁴⁾	24,000	16,000	3Q14	3Q16	2Q17	60 % (3)	Retail
				\$ 102,000	\$ 47,000				

Delivered Not Stabilized		(\$ in '000s)			Schedule				
Property	Location	Estimated Size ⁽¹⁾	Estimated Cost ⁽¹⁾	Incurred Cost	Stabilized				
					Start	Initial Occupancy	Operation ⁽¹⁾⁽²⁾	AHH Ownership %	Property Type
4525 Main Street	Virginia Beach, VA	239,000 sf	\$ 51,000	\$ 45,000	1Q13	3Q14	2Q17	100%	Office
Total			\$ 153,000	\$ 92,000					

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

(2) Estimated first full quarter of stabilized operations.

(3) We are entitled to a preferred return on our equity prior to any distributions to minority partners.

(4) Includes space subject to ground lease.

Our execution on all of the projects identified in the preceding table are subject to, among other factors, regulatory approvals, financing availability and suitable market conditions.

Johns Hopkins Village will include student housing, retail space and parking located adjacent to Johns Hopkins University's Homewood campus in Baltimore, Maryland. This mixed-use development is designed to complement both the Homewood campus and nearby Charles Village neighborhood and provide a catalyst for future development in the area. CVS has agreed to lease 10,500 square feet of ground floor retail space. We have agreed to a 65-year ground lease for the site and commenced construction during the first quarter of 2015. Approximately 55% of the apartment units were pre-leased as of December 31, 2015.

Brooks Crossing is our public-private partnership with the City of Newport News, Virginia designed to revitalize the east end of the city. We are currently projecting 50,000 square feet of mixed-use space and are in negotiations with a Fortune 500 office tenant to anchor the project.

Lightfoot Marketplace will be a grocery-anchored shopping center in Williamsburg, Virginia. Harris Teeter has signed a 20-year ground lease for a new 53,000 square foot store. Lightfoot Marketplace will include an additional 34,000 square feet of shops and restaurants as well as a 22,000 square foot build-to-suit building for Children's Hospital of the King's Daughters.

4525 Main Street is our most recent addition to the Town Center of Virginia Beach and is located at the intersection of Main Street and Town Center Drive across from The Cosmopolitan, One Columbus and Armada Hoffer Tower. This 15-story office tower is anchored by Clark Nexsen, an international architecture and engineering firm, to whom we delivered approximately 85,000 square feet of office space in July 2014. Additionally, we delivered to the City of Virginia Beach Development Authority approximately 23,000 square feet of office space in June 2014. 4525 Main Street also features approximately 26,000 square feet of ground floor retail space anchored by Anthropologie, West Elm and Tupelo Honey Cafe.

Point Street Apartments

On October 15, 2015, we agreed to invest up to \$23.0 million in the Point Street Apartments project in the Harbor Point area of Baltimore, Maryland. Point Street Apartments is an estimated \$93.0 million development project with plans for a 17-story building comprised of 289 residential units and 18,000 square feet of street-level retail space. Beatty Development Group ("BDG") is the developer of the project and has engaged us to serve as construction general contractor. Point Street Apartments is scheduled to open in 2017; however, we can provide no assurances that Point Street Apartments will open on the anticipated timeline or at the anticipated cost.

BDG is responsible for securing a senior construction loan of up to \$70.0 million to fund the development and construction of Point Street Apartments. We have agreed to guarantee up to \$25.0 million of the senior construction loan in exchange for the option to purchase up to an 88% controlling interest in Point Street Apartments upon completion of the project as follows: (i) an option to purchase a 79% indirect interest in Point Street Apartments for \$27.3 million, exercisable within one year from the project's completion (the "First Option") and (ii) provided that we have exercised the First Option, an option to purchase an additional 9% indirect interest in Point Street Apartments for \$3.1 million, exercisable within 27 months from the project's completion (the "Second Option").

Our investment in the Point Street Apartments project is in the form of a loan under which BDG may borrow up to \$23.0 million (the "BDG loan"). Interest on the BDG loan accrues at 8.0% per annum and matures on the earlier of: (i) November 1, 2018, which may be extended by BDG under two one-year extension options, (ii) the maturity date or earlier termination of the senior construction loan or (iii) the date we exercise the Second Option as described further below.

In the event we exercise the First Option, BDG is required to simultaneously pay down the senior construction loan by \$7.4 million and the BDG loan by \$19.9 million, at which time the interest rate on the BDG loan will automatically be reduced to the interest rate on the senior construction loan plus 200 basis points. In the event we exercise the Second Option, BDG is required to simultaneously repay any remaining amounts outstanding under the BDG loan, with any excess proceeds received from the exercise of the Second Option applied against the senior construction loan. In the event we do not exercise either the First Option or the Second Option, the interest rate on the BDG loan will automatically be reduced to the interest rate on the senior construction loan for the remaining term of the BDG loan. In the event BDG is unable to secure a senior construction loan on or before June 30, 2016, the interest rate on the BDG loan will be reduced to one-month LIBOR plus 200 basis points.

As of December 31, 2015, we had funded \$7.8 million under the BDG loan and for the year ended December 31, 2015, we had earned \$0.1 million of interest income on the BDG loan.

One City Center

On February 25, 2016, we announced our joint venture with Austin Lawrence Partners to develop and construct One City Center in Durham, North Carolina. One City Center is a planned 27-story mixed-use project that is expected to include 130,000 square feet of office space, anchored by a 55,000 square foot lease with Duke University, along with 22,000 square feet of street-level retail space and 139 residential units. We are a minority partner in the joint venture and will serve as the project's general contractor. Our anticipated equity investment in the joint venture is approximately \$8.6 million. The project is scheduled to be completed in mid-2018.

Acquisitions and Dispositions

On January 5, 2015, we sold the Sentara Williamsburg medical office building for \$15.4 million in cash and used the net proceeds to partially fund our acquisition of Stone House Square. On April 8, 2015, we acquired Perry Hall Marketplace and Stone House Square, two grocery store anchored retail centers in Maryland, for \$35.4 million of cash and 415,500 shares of common stock.

On February 13, 2015, we agreed to the future sale of the Oyster Point office property for \$6.5 million in cash. We intend to complete the sale on January 15, 2017, subject to customary closing conditions.

On May 20, 2015, we sold Whetstone Apartments for \$35.6 million and used the net proceeds to partially fund our acquisitions of Socastee Commons and Providence Plaza. On July 1, 2015, we acquired Socastee Commons, a 57,000 square foot grocery store anchored retail center in Myrtle Beach, South Carolina for \$8.7 million, including the assumption of \$5.0 million of debt. On September 1, 2015, we acquired Providence Plaza, a mixed-use 103,000 square foot property in Charlotte, North Carolina for \$26.2 million of cash.

On July 10, 2015, we acquired Columbus Village, a 65,000 square foot retail center adjacent to the Town Center of Virginia Beach, Virginia in exchange for the assumption of \$8.8 million of debt, the issuance of 1,000,000 Class B units of limited partnership interest in the Operating Partnership ("Class B Units") and the agreement to issue 275,000 Class C units of limited partnership interest in the Operating Partnership (Class C Units) on January 10, 2017. See Note

5 and Note 10 to our consolidated and combined financial statements for additional information regarding the Class B Units and Class C Units.

On October 30, 2015, we sold the Oceaneering International build-to-suit building for \$30.0 million and on January 8, 2016, we sold the Richmond Tower office building for \$78.0 million. We used the net proceeds from the Oceaneering and Richmond Tower sales to partially fund our acquisition of a \$170.5 million retail portfolio totaling 1.1 million square feet across 11 assets located in the Mid-Atlantic and South-Central United States. We completed the retail portfolio acquisition on January 14, 2016. The name, location, size, occupancy and anchor tenants of each of the properties in the acquired retail portfolio as of the acquisition date were as follows:

<u>Property</u>	<u>Location</u>	<u>Square Feet</u>	<u>Occupancy</u>	<u>Anchor Tenants</u>
Patterson Place	Durham, NC	160,942	99 %	Bed Bath & Beyond, PetSmart, Total Wine & More, A.C. Moore
South Square	Durham, NC	109,590	100 %	Ross Dress for Less, Petco, Office Depot
Wendover Village	Greensboro, NC	135,758	100 %	Bed Bath & Beyond, Golfsmith, T.J. Maxx, Petco, Five Below
Alexander Pointe	Salisbury, NC	57,710	100 %	Harris Teeter
Harper Hill Commons	Winston-Salem, NC	96,914	79 %	Harris Teeter
North Hampton Market	Taylors, SC	114,935	94 %	PetSmart, Hobby Lobby, Dollar Tree
Waynesboro Commons	Waynesboro, VA	52,415	100 %	Kroger
Willowbrook Commons	Nashville, TN	93,600	88 %	Kroger
Oakland Marketplace	Oakland, TN	64,600	96 %	Kroger
Broadmoor Plaza	South Bend, IN	115,059	94 %	Kroger, Staples, Jo-Ann Fabrics
Kroger Junction	Pasadena, TX	81,158	78 %	Kroger
Total		<u>1,082,681</u>	94 %	

Additional information regarding our real estate acquisition and disposition activity is set forth in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in Note 5 to our consolidated and combined financial statements in Item 8 of this Annual Report on Form 10-K.

Segments

As of December 31, 2015, we operated in four business segments: (i) office real estate, (ii) retail real estate, (iii) multifamily residential real estate and (iv) general contracting and real estate services. Additional information regarding our four operating segments is set forth in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in Note 3 to our consolidated and combined financial statements in Item 8 of this Annual Report on Form 10-K.

Tax Status

We have elected and qualified to be taxed as a REIT for U.S. federal income tax purposes commencing with our taxable year ended December 31, 2013. Our continued qualification as a REIT will depend upon our ability to meet, on a continuing basis, through actual investment and operating results, various complex requirements under the Internal Revenue Code of 1986, as amended (the “Code”) relating to, among other things, the sources of our gross income, the composition and values of our assets, our distribution levels and the diversity of ownership of our capital stock. We believe that we are organized in conformity with the requirements for qualification as a REIT under the Code and that our manner of operation will enable us to maintain the requirements for qualification and taxation as a REIT for U.S. federal income tax purposes. In addition, we have elected to treat AHP Holding, Inc., which, through its wholly-owned subsidiaries, operate our construction, development and third-party asset management businesses, as a taxable REIT subsidiary (“TRS”).

As a REIT, we generally will not be subject to U.S. federal income tax on our net taxable income that we distribute currently to our stockholders. Under the Code, REITs are subject to numerous organizational and operational

requirements, including a requirement that they distribute each year at least 90% of their REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gains. If we fail to qualify for taxation as a REIT in any taxable year and do not qualify for certain statutory relief provisions, our income for that year will be taxed at regular corporate rates, and we would be disqualified from taxation as a REIT for the four taxable years following the year during which we ceased to qualify as a REIT. Even if we qualify as a REIT for U.S. federal income tax purposes, we may still be subject to state and local taxes on our income and assets and to federal income and excise taxes on our undistributed income. Additionally, any income earned by our services company, and any other TRS we form in the future, will be fully subject to federal, state and local corporate income tax.

Insurance

We carry comprehensive liability, fire, extended coverage, business interruption and rental loss insurance covering all of the properties in our portfolio under a blanket insurance policy, in addition to other coverage that may be appropriate for certain of our properties. We believe the policy specifications and insured limits are appropriate and adequate for our properties given the relative risk of loss, the cost of the coverage and industry practice; however, our insurance coverage may not be sufficient to fully cover our losses. We do not carry insurance for certain losses, including, but not limited to, losses caused by riots or war. Some of our policies, like those covering losses due to terrorism and earthquakes, are insured subject to limitations involving large deductibles or co-payments and policy limits that may not be sufficient to cover losses, for such events. In addition, all of the properties in our portfolio as of December 31, 2015 were located in Virginia, Maryland, North Carolina and South Carolina, which are areas subject to an increased risk of hurricanes. While we will carry hurricane insurance on certain of our properties, the amount of our hurricane insurance coverage may not be sufficient to fully cover losses from hurricanes. We may reduce or discontinue hurricane, terrorism or other insurance on some or all of our properties in the future if the cost of premiums for any of these policies exceeds, in our judgment, the value of the coverage discounted for the risk of loss. Also, if destroyed, we may not be able to rebuild certain of our properties due to current zoning and land use regulations. As a result, we may be required to incur significant costs in the event of adverse weather conditions and natural disasters. In addition, our title insurance policies may not insure for the current aggregate market value of our portfolio, and we do not intend to increase our title insurance coverage as the market value of our portfolio increases. If we or one or more of our tenants experiences a loss that is uninsured or that exceeds policy limits, we could lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. In addition, if the damaged properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these properties were irreparably damaged. Furthermore, we may not be able to obtain adequate insurance coverage at reasonable costs in the future as the costs associated with property and casualty renewals may be higher than anticipated.

Regulation

General

Our properties are subject to various covenants, laws, ordinances and regulations, including regulations relating to common areas and fire and safety requirements. We believe that each of the properties in our portfolio has the necessary permits and approvals to operate its business.

Americans With Disabilities Act

Our properties must comply with Title III of the Americans with Disabilities Act of 1990 (the "ADA"), to the extent that such properties are "public accommodations" as defined by the ADA. Under the ADA, all public accommodations must meet federal requirements related to access and use by disabled persons. The ADA may require removal of structural barriers to access by persons with disabilities in certain public areas of our properties where such removal is readily achievable. Although we believe that the properties in our portfolio in the aggregate substantially comply with present requirements of the ADA, we have not conducted a comprehensive audit or investigation of all of our properties to determine our compliance, and we are aware that some particular properties may currently be in non-compliance with the ADA. Noncompliance with the ADA could result in the incurrence of additional costs to attain compliance, the imposition of fines, an award of damages to private litigants and a limitation on our ability to refinance outstanding indebtedness. The obligation to make readily achievable accommodations is an ongoing one, and we will continue to assess our properties and to make alterations as appropriate in this respect.

Environmental Matters

Under various federal, state and local laws and regulations relating to the environment, as a current or former owner or operator of real property, we may be liable for costs and damages resulting from the presence or discharge of hazardous or toxic substances, waste or petroleum products at, on, in, under, or migrating from such property, including costs to investigate and clean up such contamination and liability for harm to natural resources. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such contamination, and the liability may be joint and several. These liabilities could be substantial and the cost of any required remediation, removal, fines, or other costs could exceed the value of the property and our aggregate assets. In addition, the presence of contamination or the failure to remediate contamination at our properties may expose us to third-party liability for costs of remediation and personal or property damage or materially adversely affect our ability to sell, lease or develop our properties or to borrow using the properties as collateral. In addition, environmental laws may create liens on contaminated sites in favor of the government for damages and costs it incurs to address such contamination. Moreover, if contamination is discovered on our properties, environmental laws may impose restrictions on the manner in which property may be used or businesses may be operated, and these restrictions may require substantial expenditures.

Some of our properties contain, have contained, or are adjacent to or near other properties that have contained or currently contain storage tanks for the storage of petroleum products, propane or other hazardous or toxic substances. Similarly, some of our properties were used in the past for commercial or industrial purposes, or are currently used for commercial purposes, that involve or involved the use of petroleum products or other hazardous or toxic substances, or are adjacent to or near properties that have been or are used for similar commercial or industrial purposes. As a result, some of our properties have been or may be impacted by contamination arising from the releases of such hazardous substances or petroleum products. Where we have deemed appropriate, we have taken steps to address identified contamination or mitigate risks associated with such contamination; however, we are unable to ensure that further actions will not be necessary. As a result of the foregoing, we could potentially incur material liability.

Environmental laws also govern the presence, maintenance and removal of asbestos-containing building materials, or ACBM, and may impose fines and penalties for failure to comply with these requirements or expose us to third-party liability. Such laws require that owners or operators of buildings containing ACBM (and employers in such buildings) properly manage and maintain the asbestos, adequately notify or train those who may come into contact with asbestos, and undertake special precautions, including removal or other abatement, if asbestos would be disturbed during renovation or demolition of a building. In addition, the presence of ACBM in our properties may expose us to third-party liability (e.g. liability for personal injury associated with exposure to asbestos). We are not presently aware of any material adverse issues at our properties including ACBM.

Similarly, environmental laws govern the presence, maintenance and removal of lead-based paint in residential buildings, and may impose fines and penalties for failure to comply with these requirements. Such laws require, among other things, that owners or operators of residential facilities that contain or potentially contain lead-based paint notify residents of the presence or potential presence of lead-based paint prior to occupancy and prior to renovations and manage lead-based paint waste appropriately. In addition, the presence of lead-based paint in our buildings may expose us to third-party liability (e.g., liability for personal injury associated with exposure to lead-based paint). We are not presently aware of any material adverse issues at our properties involving lead-based paint.

In addition, the properties in our portfolio also are subject to various federal, state, and local environmental and health and safety requirements, such as state and local fire requirements. Moreover, some of our tenants may handle and use hazardous or regulated substances and wastes as part of their operations at our properties, which are subject to regulation. Such environmental and health and safety laws and regulations could subject us or our tenants to liability resulting from these activities. Environmental liabilities could affect a tenant's ability to make rental payments to us. In addition, changes in laws could increase the potential liability for noncompliance. Our leases sometimes require our tenants to comply with environmental and health and safety laws and regulations and to indemnify us for any related liabilities. But in the event of the bankruptcy or inability of any of our tenants to satisfy such obligations, we may be required to satisfy such obligations. In addition, we may be held directly liable for any such damages or claims regardless of whether we knew of, or were responsible for, the presence or disposal of hazardous or toxic substances or waste and irrespective of tenant lease provisions. The costs associated with such liability could be substantial and could have a material adverse effect on us.

When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources, and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of our properties could require us to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose us to liability from our tenants, employees of our tenants or others if property damage or personal injury occurs. We are not presently aware of any material adverse indoor air quality issues at our properties.

Competition

We compete with a number of developers, owners and operators of office, retail and multifamily real estate, many of which own properties similar to ours in the same markets in which our properties are located and some of which have greater financial resources than we do. In operating and managing our portfolio, we compete for tenants based on a number of factors, including location, rental rates, security, flexibility and expertise to design space to meet prospective tenants' needs and the manner in which the property is operated, maintained and marketed. As leases at our properties expire, we may encounter significant competition to renew or re-lease space in light of the large number of competing properties within the markets in which we operate. As a result, we may be required to provide rent concessions or abatements, incur charges for tenant improvements and other inducements, including early termination rights or below-market renewal options, or we may not be able to timely lease vacant space.

We also face competition when pursuing development and acquisition opportunities. Our competitors may be able to pay higher property acquisition prices, may have private access to opportunities not available to us and otherwise be in a better position to acquire or develop a property. Competition may also have the effect of reducing the number of suitable development and acquisition opportunities available to us or increasing the price required to consummate a development or acquisition opportunity.

In addition, we face competition in our construction business from other construction companies in the markets in which we operate, including small local companies and large regional and national companies. In our construction business, we compete for construction projects based on several factors, including cost, reputation for quality and timeliness, access to machinery and equipment, access to and relationships with high-quality subcontractors, financial strength, knowledge of local markets and project management abilities. We believe that we compete favorably on the basis of the foregoing factors, and that our construction business is well-positioned to compete effectively in the markets in which we operate. However, some of the construction companies with which we compete have different cost structures and greater financial and other resources than we do, which may put them at an advantage when competing with us for construction projects. Competition from other construction companies may reduce the number of construction projects that we are hired to complete and increase pricing pressure, either of which could reduce the profitability of our construction business.

Employees

As of December 31, 2015, we had 139 employees. None of our employees are represented by a collective bargaining unit. We believe that our relationship with our employees is good.

Corporate Information

Our principal executive office is located at 222 Central Park Avenue, Suite 2100, Virginia Beach, Virginia 23462 in the Armada Hoffler Tower at the Town Center of Virginia Beach. In addition, we have construction offices located at 249 Central Park Avenue, Suite 300, Virginia Beach, Virginia 23462 and 1300 Thames Street, Suite 30, Baltimore, Maryland 21231. The telephone number for our principal executive office is (757) 366-4000. We maintain a website located at www.armadahoffler.com. The information on, or accessible through, our website is not incorporated into and does not constitute a part of this Annual Report on Form 10-K or any other report or document we file with or furnish to the SEC.

Available Information

We file our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to those reports with the SEC. You may obtain copies of these documents by visiting the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549, by calling the SEC at 1-800-SEC-0330 or by accessing the SEC's website at www.sec.gov. In addition, as soon as reasonably practicable after such materials are furnished to the SEC, we make copies of these documents available to the public free of charge through our website or by contacting our Corporate Secretary at the address set forth above under "—Corporate Information."

Our Corporate Governance Guidelines, Code of Business Conduct and Ethics, and the charters of our audit committee, compensation committee and nominating and corporate governance committee are all available in the Corporate Governance section of the Investor Relations section of our website.

Financial Information

For required financial information related to our operations, please refer to our consolidated and combined financial statements, including the notes thereto, included with this Annual Report on Form 10-K.

Item 1A. Risk Factors

Set forth below are the risks that we believe are material to our stockholders. You should carefully consider the following risks in evaluating our Company and our business. The occurrence of any of the following risks could materially adversely impact our financial condition, results of operations, cash flow, the market price of shares of our common stock and our ability to, among other things, satisfy our debt service obligations and to make distributions to our stockholders, which in turn could cause our stockholders to lose all or a part of their investment. Some statements in this report including statements in the following risk factors constitute forward-looking statements. Please refer to the section entitled "Special Note Regarding Forward-Looking Statements" at the beginning of this Annual Report on Form 10-K.

Risks Related to Our Business

The geographic concentration of our portfolio could cause us to be more susceptible to adverse economic or regulatory developments in the markets in which our properties are located than if we owned a more geographically diverse portfolio.

The majority of the properties in our portfolio are located in Virginia, which expose us to greater economic risks than if we owned a more geographically diverse portfolio. As of December 31, 2015, our properties in the Virginia market represented approximately 87% of the total annualized base rent of the properties in our portfolio. As a result, we are particularly susceptible to adverse economic, regulatory or other conditions in the Virginia market (such as periods of economic slowdown or recession, business layoffs or downsizing, industry slowdowns, relocations of businesses, increases in real estate and other taxes and the cost of complying with governmental regulations or increased regulation), as well as to natural disasters that occur in these markets (such as hurricanes and other events). For example, the markets in Virginia in which the properties in our portfolio are located contain high concentrations of military personnel and operations. A reduction of the military presence or cuts in defense spending in these markets could have a material adverse effect on us. If there is a downturn in the economy in Virginia, our operations and our revenue and cash available for distribution, including cash available to pay distributions to our stockholders, could be materially adversely affected. We cannot assure you that these markets will grow or that underlying real estate fundamentals will be favorable to owners and operators of office, retail or multifamily properties. Our operations may also be affected if competing properties are built in these markets. Moreover, submarkets within any of our target markets may be dependent upon a limited number of industries. Any adverse economic or real estate developments in our markets, or any decrease in demand for office, retail or multifamily space resulting from the regulatory environment, business climate or energy or fiscal problems, could materially adversely affect us, including our financial condition, results of operations, cash flow, cash available for distribution and our ability to satisfy our debt service obligations.

We have a substantial amount of indebtedness outstanding, which may expose us to the risk of default under our debt obligations and may include covenants that restrict our ability to pay distributions to our stockholders.

As of December 31, 2015, we had total debt outstanding of approximately \$377.6 million, including amounts drawn under our credit facility, a substantial portion of which is guaranteed by our Operating Partnership, and we may incur significant additional debt to finance future acquisition and development activities. Excluding unamortized fair value adjustments and debt issuance costs, the aggregate outstanding principal balance of our debt was \$382.0 million as of December 31, 2015. Payments of principal and interest on borrowings may leave us with insufficient cash resources to operate our properties or to pay the dividends currently contemplated or necessary to maintain our REIT qualification. Our level of debt and the limitations imposed on us by our debt agreements could have significant adverse consequences, including the following:

- our cash flow may be insufficient to meet our required principal and interest payments;
- we may be unable to borrow additional funds as needed or on favorable terms, which could, among other things, adversely affect our ability to meet operational needs;
- we may be unable to refinance our indebtedness at maturity or the refinancing terms may be less favorable than the terms of our original indebtedness;
- we may be forced to dispose of one or more of our properties, possibly on unfavorable terms or in violation of certain covenants to which we may be subject;
- we may default on our obligations, in which case the lenders or mortgagees may have the right to foreclose on any properties that secure the loans or collect rents and other income from our properties;
- we may violate restrictive covenants in our loan documents, which would entitle the lenders to accelerate our debt obligations or reduce our ability to pay, or prohibit us from paying, distributions to our stockholders; and
- our default under any loan with cross default provisions could result in a default on other indebtedness.

If any one of these events were to occur, our financial condition, results of operations and cash flow could be materially adversely affected. Furthermore, foreclosures could create taxable income without accompanying cash proceeds, which could hinder our ability to meet the REIT distribution requirements imposed by the Code. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.”

We depend on significant tenants in certain of our office properties, and a bankruptcy, insolvency or inability to pay rent by any of these tenants could result in a material decrease in our rental income, which would have a material adverse effect on us, including our financial condition, results of operations, cash flow, cash available for distribution and our ability to service our debt obligations.

Accounting for our sale of the Richmond Tower office building on January 8, 2016, the five largest tenants in our office portfolio collectively represented approximately 32% of the total annualized base rent in our office portfolio. The inability of these or other significant tenants to pay rent or the bankruptcy or insolvency of a significant tenant could materially and adversely affect the income produced by our office properties.

In addition, if a tenant becomes bankrupt or insolvent, federal law may prohibit us from evicting such tenant based solely upon such bankruptcy or insolvency. In addition, a bankrupt or insolvent tenant may be authorized to reject and terminate its lease with us. Any claim against such tenant for unpaid, future rent would be subject to a statutory cap that might be substantially less than the remaining rent owed under the lease. If any of these tenants were to experience a downturn in its business or a weakening of its financial condition resulting in its failure to make timely rental payments or causing it to default under its lease, we may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment. In many cases, we may have made substantial initial investments in the applicable leases through tenant improvement allowances and other concessions that we may not be able to recover. Any

such event could have a material adverse effect on us, including our financial condition, results of operations, cash flow, cash available for distribution and our ability to service our debt obligations.

The loss of, or a store closure by, one of the anchor stores or major tenants in our retail shopping center properties could result in a material decrease in our rental income, which would have a material adverse effect on us, including our financial condition, results of operations, cash flow, cash available for distribution and our ability to service our debt obligations.

Our retail shopping center properties typically are anchored by large, nationally recognized tenants. As of December 31, 2015, Home Depot, Harris Teeter and Food Lion collectively represented approximately 16%, and individually represented 7%, 5% and 4%, respectively, of the total annualized base rent in our retail portfolio. In addition, several of our retail properties are single-tenant properties or are occupied primarily by a single tenant. As of December 31, 2015, the Courthouse 7-Eleven, Tyre Neck Harris Teeter and Harrisonburg Regal retail properties in our portfolio were 100% occupied by 7-Eleven, Harris Teeter and Regal Cinemas, respectively, and the Dick's at Town Center, Sandbridge Commons, Perry Hall Marketplace and Studio 56 retail properties were approximately 81%, 77%, 81% and 69% occupied by Dick's Sporting Goods, Harris Teeter, Safeway and McCormick & Schmick's, respectively. At any time, our tenants may experience a downturn in their business that may weaken significantly their financial condition. As a result, our tenants, including our anchor and other major tenants, may fail to comply with their contractual obligations to us, seek concessions in order to continue operations or declare bankruptcy, any of which could result in the termination of such tenants' leases and the loss of rental income attributable to the terminated leases. In addition, certain of our tenants may cease operations while continuing to pay rent, which could decrease customer traffic, thereby decreasing sales for our other tenants at the applicable retail property. In addition to these potential effects of a business downturn, mergers or consolidations among retail establishments could result in the closure of existing stores or duplicate or geographically overlapping store locations, which could include stores at our retail properties.

Loss of, or a store closure by, an anchor or major tenant could significantly reduce our occupancy level or the rent we receive from our retail properties, and we may not have the right to re-lease vacated space or we may be unable to re-lease vacated space at attractive rents or at all. Moreover, in the event of default by a major tenant or anchor store, we may experience delays and costs in enforcing our rights as landlord to recover amounts due to us under the terms of our agreements with those parties. The occurrence of any of the situations described above, particularly if it involves an anchor tenant with leases in multiple locations, could seriously harm our performance and could adversely affect the value of the affected retail property.

In the event that any of the anchor stores, major tenants or single-tenant property tenants in our retail properties do not renew their leases with us when they expire, we may be unable to re-lease such premises at market rents, or at all, which could have a material adverse effect on us, including our financial condition, results of operations, cash flow and cash available for distribution and our ability to satisfy our debt service obligations.

We may be unable to renew leases, lease vacant space or re-lease space on favorable terms or at all as leases expire, which could materially adversely affect us, including our financial condition, results of operations, cash flow, cash available for distribution and our ability to service our debt obligations.

As of December 31, 2015, approximately 4% of the square footage of the properties in our stabilized core office and retail portfolios was available. As of December 31, 2015, approximately 42% of our 4525 Main Street office property was available. We cannot assure you that new leases will be entered into, that leases will be renewed or that our properties will be re-leased at net effective rental rates equal to or above the current average net effective rental rates or that substantial rent abatements, tenant improvements, early termination rights or below-market renewal options will not be offered to attract new tenants or retain existing tenants. In addition, our ability to lease our multifamily properties at favorable rates, or at all, may be adversely affected by the increase in supply of multifamily properties in our target markets. Our ability to lease our properties depends upon the overall level of spending in the economy, which is adversely affected by, among other things, job losses and unemployment levels, fears of a recession, personal debt levels, the housing market, stock market volatility and uncertainty about the future. If rental rates for our properties decrease, our existing tenants do not renew their leases or we do not re-lease a significant portion of our available space and space for which leases expire, our financial condition, results of operations, cash flow, cash available for distributions and our ability to service our debt obligations could be materially adversely affected.

Competition for property acquisitions and development opportunities may reduce the number of opportunities available to us and increase our costs, which could have a material adverse effect on our growth prospects.

The current market for property acquisitions and development opportunities continues to be extremely competitive. This competition may increase the demand for the types of properties in which we typically invest and, therefore, reduce the number of suitable investment opportunities available to us and increase the purchase prices for such properties, in the event we are able to acquire or develop such properties. We face significant competition for attractive investment opportunities from an indeterminate number of investors, including publicly traded and privately held REITs, private equity investors and institutional investment funds, some of which have greater financial resources than we do, a greater ability to borrow funds to make investments in properties and the ability to accept more risk than we can prudently manage, including risks with respect to the geographic proximity of investments and the payment of higher acquisition prices. This competition will increase if investments in real estate become more attractive relative to other forms of investment. If the level of competition for investment opportunities is significant in our target markets, it could have a material adverse effect on our growth prospects.

The failure of properties that we develop or acquire in the future to meet our financial expectations could have a material adverse effect on us, including our financial condition, results of operations, cash flow, the per share trading price of our common stock and our growth prospects.

Our future acquisitions and development projects and our ability to successfully operate these properties may be exposed to the following significant risks, among others:

- we may acquire or develop properties that are not accretive to our results upon acquisition, and we may not successfully manage and lease those properties to meet our expectations;
- our cash flow may be insufficient to enable us to pay the required principal and interest payments on the debt secured by the property;
- we may spend more than budgeted amounts to make necessary improvements or renovations to acquired properties or to develop new properties;
- we may be unable to quickly and efficiently integrate new acquisitions or developed properties into our existing operations;
- market conditions may result in higher than expected vacancy rates and lower than expected rental rates; and
- we may acquire properties subject to liabilities without any recourse, or with only limited recourse, with respect to unknown liabilities such as liabilities for clean-up of undisclosed environmental contamination, claims by tenants, vendors or other persons dealing with the former owners of the properties, liabilities incurred in the ordinary course of business and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties.

If we cannot operate acquired or developed properties to meet our financial expectations, our growth prospects could be materially adversely affected.

Certain of the leases at our retail properties contain “co-tenancy” or “go-dark” provisions, which, if triggered, may allow tenants to pay reduced rent, cease operations or terminate their leases, any of which could materially adversely affect our performance or the value of the affected retail property.

Certain of the leases at our retail properties contain “co-tenancy” provisions that condition a tenant’s obligation to remain open, the amount of rent payable by the tenant or the tenant’s obligation to continue occupancy on certain conditions, including: (i) the presence of a certain anchor tenant or tenants, (ii) the continued operation of an anchor tenant’s store and (iii) minimum occupancy levels at the retail property. If a co-tenancy provision is triggered by a failure of any of these or other applicable conditions, a tenant could have the right to cease operations, to terminate its lease early or to reduce its rent. In periods of prolonged economic decline, there is a higher than normal risk that co-tenancy provisions will be triggered as there is a higher risk of tenants closing stores or terminating leases during these

periods. In addition to these co-tenancy provisions, certain of the leases at our retail properties contain “go-dark” provisions that allow the tenant to cease operations while continuing to pay rent. This could result in decreased customer traffic at the affected retail property, thereby decreasing sales for our other tenants at that property, which may result in our other tenants being unable to pay their minimum rents or expense recovery charges. These provisions also may result in lower rental revenue generated under the applicable leases. To the extent co-tenancy or go-dark provisions in our retail leases result in lower revenue or tenant sales or tenants’ rights to terminate their leases early or to a reduction of their rent, revenues and the value of the affected retail property could be materially adversely affected.

Our dependence on smaller businesses, particularly in our retail portfolio, to rent our space could have a material adverse effect on our cash flow and results of operations.

Many of our tenants, particularly those that lease space in our retail properties are smaller businesses that generally do not have the financial strength or resources of larger corporate tenants. In particular, 110 of our retail leases (representing approximately 11% of our annualized base rent from retail properties as of December 31, 2015) lease 2,500 or less square feet from us, and many of those tenants are smaller independent businesses, which generally experience a higher rate of failure than larger businesses. As a result of our dependence on these smaller businesses, we could experience a higher rate of tenant defaults, turnover and bankruptcies, which could have a material adverse effect on our cash flow and results of operations.

Many of our operating costs and expenses are fixed and will not decline if our revenues decline.

Our results of operations depend, in large part, on our level of revenues, operating costs and expenses. The expense of owning and operating a property is not necessarily reduced when circumstances such as market factors and competition cause a reduction in revenue from the property. As a result, if revenues decline, we may not be able to reduce our expenses to keep pace with the corresponding reductions in revenues. Many of the costs associated with real estate investments, such as real estate taxes, insurance, loan payments and maintenance, generally will not be reduced if a property is not fully occupied or other circumstances cause our revenues to decrease, which could have a material adverse effect on us, including our financial condition, results of operations, cash flow, cash available for distribution and our ability to service our debt obligations.

Increases in mortgage rates or unavailability of mortgage debt may make it difficult for us to finance or refinance our debt, which could have a material adverse effect on our financial condition, growth prospects and our ability to make distributions to our stockholders.

If mortgage debt is unavailable to us at reasonable rates or at all, we may not be able to finance the purchase or development of additional properties or refinance existing debt when it becomes due. If interest rates are higher when we refinance our properties, our income and cash flow could be reduced, which would reduce cash available for distribution to our stockholders and may hinder our ability to raise more capital by issuing more stock or by borrowing more money. In addition, to the extent we are unable to refinance our debt when it becomes due, we will have fewer debt guarantee opportunities available to offer under our tax protection agreements, which could trigger an obligation to indemnify certain parties under the applicable tax protection agreements.

Mortgage debt obligations expose us to the possibility of foreclosure, which could result in the loss of our investment in a property or group of properties subject to mortgage debt.

Mortgage and other secured debt obligations increases our risk of property losses because defaults on indebtedness secured by properties may result in foreclosure actions initiated by lenders and ultimately our loss of the property securing any loans for which we are in default. Any foreclosure on a mortgaged property or group of properties could adversely affect the overall value of our portfolio of properties. For tax purposes, a foreclosure on any of our properties that is subject to a nonrecourse mortgage loan would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we would recognize taxable income on foreclosure, but would not receive any cash proceeds, which could hinder our ability to meet the REIT distribution requirements imposed by the Code. Foreclosures could also trigger our tax indemnification obligations under the terms of our tax protection agreements with respect to the sales of certain properties.

Most of our debt arrangements involve balloon payment obligations, which may materially adversely affect us, including our cash flows, financial condition and ability to make distributions to our stockholders.

Most of our debt arrangements require us to make a lump-sum or “balloon” payment at maturity. Our ability to make a balloon payment at maturity is uncertain and may depend upon our ability to obtain additional financing or our ability to sell the property. At the time the balloon payment is due, we may or may not be able to refinance the existing financing on terms as favorable as the original loan or sell the property at a price sufficient to make the balloon payment. In addition, balloon payments and payments of principal and interest on our indebtedness may leave us with insufficient cash to pay the distributions that we are required to pay to maintain our qualification as a REIT.

Our credit facility restricts our ability to engage in certain business activities, including our ability to incur additional indebtedness, make capital expenditures and make certain investments.

Our credit facility contains customary negative covenants and other financial and operating covenants that, among other things:

- restrict our ability to incur additional indebtedness;
- restrict our ability to incur additional liens;
- restrict our ability to make certain investments (including certain capital expenditures);
- restrict our ability to merge with another company;
- restrict our ability to sell or dispose of assets;
- restrict our ability to make distributions to our stockholders; and
- require us to satisfy minimum financial coverage ratios, minimum tangible net worth requirements and maximum leverage ratios.

These limitations restrict our ability to engage in certain business activities, which could materially adversely affect our financial condition, results of operations, cash flow, cash available for distribution and our ability to service our debt obligations. In addition, our credit facility may contain specific cross-default provisions with respect to specified other indebtedness, giving the lenders the right, in certain circumstances, to declare a default if we are in default under other loans.

Adverse economic and geopolitical conditions and dislocations in the credit markets could have a material adverse effect on us, including our financial condition, results of operations, cash flow, cash available for distribution and our ability to service our debt obligations.

Our business may be affected by market and economic challenges experienced by the U.S. economy or real estate industry as a whole, such as the dislocations in the credit markets and general global economic downturn during the recent recessionary period. These conditions, or similar conditions in the future, may materially adversely affect us as a result of the following potential consequences, among others:

- decreased demand for office, retail and multifamily space, which would cause market rental rates and property values to be negatively impacted;
- reduced values of our properties may limit our ability to dispose of assets at attractive prices or obtain debt financing secured by our properties and may reduce the availability of unsecured loans;
- our ability to obtain financing on terms and conditions that we find acceptable, or at all, may be limited, which could reduce our ability to pursue acquisition and development opportunities and refinance existing debt, reduce our returns from our acquisition and development activities and increase our future debt service expense; and

- one or more lenders under our credit facility could refuse to fund their financing commitment to us or could fail and we may not be able to replace the financing commitment of any such lenders on favorable terms, or at all.

If the U.S. economy experiences another economic downturn, we may see increases in bankruptcies of our tenants and increased defaults by tenants, and we may experience higher vacancy rates and delays in re-leasing vacant space, which could negatively impact our business and results of operations, cash flow, cash available for distribution and our ability to service our debt obligations.

Failure to hedge effectively against interest rate changes may adversely affect our financial condition, results of operations, cash flow, cash available for distribution and our ability to service our debt obligations.

Subject to maintaining our qualification as a REIT, we expect to continue to enter into hedging transactions to protect us from the effects of interest rate fluctuations on floating rate debt. Our existing hedging transactions have, and future hedging transactions may, include entering into interest rate cap agreements or interest rate swap agreements. These agreements involve risks, such as the risk that such arrangements would not be effective in reducing our exposure to interest rate changes or that a court could rule that such an agreement is not legally enforceable. In addition, interest rate hedging can be expensive, particularly during periods of rising and volatile interest rates. Hedging could increase our costs and reduce the overall returns on our investments. In addition, while hedging agreements would be intended to lessen the impact of rising interest rates on us, they could also expose us to the risk that the other parties to the agreements would not perform, that we could incur significant costs associated with the settlement of the agreements or that the underlying transactions could fail to qualify as highly-effective cash flow hedges under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 815, *Derivatives and Hedging*.

Adverse conditions in the general retail environment could have a material adverse effect on us, including our financial condition, results of operations, cash flow, cash available for distribution and our ability to satisfy our debt service obligations and to make distributions to our stockholders.

Approximately 42% of our total annualized base rent as of December 31, 2015, are from retail properties. As a result, we are subject to factors that affect the retail sector generally, as well as the market for retail space. The retail environment and the market for retail space have been, and could continue to be, adversely affected by weakness in the national, regional and local economies, the level of consumer spending and consumer confidence, the adverse financial condition of some large retailing companies, the ongoing consolidation in the retail sector, the excess amount of retail space in a number of markets and increasing competition from discount retailers, outlet malls, internet retailers and other online businesses. Increases in consumer spending via the internet may significantly affect our retail tenants’ ability to generate sales in their stores. New and enhanced technologies, including new digital technologies and new web services technologies, may increase competition for certain of our retail tenants.

Any of the foregoing factors could adversely affect the financial condition of our retail tenants and the willingness of retailers to lease space in our retail properties. In turn, these conditions could negatively affect market rents for retail space and could materially and adversely affect us, including our financial condition, results of operations, cash flow, cash available for distributions and our ability to service our debt obligations.

We are an “emerging growth company,” and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make shares of our common stock less attractive to investors.

In April 2012, President Obama signed into law the Jumpstart Our Business Startups Act (the “JOBS Act”). The JOBS Act contains provisions that, among other things, relax certain reporting requirements for “emerging growth companies,” including certain requirements relating to accounting standards and compensation disclosure. We are classified as an emerging growth company. For as long as we are an emerging growth company, which may be up to five full fiscal years after our initial public offering, we may take advantage of exemptions from various reporting and other requirements that are applicable to other public companies that are not emerging growth companies, including the requirements to:

- provide an auditor’s attestation report on management’s assessment of the effectiveness of our system of internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act;

- comply with any new or revised financial accounting standards applicable to public companies until such standards are also applicable to private companies;
- comply with any new requirements adopted by the Public Company Accounting Oversight Board (the “PCAOB”), requiring mandatory audit firm rotation or a supplement to the auditor’s report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer;
- comply with any new audit rules adopted by the PCAOB after April 5, 2012, unless the SEC determines otherwise;
- provide certain disclosure regarding executive compensation required of larger public companies; or
- hold stockholder advisory votes on executive compensation.

We cannot predict if investors will find shares of our common stock less attractive because we will not be subject to the same reporting and other requirements as other public companies. If some investors find shares of our common stock less attractive as a result, there may be a less active trading market for our common stock, the per share trading price of our common stock could decline and may be more volatile.

We will continue to incur costs as a result of becoming a public company, and such costs may increase if and when we cease to be an “emerging growth company.”

As a public company, we expect to continue to incur significant legal, accounting, insurance and other expenses that we did not incur as a private company, including costs associated with public company reporting requirements. The expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing. We expect compliance with these public reporting requirements and associated rules and regulations to increase expenses, particularly after we are no longer an emerging growth company, although we are currently unable to estimate these costs with any degree of certainty. We could be an emerging growth company for up to five years after our initial public offering, although circumstances could cause us to lose that status earlier, which could result in our incurring additional costs applicable to public companies that are not emerging growth companies.

We will be subject to the requirements of the Sarbanes-Oxley Act of 2002.

As long as we remain an emerging growth company, as that term is defined in the JOBS Act, we will be permitted to gradually comply with certain of the on-going reporting and disclosure obligations of public companies pursuant to the Sarbanes-Oxley Act. However, after we are no longer an emerging growth company under the JOBS Act, management will be required to have an independent auditor assess the effectiveness of our internal controls over financial reporting, pursuant to Section 404 of the Sarbanes-Oxley Act. Substantial work on our part is required to implement appropriate processes, document the system of internal control over key processes, assess their design, remediate any deficiencies identified and test their operation. This process is expected to be both costly and challenging. We cannot give any assurances that material weaknesses will not be identified in the future in connection with our compliance with the provisions of Section 404 of the Sarbanes-Oxley Act. The existence of any material weakness described above would preclude a conclusion by management and our independent auditors that we maintained effective internal control over financial reporting. Our management may be required to devote significant time and expense to remediate any material weaknesses that may be discovered and may not be able to remediate any material weakness in a timely manner. The existence of any material weakness in our internal control over financial reporting could also result in errors in our financial statements that could require us to restate our financial statements, cause us to fail to meet our reporting obligations and cause investors to lose confidence in our reported financial information, all of which could lead to a decline in the per share trading price of our common stock.

We may be required to make rent or other concessions or significant capital expenditures to improve our properties in order to retain and attract tenants, which may materially adversely affect us, including our financial condition, results of operations, cash flow, cash available for distributions and our ability to service our debt obligations.

Upon expiration of our leases to our tenants, to the extent that adverse economic conditions in the real estate market reduce the demand for office, retail and multifamily space, we may be required to make rent or other

concessions, accommodate requests for renovations, build-to-suit remodeling and other improvements or provide additional services to our tenants, any of which would increase our costs. As a result, we may have to make significant capital or other expenditures in order to retain tenants whose leases expire and to attract new tenants in sufficient numbers. Additionally, we may need to raise capital to make such expenditures. If we are unable to do so or capital is otherwise unavailable, we may be unable to make the required expenditures. This could result in non-renewals by tenants upon expiration of their leases. If any of the foregoing were to occur, it could have a material adverse effect on us, including our financial condition, results of operations, cash flow, cash available for distribution and our ability to service our debt obligations.

Our use of units in our Operating Partnership as currency to acquire properties could result in stockholder dilution or limit our ability to sell such properties, which could have a material adverse effect on us.

We have, and in the future we may, acquire properties or portfolios of properties through tax deferred contribution transactions in exchange for OP Units. In particular, we issued OP Units in connection with our acquisition of certain properties during 2015 and intend to issue additional OP Units in connection with certain property acquisitions during 2016, as discussed in “Item 1 – Business – Acquisitions and Dispositions.” This acquisition structure may have the effect of, among other things, reducing the amount of tax depreciation we could deduct over the tax life of the acquired properties, and may require that we agree to protect the contributors’ ability to defer recognition of taxable gain through restrictions on our ability to dispose of the acquired properties or the allocation of partnership debt to the contributors to maintain their tax bases. These restrictions also could limit our ability to sell properties at a time, or on terms, that would be favorable absent such restrictions. In addition, future issuances of OP Units would reduce our ownership percentage in our Operating Partnership and affect the amount of distributions made to us by our Operating Partnership and, therefore, the amount of distributions we can make to our stockholders. To the extent that our stockholders do not directly own OP Units, our stockholders will not have any voting rights with respect to any such issuances or other partnership level activities of our Operating Partnership.

Significant competition in the leasing market could have a material adverse effect on us, including our financial condition, results of operations, cash flow, cash available for distribution and our ability to service our debt obligations.

We compete with numerous developers, owners and operators of real estate, many of which own properties similar to ours in the same submarkets in which our properties are located. If our competitors offer space at rental rates below current market rates, or below the rental rates we currently charge our tenants, we may lose existing or potential tenants and we may be pressured to reduce our rental rates below those we currently charge or to offer more substantial rent abatements, tenant improvements, early termination rights or below-market renewal options in order to retain tenants when our tenants’ leases expire. As a result, our financial condition, results of operations, cash flow, cash available for distributions and our ability to service our debt obligations could be materially and adversely affected.

Our success depends on key personnel whose continued service is not guaranteed, and the loss of one or more of our key personnel could adversely affect our ability to manage our business and to implement our growth strategies, or could create a negative perception of our company in the capital markets.

Our continued success and our ability to manage anticipated future growth depend, in large part, upon the efforts of key personnel, particularly Messrs. Hoffer (our Executive Chairman), Kirk (our Vice Chairman), Haddad (our President and Chief Executive Officer), Nero (our President of Development), Apperson (our President of Construction), O’Hara (our Chief Financial Officer and Treasurer), and Smith (our Chief Investment Officer and Corporate Secretary) and Ms. Hampton (our President of Asset Management), who have extensive market knowledge and relationships and exercise substantial influence over our operational, financing, development and construction activity. Among the reasons that these individuals are important to our success is that each has a national or regional industry reputation that attracts business and investment opportunities and assists us in negotiations with lenders, existing and potential tenants and industry personnel. If we lose their services, our relationships with such personnel could diminish.

Many of our other senior executives also have extensive experience and strong reputations in the real estate industry, which aid us in identifying opportunities, having opportunities brought to us and negotiating with tenants and build-to-suit prospects. The loss of services of one or more members of our senior management team, or our inability to attract and retain highly qualified personnel, could adversely affect our business, diminish our investment opportunities and weaken our relationships with lenders, business partners, existing and prospective tenants and industry participants,

which could materially adversely affect our financial condition, results of operations, cash flow and the per share trading price of our common stock.

We may be subject to on-going or future litigation, including existing claims relating to the entities that owned the properties prior to our initial public offering and otherwise in the ordinary course of business, which could have a material adverse effect on our financial condition, results of operations, cash flow and the per share trading price of our common stock.

We may be subject to on-going litigation, including existing claims relating to the entities that owned the properties and operated the businesses prior to our initial public offering and otherwise in the ordinary course of business. Some of these claims may result in significant defense costs and potentially significant judgments against us, some of which are not, or cannot be, insured against. We generally intend to vigorously defend ourselves. However, we cannot be certain of the ultimate outcomes of currently asserted claims or of those that may arise in the future. In addition, we may become subject to litigation in connection with the formation transactions related to our initial public offering in the event that prior investors dispute the valuation of their respective interests, the adequacy of the consideration received by them in the formation transactions or the interpretation of the agreements implementing the formation transactions. Resolution of these types of matters against us may result in our having to pay significant fines, judgments, or settlements, which, if uninsured, or if the fines, judgments, and settlements exceed insured levels, could adversely impact our earnings and cash flows, thereby having an adverse effect on our financial condition, results of operations, cash flow, cash available for distribution and our ability to service our debt obligations. Certain litigation or the resolution of certain litigation may affect the availability or cost of some of our insurance coverage, which could materially adversely affect our results of operations and cash flows, expose us to increased risks that would be uninsured and adversely impact our ability to attract officers and directors.

Potential losses from hurricanes in Virginia, Maryland, North Carolina and South Carolina may not be covered by insurance.

All of the properties in our portfolio as of December 31, 2015 are located in Virginia, Maryland, North Carolina and South Carolina, which are areas particularly susceptible to hurricanes. While we carry insurance on certain of our properties, the amount of our insurance coverage may not be sufficient to fully cover losses from hurricanes and will be subject to limitations involving large deductibles or co-payments. In addition, we may reduce or discontinue insurance on some or all of our properties in the future if the cost of premiums for any such policies exceeds, in our judgment, the value of the coverage discounted for the risk of loss. As a result, in the event of a hurricane, we may be required to incur significant costs, and, to the extent that a loss exceeds policy limits, we could lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. In addition, if the damaged properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these properties were irreparably damaged.

We may not be able to rebuild our existing properties to their existing specifications if we experience a substantial or comprehensive loss of such properties.

In the event that we experience a substantial or comprehensive loss of one of our properties, we may not be able to rebuild such property to its existing specifications. Further, reconstruction or improvement of such a property would likely require significant upgrades to meet zoning and building code requirements. Environmental and legal restrictions could also restrict the rebuilding of our properties.

Joint venture investments could be adversely affected by our lack of sole decision-making authority, our reliance on co-venturers' financial condition and disputes between us and our co-venturers.

In the past, we have, and in the future, we expect to, co-invest with third parties through partnerships, joint ventures or other entities, acquiring noncontrolling interests in or sharing responsibility for developing properties and managing the affairs of a property, partnership, joint venture or other entity. In particular, in connection with the formation transactions related to our initial public offering, we provided certain of the prior investors with the right to co-develop certain projects with us in the future and the right to acquire a minority equity interest in certain properties that we may develop in the future, in each case under certain circumstances and subject to certain conditions set forth in the applicable agreement. Furthermore, we are 60%, 65% and 80% joint venture partners in our Lightfoot Marketplace, Brooks Crossing and Johns Hopkins Village development projects, respectively. In the event that we co-develop a

property together with a third party, we would be required to share a portion of the development fee. With respect to any such arrangement or any similar arrangement that we may enter into in the future, we may not be in a position to exercise sole decision-making authority regarding the development, property, partnership, joint venture or other entity. Investments in partnerships, joint ventures or other entities may, under certain circumstances, involve risks not present where a third party is not involved, including the possibility that partners or co-venturers might become bankrupt or fail to fund their share of required capital contributions. Partners or co-venturers may have economic or other business interests or goals which are inconsistent with our business interests or goals and may be in a position to take actions contrary to our policies or objectives, and they may have competing interests in our markets that could create conflicts of interest. Such investments may also have the potential risk of impasses on decisions, such as a sale or financing, because neither we nor the partner(s) or co-venturer(s) would have full control over the partnership or joint venture. In addition, a sale or transfer by us to a third party of our interests in the joint venture may be subject to consent rights or rights of first refusal, in favor of our joint venture partners, which would in each case restrict our ability to dispose of our interest in the joint venture. Where we are a limited partner or non-managing member in any partnership or limited liability company, if such entity takes or expects to take actions that could jeopardize our status as a REIT or require us to pay tax, we may be forced to dispose of our interest in such entity. Disputes between us and partners or co-venturers may result in litigation or arbitration that would increase our expenses and prevent our officers and directors from focusing their time and effort on our business. Consequently, actions by or disputes with partners or co-venturers might result in subjecting properties owned by the partnership or joint venture to additional risk. In addition, we may in certain circumstances be liable for the actions of our third-party partners or co-venturers. Our joint ventures may be subject to debt and, during periods of volatile credit markets, the refinancing of such debt may require equity capital calls.

Mezzanine loans and similar loan investments are subject to significant risks, and losses related to these investments could have a material adverse effect on our financial condition and results of operations.

We have originated, and may in the future originate or acquire, mezzanine or similar loans, which take the form of subordinated loans secured by second mortgages on the underlying property or loans secured by a pledge of the ownership interests of either the entity owning the property or a pledge of the ownership interests of the entity that owns the interest in the entity owning the property. These types of loans involve a higher degree of risk than long-term senior mortgage loans secured by income-producing real property because the loan may become unsecured as a result of foreclosure by the senior lender. In addition, these loans may have higher loan-to-value ratios than conventional mortgage loans, resulting in less equity in the property and increasing the risk of loss of principal. If a borrower defaults on our mezzanine loan or debt senior to our loan, or in the event of a borrower bankruptcy, our mezzanine loan will be satisfied only after the senior debt is paid in full. In the event of a bankruptcy of the entity providing the pledge of its ownership interests as security, we may not have full recourse to the assets of such entity, or the assets of the entity may not be sufficient to satisfy our mezzanine loan. As a result, we may not recover some of or all our initial investment. In addition, in connection with our loan investments, we may have options to purchase all or a portion of the underlying property upon maturity of the loan; however, if a developer's costs for a project are higher than anticipated, exercising such options may not be attractive or economically feasible, or we may not have sufficient funds to exercise such options even if desire to do so. Significant losses related to mezzanine or similar loan investments could have a material adverse effect on our financial condition and results of operations.

Increased competition and increased affordability of residential homes could limit our ability to retain our residents, lease apartment units or increase or maintain rents at our multifamily apartment communities.

Our multifamily apartment communities compete with numerous housing alternatives in attracting residents, including other multifamily apartment communities and single-family rental units, as well as owner-occupied single- and multifamily units. Competitive housing in a particular area and an increase in the affordability of owner-occupied single- and multifamily units due to, among other things, declining housing prices, oversupply, mortgage interest rates and tax incentives and government programs to promote home ownership, could adversely affect our ability to retain residents, lease apartment units and increase or maintain rents at our multifamily properties.

Our growth depends on external sources of capital that are outside of our control and may not be available to us on commercially reasonable terms or at all, which could limit our ability to, among other things, meet our capital and operating needs or make the cash distributions to our stockholders necessary to maintain our qualification as a REIT.

In order to maintain our qualification as a REIT, we are required under the Code to, among other things, distribute annually at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain. In addition, we will be subject to income tax at regular corporate rates to the extent that we distribute less than 100% of our REIT taxable income, including any net capital gains. Because of these distribution requirements, we may not be able to fund future capital needs, including any necessary capital expenditures, from operating cash flow. Consequently, we intend to rely on third-party sources to fund our capital needs. We may not be able to obtain such financing on favorable terms or at all and any additional debt we incur will increase our leverage and likelihood of default. Our access to third-party sources of capital depends, in part, on:

- general market conditions;
- the market's perception of our growth potential;
- our current debt levels;
- our current and expected future earnings;
- our cash flow and cash distributions; and
- the market price per share of our common stock.

Recently, the capital markets have been subject to significant disruptions. If we cannot obtain capital from third-party sources, we may not be able to acquire or develop properties when strategic opportunities exist, meet the capital and operating needs of our existing properties, satisfy our debt service obligations or make the cash distributions to our stockholders necessary to maintain our qualification as a REIT.

Risks Related to Our Third-Party Construction Business

Adverse economic and regulatory conditions, particularly in the Mid-Atlantic region, could adversely affect our construction and development business, which could have a material adverse effect on our financial condition, results of operations, cash flow, cash available for distribution and our ability to service our debt obligations.

Our third-party construction activities have been, and are expected to continue to be, primarily focused in the Mid-Atlantic region, although we have also undertaken construction projects in various states in the Southeast, Northeast and Midwest regions of the United States. As a result of our concentration of construction projects in the Mid-Atlantic region of the United States, we are particularly susceptible to adverse economic or other conditions in this market (such as periods of economic slowdown or recession, business layoffs or downsizing, industry slowdowns, relocations of businesses, labor disruptions and the costs of complying with governmental regulations or increased regulation), as well as to natural disasters that occur in this region. We cannot assure you that our target markets will support construction and development projects of the type in which we typically engage. While we have the ability to provide a wide range of development and construction services, any adverse economic or real estate developments in the Mid-Atlantic region could materially adversely affect our financial condition, results of operations, cash flow, cash available for distribution and our ability to service our debt obligations.

There can be no assurance that all of the projects for which our construction business is engaged as general contractor will be commenced or completed in their entirety in accordance with the anticipated cost, or that we will achieve the financial results we expect from the construction of such properties, which could materially adversely affect our cash flows, results of operations and growth prospects.

Our construction business earns profit for serving as general contractor equal to the difference between the total construction fees that we charge and the costs that we incur to build a property. If the decision is made by a third-party client to abandon a construction project for any reason, our anticipated fee revenue from such project could be

significantly lower than we expect. In addition, we defer pre-contract costs when such costs are directly associated with specific anticipated construction contracts and their recovery is deemed probable. In the event that we determine that the execution of a construction contract is no longer probable, we would be required to expense those pre-contract costs in the period in which such determination is made, which could materially and adversely affect our results of operations in such period. Our ability to complete the projects in our construction pipeline on time and on budget could be materially adversely affected as a result of the following factors, among others:

- shortages of subcontractors, equipment, materials or skilled labor;
- unscheduled delays in the delivery of ordered materials and equipment;
- unanticipated increases in the cost of equipment, labor and raw materials;
- unforeseen engineering, environmental or geological problems;
- weather interferences;
- difficulties in obtaining necessary permits or in meeting permit conditions;
- client acceptance delays; or
- work stoppages and other labor disputes.

If we do not complete construction projects on time and on budget, it could have a material adverse effect on us, including our cash flows, results of operations and growth prospects.

Our dependence on third-party subcontractors and equipment and material providers could result in material shortages and project delays and could reduce our profits or result in project losses, which could materially adversely affect our financial condition, results of operations and cash flow.

Because our construction business provides general contracting services, we rely on third-party subcontractors and equipment and material providers. For example, we procure equipment and construction materials as needed when engaged in large construction projects. To the extent that we cannot engage subcontractors or acquire equipment and materials at reasonable costs or if the amount we are required to pay for subcontractors or equipment exceeds our estimates, our ability to complete a construction project in a timely fashion or at a profit may be impaired. In addition, if a subcontractor or a manufacturer is unable to deliver its services, equipment or materials according to the negotiated terms for any reason, including the deterioration of its financial condition, we may be required to purchase the services, equipment or materials from another source at a higher price. Additionally, while our construction contracts generally provide that our obligation to pay subcontractors is expressly made subject to the condition precedent that we shall have first received payment, we cannot assure you that these so called “pay-if-paid” or “pay-when-paid” provisions will be recognized in all jurisdictions in which we do business, or that a subcontractor or payment bond surety may not otherwise be entitled to payment or to record a lien on the affected property. In such event, we may be required to pay a payment bond surety or the subcontractors we engage even though we have yet to receive our fees as general contractor. This may reduce the profit to be realized or result in a loss on a project for which the services, equipment or materials are needed, which may materially adversely affect us, including our financial condition, results of operations and cash flow.

Our construction business recognizes certain revenue on a percentage-of-completion basis and upon the achievement of contractual milestones, and any delay or cancellation of a construction project could materially adversely affect our cash flows and results of operations.

Our construction business recognizes certain revenue on a percentage-of-completion basis and, as a result, revenue from our construction business is driven by the performance of our contractual obligations. The percentage-of-completion method of accounting is inherently subjective because it relies on estimates of total project cost as a basis for recognizing revenue and profit. Accordingly, revenue and profit recognized under the percentage-of-completion method is potentially subject to adjustments in subsequent periods based on refinements in the estimated cost to complete a project, which could result in a reduction or reversal of previously recorded revenues and profits. In addition, delays in,

or the cancellation of, any particular construction project could adversely impact our ability to recognize revenue in a particular period. Furthermore, changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and income in the period in which they are determined. If any of the foregoing were to occur, it could have a material adverse effect on our cash flows and results of operations.

Construction project sites are inherently dangerous workplaces, and, as a result, our failure to maintain safe construction project sites could result in deaths or injuries, reduced profitability, the loss of projects or clients and possible exposure to litigation, any of which could materially adversely affect our financial condition, results of operations, cash flow and reputation.

Construction and maintenance sites often put our employees, employees of subcontractors, our tenants and members of the public in close proximity with mechanized equipment, moving vehicles, chemical and manufacturing processes and highly regulated materials. On many sites, we are responsible for safety and, accordingly, must implement safety procedures. If we fail to implement these procedures or if the procedures we implement are ineffective, we may suffer the loss of or injury to our employees, fines or expose our tenants and members of the public to potential injury, thereby creating exposure to litigation. As a result, our failure to maintain adequate safety standards could result in reduced profitability or the loss of projects, clients and tenants, which may materially adversely affect our financial condition, results of operations, cash flow and our reputation.

Supply shortages and other risks associated with demand for skilled labor could increase construction costs and delay performance of our obligations under construction contracts, which could materially adversely affect the profitability of our construction business, our cash flow and results of operations.

There is a high level of competition in the construction industry for skilled labor. Increased costs, labor shortages or other disruptions in the supply of skilled labor, such as carpenters, roofers, electricians and plumbers, could cause increases in construction costs and construction delays. We may not be able to pass on increases in construction costs because of market conditions or negotiated contractual terms. Sustained increases in construction costs due to competition for skilled labor and delays in performance under construction contracts may materially adversely affect the profitability of our construction business, our financial condition, results of operations and cash flow.

Our failure to successfully and profitably bid on construction contracts could materially adversely affect our results of operations and cash flow.

Many of the costs related to our construction business, such as personnel costs, are fixed and are incurred by us irrespective of the level of activity of our construction business. The success of our construction business depends, in part, on our ability to successfully and profitably bid on construction contracts for private and public sector clients. Contract proposals and negotiations are complex and frequently involve a lengthy bidding and selection process, which can be impacted by a number of factors, many of which are outside our control, including market conditions, financing arrangements and required governmental approvals. If we are unable to maintain a consistent backlog of third-party construction contracts, our results of operations and cash flow could be materially adversely affected.

If we fail to timely complete a construction project, miss a required performance standard or otherwise fail to adequately perform on a construction project, we may incur losses or financial penalties, which could materially adversely affect our financial condition, results of operations, cash flow and reputation.

We may contractually commit to a construction client that we will complete a construction project by a scheduled date at a fixed cost. We may also commit that a construction project, when completed, will achieve specified performance standards. If the construction project is not completed by the scheduled date or fails to meet required performance standards, we may either incur significant additional costs or be held responsible for the costs incurred by the client to rectify damages due to late completion or failure to achieve the required performance standards. In addition, completion of projects can be adversely affected by a number of factors beyond our control, including unavoidable delays from governmental inaction, public opposition, inability to obtain financing, weather conditions, unavailability of vendor materials, availabilities of subcontractors, changes in the project scope of services requested by our clients, industrial accidents, environmental hazards, labor disruptions and other factors. In some cases, if we fail to meet required performance standards or milestone requirements, we may also be subject to agreed-upon financial damages in the form of liquidated damages, which are determined pursuant to the contract governing the construction project. To the extent

that these events occur, the total costs of the project could exceed our estimates and our contracted cost and we could experience reduced profits or, in some cases, incur a loss on a project, which may materially adversely affect our financial condition, results of operations and cash flow. Failure to meet performance standards or complete performance on a timely basis could also adversely affect our reputation.

Unionization or work stoppages could have a material adverse effect on us.

From time to time, our construction business and the subcontractors we engage may use unionized construction workers, which requires us to pay the prevailing wage in a jurisdiction to such workers. Due to the highly labor-intensive and price-competitive nature of the construction business, the cost of unionization or prevailing wage requirements for new developments could be substantial, which could adversely affect our profitability. In addition, the use of unionized construction workers could cause us to become subject to organized work stoppages, which would materially adversely affect our ability to meet our construction timetables and could significantly increase the cost of completing a construction project.

Risks Related to Our Development Business and Property Acquisitions

Our failure to establish new development relationships with public partners and expand our development relationships with existing public partners could have a material adverse effect on us, including our cash flows, results of operations and growth prospects.

Our growth strategy depends significantly on our ability to leverage our extensive experience in completing large, complex, mixed-use public/private projects to establish new relationships with public partners and expand our relationships with existing public partners. Future increases in our revenues may depend significantly on our ability to expand the scope of the work we do with the state and local government agencies with which we currently have partnered and attract new state and local government agencies to undertake public/private development projects with us. Our ability to obtain new work with state and local governmental authorities on new public/private development and financing partnerships could be adversely affected by several factors, including decreases in state and local budgets, changes in administrations, the departure of government personnel with whom we have worked and negative public perceptions about public/private partnerships. In addition, to the extent that we engage in public/private partnerships in states or local communities in which we have not previously worked, we could be subject to risks associated with entry into new markets, such as lack of market knowledge or understanding of the local economy, lack of business relationships in the area and unfamiliarity with local governmental and permitting procedures. If we fail to establish new relationships with public partners and expand our relationships with existing public partners, it could have a material adverse effect on our growth prospects.

We may be unable to identify and complete development opportunities and acquisitions of properties that meet our investment criteria, which may materially adversely affect our financial condition, results of operations, cash flow and growth prospects.

Our business and growth strategy involves the development and selective acquisition of office, retail and multifamily properties. We may expend significant management time and other resources, including out-of-pocket costs, in pursuing these investment opportunities. Our ability to complete development projects or acquire properties on favorable terms, or at all, may be exposed to the following significant risks:

- we may incur significant costs and divert management attention in connection with evaluating and negotiating potential development opportunities and acquisitions, including those that we are subsequently unable to complete;
- agreements for the development or acquisition of properties are subject to conditions, which we may be unable to satisfy; and
- we may be unable to obtain financing on favorable terms or at all.

If we are unable to identify attractive investment opportunities, our financial condition, results of operations, cash flow and growth prospects could be materially adversely affected.

The risks associated with land holdings and related activities could have a material adverse effect on us, including our results of operations.

We hold options to acquire undeveloped parcels of land for future development and may in the future acquire additional land holdings for development. The risks inherent in purchasing, owning, and developing land increase as demand for office, retail or multifamily properties, or rental rates, decreases. Real estate markets are highly uncertain and volatile and, as a result, the value of undeveloped land has fluctuated significantly and may continue to fluctuate. In addition, carrying costs, including interest and other pre-development costs, can be significant and can result in losses or reduced profitability. If there are subsequent changes in the fair value of our undeveloped land holdings that cause us to determine that the fair value of our undeveloped land holdings is less than their carrying basis reflected in our financial statements plus estimated costs to sell, we may be required to take future impairment charges which would reduce our net income and could materially and adversely affect our results of operations.

The success of our activities to design, construct and develop properties in which we will retain an ownership interest is dependent, in part, on the availability of suitable undeveloped land at acceptable prices as well as our having sufficient liquidity to fund investments in such undeveloped land and subsequent development.

Our success in designing, constructing and developing projects for our own account depends, in part, upon the continued availability of suitable undeveloped land at acceptable prices. The availability of undeveloped land for purchase at favorable prices depends on a number of factors outside of our control, including the risk of competitive over-bidding on land and governmental regulations that restrict the potential uses of land. If the availability of suitable land opportunities decreases, the number of development projects we may be able to undertake could be reduced. In addition, our ability to make land purchases will depend upon us having sufficient liquidity or access to external sources of capital to fund such purchases. Thus, the lack of availability of suitable land opportunities and insufficient liquidity to fund the purchases of any such available land opportunities could have a material adverse effect on our results of operations and growth prospects.

Our real estate development activities are subject to risks particular to development, such as unanticipated expenses, delays and other contingencies, any of which could materially adversely affect us, including our financial condition, results of operations and cash flow.

We engage in development and redevelopment activities and will be subject to the following risks associated with such activities:

- unsuccessful development or redevelopment opportunities could result in direct expenses to us and cause us to incur losses;
- construction or redevelopment costs of a project may exceed original estimates, possibly making the project less profitable than originally estimated, or unprofitable;
- occupancy rates and rents of a completed project may not be sufficient to make the project profitable; and
- the availability and pricing of financing to fund our development activities on favorable terms or at all.

These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development or redevelopment activities once undertaken, any of which could have an adverse effect on our financial condition, results of operations and cash flow.

There can be no assurance that all of the properties in our development pipeline will be completed in their entirety in accordance with the anticipated cost, or that we will achieve the results we expect from the development of such properties, which could materially adversely affect our growth prospects, financial condition and results of operations.

The development of the projects in our development pipeline are subject to numerous risks, many of which are outside of our control. The cost necessary to complete the development of our development pipeline could be materially higher than we anticipate. Because we generally intend to commence the construction phase of an office or retail project for our own account only where a substantial percentage of the commercial space is pre-leased, we could decide not to

undertake construction on one or more of the projects in our development pipeline if our pre-leasing efforts are unsuccessful. Furthermore, if we are delayed in the completion of any development project, tenants may have the right to terminate pre-development leases, which could materially adversely affect the financial viability of the project. In addition, even if we decide to commence construction on a project, we can provide no assurances that we will complete any of the projects in our development pipeline on the anticipated schedule, or that, once completed, the properties in our development pipeline will achieve the results that we expect. If the development of the projects in our development pipeline is not completed in accordance with our anticipated timing or at the anticipated cost, or the properties fail to achieve the financial results we expect, it could have a material adverse effect on our financial condition and results of operations.

Our option properties are subject to various risks, and we may not be able to acquire them.

We have options to acquire from certain of our officers and directors certain parcels of developable land. These parcels are exposed to many of the same risks that may affect the other properties in our portfolio. The terms of the option agreements relating to these parcels were not determined by arm's-length negotiations, and such terms may be less favorable to us than those that may have been obtained through negotiations with third parties. In addition, it may become economically unattractive to exercise our options with respect to these parcels, which could cause us to decide not to exercise our option to purchase these parcels in the future. In such event, or in the event that the option agreements expire by their terms, the parcels could be sold to one of our competitors without restriction. Because our officers and directors own economic interests in these parcels, our decision to exercise or refrain from exercising such options will create conflicts of interest.

Risks Related to the Real Estate Industry

Our business is subject to risks associated with real estate assets and the real estate industry, which could materially adversely affect our financial condition, results of operations, cash flow, cash available for distribution and our ability to service our debt obligations.

Our ability to pay expected dividends to our stockholders depends on our ability to generate revenues in excess of expenses, scheduled principal payments on debt and capital expenditure requirements. Events and conditions generally applicable to owners and operators of real property that are beyond our control may decrease cash available for distribution and the value of our properties. These events include many of the risks set forth above under “—Risks Related to Our Business and Operations,” as well as the following:

- oversupply or reduction in demand for office, retail or multifamily space in our markets;
- adverse changes in financial conditions of buyers, sellers and tenants of properties;
- vacancies or our inability to rent space on favorable terms, including possible market pressures to offer tenants rent abatements, tenant improvements, early termination rights or below-market renewal options, and the need to periodically repair, renovate and re-lease space;
- increased operating costs, including insurance premiums, utilities, real estate taxes and state and local taxes;
- a favorable interest rate environment that may result in a significant number of potential residents of our multifamily apartment communities deciding to purchase homes instead of renting;
- rent control or stabilization laws, or other laws regulating rental housing, which could prevent us from raising rents to offset increases in operating costs;
- civil unrest, acts of war, terrorist attacks and natural disasters, including hurricanes, which may result in uninsured or underinsured losses;
- decreases in the underlying value of our real estate;
- changing submarket demographics; and

- changing traffic patterns.

In addition, periods of economic downturn or recession, rising interest rates or declining demand for real estate, or the public perception that any of these events may occur, could result in a general decline in rents or an increased incidence of defaults under existing leases, which could materially adversely affect our financial condition, results of operations, cash flow, cash available for distribution and our ability to service our debt obligations.

Illiquidity of real estate investments could significantly impede our ability to respond to adverse changes in the performance of our properties and harm our financial condition.

The real estate investments made, and to be made, by us are difficult to sell quickly. As a result, our ability to promptly sell one or more properties in our portfolio in response to changing economic, financial and investment conditions is limited. Return of capital and realization of gains, if any, from an investment generally will occur upon disposition or refinancing of the underlying property. We may be unable to realize our investment objectives by disposition or refinancing at attractive prices within any given period of time or may otherwise be unable to complete any exit strategy. In particular, our ability to dispose of one or more properties within a specific time period is subject to certain limitations imposed by our tax protection agreements, as well as weakness in or even the lack of an established market for a property, changes in the financial condition or prospects of prospective purchasers, changes in national or international economic conditions and changes in laws, regulations or fiscal policies of jurisdictions in which the property is located.

In addition, the Code imposes restrictions on a REIT's ability to dispose of properties that are not applicable to other types of real estate companies. In particular, the tax laws applicable to REITs effectively require that we hold our properties for investment, rather than primarily for sale in the ordinary course of business, which may cause us to forego or defer sales of properties that otherwise would be in our best interests. Therefore, we may not be able to vary our portfolio in response to economic or other conditions promptly or on favorable terms.

Our property taxes could increase due to property tax rate changes or reassessment, which would adversely impact our cash flows.

Even if we qualify as a REIT for federal income tax purposes, we will be required to pay some state and local taxes on our properties. The real property taxes on our properties may increase as property tax rates change or as our properties are assessed or reassessed by taxing authorities. Therefore, the amount of property taxes we pay in the future may increase substantially from what we have paid in the past. If the property taxes we pay increase, our cash flow would be adversely impacted, and our ability to pay dividends to our stockholders could be adversely affected.

As an owner of real estate, we could incur significant costs and liabilities related to environmental matters.

Under various federal, state and local laws and regulations relating to the environment, as a current or former owner or operator of real property, we may be liable for costs and damages resulting from the presence or discharge of hazardous or toxic substances, waste or petroleum products at, on, in, under or migrating from such property, including costs to investigate, clean up such contamination and liability for harm to natural resources. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such contamination, and the liability may be joint and several. These liabilities could be substantial and the cost of any required remediation, removal, fines or other costs could exceed the value of the property and our aggregate assets. In addition, the presence of contamination or the failure to remediate contamination at our properties may expose us to third-party liability for costs of remediation and personal or property damage or materially adversely affect our ability to sell, lease or develop our properties or to borrow using the properties as collateral. In addition, environmental laws may create liens on contaminated sites in favor of the government for damages and costs it incurs to address such contamination. Moreover, if contamination is discovered on our properties, environmental laws may impose restrictions on the manner in which property may be used or businesses may be operated, and these restrictions may require substantial expenditures. See "Part I—Business—Regulation."

Some of our properties have been or may be impacted by contamination arising from current or prior uses of the property, or adjacent properties, for commercial or industrial purposes. Such contamination may arise from spills of petroleum or hazardous substances or releases from tanks used to store such materials. For example, some of the tenants

of properties in our retail portfolio operate gas stations or other businesses that utilize storage tanks to store petroleum products, propane or wastes typically associated with automobile service or other operations conducted at the properties, and spills or leaks of hazardous materials from those storage tanks could expose us to liability. See “Part I—Business—Regulation—Environmental Matters.” In addition to the foregoing, while we obtained Phase I Environmental Site Assessments for each of the properties in our portfolio, the assessments are limited in scope and may have failed to identify all environmental conditions or concerns. For example, they do not generally include soil sampling, subsurface investigations or hazardous materials survey. Furthermore, we do not have current Phase I Environmental Site Assessment reports for all of the properties in our portfolio and, as such, may not be aware of all potential or existing environmental contamination liabilities at the properties in our portfolio. As a result, we could potentially incur material liability for these issues.

As the owner of the buildings on our properties, we could face liability for the presence of hazardous materials, such as asbestos or lead, or other adverse conditions, such as poor indoor air quality, in our buildings. Environmental laws govern the presence, maintenance, and removal of hazardous materials in buildings, and if we do not comply with such laws, we could face fines for such noncompliance. Also, we could be liable to third parties, such as occupants of the buildings, for damages related to exposure to hazardous materials or adverse conditions in our buildings, and we could incur material expenses with respect to abatement or remediation of hazardous materials or other adverse conditions in our buildings. In addition, some of our tenants routinely may handle and use hazardous or regulated substances and wastes as part of their operations at our properties, which are subject to regulation. Such environmental and health and safety laws and regulations could subject us or our tenants to liability resulting from these activities. Environmental liabilities could affect a tenant’s ability to make rental payments to us, and changes in laws could increase the potential liability for noncompliance. This may result in significant unanticipated expenditures or may otherwise materially and adversely affect our operations, or those of our tenants, which could in turn have an adverse effect on us. If we incur material environmental liabilities in the future, we may face significant remediation costs, and we may find it difficult to sell any affected properties.

Our properties may contain or develop harmful mold or suffer from other air quality issues, which could lead to liability for adverse health effects and costs of remediation.

When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources, and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of our properties could require us to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose us to liability from our tenants, employees of our tenants or others if property damage or personal injury is alleged to have occurred.

We may incur significant costs complying with various federal, state and local laws, regulations and covenants that are applicable to our properties.

Properties are subject to various covenants and federal, state and local laws and regulatory requirements, including permitting and licensing requirements. Local regulations, including municipal or local ordinances, zoning restrictions and restrictive covenants imposed by community developers may restrict our use of our properties and may require us to obtain approval from local officials or restrict our use of our properties and may require us to obtain approval from local officials of community standards organizations at any time with respect to our properties, including prior to developing or acquiring a property or when undertaking renovations of any of our existing properties. Among other things, these restrictions may relate to fire and safety, seismic or hazardous material abatement requirements. There can be no assurance that existing laws and regulatory policies will not adversely affect us or the timing or cost of any future development, acquisitions or renovations, or that additional regulations will not be adopted that increase such delays or result in additional costs. Our growth strategy may be affected by our ability to obtain permits, licenses and zoning relief.

In addition, federal and state laws and regulations, including laws such as the ADA and the Fair Housing Amendment Act of 1988 (“FHAA”), impose further restrictions on our properties and operations. Under the ADA and

the FHAA, all public accommodations must meet federal requirements related to access and use by disabled persons. Some of our properties may currently be in non-compliance with the ADA or the FHAA. If one or more of the properties in our portfolio is not in compliance with the ADA, the FHAA or any other regulatory requirements, we may incur additional costs to bring the property into compliance, incur governmental fines or the award of damages to private litigants or be unable to refinance such properties. In addition, we do not know whether existing requirements will change or whether future requirements will require us to make significant unanticipated expenditures that will adversely impact our financial condition, results of operations and cash flow.

Risks Related to Our Organizational Structure

Daniel Hoffler and his affiliates own, directly or indirectly, a substantial beneficial interest in our company on a fully diluted basis and has the ability to exercise significant influence on our company and our Operating Partnership, including the approval of significant corporate transactions.

As of December 31, 2015, Daniel Hoffler, our Executive Chairman, owned approximately 11% and, collectively, Messrs. Hoffler, Haddad and Kirk owned approximately 18% of the combined outstanding shares of our common stock and OP Units of our Operating Partnership (which OP Units may be redeemable for shares of our common stock). Consequently, these individuals may be able to significantly influence the outcome of matters submitted for stockholder action, including the approval of significant corporate transactions, including business combinations, consolidations and mergers.

Conflicts of interest may exist or could arise in the future between the interests of our stockholders and the interests of holders of units in our Operating Partnership, which may impede business decisions that could benefit our stockholders.

Conflicts of interest may exist or could arise in the future as a result of the relationships between us and our affiliates, on the one hand, and our Operating Partnership or any partner thereof, on the other. Our directors and officers have duties to our company under Maryland law in connection with their management of our company. At the same time, we, as the general partner of our Operating Partnership, have fiduciary duties and obligations to our Operating Partnership and its limited partners under Virginia law and the partnership agreement of our Operating Partnership in connection with the management of our Operating Partnership. Our fiduciary duties and obligations as the general partner of our Operating Partnership may come into conflict with the duties of our directors and officers to our company. Messrs. Hoffler, Haddad and Kirk own a significant interest in our Operating Partnership as limited partners and may have conflicts of interest in making decisions that affect both our stockholders and the limited partners of our Operating Partnership.

Under Virginia law, a general partner of a Virginia limited partnership has fiduciary duties of loyalty and care to the partnership and its partners and must discharge its duties and exercise its rights as general partner under the partnership agreement or Virginia law consistently with the obligation of good faith and fair dealing. The partnership agreement provides that, in the event of a conflict between the interests of our Operating Partnership or any partner, on the one hand, and the separate interests of our company or our stockholders, on the other hand, we, in our capacity as the general partner of our Operating Partnership, are under no obligation not to give priority to the separate interests of our company or our stockholders, and that any action or failure to act on our part or on the part of our directors that gives priority to the separate interests of our company or our stockholders that does not result in a violation of the contract rights of the limited partners of the Operating Partnership under its partnership agreement does not violate the duty of loyalty that we, in our capacity as the general partner of our Operating Partnership, owe to the Operating Partnership and its partners.

Additionally, the partnership agreement provides that we will not be liable to the Operating Partnership or any partner for monetary damages for losses sustained, liabilities incurred or benefits not derived by the Operating Partnership or any limited partner, except for liability for our intentional harm or gross negligence. Our Operating Partnership must indemnify us, our directors and officers and our designees from and against any and all claims that relate to the operations of our Operating Partnership, unless: (i) an act or omission of the person was material to the matter giving rise to the action and either was committed in bad faith or was the result of active and deliberate dishonesty, (ii) the person actually received an improper personal benefit in violation or breach of the partnership agreement or (iii) in the case of a criminal proceeding, the indemnified person had reasonable cause to believe that the act or omission was unlawful. Our Operating Partnership must also pay or reimburse the reasonable expenses of any

such person upon its receipt of a written affirmation of the person's good faith belief that the standard of conduct necessary for indemnification has been met and a written undertaking to repay any amounts paid or advanced if it is ultimately determined that the person did not meet the standard of conduct for indemnification. Our Operating Partnership will not indemnify or advance funds to any person with respect to any action initiated by the person seeking indemnification without our approval (except for any proceeding brought to enforce such person's right to indemnification under the partnership agreement) or if the person is found to be liable to our Operating Partnership on any portion of any claim in the action.

We may be subject to unknown or contingent liabilities related to acquired properties and properties that we may acquire in the future, which could have a material adverse effect on us.

Properties that we have acquired, and properties that we may acquire in the future, may be subject to unknown or contingent liabilities for which we may have no recourse, or only limited recourse, against the sellers. In general, the representations and warranties provided under the transaction agreements related to the purchase of properties that we acquire may not survive the completion of the transactions. Furthermore, indemnification under such agreements may be limited and subject to various materiality thresholds, a significant deductible or an aggregate cap on losses. As a result, there is no guarantee that we will recover any amounts with respect to losses due to breaches by the sellers of their representations and warranties. In addition, the total amount of costs and expenses that may be incurred with respect to liabilities associated with these properties may exceed our expectations, and we may experience other unanticipated adverse effects, all of which may materially and adversely affect us.

Our charter contains certain provisions restricting the ownership and transfer of our stock that may delay, defer or prevent a change of control transaction that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interests.

Our charter contains certain ownership limits with respect to our stock. Our charter, among other restrictions, prohibits the beneficial or constructive ownership by any person of more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our stock, excluding any shares that are not treated as outstanding for federal income tax purposes. Our board of directors, in its sole and absolute discretion, may exempt a person, prospectively or retroactively, from this ownership limit if certain conditions are satisfied. This ownership limit as well as other restrictions on ownership and transfer of our stock in our charter may:

- discourage a tender offer or other transactions or a change in management or of control that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interests; and
- result in the transfer of shares acquired in excess of the restrictions to a trust for the benefit of a charitable beneficiary and, as a result, the forfeiture by the acquirer of certain of the benefits of owning the additional shares.

We could increase the number of authorized shares of stock, classify and reclassify unissued stock and issue stock without stockholder approval.

Our board of directors, without stockholder approval, has the power under our charter to amend our charter to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we are authorized to issue. In addition, under our charter, our board of directors, without stockholder approval, has the power to authorize us to issue authorized but unissued shares of our common stock or preferred stock and to classify or reclassify any unissued shares of our common stock or preferred stock into one or more classes or series of stock and set the preference, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications or terms or conditions of redemption for such newly classified or reclassified shares. As a result, we may issue series or classes of common stock or preferred stock with preferences, dividends, powers and rights, voting or otherwise, that are senior to, or otherwise conflict with, the rights of holders of our common stock. Although our board of directors has no such intention at the present time, it could establish a class or series of preferred stock that could, depending on the terms of such series, delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interests.

Certain provisions of Maryland law could inhibit changes of control, which may discourage third parties from conducting a tender offer or seeking other change of control transactions that could involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interests.

Certain provisions of the Maryland General Corporation Law (the “MGCL”), may have the effect of inhibiting a third party from making a proposal to acquire us or of impeding a change of control under circumstances that otherwise could provide the holders of shares of our common stock with the opportunity to realize a premium over the then-prevailing market price of such shares, including:

- “business combination” provisions that, subject to limitations, prohibit certain business combinations between us and an “interested stockholder” (defined generally as any person who beneficially owns 10% or more of the voting power of our outstanding voting shares or an affiliate or associate of ours who was the beneficial owner, directly or indirectly, of 10% or more of the voting power of our then outstanding stock at any time within the two-year period immediately prior to the date in question) or an affiliate thereof for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter imposes certain fair price and supermajority stockholder voting requirements on these combinations; and
- “control share” provisions that provide that holders of “control shares” of our company (defined as shares of stock that, when aggregated with other shares of stock controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a “control share acquisition” (defined as the direct or indirect acquisition of ownership or control of issued and outstanding “control shares”) have no voting rights with respect to their control shares, except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

By resolution of our board of directors, we have opted out of the business combination provisions of the MGCL and provided that any business combination between us and any other person is exempt from the business combination provisions of the MGCL, provided that the business combination is first approved by our board of directors (including a majority of directors who are not affiliates or associates of such persons). In addition, pursuant to a provision in our bylaws, we have opted out of the control share provisions of the MGCL. However, our board of directors may by resolution elect to opt in to the business combination provisions of the MGCL and we may, by amendment to our bylaws, opt in to the control share provisions of the MGCL in the future.

Certain provisions of the MGCL permit our board of directors, without stockholder approval and regardless of what is currently provided in our charter or bylaws, to implement certain corporate governance provisions, some of which (for example, a classified board) are not currently applicable to us. If implemented, these provisions may have the effect of limiting or precluding a third party from making an unsolicited acquisition proposal for us or of delaying, deferring or preventing a change in control of us under circumstances that otherwise could provide the holders of shares of our common stock with the opportunity to realize a premium over the then current market price. Our charter contains a provision whereby we elect, at such time as we become eligible to do so, to be subject to the provisions of Title 3, Subtitle 8 of the MGCL relating to the filling of vacancies on our board of directors.

Certain provisions in the partnership agreement of our Operating Partnership may delay or prevent unsolicited acquisitions of us.

Provisions in the partnership agreement of our Operating Partnership may delay, or make more difficult, unsolicited acquisitions of us or changes of our control. These provisions could discourage third parties from making proposals involving an unsolicited acquisition of us or change of our control, although some of our stockholders might consider such proposals, if made, desirable. These provisions include, among others:

- redemption rights;
- a requirement that we may not be removed as the general partner of our Operating Partnership without our consent;
- transfer restrictions on OP Units;

- our ability, as general partner, in some cases, to amend the partnership agreement and to cause the Operating Partnership to issue units with terms that could delay, defer or prevent a merger or other change of control of us or our Operating Partnership without the consent of the limited partners; and
- the right of the limited partners to consent to direct or indirect transfers of the general partnership interest, including as a result of a merger or a sale of all or substantially all of our assets, in the event that such transfer requires approval by our common stockholders.

The limited partners in our Operating Partnership owned approximately 34.4% of the outstanding OP Units of our Operating Partnership as of December 31, 2015.

Our tax protection agreements could limit our ability to sell or otherwise dispose of certain properties.

In connection with the formation transactions related to our initial public offering, our Operating Partnership entered into tax protection agreements that provide that if we dispose of any interest in the certain protected properties in a taxable transaction prior to the seventh (or, in a limited number of cases, the tenth) anniversary of the completion of the formation transactions, subject to certain exceptions, we will indemnify certain contributors, including Messrs. Hoffler, Haddad, Kirk, Nero and Apperson and their respective affiliates and certain of our other officers, for their tax liabilities attributable to the built-in gain that existed with respect to such property interests as of the time of our initial public offering, and the tax liabilities incurred as a result of such tax protection payment. In addition, in connection with certain acquisitions completed since our initial public offering, we entered into tax protection agreements that require us to indemnify the contributors for their tax liabilities in the event that we dispose of the properties subject to the tax protection agreements, and may enter into similar agreements in connection with future property acquisitions. Therefore, although it may be in our stockholders' best interests that we sell one of these properties, it may be economically prohibitive for us to do so because of these obligations. Moreover, as a result of these potential tax liabilities, Messrs. Hoffler, Haddad, Kirk, Nero and Apperson and certain of our other officers may have a conflict of interest with respect to our determination as to certain of our properties.

Our tax protection agreements may require our Operating Partnership to maintain certain debt levels that otherwise would not be required to operate our business.

Under our tax protection agreements, our Operating Partnership has agreed to provide certain contributors of properties we have acquired, including Messrs. Hoffler, Haddad, Kirk, Nero and Apperson and their respective affiliates and certain of our other officers, the opportunity to guarantee debt or enter into deficit restoration obligations upon a future repayment, retirement, refinancing or other reduction (other than scheduled amortization) of currently outstanding debt. If we fail to make such opportunities available, we will be required to deliver to each such contributor a cash payment intended to approximate the contributor's tax liability resulting from our failure to make such opportunities available to that contributor and the tax liabilities incurred as a result of such tax protection payment. We agreed to these provisions in order to assist our contributors in deferring the recognition of taxable gain as a result of the contribution of certain properties to us. These obligations may require us to maintain more or different indebtedness than we would otherwise require for our business.

We may pursue less vigorous enforcement of terms of certain agreements with members of our senior management and our affiliates because of our dependence on them and conflicts of interest.

Each of Messrs. Hoffler, Haddad and Kirk, our Executive Chairman of the Board, President and Chief Executive Officer and Vice Chairman of the Board, respectively, were parties to or had interests in contribution agreements with us pursuant to which we acquired interests in our properties and assets. In addition, we have entered into option agreements with certain of our officers and directors, or entities they control, with respect to certain parcels of developable land. We may choose not to enforce, or to enforce less vigorously, our rights under these agreements because of our desire to maintain our ongoing relationships with members of our board of directors and our management, with possible negative impact on stockholders.

Our board of directors may change our strategies, policies and procedures without stockholder approval and we may become more highly leveraged, which may increase our risk of default under our debt obligations.

Our investment, financing, leverage and distribution policies, and our policies with respect to all other activities, including growth, capitalization and operations, will be determined exclusively by our board of directors, and may be amended or revised at any time by our board of directors without notice to or a vote of our stockholders. This could result in us conducting operational matters, making investments or pursuing different business or growth strategies than those contemplated in this Annual Report on Form 10-K. Further, our charter and bylaws do not limit the amount or percentage of indebtedness, funded or otherwise, that we may incur. Our board of directors may alter or eliminate our current policy on borrowing at any time without stockholder approval. If this policy changed, we could become more highly leveraged which could result in an increase in our debt service. Higher leverage also increases the risk of default on our obligations. In addition, a change in our investment policies, including the manner in which we allocate our resources across our portfolio or the types of assets in which we seek to invest, may increase our exposure to interest rate risk, real estate market fluctuations and liquidity risk. Changes to our policies with regards to the foregoing could materially adversely affect our financial condition, results of operations and cash flow.

Our rights and the rights of our stockholders to take action against our directors and officers are limited.

Under Maryland law, generally, a director will not be liable if he or she performs his or her duties in good faith, in a manner he or she reasonably believes to be in our best interests and with the care that an ordinarily prudent person in a like position would use under similar circumstances. In addition, our charter limits the liability of our directors and officers to us and our stockholders for money damages, except for liability resulting from:

- actual receipt of an improper benefit or profit in money, property or services; or
- active and deliberate dishonesty by the director or officer that was established by a final judgment as being material to the cause of action adjudicated.

Our charter authorizes us to indemnify our directors and officers for actions taken by them in those capacities to the maximum extent permitted by Maryland law. Our bylaws require us to indemnify each director and officer, to the maximum extent permitted by Maryland law, in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service to us. In addition, we may be obligated to advance the defense costs incurred by our directors and officers. We have entered into indemnification agreements with each of our executive officers and directors whereby we agreed to indemnify our directors and executive officers to the fullest extent permitted by Maryland law against all expenses and liabilities incurred in their capacity as an officer or director, subject to limited exceptions. As a result, we and our stockholders may have more limited rights against our directors and officers than might otherwise exist absent the current provisions in our charter and bylaws or that might exist with other companies.

We are a holding company with no direct operations and, as such, we will rely on funds received from our Operating Partnership to pay liabilities, and the interests of our stockholders will be structurally subordinated to all liabilities and obligations of our Operating Partnership and its subsidiaries.

We are a holding company and conduct substantially all of our operations through our Operating Partnership. We do not have, apart from an interest in our Operating Partnership, any independent operations. As a result, we rely on cash distributions from our Operating Partnership to pay any dividends we might declare on shares of our common stock. We also rely on distributions from our Operating Partnership to meet any of our obligations, including any tax liability on taxable income allocated to us from our Operating Partnership. In addition, because we are a holding company, your claims as a stockholder will be structurally subordinated to all existing and future liabilities and obligations (whether or not for borrowed money) of our Operating Partnership and its subsidiaries. Therefore, in the event of our bankruptcy, liquidation or reorganization, our assets and those of our Operating Partnership and its subsidiaries will be available to satisfy the claims of our stockholders only after all of our and our Operating Partnership's and its subsidiaries' liabilities and obligations have been paid in full.

Our Operating Partnership may issue additional OP Units to third parties without the consent of our stockholders, which would reduce our ownership percentage in our Operating Partnership and could have a dilutive effect on the amount of distributions made to us by our Operating Partnership and, therefore, the amount of distributions we can make to our stockholders.

As of December 31, 2015, we owned 65.6% of the outstanding OP Units in our Operating Partnership. We may, in connection with our acquisition of properties or otherwise, issue additional OP Units to third parties. Such issuances would reduce our ownership percentage in our Operating Partnership and could affect the amount of distributions made to us by our Operating Partnership and, therefore, the amount of distributions we can make to our stockholders. Because stockholders do not directly own OP Units, you do not have any voting rights with respect to any such issuances or other partnership level activities of our Operating Partnership.

Risks Related to Our Status as a REIT

Failure to qualify as a REIT, or failure to remain qualified as a REIT, would cause us to be taxed as a regular corporation, which would substantially reduce funds available for distribution to our stockholders.

We have elected to be taxed and to operate in a manner that will allow us to qualify as a REIT for federal income tax purposes commencing with our taxable year ended December 31, 2013. We have not requested and do not plan to request a ruling from the Internal Revenue Service (the “IRS”) that we qualify as a REIT. Therefore, we cannot be assured that we will qualify as a REIT, or that we will remain qualified as such in the future. If we fail to qualify as a REIT or otherwise lose our REIT status in any taxable year, we will face serious tax consequences that would substantially reduce the funds available for distribution to our stockholders for each of the years involved because:

- we would not be allowed a deduction for dividends paid to stockholders in computing our taxable income and would be subject to U.S. federal income tax at regular corporate rates;
- we could be subject to the federal alternative minimum tax and possibly increased state and local taxes; and
- unless we are entitled to relief under certain U.S. federal income tax laws, we could not re-elect REIT status until the fifth calendar year after the year in which we failed to qualify as a REIT.

In addition, if we fail to qualify as a REIT, we will no longer be required to make distributions. As a result of all these factors, our failure to qualify as a REIT could impair our ability to expand our business and raise capital, and it would adversely affect the value of our common stock.

Even if we qualify as a REIT, we may face other tax liabilities that reduce our cash flows.

Even if we qualify for taxation as a REIT, we may be subject to certain federal, state and local taxes on our income and assets, including taxes on any undistributed income, tax on income from some activities conducted as a result of a foreclosure, and state or local income, property and transfer taxes. In addition, our TRS will be subject to regular corporate federal, state and local taxes. Any of these taxes would decrease cash available for distribution to our stockholders.

Failure to make required distributions would subject us to U.S. federal corporate income tax.

We intend to continue to operate in a manner so as to qualify as a REIT for U.S. federal income tax purposes. In order to qualify as a REIT, we generally are required to distribute at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain, each year to our stockholders. To the extent that we satisfy this distribution requirement, but distribute less than 100% of our REIT taxable income, we will be subject to U.S. federal corporate income tax on our undistributed taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we pay out to our stockholders in a calendar year is less than a minimum amount specified under the Code.

Complying with REIT requirements may cause us to forego otherwise attractive opportunities or liquidate otherwise attractive investments.

To qualify as a REIT for federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of our capital stock. In order to meet these tests, we may be required to forego investments we might otherwise make. Thus, compliance with the REIT requirements may hinder our performance.

In particular, we must ensure that at the end of each calendar quarter, at least 75% of the value of our assets consists of cash, cash items, government securities and qualified real estate assets. The remainder of our investment in securities (other than government securities, securities of TRSs and qualified real estate assets) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of our assets (other than government securities, securities of TRSs and qualified real estate assets) can consist of the securities of any one issuer, and no more than 25% (20% for taxable years beginning after December 31, 2017) of the value of our total assets can be represented by the securities of one or more TRSs. If we fail to comply with these requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences. As a result, we may be required to liquidate otherwise attractive investments. These actions could have the effect of reducing our income and amounts available for distribution to our stockholders.

The prohibited transactions tax may limit our ability to dispose of our properties.

A REIT's net income from prohibited transactions is subject to a 100% tax. In general, prohibited transactions are sales or other dispositions of property other than foreclosure property, held primarily for sale to customers in the ordinary course of business. We may be subject to the prohibited transaction tax equal to 100% of the net gain upon a disposition of real property. Although a safe harbor to the characterization of the sale of real property by a REIT as a prohibited transaction is available, we cannot assure you that we can comply with the safe harbor or that we will avoid owning property that may be characterized as held primarily for sale to customers in the ordinary course of business. Consequently, we may choose not to engage in certain sales of our properties or may conduct such sales through our TRS, which would be subject to federal and state income taxation.

We may pay taxable dividends in shares of our common stock and cash, in which case stockholders may sell shares of our common stock to pay tax on such dividends, placing downward pressure on the market price of our common stock.

We may distribute taxable dividends that are payable in cash and common stock at the election of each stockholder. The IRS has issued private letter rulings to other REITs treating certain distributions that are paid partly in cash and partly in stock as taxable dividends that would satisfy the REIT annual distribution requirement and qualify for the dividends paid deduction for U.S. federal income tax purposes. Those rulings may be relied upon only by taxpayers to whom they were issued, but we could request a similar ruling from the IRS. In addition, the IRS previously issued a revenue procedure authorizing publicly traded REITs to make elective cash/stock dividends, but that revenue procedure does not apply to our 2013 and future taxable years. Accordingly, it is unclear whether and to what extent we will be able to make taxable dividends payable in cash and common stock.

If we made a taxable dividend payable in cash and common stock, taxable stockholders receiving such dividends will be required to include the full amount of the dividend as ordinary income to the extent of our current and accumulated earnings and profits, as determined for U.S. federal income tax purposes. As a result, stockholders may be required to pay income tax with respect to such dividends in excess of the cash dividends received. If a U.S. stockholder sells the common stock that it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our common stock at the time of the sale. Furthermore, with respect to certain non-U.S. stockholders, we may be required to withhold U.S. federal income tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in common stock. If we made a taxable dividend payable in cash and our common stock and a significant number of our stockholders determine to sell shares of our common stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our common stock. We do not currently intend to pay taxable dividends of our common stock and cash, although we may choose to do so in the future.

The ability of our board of directors to revoke our REIT qualification without stockholder approval may cause adverse consequences to our stockholders.

Our charter provides that our board of directors may revoke or otherwise terminate our REIT election, without the approval of our stockholders, if it determines that it is no longer in our best interests to continue to qualify as a REIT. If we cease to qualify as a REIT, we would become subject to U.S. federal income tax on our taxable income and would no longer be required to distribute most of our taxable income to our stockholders, which may have adverse consequences on our total return to our stockholders.

Our ownership of our TRS will be subject to limitations and our transactions with our TRS will cause us to be subject to a 100% penalty tax on certain income or deductions if those transactions are not conducted on arm's-length terms.

Overall, no more than 25% (20% for taxable years beginning after December 31, 2017) of the value of a REIT's assets may consist of stock or securities of one or more TRS. In addition, the Code limits the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. The Code also imposes a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis. Furthermore, we will monitor the value of our respective investments in our TRS for the purpose of ensuring compliance with TRS ownership limitations and will structure our transactions with our TRS on terms that we believe are arm's length to avoid incurring the 100% excise tax described above. There can be no assurance, however, that we will be able to comply with the 25% (20% for taxable years beginning after December 31, 2017) REIT subsidiaries limitation or to avoid application of the 100% excise tax.

You may be restricted from acquiring or transferring certain amounts of our common stock.

The restrictions on ownership and transfer in our charter may inhibit market activity in our capital stock and restrict our business combination opportunities.

In order to qualify as a REIT for each taxable year after 2013, five or fewer individuals, as defined in the Code, may not own, beneficially or constructively, more than 50% in value of our issued and outstanding stock at any time during the last half of a taxable year. Attribution rules in the Code determine if any individual or entity beneficially or constructively owns our capital stock under this requirement. Additionally, at least 100 persons must beneficially own our capital stock during at least 335 days of a taxable year for each taxable year after 2013. To help insure that we meet these tests, our charter restricts the acquisition and ownership of shares of our capital stock.

Our charter, with certain exceptions, authorizes our directors to take such actions as are necessary to preserve our qualification as a REIT. Unless exempted by our board of directors, our charter prohibits any person from beneficially or constructively owning more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our capital stock. Our board of directors may not grant an exemption from this restriction to any proposed transferee whose ownership in excess of 9.8% of the value of our outstanding shares would result in our failing to qualify as a REIT. This as well as other restrictions on transferability and ownership will not apply, however, if our board of directors determines that it is no longer in our best interests to continue to qualify as a REIT.

Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.

The maximum tax rate applicable to "qualified dividend income" payable to U.S. stockholders that are taxed at individual rates is 20%. Dividends payable by REITs, however, generally are not eligible for the reduced rates on qualified dividend income. The more favorable rates applicable to regular corporate qualified dividends could cause investors who taxed at individual rates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including our common stock.

We may be subject to adverse legislative or regulatory tax changes that could reduce the market price of our common stock.

At any time, the U.S. federal income tax laws governing REITs or the administrative interpretations of those laws may be amended. We cannot predict when or if any new U.S. federal income tax law, regulation or administrative

interpretation, or any amendment to any existing U.S. federal income tax law, regulation or administrative interpretation, will be adopted, promulgated or become effective and any such law, regulation, or interpretation may take effect retroactively. We and our stockholders could be adversely affected by any such change in the U.S. federal income tax laws, regulations or administrative interpretations.

If our Operating Partnership failed to qualify as a partnership for federal income tax purposes, we would cease to qualify as a REIT and suffer other adverse consequences.

We believe that our Operating Partnership will be treated as a partnership for federal income tax purposes. As a partnership, our Operating Partnership will not be subject to federal income tax on its income. Instead, each of its partners, including us, will be allocated, and may be required to pay tax with respect to, its share of our Operating Partnership's income. We cannot assure you, however, that the IRS will not challenge the status of our Operating Partnership or any other subsidiary partnership in which we own an interest as a partnership for federal income tax purposes, or that a court would not sustain such a challenge. If the IRS were successful in treating our Operating Partnership or any such other subsidiary partnership as an entity taxable as a corporation for federal income tax purposes, we would fail to meet the gross income tests and certain of the asset tests applicable to REITs and, accordingly, we would likely cease to qualify as a REIT. Also, the failure of our Operating Partnership or any subsidiary partnerships to qualify as a partnership could cause it to become subject to federal and state corporate income tax, which would reduce significantly the amount of cash available for debt service and for distribution to its partners, including us.

To maintain our REIT status, we may be forced to borrow funds during unfavorable market conditions, and the unavailability of such capital on favorable terms at the desired times, or at all, may cause us to curtail our investment activities or dispose of assets at inopportune times or on unfavorable terms, which could materially adversely affect our financial condition, results of operations and cash flow.

To qualify as a REIT, we generally must distribute to our stockholders at least 90% of our REIT taxable income each year, excluding net capital gains, and we will be subject to regular corporate income taxes to the extent that we distribute less than 100% of our REIT taxable income each year. In addition, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions paid by us in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years. In order to maintain our REIT status and avoid the payment of income and excise taxes, we may need to borrow funds to meet the REIT distribution requirements even if the then prevailing market conditions are not favorable for these borrowings. These borrowing needs could result from, among other things, differences in timing between the actual receipt of cash and inclusion of income for federal income tax purposes, or the effect of non-deductible capital expenditures, the creation of reserves or required principal or amortization payments. These sources, however, may not be available on favorable terms or at all. Our access to third-party sources of capital depends on a number of factors, including the market's perception of our growth potential, our current debt levels, the market price of our common stock, and our current and potential future earnings. We cannot assure you that we will have access to such capital on favorable terms at the desired times, or at all, which may cause us to curtail our investment activities or dispose of assets at inopportune times or on unfavorable terms, which could materially adversely affect our financial condition, results of operations and cash flows.

Risks Related to Our Common Stock

We may be unable to make distributions at expected levels, which could result in a decrease in the market price of our common stock.

We intend to continue to pay regular quarterly distributions to our stockholders. All distributions will be made at the discretion of our board of directors and will be based upon, among other factors, our historical and projected results of operations, financial condition, cash flows and liquidity, maintenance of our REIT qualification and other tax considerations, capital expenditure and other expense obligations, debt covenants, contractual prohibitions or other limitations and applicable law and such other matters as our board of directors may deem relevant from time to time. If sufficient cash is not available for distribution from our operations, we may have to fund distributions from working capital, borrow to provide funds for such distributions, or reduce the amount of such distributions. To the extent we borrow to fund distributions, our future interest costs would increase, thereby reducing our earnings and cash available for distribution from what they otherwise would have been. If cash available for distribution generated by our assets is

less than our current estimate, or if such cash available for distribution decreases in future periods from expected levels, our inability to make the expected distributions could result in a decrease in the market price of our common stock.

Our ability to make distributions may also be limited by our new credit facility. Under the terms of the credit facility, our ability to make distributions during any twelve-month period is limited to the greater of (1) 95% of our adjusted funds from operations (as defined in the credit agreement) or (2) the amount required for us to (a) maintain our REIT status and (b) avoid the payment of federal or state income or excise tax. In addition, if a default or events of default exist or would result from a distribution, we are precluded from making certain distributions other than those required to allow us to maintain our status as a REIT.

As a result of the foregoing, we may not be able to make distributions in the future, and our inability to make distributions, or to make distributions at expected levels, could result in a decrease in the market price of our common stock.

The market price and trading volume of our common stock may be volatile and could decline substantially in the future.

The market price of our common stock may be volatile in the future. In addition, the trading volume in our common stock may fluctuate and cause significant price variations to occur. We cannot assure stockholders that the market price of our common stock will not fluctuate or decline significantly in the future, including as a result of factors unrelated to our operating performance or prospects. In particular, the market price of our common stock could be subject to wide fluctuations in response to a number of factors, including, among others, the following:

- actual or anticipated variations in our quarterly operating results or dividends;
- changes in our FFO or earnings estimates;
- publication of research reports about us or the real estate industry;
- increases in market interest rates that lead purchasers of our shares to demand a higher yield;
- changes in market valuations of similar companies;
- adverse market reaction to any additional debt we incur in the future;
- additions or departures of key management personnel;
- actions by institutional stockholders;
- speculation in the press or investment community;
- the realization of any of the other risk factors presented in this Annual Report on Form 10-K;
- the extent of investor interest in our securities;
- the general reputation of REITs and the attractiveness of our equity securities in comparison to other equity securities, including securities issued by other real estate-based companies;
- our underlying asset value;
- investor confidence in the stock and bond markets generally;
- changes in tax laws;
- future equity issuances;

- failure to meet earnings estimates;
- failure to meet and maintain REIT qualifications;
- changes in our credit ratings; and
- general market and economic conditions.

In the past, securities class action litigation has often been instituted against companies following periods of volatility in the price of their common stock. This type of litigation could result in substantial costs and divert our management's attention and resources, which could have a material adverse effect on us, including our financial condition, results of operations, cash flow and the per share trading price of our common stock.

Increases in market interest rates may have an adverse effect on the trading prices of our common stock as prospective purchasers of our common stock may expect a higher dividend yield and as an increased cost of borrowing may decrease our funds available for distribution.

One of the factors that will influence the trading prices of our common stock will be the dividend yield on the common stock (as a percentage of the price of our common stock) relative to market interest rates. An increase in market interest rates, which are currently at low levels relative to historical rates, may lead prospective purchasers of our common stock to expect a higher dividend yield (with a resulting decline in the trading prices of our common stock) and higher interest rates would likely increase our borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of our common stock to decrease.

The number of shares of our common stock available for future issuance or sale could materially adversely affect the per share trading price of our common stock.

As of February 29, 2016, there were 30,076,359 shares of our common stock outstanding. In addition, as of February 29, 2016, there were 15,751,986 OP Units in our Operating Partnership outstanding, of which 14,751,986 OP Units are currently redeemable at the option of the holders and 1,000,000 OP Units will become redeemable by the holders in July 2017, in each case, for cash, or at our option, for shares of our common stock, on a one-for-one basis. We have agreed to register the shares issuable upon redemption of the OP Units so that such shares will be freely tradable under the securities laws. In addition, any OP Units we issue in the future in connection with property acquisitions will be redeemable at the option of the holders for cash or shares of our common stock on a one-for-one basis beginning one year after the date of issuance of such OP Units.

We cannot predict whether future issuances or sales of shares of our common stock or the availability of shares for resale in the open market will decrease the per share trading price per share of our common stock. The per share trading price of our common stock may decline significantly when we register the shares of our common stock issuable upon redemption of outstanding OP Units.

The issuance of substantial numbers of shares of equity securities, including OP Units, or the perception that such issuances might occur could materially adversely affect us, including the per share trading price of shares of our common stock.

The redemption of OP Units for common stock, the vesting of any restricted stock granted to certain directors, executive officers and other employees under our 2013 Equity Incentive Plan, the issuance of our common stock or OP Units in connection with future property, portfolio or business acquisitions and other issuances of our common stock could have an adverse effect on the per share trading price of our common stock, and the existence of units, options or shares of our common stock issuable under our 2013 Equity Incentive Plan or upon redemption of OP Units may adversely affect the terms upon which we may be able to obtain additional capital through the sale of equity securities. In addition, future issuances of shares of our common stock or OP Units may be dilutive to existing stockholders.

Future offerings of debt, which would be senior to our common stock upon liquidation, and preferred equity securities, which may be senior to our common stock for purposes of dividend distributions or upon liquidation, may materially adversely affect us, including the per share trading price of our common stock.

In the future, we may attempt to increase our capital resources by making additional offerings of debt or equity securities (or causing our Operating Partnership to issue debt securities), including medium-term notes, senior or subordinated notes and classes or series of preferred stock. Upon liquidation, holders of our debt securities and shares of preferred stock and lenders with respect to other borrowings will be entitled to receive our available assets prior to distribution to the holders of our common stock. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock and may result in dilution to owners of our common stock. Holders of our common stock are not entitled to preemptive rights or other protections against dilution. Our preferred stock, if issued, could have a preference on liquidating distributions or a preference on dividend payments that could limit our ability pay dividends to the holders of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk that our future offerings could reduce the per share trading price of our common stock and dilute their interest in us.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

The information set forth under the captions “Our Properties” and “Development Pipeline” in Item 1 of this Annual Report on Form 10-K is incorporated by reference herein.

Item 3. Legal Proceedings.

The nature of our business exposes our properties, us and the Operating Partnership to the risk of claims and litigation in the normal course of business. Other than routine litigation arising out of the ordinary course of business, we are not presently subject to any material litigation nor, to our knowledge, is any material litigation threatened against us.

Item 4. Mine Safety Disclosures.

Not Applicable.

PART II

Item 5. Market For Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our common stock trades on the NYSE under the symbol “AHH.” Below is a summary of the high and low prices of our common stock for each quarterly period in the years ended December 31, 2015 and 2014 and the cash distributions per share declared by us with respect to each period.

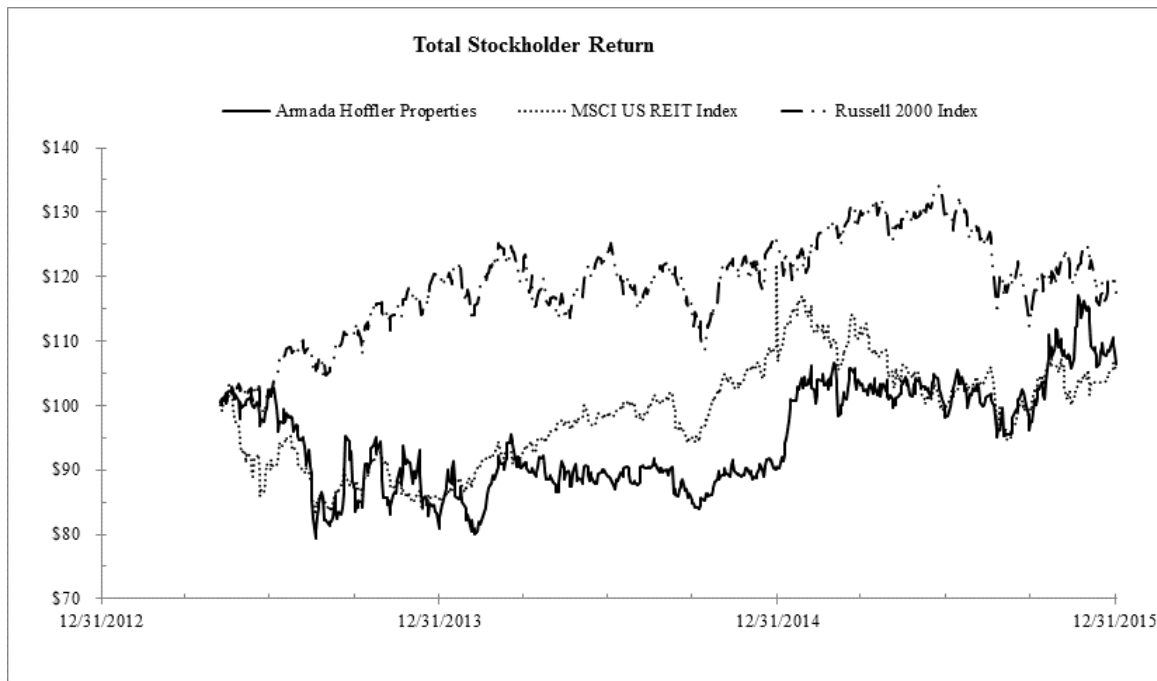
2015	Distributions		
	High	Low	Declared
January 1, 2015—March 31, 2015	\$11.12	\$9.44	\$ 0.17
April 1, 2015—June 30, 2015	10.83	9.99	0.17
July 1, 2015—September 30, 2015	10.63	9.50	0.17
October 1, 2015—December 31, 2015	11.60	9.62	0.17

2014	Distributions		
	High	Low	Declared
January 1, 2014—March 31, 2014	\$10.65	\$8.78	\$ 0.16
April 1, 2014—June 30, 2014	10.17	9.32	0.16
July 1, 2014—September 30, 2014	9.93	8.99	0.16
October 1, 2014—December 31, 2014	9.76	8.86	0.16

On December 31, 2015 and February 29, 2016, the closing price of our common stock as reported on the NYSE was \$10.48 and \$10.63, respectively.

Stock Performance Graph

The following graph sets forth the cumulative total stockholder return (assuming reinvestment of dividends) to our stockholders during the period May 8, 2013, the date our common stock began trading on the NYSE, through December 31, 2015, as well as the corresponding returns on an overall stock market index (Russell 2000 Index) and a peer group index (MSCI US REIT Index). The stock performance graph assumes that \$100 was invested on May 8, 2013. Historical total stockholder return is not necessarily indicative of future results. The information in this paragraph and the following graph shall not be deemed to be “soliciting material” or to be “filed” with the SEC or subject to Regulation 14A or 14C, other than as provided in Item 201 of Regulation S-K, or to the liabilities of Section 18 of the Exchange Act, except to the extent we specifically request that such information be treated as soliciting material or specifically incorporate it by reference into a filing under the Securities Act or the Exchange Act.



Distribution Information

Since our initial quarter as a publicly-traded REIT, we have made regular quarterly distributions to our stockholders. We intend to continue to declare quarterly distributions. However, we cannot provide any assurance as to the amount or timing of future distributions. For a description of restrictions on our ability to make distributions, see “Item 7—Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—New Credit Facility,” and Note 8, “Indebtedness” to our accompanying consolidated and combined financial statements.

Any future distributions will be at the sole discretion of our board of directors, and their form, timing and amount, if any, will depend upon a number of factors, including our actual and projected financial condition, liquidity, EBITDA, FFO and results of operations, the revenue we actually receive from our properties, our operating expenses, our debt service requirements, our capital expenditures, prohibitions and other limitations under our financing arrangements, as described above, our REIT taxable income, the annual REIT distribution requirements, applicable law and such other factors as our board of directors deems relevant. To the extent that our cash available for distribution is less than 90% of our REIT taxable income, we may consider various means to cover any such shortfall, including borrowing under our new credit facility or other loans, selling certain of our assets or using a portion of the net proceeds we receive from offerings of equity, equity-related or debt securities or declaring taxable share dividends.

To the extent that we make distributions in excess of our earnings and profits, as computed for federal income tax purposes, these distributions will represent a return of capital, rather than a dividend, for federal income tax purposes. Distributions that are treated as a return of capital for federal income tax purposes will reduce the stockholder's basis in its shares (but not below zero) and therefore can result in the stockholder having a higher gain upon a subsequent sale of such shares. Return of capital distributions in excess of a stockholder's basis generally will be treated as gain from the sale of such shares for federal income tax purposes.

Stockholder Information

As of February 29, 2016, there were approximately 109 holders of record of our common stock. However, because many shares of our common stock are held by brokers and other institutions on behalf of stockholders, we believe there are substantially more beneficial holders of our common stock than record holders. As of February 29, 2016, there were 59 holders (other than our company) of our OP units. Our OP units are redeemable for cash or, at our election, for shares of our common stock.

Unregistered Sales of Equity Securities

None.

Issuer Purchases of Equity Securities

During the three months ended December 31, 2015, certain of our employees surrendered shares of common stock owned by them to satisfy their minimum statutory federal and state tax obligations associated with the vesting of restricted shares of common stock issued under our 2013 Equity Incentive Plan. The following table summarizes all of these repurchases during the three months ended December 31, 2015.

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid for Shares ⁽¹⁾	Total Number of	Maximum Number of
			Announced Plans or Programs	Shares that May Yet be Purchased Under the Plans or Programs
October 1, 2015 through October 31, 2015	—	\$ —	N/A	N/A
November 1, 2015 through November 30, 2015	95	10.61	N/A	N/A
December 1, 2015 through December 31, 2015	—	—	N/A	N/A
Total	95			

(1)The number of shares purchased represents shares of common stock surrendered by certain of our employees to satisfy their statutory minimum federal and state tax obligations associated with the vesting of restricted shares of common stock issued under the 2013 Plan. With respect to these shares, the price paid per share is based on the fair value at the time of surrender.

Item 6. Selected Financial Data.

The following selected historical consolidated and combined financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical consolidated and combined financial statements as of December 31, 2015 and 2014 and for the three years ended December 31, 2015 and the related notes included elsewhere in this Annual Report on Form 10-K.

We completed our initial public offering on May 13, 2013. Due to the timing of the initial public offering, we present herein certain consolidated and combined historical financial data for us and our predecessor. Our predecessor was not a legal entity, but rather a combination of certain real estate and construction entities. The historical combined financial data for our predecessor is not necessarily indicative of our results of operations, cash flows or financial position following the completion of the initial public offering.

The selected historical consolidated and combined financial information as of and for the years ended December 31, 2015, 2014, 2013, 2012 and 2011 has been derived from our audited historical financial statements. Due to the timing of the initial public offering, the results of operations for the years ended December 31, 2012 and 2011 reflect only the financial condition and results of operations of our predecessor. The results of operations for the year ended December 31, 2013 reflect the financial condition and results of operations of our predecessor together with our company.

	Years Ended December 31,				
	2015	2014	2013	2012	2011
(\$ in thousands, except per share data)					
Operating Data:					
Rental revenues	\$ 81,172	\$ 64,746	\$ 57,520	\$ 54,436	\$ 52,578
General contracting and real estate services revenues	171,268	103,321	82,516	54,046	77,602
Rental expenses	19,204	16,667	14,025	12,682	12,568
Real estate taxes	7,782	5,743	5,124	4,865	4,781
General contracting and real estate services expenses	165,344	98,754	78,813	50,103	72,138
Depreciation and amortization	23,153	17,569	14,898	12,909	12,994
Interest expense	(13,333)	(10,648)	(12,303)	(16,561)	(18,134)
Loss on extinguishment of debt	(512)	—	(2,387)	—	(3,448)
Gain on real estate dispositions and acquisitions	18,394	2,211	9,460	—	—
Income from continuing operations	31,183	12,759	14,453	8,907	2,647
Results from discontinued operations	—	—	—	(10)	(381)
Net income	\$ 31,183	\$ 12,759	\$ 14,453	\$ 8,897	\$ 2,266
Net income attributable to stockholders	\$ 19,642	\$ 7,691	\$ 7,336		
Net income per share—basic and diluted	\$ 0.75	\$ 0.37	\$ 0.39		
Cash dividends declared per share	\$ 0.68	\$ 0.64	\$ 0.40		
Balance Sheet Data:					
Real estate investments, at cost	\$ 633,591	\$ 595,000	\$ 462,976	\$ 354,740	\$ 349,933
Accumulated depreciation	(125,380)	(116,099)	(105,228)	(92,454)	(80,923)
Net real estate investments	508,211	478,901	357,748	262,286	269,010
Real estate investments held for sale	40,232	8,538	—	—	473
Cash and cash equivalents	26,989	25,883	18,882	9,400	13,449
Notes receivable	7,825	—	—	—	—
Construction assets	36,623	19,704	13,811	11,696	13,866
Total assets	689,547	588,022	432,210	329,862	338,499
Indebtedness, net	377,593	356,345	274,673	333,130	337,927
Construction liabilities	54,291	43,452	29,680	21,605	23,825
Total liabilities	463,827	426,116	326,689	371,203	375,898
Total equity	225,720	161,906	105,521	(41,341)	(37,399)
Other Data:					
Funds from operations ⁽¹⁾	\$ 35,942	\$ 28,117	\$ 19,806	\$ 21,886	\$ 15,861
Cash provided by operating activities	33,086	31,362	22,175	22,326	23,183
Cash used for investing activities	(56,381)	(105,306)	(47,947)	(4,702)	(5,998)
Cash provided by (used for) financing activities	24,401	80,945	35,254	(21,673)	(12,171)

(1) We calculate funds from operations (“FFO”) in accordance with the standards established by the National Association of Real Estate Investment Trusts, or NAREIT. FFO represents net income (loss) (computed in accordance with U.S.

generally accepted accounting principles, or 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. 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 our operating performance with that of other REITs. However, because FFO excludes real estate related depreciation and amortization and captures neither the changes in the value of our properties that result from use or market conditions nor the level of capital expenditures and leasing commissions necessary to maintain the operating performance of our properties, all of which have real economic effects and could materially impact our results from operations, the utility of FFO as a measure of our performance is limited. In addition, 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. Accordingly, FFO should be considered only as a supplement to net income as a measure of our performance. FFO should not be used as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to pay dividends or service indebtedness. FFO also should not be used as a supplement to or substitute for cash flow from operating activities computed in accordance with GAAP. The following table sets forth a reconciliation of our FFO to net income, the most directly comparable GAAP equivalent, for the periods presented:

	Years Ended December 31,				
	2015	2014	2013	2012	2011
	(\$ in thousands)				
Net income	\$ 31,183	\$ 12,759	\$ 14,453	\$ 8,897	\$ 2,266
Depreciation and amortization	23,153	17,569	14,898	12,909	12,994
(Gain) loss on real estate dispositions and acquisitions	(18,394)	(2,211)	(9,460)	—	569
Real estate joint ventures, net	—	—	(85)	80	32
Funds from operations	<u>\$ 35,942</u>	<u>\$ 28,117</u>	<u>\$ 19,806</u>	<u>\$ 21,886</u>	<u>\$ 15,861</u>

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

References to “we,” “our,” “us,” and “our company” refer to Armada Hoffler Properties, Inc., a Maryland corporation, together with our consolidated subsidiaries, including Armada Hoffler, L.P., a Virginia limited partnership, of which we are the sole general partner and to which we refer in this Annual Report on Form 10-K as our Operating Partnership.

Business Description

We are 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.

We are a Maryland corporation formed on October 12, 2012 to acquire the entities in which Daniel A. Hoffler and his affiliates, certain of our other officers, directors and their affiliates and other third parties owned a direct or indirect interest (our “Predecessor”) through a series of related formation transactions (the “Formation Transactions”). We did not have any operating activity until the consummation of our initial public offering of our shares of common stock (the “IPO”) and the Formation Transactions on May 13, 2013. Upon completing our IPO and the Formation Transactions, we carry on our operations through Armada Hoffler, L.P. (our “Operating Partnership”), whose assets, liabilities and results of operations we consolidate.

Our “Predecessor” was not a single legal entity, but rather a combination of real estate and construction entities that were under common control by our Executive Chairman, Daniel A. Hoffler. These entities included: (i) controlling interests in entities that owned seven office properties, 14 retail properties and one multifamily property, (ii) noncontrolling interests in entities that owned one retail and one multifamily property (Bermuda Crossroads and Smith’s Landing, respectively), (iii) the property development and asset management businesses of Armada Hoffler Holding Company, Inc. and (iv) the general commercial construction businesses of Armada Hoffler Construction Company and Armada Hoffler Construction Company of Virginia.

Because of the timing of the IPO and the Formation Transactions, the results of operations for the year ended December 31, 2013 reflect our results together with those of our Predecessor. The financial condition as of December 31, 2015 and 2014 as well as the results of operations for the years ended December 31, 2015 and 2014 are solely ours.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated and combined financial statements that have been prepared in accordance with GAAP. The preparation of these financial statements requires us to exercise our best judgment in making estimates that affect the reported amounts of assets, liabilities, revenues and expenses. We base our estimates on historical experience and other assumptions that we believe to be reasonable under the circumstances. We evaluate our estimates on an ongoing basis, based upon current available information. Actual results could differ from these estimates.

We believe the following accounting policies and estimates are the most critical to understanding our reported financial results as their effect on our financial condition and results of operations is material.

Revenue Recognition

Rental Revenues

We lease our properties under operating leases and recognize base rents on a straight-line basis over the lease term. We also recognize revenue from tenant recoveries, through which tenants reimburse us for expenses paid by us such as utilities, janitorial, repairs and maintenance, security and alarm, parking lot and grounds, general and administrative, management fees, insurance and real estate taxes, on an accrual basis. Our rental revenues are reduced by the amount of any leasing incentives on a straight-line basis over the term of the applicable lease. We include a renewal period in the lease term only if it appears at lease inception that the renewal is reasonably assured. We begin recognizing rental revenue when the tenant has the right to take possession of or controls the physical use of the property under lease. We maintain control of the physical use of the property under lease if we serve as the general contractor for the tenant.

Rental revenue is recognized subject to management's evaluation of tenant credit risk. The extended collection period for accrued straight-line rental revenue along with our evaluation of tenant credit risk may result in the non-recognition of all or a portion of straight-line rental revenue until the collection of such revenue is reasonably assured.

General Contracting and Real Estate Services Revenues

We recognize revenue on construction contracts using the percentage-of-completion method. Using this method, we recognize revenue and an estimated profit as construction contract costs are incurred based on the proportion of incurred costs to total estimated costs under the contract. Provisions for estimated losses on uncompleted contracts are recognized immediately in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and income and are recognized in the period in which they are determined. We include profit incentives in revenues when their realization is probable and the amount can be reasonably estimated. General contracting and real estate services revenue is recognized subject to management's evaluation of customer credit risk.

Real Estate Project Costs

We capitalize direct and certain indirect costs clearly associated with the development, redevelopment, construction, leasing or expansion of our real estate assets. Capitalized project costs include direct material, labor, subcontract costs, real estate taxes, insurance, utilities, ground rent, interest on borrowing obligations and salaries and related personnel costs.

We capitalize direct and indirect project costs associated with the initial construction or redevelopment of a property up to the time the property is substantially complete and ready for its intended use. We believe the completion of the building shell is the proper basis for determining substantial completion of initial construction.

We also capitalize direct and indirect costs, including interest costs, on vacant space during extended lease-up periods after construction of the building shell has been completed if costs are being incurred to prepare the vacant space for its intended use. If costs and activities incurred to prepare the vacant space for its intended use cease, then cost capitalization is also discontinued until such activities are resumed. Once necessary work has been completed on a vacant space, project costs are no longer capitalized. In addition, all leasing commissions paid to third parties for new leases or lease renewals are capitalized.

We depreciate buildings on a straight-line basis over 39 years and tenant improvements over the shorter of their estimated useful lives or the term of the related lease.

Real Estate Impairment

We evaluate our real estate assets for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If such an evaluation is necessary, we compare the carrying amount of any such real estate asset with the undiscounted expected future cash flows that are directly associated with, and that are expected to arise as a direct result of, its use and eventual disposition. Our estimate of the expected future cash flows attributable to a real estate asset is based upon, among other things, our estimates regarding future market conditions, rental rates, occupancy levels, tenant improvements, leasing commissions, tenant concessions and assumptions regarding the residual value of our properties. If the carrying amount of a real estate asset exceeds its associated undiscounted expected future cash flows, we recognize an impairment loss to reduce the carrying amount of the real estate asset to its fair value based on marketplace participant assumptions.

Adoption of New or Revised Accounting Standards

As an emerging growth company under the Jumpstart Our Business Startups Act, we can elect to adopt new or revised accounting standards as they are effective for private companies. However, we have elected to opt out of such extended transition period. Therefore, we will adopt new or revised accounting standards as they are effective for public companies. This election is irrevocable.

On April 7, 2015, the FASB issued new guidance that requires debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability, consistent with the

presentation of a debt discount, rather than as an asset. We early adopted the new guidance effective December 31, 2015 and applied it on a retrospective basis for all debt issuance costs, including those pertaining to our revolving credit facility. As a result, unamortized debt issuance costs of \$2.9 million as of December 31, 2014 have been reclassified from other assets and presented as a deduction of indebtedness in the consolidated balance sheet.

Segment Results of Operations

As of December 31, 2015, we operated our business in four segments: (i) office real estate, (ii) retail real estate, (iii) multifamily residential real estate and (iv) general contracting and real estate services that are conducted through our taxable REIT subsidiaries (“TRS”). Net operating income (segment revenues minus segment expenses) or “NOI” is the measure used by management to assess segment performance and allocate our resources among our segments. 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. Not all companies calculate NOI in the same manner. 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 and construction businesses. See Note 3 to our consolidated and combined financial statements in Item 8 of this Annual Report on Form 10-K for a reconciliation of NOI to net income.

We define same store properties as those that we owned and operated and that were stabilized for the entirety of both periods compared. Same store properties exclude those that were in lease-up during the periods compared. We generally consider a property to be in lease-up until the earlier of: (i) the quarter after the property reaches 80% occupancy or (ii) the thirteenth quarter after the property receives its certificate of occupancy.

Office Segment Data

	<u>Years Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
	(\$ in thousands)		
Rental revenues	\$ 31,534	\$ 27,827	\$ 25,794
NOI	\$ 21,646	\$ 19,117	\$ 17,902
Square feet ⁽¹⁾	916,316	918,162	952,603
Occupancy ⁽¹⁾	95.8 %	95.2 %	95.2 %

(1) Stabilized properties as of the end of the periods presented.

Rental revenues for the year ended December 31, 2015 increased \$3.7 million compared to the year ended December 31, 2014. NOI for the year ended December 31, 2015 increased \$2.5 million compared to the year ended December 31, 2014. The increases in rental revenues and NOI resulted from the full year operation of 4525 Main Street and our delivery of three new build-to-suit buildings for Oceaneering International and the Commonwealth of Virginia. These increases were partially offset by property dispositions – the Sentara Williamsburg medical office building that we sold in the first quarter of 2015 and the Virginia Natural Gas office building that we sold in the fourth quarter of 2014.

Rental revenues for the year ended December 31, 2014 increased \$2.0 million compared to the year ended December 31, 2013. NOI for the year ended December 31, 2014 increased \$1.2 million compared to the year ended December 31, 2013. The increases in rental revenues and NOI resulted from the delivery and initial occupancy of our new 4525 Main Street office tower, higher occupancy at One Columbus and Two Columbus and lease renewals at Armada Hoffler Tower.

Office Same Store Results

Office same store rental revenues, property expenses and NOI for the comparative years ended December 31, 2015 and 2014 and December 31, 2014 and 2013 were as follows:

	Years Ended December 31,			Years Ended December 31,		
	2015 ⁽¹⁾	2014 ⁽¹⁾	Change	2014 ⁽²⁾	2013 ⁽²⁾	Change
	(\$ in thousands)					
Rental revenues	\$24,698	\$24,615	\$ 83	\$25,640	\$25,117	\$ 523
Property expenses	8,175	8,140	35	8,208	7,816	392
Same Store NOI	\$16,523	\$16,475	\$ 48	\$17,432	\$17,301	\$ 131
Non-Same Store NOI	5,123	2,642	2,481	1,685	601	1,084
Segment NOI	<u>\$21,646</u>	<u>\$19,117</u>	<u>\$ 2,529</u>	<u>\$19,117</u>	<u>\$17,902</u>	<u>\$ 1,215</u>

(1) Same store excludes 4525 Main Street, the two Commonwealth of Virginia buildings, the Oceaneering International building, the Sentara Williamsburg medical office building and the Virginia Natural Gas office building.

(2) Same store excludes 4525 Main Street and the Virginia Natural Gas office building.

Same store rental revenues and NOI for the year ended December 31, 2015 increased slightly compared to the year ended December 31, 2014 because of higher occupancy at Two Columbus and Armada Hoffler Tower in the Town Center of Virginia Beach.

Same store rental revenues and NOI for the year ended December 31, 2014 increased compared to the year ended December 31, 2013 because of higher occupancy at One Columbus and Two Columbus as well as lease renewals at Armada Hoffler Tower.

Retail Segment Data

	Years Ended December 31,		
	2015	2014	2013
	(\$ in thousands)		
Rental revenues	\$ 32,064	\$ 23,956	\$ 21,755
NOI	\$ 23,221	\$ 16,848	\$ 14,976
Square feet ⁽¹⁾	1,643,058	1,200,738	1,093,301
Occupancy ⁽¹⁾	95.5 %	96.4 %	93.4 %

(1) Stabilized properties as of the end of the periods presented.

Rental revenues for the year ended December 31, 2015 increased \$8.1 million compared to the year ended December 31, 2014. NOI for the year ended December 31, 2015 increased \$6.4 million compared to the year ended December 31, 2014. The increases in rental revenues and NOI resulted primarily from property acquisitions and new real estate placed into service. During the year ended December 31, 2015, we acquired Perry Hall Marketplace, Stone House Square, Socastee Commons, Columbus Village and Providence Plaza and placed into service Sandbridge Commons.

Rental revenues for the year ended December 31, 2014 increased \$2.2 million compared to the year ended December 31, 2013. NOI for the year ended December 31, 2014 increased \$1.9 million compared to the year ended December 31, 2013. The increases in rental revenues and NOI resulted primarily from our consolidation of Bermuda Crossroads upon completion of our IPO and Formation Transactions on May 13, 2013 and our acquisition of Dimmock Square on August 15, 2014.

Retail Same Store Results

Retail same store rental revenues, property expenses and NOI for the comparative years ended December 31, 2015 and 2014 and December 31, 2014 and 2013 were as follows:

	Years Ended			Years Ended		
	December 31,			December 31,		
	2015 ⁽¹⁾	2014 ⁽¹⁾	Change	2014 ⁽²⁾	2013 ⁽²⁾	Change
	(\$ in thousands)					
Rental revenues	\$23,948	\$22,986	\$ 962	\$20,874	\$20,474	\$ 400
Property expenses	7,160	6,962	198	6,487	6,525	(38)
Same Store NOI	\$16,788	\$16,024	\$ 764	\$14,387	\$13,949	\$ 438
Non-Same Store NOI	6,433	824	5,609	2,461	1,027	1,434
Segment NOI	\$23,221	\$16,848	\$ 6,373	\$16,848	\$14,976	\$ 1,872

(1) Same store excludes Columbus Village, Dimmock Square, Greentree Shopping Center, Providence Plaza, Perry Hall Marketplace, Sandbridge Commons, Socastee Commons and Stone House Square.

(2) Same store excludes Bermuda Crossroads, Dimmock Square and Greentree Shopping Center.

Same store rental revenues and NOI for the year ended December 31, 2015 increased compared to the year ended December 31, 2014 primarily because of higher occupancy at South Retail in the Town Center of Virginia Beach and the redeveloped ground floor space at Dick's at Town Center.

Same store rental revenues and NOI for the year ended December 31, 2014 increased compared to the year ended December 31, 2013 because of higher occupancy at South Retail in the Town Center of Virginia Beach, North Point Center, Gainsborough Square and Fountain Plaza, as well as increased percentage rent from 249 Central Park Retail.

Multifamily Segment Data

	Years Ended December 31,		
	2015	2014	2013
	(\$ in thousands)		
Rental revenues	\$17,574	\$12,963	\$9,971
NOI	\$ 9,319	\$ 6,371	\$5,493
Apartment units ⁽¹⁾	1,109	626	626
Occupancy ⁽¹⁾	94.2 %	95.7 %	94.2 %

(1) Stabilized properties as of the end of the periods presented.

Rental revenues for the year ended December 31, 2015 increased \$4.6 million compared to the year ended December 31, 2014. NOI increased \$2.9 million compared to the year ended December 31, 2014. The increases in rental revenues and NOI resulted primarily from our stabilization of both Encore and Liberty Apartments during 2015 as well as higher occupancy at The Cosmopolitan in the Town Center of Virginia Beach.

Rental revenues for the year ended December 31, 2014 increased \$3.0 million compared to the year ended December 31, 2013. NOI increased \$0.9 million compared to the year ended December 31, 2013. The increases in rental revenues and NOI resulted primarily from our consolidation of Smith's Landing upon completion of our IPO and Formation Transactions on May 13, 2013 as well as higher occupancy at The Cosmopolitan. Our acquisition of Liberty Apartments on January 17, 2014 and our initial delivery of Encore Apartments during the third quarter of 2014 also contributed to the increase in rental revenues.

Multifamily Same Store Results

Multifamily same store rental revenues, property expenses and NOI for the comparative years ended December 31, 2015 and 2014 and December 31, 2014 and 2013 were as follows:

	Years Ended			Years Ended		
	December 31,		Change	December 31,		Change
	2015 ⁽¹⁾	2014 ⁽¹⁾		2014 ⁽²⁾	2013 ⁽²⁾	
	(\$ in thousands)					
Rental revenues	\$12,159	\$11,638	\$ 521	\$ 7,758	\$ 7,494	\$ 264
Property expenses	5,249	5,148	101	3,555	3,441	114
Same Store NOI	\$ 6,910	\$ 6,490	\$ 420	\$ 4,203	\$ 4,053	\$ 150
Non-Same Store NOI	2,409	(119)	2,528	2,168	1,440	728
Segment NOI	\$ 9,319	\$ 6,371	\$ 2,948	\$ 6,371	\$ 5,493	\$ 878

(1) Same store excludes Encore Apartments, Liberty Apartments and Whetstone Apartments.

(2) Same store excludes Smith's Landing, Encore Apartments, Liberty Apartments and Whetstone Apartments.

Same store rental revenues and NOI for the year ended December 31, 2015 increased compared to the year ended December 31, 2014 because of higher occupancy at The Cosmopolitan in the Town Center of Virginia Beach and Smith's Landing.

Same store rental revenues and NOI for the year ended December 31, 2014 increased compared to the year ended December 31, 2013 because of higher occupancy at The Cosmopolitan.

General Contracting and Real Estate Services Segment Data

	Years Ended December 31,		
	2015	2014	2013
	(\$ in thousands)		
Segment revenues	\$ 171,268	\$ 103,321	\$ 82,516
Gross profit	5,924	4,567	3,703
Operating margin	3.5 %	4.4 %	4.5 %
Construction backlog	\$ 83,433	\$ 159,139	\$ 46,385

Segment revenues for the year ended December 31, 2015 increased \$67.9 million compared to the year ended December 31, 2014. Gross profit for the year ended December 31, 2015 increased \$1.4 million compared to the year ended December 31, 2014. The increase in segment revenues and gross profit resulted from higher volume on our construction contracts driven by the Exelon construction project in the Inner Harbor of Baltimore, which was slightly offset by lower operating margins.

Segment revenues for the year ended December 31, 2014 increased \$20.8 million compared to the year ended December 31, 2013. Gross profit for the year ended December 31, 2014 increased \$0.9 million compared to the year ended December 31, 2013. The increases in segment revenues and gross profit resulted from higher volume on our construction contracts driven by the Exelon construction project as operating margins year over year were consistent.

The changes in construction backlog for each of the three years ended December 31, 2015 were as follows:

	Years Ended December 31,		
	2015	2014	2013
	(\$ in thousands)		
Beginning backlog	\$ 159,139	\$ 46,385	\$ 64,577
New contracts/change orders	95,356	215,303	64,742
Work performed	(171,062)	(102,549)	(82,934)
Ending backlog	\$ 83,433	\$ 159,139	\$ 46,385

During the year ended December 31, 2015, we added \$45.9 million to backlog for the construction of a new hotel at the Oceanfront of Virginia Beach, Virginia for a related party development group. Construction is expected to be

completed in time for the 2017 summer season. As of December 31, 2015, we had \$40.4 million of backlog related to the Oceanfront hotel construction project.

During the year ended December 31, 2014, we executed a \$168.8 million contract for the construction of the new headquarters for Exelon's Constellation business unit in Baltimore, Maryland. Exelon is the nation's leading competitive energy provider. Construction began in the spring of 2014 with completion expected in the spring of 2016. As of December 31, 2015 and 2014, we had \$26.9 million and \$126.0 million, respectively, of backlog related to the Exelon construction project.

Consolidated and Combined Results of Operations

Because of the timing of our IPO, the results of operations for the year ended December 31, 2013 reflect our results together with those of our Predecessor, while the results of operations for the years ended December 31, 2015 and 2014 are solely ours.

The following table summarizes our results of operations for each of the three years ended December 31, 2015:

	Years Ended December 31,			2015	2014
	2015	2014	2013	Change	Change
	(\$ in thousands)				
Revenues					
Rental revenues	\$ 81,172	\$ 64,746	\$ 57,520	\$ 16,426	\$ 7,226
General contracting and real estate services revenues	171,268	103,321	82,516	67,947	20,805
Total revenues	252,440	168,067	140,036	84,373	28,031
Expenses					
Rental expenses	19,204	16,667	14,025	2,537	2,642
Real estate taxes	7,782	5,743	5,124	2,039	619
General contracting and real estate services expenses	165,344	98,754	78,813	66,590	19,941
Depreciation and amortization	23,153	17,569	14,898	5,584	2,671
General and administrative expenses	8,397	7,711	6,937	686	774
Acquisition, development and other pursuit costs	1,935	229	—	1,706	229
Impairment charges	41	15	580	26	(565)
Total expenses	225,856	146,688	120,377	79,168	26,311
Operating income	26,584	21,379	19,659	5,205	1,720
Interest income	126	—	—	126	—
Interest expense	(13,333)	(10,648)	(12,303)	(2,685)	1,655
Loss on extinguishment of debt	(512)	—	(2,387)	(512)	2,387
Gain on real estate dispositions and acquisitions	18,394	2,211	9,460	16,183	(7,249)
Other (expense) income	(110)	(113)	297	3	(410)
Income before taxes	31,149	12,829	14,726	18,320	(1,897)
Income tax benefit (provision)	34	(70)	(273)	104	203
Net income	\$ 31,183	\$ 12,759	\$ 14,453	\$ 18,424	\$ (1,694)

Rental Revenues. Rental revenues by segment for each of the three years ended December 31, 2015 were as follows:

	Years Ended December 31,			2015	2014
	2015	2014	2013	Change	Change
	(\$ in thousands)				
Office	\$31,534	\$27,827	\$25,794	\$ 3,707	\$2,033
Retail	32,064	23,956	21,755	8,108	2,201
Multifamily	17,574	12,963	9,971	4,611	2,992
	\$81,172	\$64,746	\$57,520	\$16,426	\$7,226

Rental revenues increased \$16.4 million during the year ended December 31, 2015 compared to the year ended December 31, 2014. The increase in office rental revenues resulted from the full year operation of 4525 Main Street and our delivery of three new build-to-suit buildings for Oceaneering International and the Commonwealth of Virginia. These increases were partially offset by property dispositions – the Sentara Williamsburg medical office building that we

sold in the first quarter of 2015 and the Virginia Natural Gas office building that we sold in the fourth quarter of 2014. The increase in retail rental revenues resulted primarily from property acquisitions and new real estate placed into service. During the year ended December 31, 2015, we acquired Perry Hall Marketplace, Stone House Square, Socaste Commons, Columbus Village and Providence Plaza and placed into service Sandbridge Commons. The increase in multifamily rental revenues resulted primarily from our stabilization of both Encore and Liberty Apartments as well as higher occupancy at The Cosmopolitan in the Town Center of Virginia Beach.

Rental revenues increased \$7.2 million during the year ended December 31, 2014 compared to the year ended December 31, 2013. The increase in office rental revenues resulted from the delivery and initial occupancy of our new 4525 Main Street office tower, higher occupancy at One Columbus and Two Columbus and lease renewals at Armada Hoffer Tower. The increase in retail rental revenues resulted primarily from our consolidation of Bermuda Crossroads upon completion of our IPO and Formation Transactions on May 13, 2013 and our acquisition of Dimmock Square on August 15, 2014. The increase in multifamily rental revenues resulted primarily from our consolidation of Smith's Landing upon completion of our IPO and Formation Transactions on May 13, 2013, higher occupancy at The Cosmopolitan, our acquisition of Liberty Apartments on January 17, 2014 and our initial delivery of Encore Apartments during the third quarter of 2014.

General Contracting and Real Estate Services Revenues. General contracting and real estate services revenues for the years ended December 31, 2015 and 2014 increased \$67.9 million and \$20.8 million compared to the respective prior years because of higher volume on our construction contracts, primarily the Exelon construction project.

Rental Expenses. Rental expenses by segment for each of the three years ended December 31, 2015 were as follows:

	<u>Years Ended December 31,</u>			<u>2015</u>	<u>2014</u>
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>Change</u>
	(\$ in thousands)				
Office	\$ 6,938	\$ 6,395	\$ 5,721	\$ 543	\$ 674
Retail	5,915	5,011	4,808	904	203
Multifamily	6,351	5,261	3,496	1,090	1,765
	<u>\$ 19,204</u>	<u>\$ 16,667</u>	<u>\$ 14,025</u>	<u>\$ 2,537</u>	<u>\$ 2,642</u>

Rental expenses increased \$2.5 million during the year ended December 31, 2015 compared to the year ended December 31, 2014. Office rental expenses increased primarily because of the full year operation of 4525 Main Street. Retail rental expenses increased because of property acquisitions and new real estate placed into service. Multifamily rental expenses increased because of our stabilization of both Encore and Liberty Apartments.

Rental expenses increased \$2.6 million during the year ended December 31, 2014 compared to the year ended December 31, 2013. Office rental expenses increased primarily because of the initial operation of 4525 Main Street. Retail rental expenses increased because of our consolidation of Bermuda Crossroads on May 13, 2013 as well as our acquisition of Dimmock Square on August 15, 2014. Multifamily rental expenses increased because of our acquisition of Liberty Apartments on January 17, 2014, our initial delivery of Encore Apartments and Whetstone Apartments during the second half of 2014 and our consolidation of Smith's Landing on May 13, 2013.

Real Estate Taxes. Real estate taxes by segment for each of the three years ended December 31, 2015 were as follows:

	<u>Years Ended December 31,</u>			<u>2015</u>	<u>2014</u>
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>Change</u>
	(\$ in thousands)				
Office	\$ 2,950	\$ 2,315	\$ 2,171	\$ 635	\$ 144
Retail	2,928	2,097	1,971	831	126
Multifamily	1,904	1,331	982	573	349
	<u>\$ 7,782</u>	<u>\$ 5,743</u>	<u>\$ 5,124</u>	<u>\$ 2,039</u>	<u>\$ 619</u>

Real estate taxes increased \$2.0 million during the year ended December 31, 2015 compared to the year ended December 31, 2014. Office real estate taxes increased primarily because of the full year operation of 4525 Main Street.

Retail real estate taxes increased because of property acquisitions and new real estate placed into service. Multifamily real estate taxes increased because of the reassessment of Encore Apartments.

Real estate taxes increased \$0.6 million during the year ended December 31, 2014 compared to the year ended December 31, 2013. Office real estate taxes increased because of the delivery of 4525 Main Street. Retail real estate taxes increased because of our consolidation of Bermuda Crossroads on May 13, 2013 and our acquisition of Dimmock Square on August 15, 2014. Multifamily real estate taxes increased because of our acquisition of Liberty Apartments on January 17, 2014 and our consolidation of Smith's Landing on May 13, 2013.

General Contracting and Real Estate Services Expenses. General contracting and real estate services expenses for the years ended December 31, 2015 and 2014 increased \$66.6 million and \$19.9 million compared to the respective prior years because of higher volume on our construction contracts, primarily the Exelon construction project.

Depreciation and Amortization. Depreciation and amortization for the year ended December 31, 2015 increased \$5.6 million compared to the year ended December 31, 2014. The increase was attributable to property acquisitions and new real estate placed into service. Depreciation and amortization for the year ended December 31, 2014 increased \$2.7 million compared to the year ended December 31, 2013. The increase was attributable to Liberty Apartments and Dimmock Square, both of which we acquired during 2014, as well as 4525 Main Street, which we delivered during 2014.

General and Administrative Expenses. General and administrative expenses for the years ended December 31, 2015 and 2014 increased \$0.7 million and \$0.8 million compared to the respective prior years because of higher regulatory and compliance costs as well as higher compensation and benefit costs from increased employee headcount.

Acquisition, Development and Other Pursuit Costs. During the year ended December 31, 2015, we recognized \$1.9 million of costs primarily attributable to our acquisitions of Perry Hall Marketplace, Stone House Square, Socastee Commons, Columbus Village, Providence Plaza and an 11-property retail portfolio. During the year ended December 31, 2014, we recognized \$0.2 million of costs related primarily to our acquisition of Dimmock Square.

Impairment Charges. Impairment charges during the years ended December 31, 2015 and 2014 were nominal. We recognized impairment charges of approximately \$0.6 million during the year ended December 31, 2013 resulting from three retail tenants that vacated prior to their lease expiration. The impairment charge consisted of unamortized leasing costs, leasing incentives and acquired lease intangibles related to these three tenants.

Interest Income. Interest income is attributable to our investment in the Point Street Apartments project through our loan to BDG. On October 15, 2015, we agreed to invest up to \$23.0 million in the Point Street Apartments project in the form of a loan to BDG that accrues interest at 8.0% per annum. As of December 31, 2015, we had funded \$7.8 million under the BDG loan.

Interest Expense. Interest expense for the year ended December 31, 2015 increased \$2.7 million compared to the year ended December 31, 2014 because of new real estate placed into service and additional debt assumed in connection with operating property acquisitions. Interest expense for the year ended December 31, 2014 decreased \$1.7 million compared to the year ended December 31, 2013 because we repaid \$174.7 million of secured debt during 2013. This was partially offset by our assumption of \$25.0 million of debt secured by Smith's Landing and \$17.0 million of debt secured by Liberty Apartments.

Loss on Extinguishment of Debt. During the year ended December 31, 2015, we recognized a \$0.5 million loss on extinguishment of debt representing the unamortized debt issuance costs associated with our refinancing of the mortgage secured by Smith's Landing as well as our repayment of the Whetstone Apartments and Oceaneering construction loans. During the year ended December 31, 2013, we used a portion of the net proceeds from our IPO and borrowings under our credit facility to repay \$150.0 million of debt. As a result, we recognized a loss on extinguishment of \$1.1 million consisting of \$0.5 million of unamortized deferred financing costs and \$0.6 million of defeasance expenses. On July 17, 2013, we defeased the loan on One Columbus and recognized a loss on extinguishment of \$1.0 million representing defeasance expenses. On October 11, 2013, we repaid the Bermuda Crossroads loan for \$10.8 million and recognized a \$0.1 million gain on extinguishment of debt representing the unamortized fair value premium adjustment. On October 25, 2013, we amended Broad Creek Shopping Center Notes 1, 2 and 3 to remove the recourse component, lower the interest rates to LIBOR plus 2.25% and extend the maturity dates to October 31, 2018. We recognized a \$0.2 million

loss on extinguishment of debt representing unamortized debt issuance costs on Broad Creek Shopping Center Notes 2 and 3.

Gain on Real Estate Dispositions and Acquisitions. During the year ended December 31, 2015, we recognized gains on real estate dispositions of \$18.4 million compared to \$2.2 million of gains on real estate dispositions for the year ended December 31, 2014. During the year ended December 31, 2015, we recognized a \$6.2 million gain on our sale of the Sentara Williamsburg medical office building, a \$7.2 million gain on our sale of Whetstone Apartments and a \$5.0 million gain on our sale of the Oceaneering building. On November 20, 2014, we completed the sale of the Virginia Natural Gas office building and recognized a gain on disposition of \$2.2 million. In connection with the completion of our IPO and Formation Transactions on May 13, 2013, we acquired controlling interests in both Bermuda Crossroads and Smith's Landing. We accounted for our acquisition of controlling interests in Bermuda Crossroads and Smith's Landing as purchases at fair value under the acquisition method of accounting in accordance with GAAP. As a result, we recognized a gain upon acquisition of \$9.5 million representing the difference between the fair value and carrying value of our Predecessor's prior noncontrolling equity interests in Bermuda Crossroads and Smith's Landing.

Other Income (Loss). Other income (loss) for the year ended December 31, 2015 was relatively unchanged compared to the year ended December 31, 2014. Other income (loss) for both years were primarily attributable to negative mark-to-market adjustments on our interest rate derivatives. Other income (loss) decreased during year ended December 31, 2014 compared to the year ended December 31, 2013 because of our consolidation of Bermuda Crossroads and Smith's Landing on May 13, 2013. We previously accounted for our noncontrolling interests in both Bermuda Crossroads and Smith's Landing under the equity method and presented our earnings from each within other income. Negative mark-to-market adjustments on our interest rate derivatives also contributed to the decrease in other income (loss) during the year ended December 31, 2014.

Income Taxes. Prior to the completion of our IPO on May 13, 2013, we made no provision for U.S. federal, state or local income taxes because the profits and losses of our Predecessor flowed through to its respective partners, members and shareholders who were individually responsible for reporting such amounts. Subsequent to the completion of our IPO, our TRS, through which we conduct our development and construction business, are subject to federal, state and local corporate income taxes. The income tax benefit (provision) recognized during the three years ended December 31, 2015 is attributable to the (losses) profits of our TRS.

Liquidity and Capital Resources

Overview

We believe our primary short-term liquidity requirements consist of general contractor expenses, operating expenses and other expenditures associated with our properties, including tenant improvements, leasing commissions and leasing incentives, dividend payments to our stockholders required to maintain our REIT qualification, debt service, capital expenditures, new real estate development projects and strategic acquisitions. We expect to meet our short-term liquidity requirements through net cash provided by operations, reserves established from existing cash, borrowings under construction loans to fund new real estate development and construction and borrowings available under our credit facility and proceeds from the sale of common stock through our at-the-market continuous equity offering program ("ATM Equity Offering Program").

Our long-term liquidity needs consist primarily of funds necessary for the repayment of debt at or prior to maturity, general contracting expenses, property development and acquisitions, tenant improvements and capital improvements. We expect to meet our long-term liquidity requirements with net cash from operations, long-term secured and unsecured indebtedness and the issuance of equity and debt securities. We also may fund property development and acquisitions and capital improvements using our credit facility pending long-term financing.

As of December 31, 2015, we had unrestricted cash and cash equivalents of \$27.0 million and restricted cash in escrow of \$2.8 million available for both current liquidity needs as well as development activities. As of December 31, 2015, we had \$68.0 million available under our credit facility and \$38.6 million available for future issuance under our ATM Equity Offering Program to meet our short-term liquidity requirements.

ATM Equity Offering Program

On May 5, 2015, we commenced our ATM Equity Offering Program through which we may, from time to time, issue and sell shares of common stock having an aggregate offering price of up to \$50.0 million. Our sale of shares under the ATM Equity Offering Program will depend on a variety of factors, including among other things, market conditions, the trading price of our common stock, capital needs and our determination of appropriate sources of funding. We have no obligation to sell any shares and may at any time suspend or terminate the ATM Equity Offering Program. Each of our sales agents are entitled to a commission of up to 2.0% of the gross offering proceeds of shares that they sell on our behalf through the ATM Equity Offering Program. We intend to use any net proceeds from the sale of shares through the ATM Equity Offering Program to fund development or redevelopment activities, fund potential acquisition opportunities, repay indebtedness, including amounts outstanding under our credit facility, or for general corporate purposes. Since the inception of the ATM Equity Offering Program to December 31, 2015, we raised \$11.4 million of gross proceeds at a weighted average price of \$10.26 per share. Net proceeds after offering costs and commissions were \$10.9 million.

Prior Credit Facility

On May 13, 2013, we entered into a \$100.0 million senior secured credit facility that included an accordion feature that allowed us to increase the borrowing capacity under the facility up to \$250.0 million, subject to certain conditions. On October 10, 2013, we increased the borrowing capacity under the credit facility to \$155.0 million pursuant to the accordion feature. The credit facility was scheduled to mature on May 13, 2016; however, we repaid all amounts due under the credit facility with proceeds from our new credit facility and terminated the existing credit facility on February 20, 2015, as discussed below.

New Credit Facility

On February 20, 2015, we entered into a new \$200.0 million senior unsecured credit facility that includes a \$150.0 million senior unsecured revolving credit facility and a \$50.0 million senior unsecured term loan facility. The new credit facility replaced the prior \$155.0 million senior secured revolving credit facility that was scheduled to mature on May 13, 2016. On February 20, 2015, we borrowed \$54.0 million under the revolving credit facility and \$50.0 million under the term loan facility to repay in full all outstanding amounts due under the prior credit facility and to repay approximately \$39.0 million of other indebtedness secured by properties in our portfolio for the purpose of unencumbering those properties. We intend to use future borrowings under the new credit facility for general corporate purposes, including funding acquisitions, development and redevelopment of properties in our portfolio and for working capital.

The new credit facility includes an accordion feature that allows the total commitments to be increased to \$350.0 million, subject to certain conditions. The amount permitted to be borrowed under the new credit facility, together with all of our other unsecured indebtedness is generally limited to the lesser of: (i) 60% of the value of our unencumbered borrowing base properties, (ii) the maximum amount of principal that would result in a debt service coverage ratio of 1.50 to 1.0, and (iii) the maximum aggregate loan commitment, which was \$200.0 million as of December 31, 2015. On January 5, 2016, we increased the total capacity of the new credit facility to \$225.0 million and increased the amount outstanding under the term loan facility to \$75.0 million.

The new revolving credit facility has a scheduled maturity date of February 20, 2019, with a one-year extension option. The term loan facility has a scheduled maturity date of February 20, 2020. We may, at any time, voluntarily prepay any loan under the new credit facility in whole or in part without premium or penalty.

The new revolving credit facility bears interest at LIBOR plus 1.40% to 2.00%, depending on our total leverage. The term loan facility bears interest at LIBOR plus 1.35% to 1.95%, depending on our total leverage. We are also obligated to pay an unused commitment fee of 15 or 25 basis points on the unused portions of the commitments under the new credit facility, depending on the amount of borrowings under the new credit facility. If we attain investment grade credit ratings from S&P and Moody's, we may elect to have borrowings become subject to interest rates based on our credit ratings.

The new credit facility requires us to comply with various financial covenants, affirmative covenants and other restrictions, including the following:

- Total leverage ratio of the Company of not more than 60%;
- Ratio of adjusted EBITDA to fixed charges of the Company of not less than 1.50 to 1.0;
- Tangible net worth of not less than the sum of \$220.0 million and 75% of the net equity proceeds received after December 31, 2014;
- Ratio of variable rate indebtedness to total asset value of not more than 30%;
- Ratio of secured indebtedness to total asset value of not more than 45%; and
- Ratio of secured recourse debt to total asset value of not more than 25%.

The new credit facility limits our ability to pay cash dividends. However, so long as no default or event of default exists, the credit agreements allow us to pay cash dividends with respect to any 12-month period in an amount not to exceed the greater of: (i) 95% of adjusted funds from operations (as defined in the credit agreement) or (ii) the amount required for us (a) to maintain our status as a REIT and (b) to avoid income or excise tax under the Code. If certain defaults or events of default exist, we may pay cash dividends with respect to any 12-month period to the extent necessary to maintain our status as a REIT. The new credit facility also restricts the amount of capital that we can invest in specific categories of assets, such as unimproved land holdings, development properties, notes receivable, mortgages, mezzanine loans and unconsolidated affiliates.

We are currently in compliance with all covenants under the new credit facility.

Consolidated Indebtedness

The following table sets forth our consolidated indebtedness as of December 31, 2015 (\$ in thousands):

Secured Debt	Amount Outstanding	Interest Rate(a)	Effective Rate for Variable-Rate Debt	Maturity Date	Balance at Maturity
249 Central Park Retail	\$ 15,282	5.99 %		September 8, 2016	\$ 15,084
South Retail	6,742	5.99		September 8, 2016	6,655
Fountain Plaza Retail	7,641	5.99		September 8, 2016	7,542
4525 Main Street	31,613	LIBOR+1.95	2.37 %	January 30, 2017	31,613
Encore Apartments	25,184	LIBOR+1.95	2.37 %	January 30, 2017	25,184
North Point Note 5	664	LIBOR+2.00	3.57 %(b)	February 1, 2017	641
Oyster Point	6,400	LIBOR+1.40 to 2.00	2.17 %	February 28, 2017	6,400
Harrisonburg Regal Commonwealth of Virginia – Chesapeake	3,463	6.06		June 8, 2017	3,165
Hanbury Village	4,933	LIBOR+1.90	2.32 %	August 28, 2017	4,933
Lightfoot Marketplace	20,970	6.67		October 11, 2017	20,499
Sandbridge Commons	7,759	LIBOR+1.90	2.32 %	November 14, 2017	7,759
Columbus Village Note 1	9,010	LIBOR+1.85	2.27 %	January 17, 2018	8,525
Columbus Village Note 2	6,429	LIBOR+2.00	3.05 %(b)	April 5, 2018	6,033
Johns Hopkins Village	2,310	LIBOR+2.00	2.42 %	April 5, 2018	2,205
North Point Note 1	3,968	LIBOR+1.90	2.32 %	July 30, 2018	3,968
Socastee Commons	9,969	6.45		February 5, 2019	9,333
North Point Note 2	4,957	4.57		January 6, 2023	4,223
Smith's Landing	2,662	7.25		September 15, 2025	1,344
Liberty Apartments	21,226	4.05		June 1, 2035	—
The Cosmopolitan	20,312	5.66		November 1, 2043	—
Total secured debt	\$ 258,013				\$ 165,106
Unsecured Debt					
Revolving credit facility	74,000	LIBOR+1.40 to 2.00	2.17 %	February 20, 2019	74,000
Term loan	50,000	LIBOR+1.35 to 1.95	2.12 %(b)	February 20, 2020	50,000
Total unsecured debt	\$ 124,000				\$ 124,000
Unamortized GAAP adjustments	(4,420)				—
Indebtedness, net	\$ 377,593				\$ 289,106

(a) LIBOR is determined by individual lenders.

(b) Subject to an interest rate swap agreement.

We currently are in compliance with all covenants on our outstanding indebtedness.

As of December 31, 2015, our outstanding indebtedness matures during the following years (\$ in thousands):

<u>Year</u>	<u>Amount Due</u>	<u>Percentage of</u>
		<u>Total</u>
2016	\$ 29,281	10 %
2017	100,194	35
2018	20,731	7
2019	83,333	29
2020	50,000	17
Thereafter	5,567	2
	\$ 289,106	100 %

Interest Rate Derivatives

We may use interest rate derivatives from time to time to manage our exposure to interest rate risks. Using an interest rate swap lock, we fixed our interest payments under North Point Center Note 5 at 3.57% through maturity on February 1, 2017.

On February 20, 2015, we entered into a \$50.0 million floating-to-fixed interest rate swap attributable to one-month LIBOR indexed interest payments. The \$50.0 million interest rate swap has a fixed rate of 2.00%, an effective date of March 1, 2016 and a maturity date of February 20, 2020. We entered into this interest rate swap agreement in connection with the new \$50.0 million senior unsecured term loan facility that bears interest at LIBOR plus 1.35% to 1.95%, depending on our total leverage. We designated this interest rate swap as a cash flow hedge of the variable interest payments based one-month LIBOR.

On July 13, 2015, we entered into a \$6.5 million floating-to-fixed interest rate swap attributable to one-month LIBOR indexed interest payments. The \$6.5 million interest rate swap has a fixed rate of 3.05%, an effective date of July 13, 2015 and a maturity date of April 5, 2018. We designated this interest rate swap as a cash flow hedge of variable interest payments based on one-month LIBOR.

As of December 31, 2015, we were party to the following LIBOR interest rate cap agreements (\$ in thousands):

<u>Effective Date</u>	<u>Maturity Date</u>	<u>Strike Rate</u>	<u>Notional Amount</u>
September 1, 2013	March 1, 2016	3.50 %	\$ 25,198
September 1, 2013	March 1, 2016	3.50 %	37,848
September 1, 2013	March 1, 2016	1.50 %	40,000
October 4, 2013	April 1, 2016	1.50 %	18,500
March 14, 2014	March 1, 2017	1.25 %	50,000
October 26, 2015	October 15, 2017	1.25 %	75,000
Total			\$ 246,546

On February 25, 2016, we entered into a LIBOR interest rate cap agreement on a notional amount of \$75.0 million at a strike rate of 1.50%. This interest rate cap agreement expires on March 1, 2018.

Contractual Obligations

The following table summarizes the future payments for known contractual obligations as of December 31, 2015 (in thousands):

Contractual Obligations	Total	Payments due by period			
		Less than 1 year	1 – 3 years	3 – 5 years	More than 5 years
Principal payments of long-term indebtedness	\$ 382,013	\$ 32,646	\$ 126,139	\$ 137,672	\$ 85,556
Operating property acquisitions under contract ⁽¹⁾	170,500	170,500	—	—	—
Ground and other operating leases	101,986	1,587	3,472	3,634	93,293
Long-term debt—fixed interest	84,724	9,533	14,496	9,891	50,804
Long-term debt—variable interest ⁽²⁾	8,221	3,932	4,067	222	—
Unfunded notes receivable	15,175	15,175	—	—	—
Unfunded joint venture commitments	8,606	8,606	—	—	—
Tenant-related and other commitments	3,113	1,268	—	—	1,845
Total	\$ 774,338	\$ 243,247	\$ 148,174	\$ 151,419	\$ 231,498

(1) Relates solely to our acquisition of an 11-property retail portfolio, which we closed on January 14, 2016.

(2) For long-term debt that bears interest at variable rates, we estimated future interest payments using the indexed rates as of December 31, 2015. LIBOR as of December 31, 2015 was 42 basis points.

Off-Balance Sheet Arrangements

We have entered into standby letters of credit relating to the guarantee of future performance on certain of our construction contracts. Letters of credit generally are available for draw down in the event we do not perform. As of December 31, 2015, we had aggregate outstanding letters of credit totaling \$8.0 million, all of which expire during 2016. However, all of our standby letters of credit are expected to renew for additional periods until completion of the underlying contractual obligation.

Cash Flows

	Years Ended		
	December 31,		
	2015	2014	Change
	(\$ in thousands)		
Operating Activities	\$ 33,086	\$ 31,362	\$ 1,724
Investing Activities	(56,381)	(105,306)	48,925
Financing Activities	24,401	80,945	(56,544)
Net Increase (Decrease)	\$ 1,106	\$ 7,001	\$ (5,895)
Cash and Cash Equivalents, Beginning of Period	\$ 25,883	\$ 18,882	
Cash and Cash Equivalents, End of Period	\$ 26,989	\$ 25,883	

Net cash provided by operating activities for the year ended December 31, 2015 increased \$1.7 million compared to the year ended December 31, 2014 primarily as a result of more net cash generated from our operating property portfolio, which was partially offset by less net cash generated from our construction business.

Net cash used for investing activities for the year ended December 31, 2015 decreased \$48.9 million compared to the year ended December 31, 2014 because of less cash spent on new real estate development. During the year ended December 31, 2015, we invested \$52.7 million in new real estate development compared to \$98.5 million during the year ended December 31, 2014.

Net cash provided by financing activities for the year ended December 31, 2015 decreased \$56.5 million compared to the year ended December 31, 2014 primarily as a result of less net debt issuances and borrowings.

	Years Ended		
	December 31,		
	2014	2013	Change
	(\$ in thousands)		
Operating Activities	\$ 31,362	\$ 22,175	\$ 9,187
Investing Activities	(105,306)	(47,947)	(57,359)
Financing Activities	80,945	35,254	45,691
Net Increase (Decrease)	\$ 7,001	\$ 9,482	\$ (2,481)
Cash and Cash Equivalents, Beginning of Period	\$ 18,882	\$ 9,400	
Cash and Cash Equivalents, End of Period	\$ 25,883	\$ 18,882	

Net cash provided by operating activities for the year ended December 31, 2014 increased \$9.2 million compared to the year ended December 31, 2013 primarily as a result of more net cash generated from our construction business.

Net cash used for investing activities for the year ended December 31, 2014 increased \$57.4 million compared to the year ended December 31, 2013 due to higher investments in new real estate development. During the year ended December 31, 2014, we invested \$98.5 million in new real estate development compared to \$41.3 million during the year ended December 31, 2013.

Net cash provided by financing activities for the year ended December 31, 2014 increased \$45.6 million compared to the year ended December 31, 2013 primarily as result of our underwritten public offering of common stock that raised net proceeds of \$49.3 million during the year ended December 31, 2014.

Non-GAAP Financial Measures

We calculate FFO in accordance with the standards established by 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. 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. 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 our operating performance with that of other REITs.

However, because FFO excludes depreciation and amortization and captures neither the changes in the value of our properties that result from use or market conditions nor the level of capital expenditures and leasing commissions necessary to maintain the operating performance of our properties, all of which have real economic effects and could materially impact our results from operations, the utility of FFO as a measure of our performance is limited. In addition, 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. Accordingly, FFO should be considered only as a supplement to net income as a measure of our performance. FFO should not be used as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to pay dividends or service indebtedness. FFO also should not be used as a supplement to or substitute for cash flow from operating activities computed in accordance with GAAP.

We also believe 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 year-over-year performance. Accordingly, management believes that Normalized FFO is a more useful performance measure that excludes certain items, including but not limited to, debt extinguishment losses and prepayment penalties, property acquisition, development and other pursuit costs, mark-to-market adjustments for interest rate derivatives and other non-comparable items.

The following table sets forth a reconciliation of FFO and Normalized FFO for each of the three years ended December 31, 2015 to net income, the most directly comparable GAAP equivalent:

	Years Ended December 31,		
	2015	2014	2013
	(\$ in thousands)		
Net income	\$ 31,183	\$ 12,759	\$ 14,453
Depreciation and amortization	23,153	17,569	14,898
Gain on real estate dispositions and acquisitions	(18,394)	(2,211)	(9,460)
Real estate joint ventures, net	—	—	(85)
Funds from operations	\$ 35,942	\$ 28,117	\$ 19,806
Acquisition, development and other pursuit costs	1,935	229	—
Impairment charges	41	15	580
Loss on extinguishment of debt	512	—	2,387
Loan modification costs	—	—	27
Derivative mark-to-market adjustments	229	233	12
Normalized funds from operations	\$ 38,659	\$ 28,594	\$ 22,812

Inflation

Substantially all of our office and retail leases provide for the recovery of increases in real estate taxes and operating expenses. In addition, substantially all of the leases provide for annual rent increases. We believe that inflationary increases may be offset in part by the contractual rent increases and expense escalations previously described. In addition, our multifamily leases generally have lease terms ranging from 7 to 15 months with a majority

having 12-month lease terms allowing negotiation of rental rates at term end, which we believe reduces our exposure to the effects of inflation.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The primary market risk to which we are exposed is interest rate risk. Our primary interest rate exposure is daily LIBOR. We primarily use fixed interest rate financing to manage our exposure to fluctuations in interest rates. On a limited basis, we also use derivative financial instruments to manage interest rate risk. We do not use these derivatives for trading or other speculative purposes.

As of December 31, 2015 and excluding unamortized GAAP adjustments, approximately \$159.7 million, or 41.8%, of our debt had fixed interest rates and approximately \$222.3 million, or 58.2%, had variable interest rates. Considering interest rate swaps, approximately \$165.2 million of our debt is subject to interest rate risk. Assuming no increase in the level of our variable rate debt, if interest rates increased by 1.0%, our cash flow would decrease by approximately \$1.7 million per year. As of December 31, 2015, LIBOR was approximately 42 basis points. Assuming no increase in the level of our variable rate debt, if LIBOR was reduced to 0 basis points, our cash flow would increase by approximately \$0.7 million per year.

Item 8. Financial Statements and Supplementary Data

Our consolidated and combined financial statements and supplementary data are included as a separate section of this Annual Report on Form 10-K commencing on page F-1 and are incorporated herein by reference.

Item 9. Changes and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

The Company's management has evaluated, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, the effectiveness of the disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as required by paragraph (b) of Rules 13a-15 and 15d-15 of the Exchange Act. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that as of December 31, 2015, the Company's disclosure controls and procedures were effective to ensure that information we are required to disclose in reports filed or submitted with the Securities and Exchange Commission (i) is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and (ii) is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure.

Management's Annual Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2015 based on the 2013 framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, the Company's management concluded that our internal control over financial reporting was effective as of December 31, 2015.

Attestation Report of Independent Registered Public Accounting Firm

Not applicable.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the quarter ended December 31, 2015 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

This information is incorporated by reference from the Company's Proxy Statement with respect to the 2016 Annual Meeting of Stockholders to be filed with the SEC no later than April 29, 2016.

Item 11. Executive Compensation.

This information is incorporated by reference from the Company's Proxy Statement with respect to the 2016 Annual Meeting of Stockholders to be filed with the SEC no later than April 29, 2016.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

This information is incorporated by reference from the Company's Proxy Statement with respect to the 2016 Annual Meeting of Stockholders to be filed with the SEC no later than April 29, 2016.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

This information is incorporated by reference from the Company's Proxy Statement with respect to the 2016 Annual Meeting of Stockholders to be filed with the SEC no later than April 29, 2016.

Item 14. Principal Accountant Fees and Services.

This information is incorporated by reference from the Company's Proxy Statement with respect to the 2016 Annual Meeting of Stockholders to be filed with the SEC no later than April 29, 2016.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

The following is a list of documents filed as a part of this report:

- (1) Financial Statements

Included herein at pages F-1 through F-36.

- (2) Financial Statement Schedules

The following financial statement schedule is included herein at pages F-35 through F-36:

Schedule III—Consolidated Real Estate Investments and Accumulated Depreciation

All other schedules for which provision is made in Regulation S-X are either not required to be included herein under the related instructions, are inapplicable or the related information is included in the footnotes to the applicable financial statements and, therefore, have been omitted.

- (3) Exhibits

The exhibits required to be filed by Item 601 of Regulation S-K are listed in the Exhibit Index.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 2, 2016

ARMADA HOFFLER PROPERTIES, INC.

By: /s/ Louis S. Haddad

Louis S. Haddad

President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Daniel A. Hoffler</u> Daniel A. Hoffler	Executive Chairman and Director	March 2, 2016
<u>/s/ A. Russell Kirk</u> A. Russell Kirk	Vice Chairman and Director	March 2, 2016
<u>/s/ Louis S. Haddad</u> Louis S. Haddad	President, Chief Executive Officer and Director (principal executive officer)	March 2, 2016
<u>/s/ Michael P. O'Hara</u> Michael P. O'Hara	Chief Financial Officer and Treasurer (principal financial officer and principal accounting officer)	March 2, 2016
<u>/s/ George F. Allen</u> George F. Allen	Director	March 2, 2016
<u>/s/ James A. Carroll</u> James A. Carroll	Director	March 2, 2016
<u>/s/ James C. Cherry</u> James C. Cherry	Director	March 2, 2016
<u>/s/ Eva S. Hardy</u> Eva S. Hardy	Director	March 2, 2016
<u>/s/ Joseph W. Prueher</u> Adm. Joseph W. Prueher (Ret.)	Director	March 2, 2016
<u>/s/ John W. Snow</u> John W. Snow	Director	March 2, 2016

ARMADA HOFFLER PROPERTIES, INC.

**FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

ITEM 8, ITEM 15(A)(1) AND (2)

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Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders of
Armada Hoffler Properties, Inc.

We have audited the accompanying consolidated balance sheets of Armada Hoffler Properties, Inc. (the “Company”), as of December 31, 2015 and 2014, and the related consolidated and combined statements of comprehensive income, equity, and cash flows, as described in Note 1, for each of the three years in the period ended December 31, 2015. Our audits also included the financial statement schedule listed in the Index at Item 15(2). These financial statements and schedule are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company’s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Armada Hoffler Properties, Inc. at December 31, 2015 and 2014, and the consolidated and combined results of its operations and its cash flows, as described in Note 1, for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP

Richmond, Virginia
March 2, 2016

ARMADA HOFFLER PROPERTIES, INC.
Consolidated Balance Sheets

(In thousands, except par value and share data)

	DECEMBER 31,	
	2015	2014
ASSETS		
Real estate investments:		
Income producing property	\$ 579,000	\$ 513,918
Held for development	1,180	—
Construction in progress	53,411	81,082
	<u>633,591</u>	<u>595,000</u>
Accumulated depreciation	(125,380)	(116,099)
Net real estate investments	508,211	478,901
Real estate investments held for sale	40,232	8,538
Cash and cash equivalents	26,989	25,883
Restricted cash	2,824	4,224
Accounts receivable, net	21,982	20,548
Notes receivable	7,825	—
Construction receivables, including retentions	36,535	19,432
Construction contract costs and estimated earnings in excess of billings	88	272
Other assets	44,861	30,224
Total Assets	\$ 689,547	\$ 588,022
LIABILITIES AND EQUITY		
Indebtedness, net	\$ 377,593	\$ 356,345
Accounts payable and accrued liabilities	6,472	8,358
Construction payables, including retentions	52,067	42,399
Billings in excess of construction contract costs and estimated earnings	2,224	1,053
Other liabilities	25,471	17,961
Total Liabilities	\$ 463,827	\$ 426,116
Stockholders' equity:		
Common stock, \$0.01 par value, 500,000,000 shares authorized, 30,076,359 and 25,022,701 shares issued and outstanding as of December 31, 2015 and 2014, respectively	300	250
Additional paid-in capital	102,906	51,472
Distributions in excess of earnings	(53,010)	(54,413)
Accumulated other comprehensive loss	(648)	—
Total stockholders' equity (deficit)	49,548	(2,691)
Noncontrolling interests	176,172	164,597
Total Equity	225,720	161,906
Total Liabilities and Equity	\$ 689,547	\$ 588,022

See Notes to Consolidated and Combined Financial Statements.

ARMADA HOFFLER PROPERTIES, INC. AND PREDECESSOR
Consolidated and Combined Statements of Comprehensive Income

(In thousands, except per share and unit data)

	YEARS ENDED DECEMBER 31,		
	2015	2014	2013
Revenues			
Rental revenues	\$ 81,172	\$ 64,746	\$ 57,520
General contracting and real estate services revenues	171,268	103,321	82,516
Total revenues	<u>252,440</u>	<u>168,067</u>	<u>140,036</u>
Expenses			
Rental expenses	19,204	16,667	14,025
Real estate taxes	7,782	5,743	5,124
General contracting and real estate services expenses	165,344	98,754	78,813
Depreciation and amortization	23,153	17,569	14,898
General and administrative expenses	8,397	7,711	6,937
Acquisition, development and other pursuit costs	1,935	229	—
Impairment charges	41	15	580
Total expenses	<u>225,856</u>	<u>146,688</u>	<u>120,377</u>
Operating income	<u>26,584</u>	<u>21,379</u>	<u>19,659</u>
Interest income	126	—	—
Interest expense	(13,333)	(10,648)	(12,303)
Loss on extinguishment of debt	(512)	—	(2,387)
Gain on real estate dispositions and acquisitions	18,394	2,211	9,460
Other (expense) income	(110)	(113)	297
Income before taxes	31,149	12,829	14,726
Income tax benefit (provision)	34	(70)	(273)
Net income	31,183	12,759	14,453
Net income attributable to predecessor	—	—	(2,020)
Net income attributable to noncontrolling interests	(11,541)	(5,068)	(5,097)
Net income attributable to stockholders	<u>\$ 19,642</u>	<u>\$ 7,691</u>	<u>\$ 7,336</u>
Net income per share and unit:			
Basic and diluted	<u>\$ 0.75</u>	<u>\$ 0.36</u>	<u>\$ 0.39</u>
Weighted-average outstanding:			
Common shares	26,006	20,946	19,046
Common units	15,377	14,125	13,059
Basic and diluted	<u>41,383</u>	<u>35,071</u>	<u>32,105</u>
Comprehensive income:			
Net income	\$ 31,183	\$ 12,759	\$ 14,453
Unrealized cash flow hedge losses	(1,075)	—	—
Realized cash flow hedge losses reclassified to net income	27	—	—
Comprehensive income	30,135	12,759	14,453
Comprehensive income attributable to predecessor	—	—	(2,020)
Comprehensive income attributable to noncontrolling interests	(11,141)	(5,068)	(5,097)
Comprehensive income attributable to stockholders	<u>\$ 18,994</u>	<u>\$ 7,691</u>	<u>\$ 7,336</u>

See Notes to Consolidated and Combined Financial Statements.

ARMADA HOFFLER PROPERTIES, INC. AND PREDECESSOR
Consolidated and Combined Statements of Equity

(In thousands, except share data)

	Shares of common stock	Common stock	Additional paid- in capital	Distributions in excess of earnings	Accumulated other comprehensive loss	Predecessor deficit	Total stockholders' and predecessor equity (deficit)	Noncontrolling interests	Total Equity
Predecessor									
Balance, January 1, 2013	—	\$ —	\$ —	\$ —	\$ —	\$ (41,341)	\$ (41,341)	\$ —	\$ (41,341)
Net income	—	—	—	—	—	2,020	2,020	—	2,020
Contributions	—	—	—	—	—	2,218	2,218	—	2,218
Distributions	—	—	—	—	—	(12,399)	(12,399)	—	(12,399)
Balance, May 12, 2013	—	\$ —	\$ —	\$ —	\$ —	\$ (49,502)	\$ (49,502)	\$ —	\$ (49,502)
Armada Hoffler Properties, Inc.									
Net income	—	—	—	7,336	—	—	7,336	5,097	12,433
Net proceeds from sale of common stock	19,003,750	190	191,993	—	—	—	192,183	—	192,183
Formation transactions	—	—	(191,993)	(47,605)	—	49,502	(190,096)	152,142	(37,954)
Restricted stock awards	159,663	2	1,247	—	—	—	1,249	—	1,249
Dividends and distributions declared	—	—	—	(7,665)	—	—	(7,665)	(5,223)	(12,888)
Balance, December 31, 2013	19,163,413	\$ 192	\$ 1,247	\$ (47,934)	\$ —	\$ —	\$ (46,495)	\$ 152,016	\$ 105,521
Net income	—	—	—	7,691	—	—	7,691	5,068	12,759
Net proceeds from sale of common stock	5,750,000	57	49,242	—	—	—	49,299	—	49,299
Restricted stock awards	109,288	1	1,284	—	—	—	1,285	—	1,285
Acquisitions of real estate investments	—	—	—	—	—	—	—	16,351	16,351
Exchange of owners' equity for common units	—	—	(301)	—	—	—	(301)	301	—
Dividends and distributions declared	—	—	—	(14,170)	—	—	(14,170)	(9,139)	(23,309)
Balance, December 31, 2014	25,022,701	\$ 250	\$ 51,472	\$ (54,413)	\$ —	\$ —	\$ (2,691)	\$ 164,597	\$ 161,906
Net income	—	—	—	19,642	—	—	19,642	11,541	31,183
Unrealized cash flow hedge losses	—	—	—	—	(665)	—	(665)	(410)	(1,075)
Realized cash flow hedge losses reclassified to net income	—	—	—	—	17	—	17	10	27
Net proceeds from sales of common stock	4,560,049	45	45,990	—	—	—	46,035	—	46,035
Restricted stock awards	78,109	1	992	—	—	—	993	—	993
Acquisitions of real estate investments	415,500	4	4,429	—	—	—	4,433	10,736	15,169
Redemption of operating partnership units	—	—	23	—	—	—	23	(264)	(241)
Dividends and distributions declared	—	—	—	(18,239)	—	—	(18,239)	(10,038)	(28,277)
Balance, December 31, 2015	<u>30,076,359</u>	<u>\$ 300</u>	<u>\$ 102,906</u>	<u>\$ (53,010)</u>	<u>\$ (648)</u>	<u>\$ —</u>	<u>\$ 49,548</u>	<u>\$ 176,172</u>	<u>\$ 225,720</u>

See Notes to Consolidated and Combined Financial Statements.

ARMADA HOFFLER PROPERTIES, INC. AND PREDECESSOR
Consolidated and Combined Statements of Cash Flows

(In thousands)

	YEARS ENDED DECEMBER 31,		
	2015	2014	2013
OPERATING ACTIVITIES			
Net income	\$ 31,183	\$ 12,759	\$ 14,453
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation of buildings and tenant improvements	18,678	14,984	12,806
Amortization of leasing costs and in-place lease intangibles	4,475	2,585	2,092
Accrued straight-line rental revenue	(1,924)	(2,203)	(1,055)
Amortization of leasing incentives and above or below-market rents	738	632	683
Accrued straight-line ground rent expense	290	315	364
Bad debt expense	131	79	162
Noncash stock compensation	931	917	1,249
Impairment charges	41	15	580
Noncash interest expense	1,006	517	636
Noncash loss on extinguishment of debt	512	—	644
Gain on real estate dispositions and acquisitions	(18,394)	(2,211)	(9,460)
Change in the fair value of derivatives	229	233	12
Other noncash gain	—	(42)	—
Income from real estate joint ventures	—	—	(210)
Changes in operating assets and liabilities:			
Property assets	(2,463)	(1,420)	7,761
Property liabilities	2,326	(1,069)	(2,836)
Construction assets	(17,337)	(5,893)	(2,115)
Construction liabilities	12,664	11,164	(3,591)
Net cash provided by operating activities	33,086	31,362	22,175
INVESTING ACTIVITIES			
Development of real estate investments	(52,719)	(98,467)	(41,298)
Tenant and building improvements	(5,157)	(6,362)	(3,920)
Acquisitions of real estate investments	(68,445)	(2,754)	(2,106)
Dispositions of real estate investments	79,566	7,387	—
Notes receivable issuances	(7,825)	—	—
Government development grants	300	300	300
Decrease (increase) in restricted cash	1,580	(1,824)	93
Leasing costs	(2,118)	(2,835)	(1,180)
Leasing incentives	(1,563)	(751)	(266)
Contributions to real estate joint ventures	—	—	(81)
Return of capital from real estate joint ventures	—	—	511
Net cash used for investing activities	(56,381)	(105,306)	(47,947)
FINANCING ACTIVITIES			
Proceeds from sales of common stock	46,462	49,566	203,245
Offering costs	(427)	(416)	(7,937)
Formation transactions	—	—	(47,450)
Debt issuances, credit facility and construction loan borrowings	214,407	117,645	106,054
Debt and credit facility repayments, including principal amortization	(206,889)	(63,306)	(197,478)
Debt issuance costs	(1,887)	(448)	(2,738)
Redemption of operating partnership units	(241)	—	—
Dividends and distributions	(27,024)	(22,096)	(7,733)
Predecessor contributions	—	—	2,218
Predecessor distributions	—	—	(12,927)
Net cash provided by financing activities	24,401	80,945	35,254
Net increase in cash and cash equivalents	1,106	7,001	9,482
Cash and cash equivalents, beginning of period	25,883	18,882	9,400
Cash and cash equivalents, end of period	\$ 26,989	\$ 25,883	\$ 18,882
Supplemental cash flow information:			
Cash paid for interest	\$ (12,993)	\$ (12,132)	\$ (12,617)
Cash refunded (paid) for income taxes	\$ 276	\$ (821)	\$ —

See Notes to Consolidated and Combined Financial Statements.



ARMADA HOFFLER PROPERTIES, INC. AND PREDECESSOR
Notes to Consolidated and Combined Financial Statements

1. Business and Organization

Armada Hoffler Properties, Inc. (the “Company”) 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 is the sole general partner of Armada Hoffler, L.P. (the “Operating Partnership”). The operations of the Company are carried on primarily through the Operating Partnership and the wholly owned subsidiaries of the Operating Partnership. Both the Company and the Operating Partnership were formed on October 12, 2012 and commenced operations upon completion of the underwritten initial public offering of shares of the Company’s common stock (the “IPO”) and certain related formation transactions (the “Formation Transactions”) on May 13, 2013.

Armada Hoffler Properties, Inc. Predecessor (the “Predecessor”) was not a single legal entity, but rather a combination of real estate and construction entities under common ownership by their individual partners, members and stockholders and under common control or significant influence of Daniel A. Hoffler prior to the IPO and the Formation Transactions. The financial position and results of operations of the entities under common control of Mr. Hoffler have been combined in the Predecessor financial statements for the periods prior to the completion of the IPO and the Formation Transactions. The Predecessor accounted for its investments in the entities under significant influence of Mr. Hoffler using the equity method of accounting.

On May 13, 2013, the Company completed the IPO of 16,525,000 shares of common stock and on May 22, 2013, the underwriters of the IPO exercised their overallotment option in full to purchase an additional 2,478,750 shares. Net proceeds from the IPO to the Company after deducting the underwriting discount and related offering costs were \$192.2 million. The Company contributed the net proceeds from the IPO to the Operating Partnership in exchange for common units in the Operating Partnership. With the net proceeds from the IPO, the Operating Partnership repaid \$150.0 million of outstanding indebtedness and paid \$47.6 million as partial consideration to prior investors in connection with the Formation Transactions.

Pursuant to the Formation Transactions, the Operating Partnership: (i) acquired 100% of the interests in the entities comprising the Predecessor, (ii) succeeded to the ongoing construction and development businesses of the Predecessor, (iii) assumed asset management of certain of the properties acquired from the Predecessor, (iv) succeeded to the third-party asset management business of the Predecessor, (v) succeeded to the projects under development by the Predecessor, (vi) received options to acquire nine parcels of developable land from the Predecessor and (vii) entered into a contribution agreement to acquire Liberty Apartments upon satisfaction of certain conditions and transferability restrictions including completion of the project’s construction by the Company. The Operating Partnership completed the acquisition of Liberty Apartments on January 17, 2014.

The Company accounted for the contribution or acquisition of interests in the combined entities of the Predecessor as transactions among entities under common control. As a result, the contribution or acquisition of interests in each of the combined entities was accounted for at the Predecessor’s historical cost. The acquisitions of interests in the equity method investments of the Predecessor were accounted for as purchases at fair value under the acquisition method of accounting.

References to “the Company” in these notes to consolidated and combined financial statements signify Armada Hoffler Properties, Inc. for the period after the completion of the IPO and the Formation Transactions on May 13, 2013 and the Predecessor for all prior periods. Because of the timing of the IPO and the Formation Transactions, the results of operations for the year ended December 31, 2013 reflect those of the Predecessor together with Armada Hoffler Properties, Inc., while the results of operations for the years ended December 31, 2015 and 2014 as well as the financial condition as of December 31, 2015 and 2014 reflect only those of Armada Hoffler Properties, Inc.

As of December 31, 2015, the Company owned 100% of the interests in each of the following properties in its operating property portfolio:

Property	Segment	Location
4525 Main Street	Office	Virginia Beach, Virginia*
Armada Hoffer Tower	Office	Virginia Beach, Virginia*
Commonwealth of Virginia – Chesapeake	Office	Chesapeake, Virginia
Commonwealth of Virginia – Virginia Beach	Office	Virginia Beach, Virginia
One Columbus	Office	Virginia Beach, Virginia*
Oyster Point	Office	Newport News, Virginia
Richmond Tower	Office	Richmond, Virginia
Two Columbus	Office	Virginia Beach, Virginia*
249 Central Park Retail	Retail	Virginia Beach, Virginia*
Bermuda Crossroads	Retail	Chester, Virginia
Broad Creek Shopping Center	Retail	Norfolk, Virginia
Columbus Village	Retail	Virginia Beach, Virginia*
Commerce Street Retail	Retail	Virginia Beach, Virginia*
Courthouse 7-Eleven	Retail	Virginia Beach, Virginia
Dick’s at Town Center	Retail	Virginia Beach, Virginia*
Dimmock Square	Retail	Colonial Heights, Virginia
Fountain Plaza Retail	Retail	Virginia Beach, Virginia*
Gainsborough Square	Retail	Chesapeake, Virginia
Greentree Shopping Center	Retail	Chesapeake, Virginia
Hanbury Village	Retail	Chesapeake, Virginia
Harrisonburg Regal	Retail	Harrisonburg, Virginia
North Point Center	Retail	Durham, North Carolina
Parkway Marketplace	Retail	Virginia Beach, Virginia
Perry Hall Marketplace	Retail	Perry Hall, Maryland
Providence Plaza	Retail	Charlotte, North Carolina
Sandbridge Commons	Retail	Virginia Beach, Virginia
Socastee Commons	Retail	Myrtle Beach, South Carolina
South Retail	Retail	Virginia Beach, Virginia*
Stone House Square	Retail	Hagerstown, Maryland
Studio 56 Retail	Retail	Virginia Beach, Virginia*
Tyre Neck Harris Teeter	Retail	Portsmouth, Virginia
Encore Apartments	Multifamily	Virginia Beach, Virginia*
Liberty Apartments	Multifamily	Newport News, Virginia
Smith’s Landing	Multifamily	Blacksburg, Virginia
The Cosmopolitan	Multifamily	Virginia Beach, Virginia*

* Located in the Town Center of Virginia Beach

As of December 31, 2015, the following properties were under development or construction:

Property	Segment	Location
Lightfoot Marketplace	Retail	Williamsburg, Virginia
Johns Hopkins Village	Multifamily	Baltimore, Maryland
Brooks Crossing	Office/Retail	Newport News, Virginia

The Company owns a 60% controlling financial interest in Lightfoot Marketplace. Subject to the occurrence of certain events, the Company’s ownership interest in Lightfoot Marketplace may increase to 70%. The Company owns an 80% controlling financial interest in Johns Hopkins Village. The noncontrolling interest holder of Johns Hopkins Village has the right to exchange its 20% ownership interest for Class A units of limited partnership interest in the Operating Partnership (“Class A Units” and collectively with other classes of units of limited partnership interests in the Operating Partnership, “OP Units”) upon and for a period of one year after the project’s completion. The Company owns a 65% controlling financial interest in Brooks Crossing.

2. **Significant Accounting Policies**

Basis of Presentation

The accompanying consolidated and combined financial statements were prepared in accordance with accounting principles generally accepted in the United States (“GAAP”).

The consolidated financial statements include the financial position and results of operations of the Company, the Operating Partnership and its wholly owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

The financial position and results of operations of the entities comprising the Predecessor have been combined because they were under common ownership by their individual partners, members and stockholders and under common control of Mr. Hoffler. All significant intercompany transactions and balances have been eliminated in combination.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed. Such estimates are based on management’s historical experience and best judgment after considering past, current and expected events and economic conditions. Actual results could differ from management’s estimates.

Segments

Segment information is prepared on the same basis that management reviews information for operational decision-making purposes. Management evaluates the performance of each of the Company’s properties individually and aggregates such properties into segments based on their economic characteristics and classes of tenants. The Company operates in four business segments: (i) office real estate, (ii) retail real estate, (iii) multifamily residential real estate and (iv) general contracting and real estate services. The Company’s general contracting and real estate services business develops and builds properties for its own account and also provides construction and development services to both related and third parties.

Revenue Recognition

Rental Revenues

The Company leases its properties under operating leases and recognizes base rents when earned on a straight-line basis over the lease term. Rental revenues include \$1.9 million, \$2.2 million and \$1.1 million of straight-line rent adjustments for each of the three years ended December 31, 2015. The Company begins recognizing rental revenue when the tenant has the right to take possession of or controls the physical use of the property under lease. The extended collection period for accrued straight-line rental revenue along with The Company’s evaluation of tenant credit risk may result in the nonrecognition of all or a portion of straight-line rental revenue until the collection of such revenue is reasonably assured. The Company recognizes contingent rental revenue (e.g., percentage rents based on tenant sales thresholds) when changes in the factors on which the contingent lease payments are based actually occur. Contingent rents included in rental revenues were \$0.1 million for each of the three years ended December 31, 2015. The Company recognizes leasing incentives as reductions to rental revenue on a straight-line basis over the lease term. Leasing incentive amortization for each of the three years ended December 31, 2015 was \$0.8 million, \$0.7 million and \$0.8 million, respectively. The Company recognizes cost reimbursement revenue for real estate taxes, operating expenses and common area maintenance costs on an accrual basis during the periods in which the expenses are incurred. The Company recognizes lease termination fees either upon termination or evenly over any remaining lease term.

General Contracting and Real Estate Services Revenues

The Company recognizes general contracting revenue on construction contracts using the percentage-of-completion method. Under this method, the Company recognizes revenue and an estimated profit as construction

contract costs are incurred based on the proportion of incurred costs to total estimated construction contract costs at completion. Construction contract costs include all direct material, labor and subcontract costs as well as any indirect costs related to contract performance. Provisions for estimated losses on uncompleted contracts are recognized immediately in the period in which such losses are determined. Changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and income and are recognized in the period in which they are determined. Profit incentives are included in revenues when their realization is probable and when they can be reasonably estimated.

The Company recognizes real estate services revenues from property development and management when realized and earned, generally as such services are provided.

Real Estate Investments

Income producing property primarily includes land, buildings and tenant improvements and is stated at cost. Real estate investments held for development include land and capitalized development costs. The Company reclassifies real estate investments held for development to construction in progress upon commencement of construction. Construction in progress is stated at cost. Direct and certain indirect costs clearly associated with the development, redevelopment, construction, leasing or expansion of real estate assets are capitalized as a cost of the property. Repairs and maintenance costs are expensed as incurred.

The Company capitalizes direct and indirect project costs associated with the initial construction of a property until the property is substantially complete and ready for its intended use. Capitalized project costs include preacquisition development and preconstruction costs including overhead, salaries and related costs of personnel directly involved, real estate taxes, insurance, utilities, ground rent and interest. Interest capitalized during each of the three years ended December 31, 2015 was \$1.0 million, \$3.1 million and \$0.6 million, respectively. Overhead, salaries and related personnel costs capitalized during each of the three years ended December 31, 2015 were \$2.1 million, \$2.4 million and \$1.6 million, respectively.

The Company capitalizes preacquisition development costs directly identifiable with specific properties when the acquisition of such properties is probable. Capitalized preacquisition development costs are presented within other assets in the consolidated balance sheets. Capitalized preacquisition development costs as of December 31, 2015 and 2014 were \$2.5 million and \$4.6 million, respectively. Costs attributable to unsuccessful projects are expensed.

The Company recognizes real estate development grants from state and local governments as reductions to the carrying amounts of the related real estate investments when any attached conditions are satisfied and when there is reasonable assurance that the grant will be received.

Income producing property is depreciated on a straight-line basis over the following estimated useful lives:

Buildings	39 years
Capital improvements	15—20 years
Equipment	5—15 years
Tenant improvements	Term of the related lease (or estimated useful life, if shorter)

Operating Property Acquisitions

In connection with operating property acquisitions, the Company identifies and recognizes all assets acquired and liabilities assumed at their estimated fair values as of the acquisition date. The purchase price allocations to tangible assets, such as land, site improvements and buildings and improvements are presented within income producing property in the consolidated balance sheets and depreciated over their estimated useful lives. Acquired lease intangibles are presented within other assets and liabilities in the consolidated balance sheets and amortized over their respective lease terms. The Company amortizes in-place lease assets as depreciation and amortization expense on a straight-line basis over the remaining term of the related leases. The Company amortizes above-market lease assets as reductions to rental revenues on a straight-line basis over the remaining term of the related leases. The Company amortizes below-market lease liabilities as increases to rental revenues on a straight-line

basis over the remaining term of the related leases. The Company amortizes below-market ground lease assets as increases to rental expenses on a straight-line basis over the remaining term of the related leases. The Company expenses all costs incurred related to operating property acquisitions.

The Company values land based on a market approach, looking to recent sales of similar properties, adjusting for differences due to location, the state of entitlement as well as the shape and size of the parcel. Improvements to land are valued using a replacement cost approach. The approach applies industry standard replacement costs adjusted for geographic specific considerations and reduced by estimated depreciation. The value of buildings acquired is estimated using the replacement cost approach, assuming the buildings were vacant at acquisition. The replacement cost approach considers the composition of the structures acquired, adjusted for an estimate of depreciation. The estimate of depreciation is made considering industry standard information and depreciation curves for the identified asset classes. The value of acquired lease intangibles considers the estimated cost of leasing the properties as if the acquired buildings were vacant, as well as the value of the current leases relative to market-rate leases. The in-place lease value is determined using an estimated total lease-up time and lost rental revenues during such time. The value of current leases relative to market-rate leases is based on market rents obtained for market comparables. Given the significance of unobservable inputs used in the valuation of acquired real estate assets, the Company classifies them as Level 3 inputs in the fair value hierarchy.

The Company values debt assumed in connection with operating property acquisitions based on a discounted cash flow analysis of the expected cash flows of the debt. Such analysis considers the contractual terms of the debt, including the period to maturity, and uses observable market-based inputs, including interest rate information as of the acquisition date. The Company also considers credit valuation adjustments for potential nonperformance risk. The Company classifies the inputs used to value debt assumed in connection with operating property acquisitions as Level 2 inputs in the fair value hierarchy as they are predominantly observable and market-based.

Real Estate Investments Held for Sale

Real estate assets classified as held for sale are reported at the lower of their carrying value or their fair value, less estimated costs to sell. Once a property is classified as held for sale, it is no longer depreciated. A property is classified as held for sale when: (i) senior management commits to a plan to sell the property, (ii) the property is available for immediate sale in its present condition, subject only to conditions usual and customary for such sales, (iii) an active program to locate a buyer and other actions required to complete the plan to sell have been initiated, (iv) the sale is expected to be completed within one year, (v) the property is being actively marketed for sale at a price that is reasonable in relation to its current fair value and (vi) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

The Company classified the Richmond Tower office building and the Sentara Williamsburg medical office building as held for sale as of December 31, 2015 and 2014, respectively.

Impairment of Long Lived Assets

The Company evaluates its real estate assets for impairment on a property by property basis whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If such an evaluation is necessary, the Company compares the carrying amount of any such real estate asset with the undiscounted expected future cash flows that are directly associated with, and that are expected to arise as a direct result of, its use and eventual disposition. If the carrying amount of a real estate asset exceeds the associated estimate of undiscounted expected future cash flows, an impairment loss is recognized to reduce the real estate asset's carrying value to its fair value.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits, investments in money market funds and investments with an original maturity of three months or less.

Restricted Cash

Restricted cash represents amounts held by lenders for real estate taxes, insurance and reserves for capital improvements. The Company presents changes in cash restricted for real estate taxes and insurance as operating activities in the consolidated and combined statements of cash flows. The Company presents changes in cash restricted for capital improvements as investing activities in the consolidated and combined statements of cash flows.

Accounts Receivable, net

Accounts receivable include amounts from tenants for base rents, contingent rents and cost reimbursements as well as accrued straight-line rental revenue. As of December 31, 2015 and 2014, accrued straight-line rental revenue presented within accounts receivable in the consolidated balance sheets was \$20.3 million and \$19.4 million, respectively.

The Company's evaluation of the collectability of accounts receivable and the adequacy of the allowance for doubtful accounts is based primarily upon evaluations of individual receivables, current economic conditions, historical experience and other relevant factors. The Company establishes reserves for tenant receivables outstanding over 90 days. For all such tenants, the Company also reserves any related accrued straight-line rental revenue. Additional reserves are recorded for more current amounts, as applicable, when the Company has determined collectability to be doubtful. As of December 31, 2015 and 2014, the allowance for doubtful accounts was not significant. The Company presents bad debt expense within rental expenses in the consolidated and combined statements of comprehensive income.

Notes Receivable

From time to time, the Company may provide financing to third parties in the form of mortgage or mezzanine loans for the development of new real estate. Mortgage loans are secured, in part, by second deeds of trust on the underlying properties. Mezzanine loans are secured, in part, by pledges of ownership interests of the entities that own the underlying real estate. The Company evaluates the collectability of both the interest on and principal of each of its notes receivable based primarily upon the financial condition of the individual borrowers. A loan is determined to be impaired when, based upon current information, it is no longer probable that the Company will be able to collect all contractual amounts due from the borrower. The amount of impairment loss recognized is measured as the difference between the carrying amount of the loan and its estimated realizable value.

Leasing Costs

Commissions paid by the Company to third parties to originate a lease are deferred and amortized as depreciation and amortization expense on a straight-line basis over the term of the related lease. Leasing costs are presented within other assets in the consolidated balance sheets.

Leasing Incentives

Incentives paid by the Company to tenants are deferred and amortized as reductions to rental revenues on a straight-line basis over the term of the related lease. Leasing incentives are presented within other assets in the consolidated balance sheets.

Debt Issuance Costs

Financing costs are deferred and amortized as interest expense using the effective interest method over the term of the related debt. Debt issuance costs are presented as a direct deduction from the carrying value of the associated debt liability in the consolidated balance sheets.

Derivative Financial Instruments

The Company may enter into interest rate derivatives to manage exposure to interest rate risks. The Company does not use derivative financial instruments for trading or speculative purposes. The Company recognizes derivative

financial instruments at fair value and presents them within other assets and liabilities in the consolidated balance sheets. Gains and losses resulting from changes in the fair value of derivatives that are neither designated nor qualify as hedging instruments are recognized within other income (expense) in the consolidated and combined statements of comprehensive income. For derivatives that qualify as cash flow hedges, the effective portion of the gain or loss is reported as a component of other comprehensive income and reclassified into earnings in the periods during which the hedged forecasted transaction affects earnings.

Stock-Based Compensation

The Company measures the compensation cost of restricted stock awards based on the grant date fair value. The Company recognizes compensation cost for the vesting of restricted stock awards using the accelerated attribution method. Compensation cost associated with the vesting of restricted stock awards is presented within either general and administrative expenses or general contracting and real estate services expenses in the consolidated and combined statements of comprehensive income. Total stock-based compensation expense recognized during each of the three years ended December 31, 2015 was \$0.9 million, \$0.9 million and \$1.2 million, respectively. Stock-based compensation for personnel directly involved in the development and initial construction of a property is capitalized. During both of the years ended December 31, 2015 and 2014, the Company capitalized \$0.4 million of stock-based compensation. Stock-based compensation capitalized during the year ended December 31, 2013 was not significant.

Income Taxes

The Company has elected to be taxed as a real estate investment trust (“REIT”) for U.S. federal income tax purposes. For continued qualification as a REIT for federal income tax purposes, the Company must meet certain organizational and operational requirements, including a requirement to pay distributions to stockholders of at least 90% of annual taxable income, excluding net capital gains. As a REIT, the Company generally is not subject to income tax on net income distributed as dividends to stockholders. The Company is subject to state and local income taxes in some jurisdictions and, in certain circumstances, may also be subject to federal excise taxes on undistributed income. In addition, certain of the Company’s activities must be conducted by subsidiaries that have elected to be treated as a taxable REIT subsidiary (“TRS”) subject to both federal and state income taxes. The Operating Partnership conducts its development and construction businesses through the TRS. The related income tax provision or benefit attributable to the profits or losses of the TRS and any taxable income of the Company is reflected in the consolidated and combined financial statements.

The Company uses the liability method of accounting for deferred income tax in accordance with GAAP. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the carrying value of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the statutory rates expected to be applied in the periods in which those temporary differences are settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period of the change. A valuation allowance is recorded on the Company’s deferred tax assets when it is more likely than not that such assets will not be realized. When evaluating the realizability of the Company’s deferred tax assets, all evidence, both positive and negative is evaluated. Items considered in this analysis include the ability to carryback losses, the reversal of temporary differences, tax planning strategies and expectations of future earnings.

Under GAAP, the amount of tax benefit to be recognized is the amount of benefit that is more likely than not to be sustained upon examination. Management analyzes its tax filing positions in the U.S. federal, state and local jurisdictions where it is required to file income tax returns for all open tax years. If, based on this analysis, management determines that uncertainties in tax positions exist, a liability is established. The Company recognizes accrued interest and penalties related to unrecognized tax positions in the provision for income taxes. If recognized, the entire amount of unrecognized tax positions would be recorded as a reduction to the provision for income taxes.

The Predecessor was comprised primarily of limited partnerships, limited liability companies and S-corporations. Under applicable federal and state income tax rules, the allocated share of net income or loss from limited partnerships, limited liability companies and S-corporations flows through to the respective partners, members and shareholders. For periods prior to the completion of the IPO and the Formation Transactions on May 13, 2013, no provision was made for U.S. federal, state or local income taxes because profits and losses of the Predecessor

flowed through to its respective partners, members and shareholders that were individually responsible for reporting such amounts.

Discontinued Operations

For periods prior to January 1, 2014, the Company presented properties held for sale as discontinued operations only when it would not have any significant continuing involvement in the properties' operations after their disposition and when the properties' operations and cash flows: (i) could be clearly distinguished and (ii) would be eliminated from the Company's ongoing operations upon disposition.

Beginning January 1, 2014, only disposals representing a strategic shift that has or will have a major effect on the Company's operations and financial results are reported as discontinued operations.

Net Income Per Share and Unit

The Company calculates net income per share and unit based upon the weighted average shares and units outstanding for periods after the completion of the IPO and Formation Transactions on May 13, 2013. Diluted net income per share and unit is calculated after giving effect to all significant potential dilutive shares outstanding during the period. Potential dilutive shares outstanding during the period include nonvested restricted stock awards. However, there were no significant potential dilutive shares or units outstanding during the period May 13, 2013 through December 31, 2013 or for the years ended December 31, 2015 and 2014. As a result, basic and diluted outstanding shares and units were the same for all periods presented. See Note 11 for the changes in the Company's nonvested restricted awards during each of the three years ended December 31, 2015.

Emerging Growth Company Status

The Company qualifies as an emerging growth company ("EGC") pursuant to the Jumpstart Our Business Startups Act. An EGC may choose to take advantage of the extended private company transition period provided for complying with new or revised accounting standards that may be issued by the Financial Accounting Standards Board (the "FASB") or the U.S. Securities and Exchange Commission (the "SEC"). The Company has elected to opt out of such extended transition period. This election is irrevocable.

Recent Accounting Pronouncements

On May 28, 2014, the FASB issued a new standard that provides a single, comprehensive model for recognizing revenue from contracts with customers. While the new standard does not supersede the guidance on accounting for leases, it could change the way the Company recognizes revenue from construction and development contracts with third party customers. The new standard will be effective for the Company on January 1, 2018. Management is currently evaluating the potential impact of the new revenue recognition standard on the Company's consolidated financial statements.

On February 18, 2015, the FASB issued new consolidation guidance that changes: (i) the identification of variable interests, (ii) the variable interest entity ("VIE") characteristics for a limited partnership or similar entity and (iii) primary beneficiary determination. The amended guidance also eliminates the presumption that a general partner controls a limited partnership. The amended guidance will be effective for the Company on January 1, 2016. Management is currently evaluating the potential impact of the new guidance on the Company's consolidated financial statements.

On April 7, 2015, the FASB issued new guidance that requires debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability, consistent with the presentation of a debt discount, rather than as an asset. The Company early adopted the new guidance effective December 31, 2015 and applied it on a retrospective basis for all debt issuance costs, including those pertaining to the Company's revolving credit facility. As a result, unamortized debt issuance costs of \$2.9 million as of December 31, 2014 have been reclassified from other assets and presented as a deduction of indebtedness in the consolidated balance sheet.

On February 25, 2016, the FASB issued a new leases standard that requires lessees to recognize most leases in their balance sheets as lease liabilities with corresponding right-of-use assets. The new standard also makes targeted

changes to lessor accounting. The new standard will be effective for the Company on January 1, 2019 and requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application with an option to use certain transition relief. Management is currently evaluating the potential impact of the new leases standard on the Company's consolidated financial statements.

3. Segments

Net operating income (segment revenues minus segment expenses) is the measure used by the Company's chief operating decision-maker to assess segment performance. Net operating income 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. Not all companies calculate net operating income in the same manner. The Company considers net operating income to be an appropriate supplemental measure to net income because it assists both investors and management in understanding the core operations of the Company's real estate and construction businesses.

Net operating income of the Company's reportable segments for each of the three years ended December 31, 2015 was as follows (in thousands):

	Years Ended December 31,		
	2015	2014	2013
<i>Office real estate</i>			
Rental revenues	\$ 31,534	\$ 27,827	\$ 25,794
Rental expenses	6,938	6,395	5,721
Real estate taxes	2,950	2,315	2,171
Segment net operating income	<u>21,646</u>	<u>19,117</u>	<u>17,902</u>
<i>Retail real estate</i>			
Rental revenues	32,064	23,956	21,755
Rental expenses	5,915	5,011	4,808
Real estate taxes	2,928	2,097	1,971
Segment net operating income	<u>23,221</u>	<u>16,848</u>	<u>14,976</u>
<i>Multifamily residential real estate</i>			
Rental revenues	17,574	12,963	9,971
Rental expenses	6,351	5,261	3,496
Real estate taxes	1,904	1,331	982
Segment net operating income	<u>9,319</u>	<u>6,371</u>	<u>5,493</u>
<i>General contracting and real estate services</i>			
Segment revenues	171,268	103,321	82,516
Segment expenses	165,344	98,754	78,813
Segment gross profit	<u>5,924</u>	<u>4,567</u>	<u>3,703</u>
Net operating income	<u>\$ 60,110</u>	<u>\$ 46,903</u>	<u>\$ 42,074</u>

Rental expenses represent costs directly associated with the operation and management of the Company's real estate properties. Rental expenses include asset management fees, property management fees, repairs and maintenance, insurance and utilities.

General contracting and real estate services revenues for each of the three years ended December 31, 2015 exclude revenue related to intercompany construction contracts of \$43.1 million, \$85.4 million and \$35.7 million, respectively. General contracting and real estate services expenses for each of the three years ended December 31, 2015 exclude expenses related to intercompany construction contracts of \$42.8 million, \$84.6 million and \$35.4 million, respectively. General contracting and real estate services expenses for both of the years ended December 31, 2015 and 2014 include noncash stock compensation expense of \$0.2 million.

The following table reconciles net operating income to net income for each of the three years ended December 31, 2015 (in thousands):

	<u>Years Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net operating income	\$ 60,110	\$ 46,903	\$ 42,074
Depreciation and amortization	(23,153)	(17,569)	(14,898)
General and administrative expenses	(8,397)	(7,711)	(6,937)
Acquisition, development and other pursuit costs	(1,935)	(229)	—
Impairment charges	(41)	(15)	(580)
Interest income	126	—	—
Interest expense	(13,333)	(10,648)	(12,303)
Loss on extinguishment of debt	(512)	—	(2,387)
Gain on real estate dispositions and acquisitions	18,394	2,211	9,460
Other (expense) income	(110)	(113)	297
Income tax benefit (provision)	34	(70)	(273)
Net income	<u>\$ 31,183</u>	<u>\$ 12,759</u>	<u>\$ 14,453</u>

General and administrative expenses represent costs not directly associated with the operation and management of the Company's real estate properties and general contracting and real estate services businesses. General and administrative expenses include office personnel salaries and benefits, bank fees, accounting fees, legal fees and other corporate office expenses. General and administrative expenses for each of the three years ended December 31, 2015 include noncash stock compensation expense of \$0.7 million, \$0.7 million and \$1.2 million, respectively.

Impairment charges recognized during each of the three years ended December 31, 2015 represent unamortized leasing or acquired intangible assets related to vacated tenants.

4. *Operating Leases*

The Company's commercial tenant leases generally range from five to 20 years, but certain leases with anchor tenants may be longer. The Company's commercial tenant leases provide for minimum rental payments during each of the next five years and thereafter as follows (in thousands):

2016	\$ 60,658
2017	59,890
2018	54,683
2019	46,128
2020	39,895
Thereafter	249,929
Total	<u>\$ 511,183</u>

Lease terms on multifamily apartment units generally range from seven to 15 months, with a majority having 12-month lease terms. Apartment leases are not included in the preceding table as the remaining terms as of December 31, 2015 are generally less than one year.

5. Real Estate Investments

The Company's real estate investments comprised the following as of December 31, 2015 and 2014 (in thousands):

	December 31, 2015			
	Income	Held	Construction	Total
	producing	for	in	
	property	development	progress	
Land	\$ 70,518	\$ 1,180	\$ 7,750	
Land improvements	26,172	—	—	26,172
Buildings and improvements	482,310	—	—	482,310
Development and construction costs	—	—	45,661	45,661
Real estate investments	<u>\$ 579,000</u>	<u>\$ 1,180</u>	<u>\$ 53,411</u>	<u>\$ 633,591</u>

	December 31, 2014			
	Income	Held	Construction	Total
	producing	for	in	
	property	development	progress	
Land	\$ 40,898	\$ —	\$ 15,260	
Land improvements	16,279	—	—	16,279
Buildings and improvements	456,741	—	—	456,741
Development and construction costs	—	—	65,822	65,822
Real estate investments	<u>\$ 513,918</u>	<u>\$ —</u>	<u>\$ 81,082</u>	<u>\$ 595,000</u>

2015 Operating Property Acquisitions

On April 8, 2015, the Company completed the acquisitions of Stone House Square in Hagerstown, Maryland and Perry Hall Marketplace in Perry Hall, Maryland. In exchange for both properties, the Company paid \$35.4 million of cash and issued 415,500 shares of common stock. The acquisition date fair value of the total consideration transferred in exchange for Stone House Square and Perry Hall Marketplace was \$39.8 million.

On July 1, 2015, the Company completed the acquisition of Socastee Commons, a 57,000 square foot retail center in Myrtle Beach, South Carolina. The total consideration for Socastee Commons was \$8.7 million, which was comprised of \$3.7 million of cash and the assumption of debt with an outstanding principal balance of \$5.0 million. The fair value adjustment to the assumed debt of Socastee Commons was a \$0.1 million premium.

On July 10, 2015, the Company acquired Columbus Village, a 65,000 square foot retail center in Virginia Beach, Virginia. In exchange for Columbus Village, the Company assumed debt with an aggregate outstanding principal balance and fair value of \$8.8 million, issued 1,000,000 Class B units of limited partnership interest in the Operating Partnership ("Class B Units") and agreed to issue 275,000 Class C units of limited partnership interest in the Operating Partnership ("Class C Units") on January 10, 2017. Subject to the occurrence of certain events, the Class B Units and Class C Units will not earn or accrue distributions until July 10, 2017 and January 10, 2018, respectively, at which time they automatically convert to Class A Units and may be tendered for redemption by the Operating Partnership in exchange for cash equal to the market price of shares of the Company's common stock or, at the Company's option and sole discretion, unregistered or registered shares of the Company's common stock on a one-for-one basis. The estimated fair value of the Class B Units and Class C Units includes a discount for their lack of marketability and distributions until July 10, 2017 and January 10, 2018, respectively. The acquisition date fair value of the total consideration transferred in exchange for Columbus Village was \$19.2 million.

On September 1, 2015, the Company acquired Providence Plaza in Charlotte, North Carolina for \$26.2 million of cash. Providence Plaza is a mixed-use property comprised of three buildings totaling 103,000 square feet, a two-level parking garage and approximately one acre of land zoned for multifamily development.

The following table summarizes the acquisition date fair values of the assets acquired and liabilities assumed during the year ended December 31, 2015 (in thousands):

Land	\$	29,500
Site improvements		3,290
Building and improvements		49,260
In-place leases		14,160
Above-market leases		2,260
Below-market leases		(4,420)
Indebtedness		(13,935)
Net assets acquired	\$	<u>80,115</u>

Rental revenues and net income from the 2015 acquired properties for the period from the respective acquisition dates to December 31, 2015 included in the consolidated statement of comprehensive income was \$4.8 million and \$0.8 million, respectively.

2014 Operating Property Acquisitions

As discussed in Note 1, the Company completed the acquisition of Liberty Apartments from affiliates of the Predecessor on January 17, 2014. The fair value of the total consideration transferred at the acquisition date to acquire Liberty Apartments was \$26.7 million, consisting of 695,652 Class A Units, \$3.0 million in cash and the assumption of \$17.0 million of debt. The fair value adjustment to the assumed debt of Liberty Apartments was a \$1.5 million discount. The outstanding principal balance of the assumed debt of Liberty Apartments at the acquisition date was \$18.5 million.

On August 15, 2014, the Company completed the acquisition of Dimmock Square, a 106,166 square foot retail center located in Colonial Heights, Virginia. The fair value of the total consideration transferred at the acquisition date to acquire Dimmock Square was \$19.7 million, consisting of 990,952 OP Units and \$10.1 million of cash that was used to immediately defease the loan secured by Dimmock Square upon its contribution to the Operating Partnership.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed during the year ended December 31, 2014 (in thousands):

Land	\$	8,680
Site improvements		880
Building and improvements		35,740
In-place leases		2,220
Indebtedness		(16,966)
Above and below-market leases		(390)
Net working capital		(679)
Net assets acquired	\$	<u>29,485</u>

Rental revenues and net loss from the 2014 acquired properties for the period from the respective acquisition dates to December 31, 2014 included in the consolidated statement of comprehensive income was \$1.8 million and \$(2.2) million, respectively.

2013 Operating Property Acquisitions

Substantially concurrent with the completion of the IPO on May 13, 2013 and in connection with the Formation Transactions, the Operating Partnership acquired 100% of the interests in Bermuda Crossroads and Smith's Landing. Prior to the acquisition date, the Predecessor accounted for its 50% interest in Bermuda Crossroads and 40% interest in Smith's Landing as equity method investments. The acquisitions of controlling interests in Bermuda Crossroads and Smith's Landing were accounted for as purchases at fair value under the acquisition method of accounting. Total consideration in the form of cash and Class A Units paid for the 50% interest in Bermuda Crossroads was \$3.2 million. Total consideration in the form of cash and Class A Units paid for the 60% interest in Smith's Landing was \$7.5 million. The acquisition-date fair values of the previous equity interests in

Bermuda Crossroads and Smith's Landing were \$3.2 million and \$5.0 million, respectively. The Company recognized a gain of \$9.5 million as a result of remeasuring the Predecessor's prior equity interests in Bermuda Crossroads and Smith's Landing held before the acquisitions. Rental revenues and net income of both Bermuda Crossroads and Smith's Landing for the period from the acquisition date to December 31, 2013 included in the consolidated and combined statements of comprehensive income were \$3.8 million and \$0.2 million, respectively.

Pro Forma Financial Information (Unaudited)

The following table summarizes the consolidated and combined results of operations of the Company on a pro forma basis, as if each of the 2015 acquisitions had been acquired on January 1, 2014, each of the 2014 acquisitions had been acquired on January 1, 2013 and each of the 2013 acquisitions had been acquired on January 1, 2012 (in thousands):

	<u>Years Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Rental revenues	\$85,163	\$74,530	\$61,555
Net income	32,652	13,378	5,676

The pro forma financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if these acquisitions had taken place on January 1, 2014, 2013 and 2012. The pro forma financial information includes adjustments to rental revenue and rental expenses for above and below-market leases, adjustments to depreciation and amortization expense for acquired property and in-place lease assets and adjustments to interest expense for fair value adjustments to assumed debt.

Subsequent to December 31, 2015

On January 14, 2016, the Company completed the acquisition of an 11-asset retail portfolio totaling 1.1 million square feet for \$170.5 million in cash. As of December 31, 2015, the Company had paid advance deposits of \$3.5 million related to this portfolio acquisition. The \$3.5 million of advance deposits is presented within other assets in the consolidated balance sheet. The Company is currently evaluating the accounting for this portfolio acquisition and anticipates that the consideration transferred will primarily be allocated to buildings, land and acquired lease intangibles.

Other 2015 Real Estate Transactions

On January 5, 2015, the Company completed the sale of the Sentara Williamsburg office property for \$15.4 million. Net proceeds to the Company after transaction costs were \$15.2 million. The Company recognized a gain on the disposition of the Sentara Williamsburg office property of \$6.2 million.

On February 13, 2015, the Company agreed to the future sale of the Oyster Point office property for \$6.5 million. The Company intends to complete the sale on January 15, 2017.

On March 31, 2015, the Company purchased land held for development in the Town Center of Virginia Beach, Virginia for \$1.2 million.

On May 20, 2015, the Company completed the sale of Whetstone Apartments for \$35.6 million. Net proceeds to the Company after transaction costs were \$35.5 million. The Company recognized a gain on the disposition of Whetstone Apartments of \$7.2 million.

On October 5, 2015, the Company purchased 3.24 acres of land in Newport News, Virginia for \$0.1 million for the development of Brooks Crossing, a new urban, mixed-use and low-rise development project, in partnership with the City of Newport News.

On October 30, 2015, the Company completed the sale of the Oceaneering International facility for \$30.0 million. Net proceeds to the Company after transaction costs were \$29.0 million. The Company recognized a gain on the disposition of Oceaneering of \$5.0 million.

On November 2, 2015, the Company entered into an agreement to sell the Richmond Tower office building for \$78.0 million. The Company completed the disposition on January 8, 2016. Net proceeds to the Company after transaction costs were \$77.0 million. The estimated gain on the disposition of Richmond Tower is approximately \$26 million.

Other 2014 Real Estate Transactions

On April 16, 2014, the Company purchased land in Williamsburg, Virginia for \$7.6 million for the development and construction of Lightfoot Marketplace.

On May 1, 2014, the Company purchased land in Chesapeake, Virginia for \$0.3 million for the development and construction of a new administrative building for the Commonwealth of Virginia.

On September 29, 2014, the Company purchased land in Virginia Beach, Virginia for \$0.2 million for the development and construction of a new administrative building for the Commonwealth of Virginia.

On November 20, 2014, the Company completed the sale of the Virginia Natural Gas office property for \$8.9 million in cash. Net proceeds to the Company after transaction costs and tax protection payments were \$7.4 million. The gain on the disposition of the Virginia Natural Gas office property was \$2.2 million.

6. Notes Receivable

On October 15, 2015, the Company agreed to invest up to \$23.0 million in the Point Street Apartments project in the Harbor Point area of Baltimore, Maryland. Point Street Apartments is an estimated \$93.0 million development project with plans for a 17-story building comprised of 289 residential units and 18,000 square feet of street-level retail space. Beatty Development Group (“BDG”) is the developer of the project and has engaged the Company to serve as construction general contractor. Point Street Apartments is scheduled to open in 2017; however, management can provide no assurances that Point Street Apartments will open on the anticipated timeline.

BDG is responsible for securing a senior construction loan of up to \$70.0 million to fund the development and construction of Point Street Apartments. The Company has agreed to guarantee up to \$25.0 million of the senior construction loan in exchange for the option to purchase up to an 88% controlling interest in Point Street Apartments upon completion of the project as follows: (i) an option to purchase a 79% indirect interest in Point Street Apartments for \$27.3 million, exercisable within one year from the project’s completion (the “First Option”) and (ii) provided that the Company has exercised the First Option, an option to purchase an additional 9% indirect interest in Point Street Apartments for \$3.1 million, exercisable within 27 months from the project’s completion (the “Second Option”).

The Company’s investment in the Point Street Apartments project is in the form of a loan under which BDG may borrow up to \$23.0 million (the “BDG loan”). Interest on the BDG loan accrues at 8.0% per annum and matures on the earlier of: (i) November 1, 2018, which may be extended by BDG under two one-year extension options, (ii) the maturity date or earlier termination of the senior construction loan or (iii) the date the Company exercises the Second Option as described further below.

In the event the Company exercises the First Option, BDG is required to simultaneously pay down the senior construction loan by \$7.4 million and the BDG loan by \$19.9 million, at which time the interest rate on the BDG loan will automatically be reduced to the interest rate on the senior construction loan plus 200 basis points. In the event the Company exercises the Second Option, BDG is required to simultaneously repay any remaining amounts outstanding under the BDG loan, with any excess proceeds received from the exercise of the Second Option applied against the senior construction loan. In the event the Company does not exercise either the First Option or the Second Option, the interest rate on the BDG loan will automatically be reduced to the interest rate on the senior construction loan for the remaining term of the BDG loan. In the event BDG is unable to secure a senior construction loan on or before June 30, 2016, the interest rate on the BDG loan will be reduced to one-month LIBOR plus 200 basis points.

As of December 31, 2015, the Company had funded \$7.8 million under the BDG loan and for the year ended December 31, 2015, the Company recognized \$0.1 million of interest income on the BDG loan.

Because BDG is the developer of Point Street Apartments, the Company does not have the power to direct the activities of the project that most significantly impact its performance, nor is the Company the party most closely associated with the project. Therefore, the Company is not the project's primary beneficiary.

7. **Construction Contracts**

Construction contract costs and estimated earnings in excess of billings represent reimbursable costs and amounts earned under contracts in progress as of the balance sheet date. Such amounts become billable according to contract terms, which usually consider the passage of time, achievement of certain milestones or completion of the project. Billings of \$19.2 million and \$39.8 million were netted against construction contract costs and estimated earnings as of December 31, 2015 and 2014, respectively. The Company expects to bill and collect substantially all construction contract costs incurred as of December 31, 2015 during the year ending December 31, 2016.

The Company defers precontract costs when such costs are directly associated with specific anticipated contracts and their recovery is probable. Precontract costs of \$0.5 million and \$0.2 million were deferred as of December 31, 2015 and 2014, respectively.

Billings in excess of construction contract costs and estimated earnings represent billings or collections on contracts made in advance of revenue recognized.

Construction receivables and payables include retentions—amounts that are generally withheld until the completion of the contract or the satisfaction of certain restrictive conditions such as fulfillment guarantees. As of December 31, 2015 and 2014, construction receivables included retentions of \$10.8 million and \$4.7 million, respectively. The Company expects to collect substantially all construction receivables as of December 31, 2015 during the year ending December 31, 2016. As of December 31, 2015 and 2014, construction payables included retentions of \$12.3 million and \$9.0 million, respectively. The Company expects to pay substantially all construction payables as of December 31, 2015 during the year ending December 31, 2016.

The Company's net position on uncompleted construction contracts comprised the following as of December 31, 2015 and 2014 (in thousands):

	December 31,	
	2015	2014
Costs incurred on uncompleted construction contracts	\$ 228,184	\$ 195,219
Estimated earnings	9,739	8,501
Billings	(240,059)	(204,501)
Net position	<u>\$ (2,136)</u>	<u>\$ (781)</u>

	December 31,	
	2015	2014
Construction contract costs and estimated earnings in excess of billings	\$ 88	\$ 272
Billings in excess of construction contract costs and estimated earnings	(2,224)	(1,053)
Net position	<u>\$ (2,136)</u>	<u>\$ (781)</u>

The Company expects to complete all uncompleted contracts as of December 31, 2015 during the years ending December 31, 2016 and 2017.

8. Indebtedness

The Company's indebtedness was comprised of the following as of December 31, 2015 and 2014 (dollars in thousands):

	Principal Balance		Stated Interest	Stated Maturity
	December 31,		Rate	Date
	2015	2014	December 31, 2015	
249 Central Park Retail ⁽¹⁾	\$ 15,282	\$ 15,566	5.99 %	September 8, 2016
Fountain Plaza Retail ⁽¹⁾	7,641	7,783	5.99 %	September 8, 2016
South Retail	6,742	6,867	5.99 %	September 8, 2016
4525 Main Street ⁽²⁾	31,613	30,870	LIBOR + 1.95 %	January 30, 2017
Encore Apartments ⁽²⁾	25,184	22,215	LIBOR + 1.95 %	January 30, 2017
North Point Center Note 5 ⁽³⁾	664	685	LIBOR + 2.00 %	February 1, 2017
Oyster Point	6,400	6,274	LIBOR+ 1.40%-2.00 %	February 28, 2017
Harrisonburg Regal	3,463	3,659	6.06 %	June 8, 2017
Commonwealth of Virginia - Chesapeake	4,933	3,585	LIBOR + 1.90 %	August 28, 2017
Hanbury Village Note 1	20,970	21,218	6.67 %	October 11, 2017
Lightfoot Marketplace	7,759	3,484	LIBOR + 1.90 %	November 14, 2017
Sandbridge Commons	9,010	5,892	LIBOR + 1.85 %	January 17, 2018
Columbus Village Note 1 ⁽³⁾	6,429	—	LIBOR + 2.00 %	April 5, 2018
Columbus Village Note 2	2,310	—	LIBOR + 2.00 %	April 5, 2018
Johns Hopkins Village	3,968	—	LIBOR + 1.90 %	July 30, 2018
North Point Center Note 1	9,969	10,149	6.45 %	February 5, 2019
Revolving credit facility	74,000	59,000	LIBOR+ 1.40%-2.00 %	February 20, 2019
Term loan ⁽³⁾	50,000	—	LIBOR+ 1.35%-1.95 %	February 20, 2020
Socastee Commons	4,957	—	4.57 %	January 6, 2023
North Point Center Note 2	2,662	2,753	7.25 %	September 15, 2025
Smith's Landing	21,226	24,470	4.05 %	June 1, 2035
Liberty Apartments	20,312	20,603	5.66 %	November 1, 2043
The Cosmopolitan	46,519	47,132	3.75 %	July 1, 2051
Broad Creek Shopping Center Note 1	—	4,452	—	—
Broad Creek Shopping Center Note 2	—	8,173	—	—
Broad Creek Shopping Center Note 3	—	3,422	—	—
Commerce Street Retail	—	5,549	—	—
Dick's at Town Center	—	8,216	—	—
Hanbury Village Note 2	—	4,090	—	—
Oceanering	—	13,490	—	—
Studio 56 Retail	—	2,618	—	—
Tyre Neck Harris Teeter	—	2,437	—	—
Whetstone Apartments	—	16,019	—	—
Total principal balance	\$ 382,013	\$ 360,671		
Unamortized fair value adjustments	(1,287)	(1,442)		
Unamortized debt issuance costs	(3,133)	(2,884)		
Indebtedness, net	\$ 377,593	\$ 356,345		

(1) Cross collateralized.

(2) Cross collateralized.

(3) Subject to an interest rate swap agreement.

The Company's indebtedness was comprised of the following fixed and variable-rate debt as of December 31, 2015 and 2014 (in thousands):

	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
Fixed-rate debt	\$ 159,743	\$ 144,622
Variable-rate debt	222,270	216,049
Total principal balance	<u>\$ 382,013</u>	<u>\$ 360,671</u>

Certain loans require the Company to comply with various financial and other covenants, including the maintenance of minimum debt coverage ratios. As of December 31, 2015, the Company was in compliance with all loan covenants.

Scheduled principal repayments and term-loan maturities during each of the next five years and thereafter are as follows (in thousands):

<u>Year</u>	<u>Scheduled</u>	<u>Term-</u>	<u>Total</u>
	<u>Principal</u>	<u>Loan</u>	
	<u>Payments</u>	<u>Maturities</u>	<u>Payments</u>
2016	\$ 3,365	\$ 29,281	\$ 32,646
2017	2,914	100,194	103,108
2018	2,300	20,731	23,031
2019	2,132	83,333	85,465
2020	2,207	50,000	52,207
Thereafter	79,989	5,567	85,556
Total	<u>\$92,907</u>	<u>\$ 289,106</u>	<u>\$ 382,013</u>

Prior Credit Facility

On May 13, 2013, the Operating Partnership, as borrower, and the Company, as parent guarantor, entered into a \$100.0 million senior secured revolving credit facility. On October 10, 2013, the Operating Partnership increased the aggregate capacity under the credit facility to \$155.0 million. The credit facility was scheduled to mature on May 13, 2016; however, the Operating Partnership repaid all amounts due under this credit facility with proceeds from a new credit facility and terminated the prior credit facility on February 20, 2015, as discussed below.

New Credit Facility

On February 20, 2015, the Operating Partnership, as borrower, and the Company, as parent guarantor, entered into a new \$200.0 million senior unsecured credit facility that includes a \$150.0 million senior unsecured revolving credit facility and a \$50.0 million senior unsecured term loan facility. The new credit facility includes an accordion feature that allows the total commitments to be increased to \$350.0 million, subject to certain conditions. The new credit facility replaced the prior \$155.0 million senior secured revolving credit facility that was scheduled to mature on May 13, 2016. On February 20, 2015, the Operating Partnership borrowed \$54.0 million under the revolving credit facility and \$50.0 million under the term loan facility to repay in full all outstanding amounts due under the prior credit facility and to repay approximately \$39.0 million of other indebtedness secured by the following properties in the Company's portfolio: (i) Broad Creek Shopping Center, (ii) Commerce Street Retail, (iii) Dick's at Town Center, (iv) Hanbury Village, (v) Studio 56 Retail and (vi) Tyre Neck Harris Teeter. The Company recognized a \$0.2 million loss on extinguishment of debt representing the unamortized debt issuance costs associated with the \$39.0 million of other indebtedness repaid on February 20, 2015.

Depending on the Operating Partnership's total leverage, the revolving credit facility bears interest at LIBOR plus 1.40% to 2.00% and the term loan facility bears interest at LIBOR plus 1.35% to 1.95%. As of December 31, 2015, the interest rates on the revolving credit facility and the term loan facility were 2.17% and 2.12%, respectively. If the Company attains investment grade credit ratings from S&P and Moody's, the Operating Partnership may elect to have borrowings become subject to interest rates based on such credit ratings.

The Operating Partnership is also obligated to pay an unused commitment fee of 15 or 25 basis points on the unused portions of the commitments under the new credit facility, depending on the amount of borrowings under the new credit facility.

The revolving credit facility has a scheduled maturity date of February 20, 2019, with a one-year extension option, subject to certain conditions, and the term loan facility has a scheduled maturity date of February 20, 2020. The Operating Partnership may, at any time, voluntarily prepay any loan under the new credit facility in whole or in part without premium or penalty.

The amount permitted to be borrowed under the new credit facility, together with all of the Operating Partnership's other unsecured indebtedness is generally limited to the lesser of: (i) 60% of the value of the unencumbered borrowing base properties, (ii) the maximum amount of principal that would result in a debt service coverage ratio of 1.50 to 1.0, and (iii) the maximum aggregate loan commitment, which was \$200.0 million as of December 31, 2015.

The new credit facility requires the Operating Partnership to comply with various financial covenants, affirmative covenants and other restrictions, including the following:

- Total leverage ratio of the Company of not more than 60%;
- Ratio of adjusted EBITDA to fixed charges of the Company of not less than 1.50 to 1.0;
- Tangible net worth of not less than the sum of \$220.0 million and 75% of the net equity proceeds received after December 31, 2014;
- Ratio of variable rate indebtedness to total asset value of not more than 30%;
- Ratio of secured indebtedness to total asset value of not more than 45%; and
- Ratio of secured recourse debt to total asset value of not more than 25%.

The new credit facility limits the Company's ability to pay cash dividends. However, so long as no default or event of default exists, the credit agreement allows the Company to pay cash dividends with respect to any 12-month period in an amount not to exceed the greater of: (i) 95% of adjusted funds from operations (as defined in the credit agreement) or (ii) the amount required for the Company (a) to maintain its status as a REIT and (b) to avoid income or excise tax. If certain defaults or events of default exist, the Company may pay cash dividends with respect to any 12-month period to the extent necessary to maintain its status as a REIT. The new credit facility also restricts the amount of capital that the Operating Partnership can invest in specific categories of assets, such as unimproved land holdings, development properties, notes receivable, mortgages, mezzanine loans and unconsolidated affiliates.

Subsequent to December 31, 2015

On January 5, 2016, the Company increased the borrowings under the senior unsecured term loan facility to \$75.0 million and increased the total capacity of the senior unsecured credit facility to \$225.0 million, pursuant to the accordion feature of the credit facility.

Other 2015 Financing Activity

On May 20, 2015, the Company repaid the \$17.8 million construction loan secured by Whetstone Apartments and recognized a loss on extinguishment of debt of \$0.1 million representing unamortized debt issuance costs.

On May 27, 2015, the Company repaid the existing \$24.4 million mortgage secured by Smith's Landing and refinanced the property with a new \$21.6 million loan that bears interest at 4.05% and matures on June 1, 2035. As a result of the refinancing, the Company recognized a \$0.1 million loss on extinguishment of debt representing the unamortized debt issuance costs associated with the repaid mortgage.

On July 1, 2015, the Company assumed debt with an outstanding principal balance of \$5.0 million in connection with the acquisition of Socastee Commons. The mortgage bears interest at 4.57% and matures on January 6, 2023.

On July 10, 2015, the Company assumed two loans with an aggregate outstanding principal balance of \$8.8 million in connection with the acquisition of Columbus Village. Both loans bear interest at LIBOR plus 2.00% and mature on April 5, 2018.

On July 30, 2015, the Company entered into a \$50.0 million loan agreement to fund the development and construction of Johns Hopkins Village. The construction loan bears interest at LIBOR plus 1.90% and matures on July 30, 2018.

On September 1, 2015, the Company repaid the \$6.1 million mortgage secured by the Oyster Point office building.

On October 6, 2015, the Operating Partnership entered into a \$6.4 million note secured by the Oyster Point office building, which bears interest at LIBOR plus 1.40% to 2.00% and matures on February 28, 2017.

On October 30, 2015, the Company repaid the \$18.7 million construction loan secured by the Oceaneering International building and recognized a loss on debt extinguishment of debt of \$0.1 million representing unamortized debt issuance costs.

Other 2014 Financing Activity

On January 17, 2014, the Company assumed \$17.0 million of debt at fair value in connection with the acquisition of Liberty Apartments. The fair value adjustment to the assumed debt of Liberty Apartments was a \$1.5 million discount. The outstanding principal balance of the assumed debt of Liberty Apartments at the acquisition date was \$18.5 million. On June 13, 2014, the Company borrowed the remaining \$2.4 million available under the Liberty Apartments loan. The loan amortizes over 30 years, bears interest at 5.66% and matures on November 1, 2043.

On February 28, 2014, the Company closed on a \$19.5 million loan to fund the development and construction of the Oceaneering International facility. The construction loan bears interest at LIBOR plus 1.75% and matures on February 28, 2018.

On August 15, 2014, the Company defeased the loan secured by Dimmock Square for \$10.1 million.

On August 28, 2014, the Company closed on a \$5.4 million loan to fund the development and construction of a new administrative building for the Commonwealth of Virginia. The construction loan bears interest at LIBOR plus 1.90% and matures on August 28, 2017.

On November 3, 2014, the Company repaid North Point Center Note 4 for \$1.0 million.

On November 14, 2014, the Company closed on a \$15.0 million loan to fund the development and construction of Lightfoot Marketplace. The construction loan bears interest at LIBOR plus 1.90% and matures on November 14, 2017.

9. Derivative Financial Instruments

On February 20, 2015, the Operating Partnership entered into a \$50.0 million floating-to-fixed interest rate swap attributable to one-month LIBOR indexed interest payments. The \$50.0 million interest rate swap has a fixed rate of 2.00%, an effective date of March 1, 2016 and a maturity date of February 20, 2020. The Operating Partnership entered into this interest rate swap agreement in connection with the new \$50.0 million senior unsecured term loan facility that bears interest at LIBOR plus 1.35% to 1.95%, depending on the Operating Partnership's total leverage. The Company designated this interest rate swap as a cash flow hedge of variable interest payments based on one-month LIBOR.

On July 13, 2015, the Operating Partnership entered into a \$6.5 million floating-to-fixed interest rate swap attributable to one-month LIBOR indexed interest payments. The \$6.5 million interest rate swap has a fixed rate of 3.05%, an effective date of July 13, 2015 and a maturity date of April 5, 2018. The Company designated this interest rate swap as a cash flow hedge of variable interest payments based on one-month LIBOR.

On October 26, 2015, the Operating Partnership entered into a LIBOR interest rate cap agreement on a notional amount of \$75.0 million at a strike rate of 1.25% for a premium of \$0.1 million. The interest rate cap agreement expires on October 15, 2017.

On March 14, 2014, the Operating Partnership entered into a LIBOR interest rate cap agreement on a notional amount of \$50.0 million at a strike rate of 1.25% for a premium of \$0.4 million. The interest rate cap agreement expires on March 1, 2017.

The Company has not designated any of its interest rate caps as hedging instruments under GAAP.

The Company's derivatives comprised the following as of December 31, 2015 and 2014 (in thousands):

	December 31,					
	2015			2014		
	Notional Amount	Fair Value		Notional Amount	Fair Value	
		Asset	Liability		Asset	Liability
Interest rate swaps	\$ 57,093	\$ —	\$(1,082)	\$ 685	\$ —	\$ (11)
Interest rate caps	246,546	164	—	180,434	260	—
Total	\$ 303,639	\$ 164	\$(1,082)	\$ 181,119	\$ 260	\$ (11)

The changes in the fair value of the Company's derivatives during each of the three years ended December 31, 2015 was as follows (in thousands):

	Years Ended December 31,		
	2015	2014	2013
Interest rate swaps	\$ (1,071)	\$ 5	\$ 152
Interest rate caps	(233)	(238)	(164)
Total	\$ (1,304)	\$ (233)	\$ (12)
Comprehensive income statement presentation:			
Other income (loss)	\$ (229)	\$ (233)	\$ (12)
Unrealized gain (loss) on cash flow hedge	(1,075)	—	—
Total	\$ (1,304)	\$ (233)	\$ (12)

Subsequent to December 31, 2015

On February 25, 2016, the Operating Partnership entered into a LIBOR interest rate cap agreement on a notional amount of \$75.0 million at a strike rate of 1.50% for a premium of less than \$0.1 million. The interest rate cap agreement expires on March 1, 2018.

10. Equity

Stockholders' Equity

As of December 31, 2015 and 2014, the Company's authorized capital was 500 million shares of common stock and 100 million shares of preferred stock. The Company had 30.1 million and 25.0 million shares of common stock issued and outstanding as of December 31, 2015 and 2014, respectively. No shares of preferred stock were issued and outstanding as of December 31, 2015 or 2014.

On April 8, 2015, the Company issued 415,500 shares of common stock in a private placement as partial consideration for the acquisition of Perry Hall Marketplace.

On May 5, 2015, the Company commenced an at-the-market continuous equity program through which the Company may, from time to time, issue and sell shares of its common stock having an aggregate offering price of up to \$50.0 million. During the year ended December 31, 2015, the Company issued and sold an aggregate of 1,108,149 shares of common stock at a weighted average price of \$10.26 per share. Net proceeds to the Company after offering costs and commissions were \$10.9 million.

On December 9, 2015, the Company completed an underwritten public offering of 3,450,000 shares of common stock. The net proceeds to the Company after deducting the underwriting discount and related offering costs were \$35.1 million.

On September 15, 2014, the Company completed an underwritten public offering of 5,750,000 shares of common stock. The net proceeds to the Company after deducting the underwriting discount and related offering costs were \$49.3 million.

Noncontrolling Interests

As of December 31, 2015 and 2014, the Company held a 65.6% and 62.9% interest in the Operating Partnership, respectively. As the sole general partner and the majority interest holder, the Company consolidates the financial position and results of operations of the Operating Partnership. Noncontrolling interests in the Company represent OP Units not held by the Company.

As partial consideration for Columbus Village, the Operating Partnership issued 1,000,000 Class B Units on July 10, 2015 and agreed to issue 275,000 Class C Units on January 10, 2017. Subject to the occurrence of certain events, the Class B Units and Class C Units will not earn or accrue distributions until July 10, 2017 and January 10, 2018, respectively, at which time they automatically convert to Class A Units.

On January 17, 2014, the Operating Partnership issued 695,652 Class A Units as partial consideration for the acquisition of Liberty Apartments. On March 31, 2014, the Operating Partnership issued 30,000 Class A Units in exchange for all noncontrolling interests in Sandbridge Commons. The Company recognized the difference between the fair value of the Class A Units issued and the adjustment to the carrying amount of the noncontrolling interests in Sandbridge Commons directly in equity as additional paid-in capital. On August 15, 2014, the Operating Partnership issued 990,952 Class A Units as partial consideration for the acquisition of Dimmock Square.

Holders of OP Units may not transfer their units without the Company's prior consent as general partner of the Operating Partnership. Subject to the satisfaction of certain conditions, holders of Class A Units may tender their units for redemption by the Operating Partnership in exchange for cash equal to the market price of shares of the Company's common stock at the time of redemption or, at the Company's option and sole discretion, for unregistered or registered shares of common stock on a one-for-one basis. Accordingly, the Company presents OP Units of the Operating Partnership not held by the Company as noncontrolling interests within equity in the consolidated balance sheets.

Common Stock Dividends and Class A Unit Distributions

During the year ended December 31, 2015, the Company declared the following dividends per share and distributions per unit:

Declaration Date	Record Date	Paid Date	Dividend Per Share/Distribution Per Unit
January 28, 2015	April 1, 2015	April 9, 2015	\$ 0.17
May 8, 2015	July 1, 2015	July 9, 2015	0.17
August 6, 2015	October 1, 2015	October 8, 2015	0.17
November 6, 2015	December 31, 2015	January 7, 2016	0.17
		Total	\$ 0.68

During the year ended December 31, 2015, the Company paid cash dividends of \$17.1 million to common stockholders and the Operating Partnership paid cash distributions of \$9.9 million to holders of Class A Units.

The tax treatment of dividends paid to common stockholders during the year ended December 31, 2015 was as follows (unaudited):

Capital gains	— %
Ordinary income	64.21 %
Return of capital	35.79 %
Total	100.0 %

During the year ended December 31, 2014, the Company declared the following dividends per share and distributions per unit:

Declaration Date	Record Date	Paid Date	Dividend Per Share/Distribution Per Unit
February 18, 2014	April 1, 2014	April 10, 2014	\$ 0.16
May 9, 2014	July 1, 2014	July 10, 2014	0.16
August 4, 2014	October 1, 2014	October 9, 2014	0.16
November 10, 2014	December 30, 2014	January 8, 2015	0.16
		Total	\$ 0.64

During the year ended December 31, 2014, the Company paid cash dividends of \$13.2 million to common stockholders and the Operating Partnership paid cash distributions of \$8.9 million to holders of Class A Units.

The tax treatment of dividends paid to common stockholders during the year ended December 31, 2014 was as follows (unaudited):

Capital gains	5.3 %
Ordinary income	52.3 %
Return of capital	42.4 %
Total	100.0 %

During the year ended December 31, 2013, the Company declared the following dividends per share and distributions per unit:

Declaration Date	Record Date	Paid Date	Dividend Per Share/Distribution Per Unit
June 19, 2013	July 1, 2013	July 11, 2013	\$ 0.08
August 9, 2013	October 1, 2013	October 10, 2013	0.16
November 11, 2013	December 30, 2013	January 9, 2014	0.16
		Total	\$ 0.40

During the year ended December 31, 2013, the Company paid cash dividends of \$4.6 million to common stockholders and the Operating Partnership paid cash distributions of \$3.1 million to holders of OP Units.

The tax treatment of dividends paid to common stockholders during the year ended December 31, 2013 was as follows (unaudited):

Ordinary income	17.0 %
Return of capital	83.0 %
Total	100.0 %

Subsequent to December 31, 2015

On January 7, 2016, the Company paid cash dividends of \$5.1 million to common stockholders and the Operating Partnership paid cash distributions of \$2.5 million to holders of Class A Units.

On January 31, 2016, the Board of Directors declared a cash dividend of \$0.18 per share to stockholders of record on March 30, 2016.

11. Stock-Based Compensation

The Company's 2013 Equity Incentive Plan permits the grant of restricted stock awards, stock options, stock appreciation rights, performance units and other equity-based awards up to an aggregate of 700,000 shares of common stock over the ten-year term of the plan. As of December 31, 2015, the Company had 352,940 shares of common stock reserved for issuance under the 2013 Equity Incentive Plan.

During the three years ended December 31, 2015, the Company granted an aggregate of 0.1 million, 0.1 million and 0.2 million shares of restricted stock to employees and nonemployee directors, respectively. The weighted average grant date fair value of the restricted stock awards granted during each of the three years ended December 31, 2015 was \$1.2 million, \$1.3 million and \$1.9 million, respectively. Employee restricted stock awards generally vest over a period of two years: one-third immediately on the grant date and the remaining two-thirds in equal amounts on the first two anniversaries following the grant date, subject to continued service to the Company. Nonemployee director restricted stock awards vest either immediately upon grant or over a period of one year, subject to continued service to the Company.

During each of the three years ended December 31, 2015, the Company recognized \$1.0 million, \$1.3 million and \$1.2 million of stock-based compensation, respectively. As of December 31, 2015, the total unrecognized compensation cost related to nonvested restricted shares was \$0.3 million, substantially all of which the Company expects to recognize over the next 15 months.

The following table summarizes the changes in the Company's nonvested restricted stock awards during the year ended December 31, 2015:

	Restricted Stock Awards	Weighted Average Grant Date Fair Value Per Share
Nonvested as of January 1, 2015	143,729	\$ 10.48
Granted	107,662	10.80
Vested	(147,042)	10.69
Forfeited	(2,294)	10.77
Nonvested as of December 31, 2015	102,055	\$ 10.52

Restricted stock awards granted and vested during the year ended December 31, 2015 include 27,259 shares tendered by employees to satisfy minimum statutory tax withholding obligations.

12. Fair Value of Financial Instruments

Fair value measurements are based on assumptions that market participants would use in pricing an asset or a liability. The hierarchy for inputs used in measuring fair value is as follows:

Level 1 Inputs—quoted prices in active markets for identical assets or liabilities

Level 2 Inputs—observable inputs other than quoted prices in active markets for identical assets and liabilities

Level 3 Inputs—unobservable inputs

Except as disclosed below, the carrying amounts of the Company’s financial instruments approximate their fair value. Financial assets and liabilities whose fair values are measured on a recurring basis using Level 2 inputs consist of interest rate swaps and interest rate caps. The Company measures the fair values of these assets and liabilities based on prices provided by independent market participants that are based on observable inputs using market-based valuation techniques.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. For disclosure purposes, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

The fair value of the Company’s debt is sensitive to fluctuations in interest rates. Discounted cash flow analysis based on Level 2 inputs is generally used to estimate the fair value of the Company’s debt.

Considerable judgment is used to estimate the fair value of financial instruments. The estimates of fair value presented herein are not necessarily indicative of the amounts that could be realized upon disposition of the financial instruments.

The carrying amounts and fair values of the Company’s financial instruments, all of which are based on Level 2 inputs, as of December 31, 2015 and 2014 were as follows (in thousands):

	December 31,			
	2015		2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Indebtedness, net	\$ 377,593	\$ 384,691	\$ 356,345	\$ 366,095
Interest rate swap liabilities	1,082	1,082	11	11
Interest rate cap assets	164	164	260	260

13. Income Taxes

The income tax (benefit) provision for each of the three years ended December 31, 2015 comprised the following (in thousands):

	Years Ended December 31,		
	2015	2014	2013
Federal income taxes:			
Current	\$ 102	\$ (37)	\$ (356)
Deferred	(72)	(6)	113
State income taxes:			
Current	13	(26)	(43)
Deferred	(9)	(1)	13
Income tax benefit (provision)	<u>\$ 34</u>	<u>\$ (70)</u>	<u>\$ (273)</u>

As of December 31, 2015 and 2014, the Company had \$0.6 million and \$0.5 million of net deferred tax assets representing basis differences in the assets of the TRS and stock-based compensation attributable to the TRS.

Management has evaluated the Company's income tax positions and concluded that the Company has no uncertain income tax positions as of December 31, 2015 or 2014. The Company is subject to examination by the applicable taxing authorities for the tax years 2013 through 2015.

14. Other Assets

Other assets were comprised of the following as of December 31, 2015 and 2014 (in thousands):

	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
Acquired lease intangibles, net	\$ 18,418	\$ 5,247
Leasing costs, net	10,839	11,683
Leasing incentives, net	5,408	6,237
Prepaid expenses and other	4,192	2,507
Advance deposits on property acquisitions	3,500	—
Preacquisition development costs	2,504	4,550
Other assets	<u>\$ 44,861</u>	<u>\$ 30,224</u>

15. Other Liabilities

Other liabilities were comprised of the following as of December 31, 2015 and 2014 (in thousands):

	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
Dividends and distributions payable	\$ 7,621	\$ 6,368
Deferred ground rent payable	7,484	6,790
Acquired lease intangibles, net	5,872	1,867
Prepaid rent and other	2,145	1,911
Security deposits	1,267	1,014
Interest rate swaps	1,082	11
Other liabilities	<u>\$25,471</u>	<u>\$17,961</u>

16. Acquired Lease Intangibles

The following table summarizes the Company's acquired lease intangibles as of December 31, 2015 (in thousands):

	<u>December 31, 2015</u>		
	<u>Gross Carrying</u>	<u>Accumulated</u>	<u>Net Carrying</u>
	<u>Amount</u>	<u>Amortization</u>	<u>Amount</u>
In-place lease assets	\$ 19,700	\$ 5,128	\$ 14,572
Above-market lease assets	2,380	314	2,066
Below-market lease liabilities	6,640	768	5,872
Below-market ground lease assets	1,920	140	1,780

The following table summarizes the Company's acquired lease intangibles as of December 31, 2014 (in thousands):

	<u>December 31, 2014</u>		
	<u>Gross Carrying</u>	<u>Accumulated</u>	<u>Net Carrying</u>
	<u>Amount</u>	<u>Amortization</u>	<u>Amount</u>
In-place lease assets	\$ 5,434	\$ 2,096	\$ 3,338
Above-market lease assets	107	32	75
Below-market lease liabilities	2,169	302	1,867
Below-market ground lease assets	1,920	86	1,834

Amortization of in-place lease assets, net below-market lease liabilities and below-market ground lease assets for the year ended December 31, 2015 was \$2.9 million, \$0.1 million and less than \$0.1 million, respectively.

Amortization of in-place lease assets, net below-market lease liabilities and below-market ground lease assets for the year ended December 31, 2014 was \$1.3 million, \$0.2 million and less than \$0.1 million, respectively.

Estimated amortization of acquired lease intangibles for each of the five succeeding years is as follows (in thousands):

Year ending December 31,	Depreciation and		
	Rental Revenues	Rental Expenses	Amortization
2016	\$ 146	\$ 53	\$ 3,521
2017	143	53	3,043
2018	174	53	2,089
2019	110	53	1,399
2020	85	53	1,250

17. *Related Party Transactions*

The Company provides general contracting and real estate services to certain related party entities that are not included in these consolidated and combined financial statements. Revenue from construction contracts with related party entities of the Company was \$9.6 million, \$5.3 million and \$45.0 million for each of the three years ended December 31, 2015, respectively. Gross profits from such contracts were \$0.3 million, \$0.3 million and \$1.5 million for each of the three years ended December 31, 2015, respectively. Amounts from related parties of the Company included in construction receivables as of December 31, 2015 and 2014 were \$1.8 million and \$1.0 million, respectively. Real estate services fees from affiliated entities of the Company was \$0.5 million for the year ended December 31, 2014 and were not significant for either of the years ended December 31, 2015 or 2013. In addition, affiliated entities also reimburse the Company for monthly maintenance and facilities management services provided to the properties. Cost reimbursements earned by the Company from affiliated entities were not significant for any of the three years ended December 31, 2015.

In connection with the Formation Transactions, the Operating Partnership entered into tax protection agreements that indemnify certain directors and executive officers of the Company from their tax liabilities resulting from the potential future sale of certain of the Company's properties within seven (or, in a limited number of cases, ten) years of the completion of the Formation Transactions on May 13, 2013. Upon completing the sale of the Virginia Natural Gas office property on November 20, 2014, the Operating Partnership paid \$1.3 million under such tax protection agreements. The \$1.3 million of tax protection payments made in connection with the Virginia Natural Gas office property sale is presented within gain on real estate dispositions and acquisitions in the consolidated statements of comprehensive income.

18. *Commitments and Contingencies*

Legal Proceedings

The Company is from time to time involved in various disputes, lawsuits, warranty claims, environmental and other matters arising in the ordinary course of its business. Management makes assumptions and estimates concerning the likelihood and amount of any potential loss relating to these matters.

The Company currently is a party to various legal proceedings, none of which management expects will have a material adverse effect on the Company's financial position, results of operations or liquidity. Management accrues a liability for litigation if an unfavorable outcome is determined to be probable and the amount of loss can be reasonably estimated. If an unfavorable outcome is determined by management to be probable and a range of loss can be reasonably estimated, management accrues the best estimate within the range; however, if no amount within the range is a better estimate than any other, the minimum amount within the range is accrued. Legal fees related to litigation are expensed as incurred. Management does not believe that the ultimate outcome of these matters, either individually or in the aggregate, could have a material adverse effect on the Company's financial position or results of operations; however, litigation is subject to inherent uncertainties.

Under the Company's leases, tenants are typically obligated to indemnify the Company from and against all liabilities, costs and expenses imposed upon or asserted against it as owner of the properties due to certain matters relating to the operation of the properties by the tenant.

Commitments

The Company has a bonding line of credit for its general contracting construction business and is contingently liable under performance and payment bonds, bonds for cancellation of mechanics liens and defect bonds. Such bonds collectively totaled \$183.0 million and \$192.2 million as of December 31, 2015 and 2014, respectively.

The Operating Partnership has entered into standby letters of credit using the available capacity under the credit facility. The letters of credit relate to the guarantee of future performance on certain of the Company's construction contracts. Letters of credit generally are available for draw down in the event the Company does not perform. As of December 31, 2015 and 2014, the Operating Partnership had total outstanding letters of credit of \$8.0 million and \$8.5 million, respectively.

The Company has five ground leases on four properties with initial terms that range from 20 to 65 years and options to extend up to an additional 40 years in certain cases. The Company also leases automobiles and equipment.

Future minimum rental payments during each of the next five years and thereafter are as follows (in thousands):

2016	\$ 1,587
2017	1,734
2018	1,738
2019	1,813
2020	1,821
Thereafter	93,293
Total	<u>\$ 101,986</u>

Ground rent expense for each of the three years ended December 31, 2015 was \$1.7 million, \$1.8 million and \$1.5 million, respectively.

Concentrations of Credit Risk

The majority of the Company's properties are located in Hampton Roads, Virginia. For each of the three years ended December 31, 2015, rental revenues from Hampton Roads properties represented 68%, 69% and 70%, respectively, of the Company's rental revenues. Many of the Company's Hampton Roads properties are located in the Town Center of Virginia Beach. For each of the three years ended December 31, 2015, rental revenues from Town Center properties represented 46%, 47% and 48%, respectively, of the Company's rental revenues. Rental revenues from Richmond Tower individually represented 11%, 13% and 15% of the Company's rental revenues for each of the three years ended December 31, 2015, respectively. As of December 31, 2015, a single tenant—Williams Mullen, a prominent Mid-Atlantic law firm—occupied over 80% of Richmond Tower, which the Company sold on January 8, 2016.

A single construction project in Baltimore, Maryland represented 64% and 41% of the Company's general contracting and real estate services revenues for the years ended December 31, 2015 and 2014, respectively. The same project represented 50% and 27% of the Company's general contracting and real estate services segment gross profit for the years ended December 31, 2015 and 2014, respectively.

19. Selected Quarterly Financial Data (Unaudited)

The following tables summarize certain selected quarterly financial data for 2015 and 2014 (in thousands, except per share data):

	2015 Quarters			
	First	Second	Third	Fourth
Rental revenues	\$ 18,190	\$ 19,908	\$ 21,303	\$ 21,771
General contracting and real estate services revenues	29,071	47,066	53,822	41,309
Net operating income	12,702	15,101	16,488	15,819
Net income	8,118	10,285	4,337	8,443
Net income attributable to stockholders	5,105	6,521	2,688	5,328
Net income per share: basic and diluted	\$ 0.20	\$ 0.25	\$ 0.10	\$ 0.19

	2014 Quarters			
	First	Second	Third	Fourth
Rental revenues	\$ 15,193	\$ 15,319	\$ 16,713	\$ 17,521
General contracting and real estate services revenues	19,234	20,495	31,532	32,060
Net operating income	11,123	11,212	11,883	12,685
Net income	2,506	2,273	2,754	5,226
Net income attributable to stockholders	1,465	1,325	1,615	3,286
Net income per share: basic and diluted	\$ 0.08	\$ 0.07	\$ 0.08	\$ 0.13

**SCHEDULE III—Consolidated Real Estate Investments and Accumulated Depreciation
December 31, 2015**

	Initial Cost			Cost Capitalized Subsequent to Acquisition	Gross Carrying Amount			Accumulated Depreciation	Net Carrying Amount ⁽¹⁾	Year of Construction/ Acquisition
	Encumbrances	Land	Building and Improvements		Land	Building and Improvements	Total			
Office										
4525 Main Street	\$ 31,613	\$ 982	\$ —	\$ 39,756	\$ 982	\$ 39,756	\$ 40,738	\$ 1,725	\$ 39,013	2014
Armada Hoffer Tower	— ⁽²⁾	1,976	—	55,927	1,976	55,927	57,903	25,569	32,334	2002
Brooks Crossing	—	121	—	7,562	121	7,562	7,683	— ⁽³⁾	7,683	— ⁽³⁾
Commonwealth of Virginia—Chesapeake	4,933	328	—	6,208	328	6,208	6,536	294	6,242	2015
Commonwealth of Virginia—Virginia Beach	—	208	—	2,159	208	2,159	2,367	86	2,281	2015
One Columbus	— ⁽²⁾	960	10,269	6,946	960	17,215	18,175	9,045	9,130	1984/2000
Oyster Point	6,400	57	—	11,595	57	11,595	11,652	8,927	2,725	1989
Two Columbus	— ⁽²⁾	53	—	18,291	53	18,291	18,344	5,120	13,224	2009
Total office	\$ 42,946	\$ 4,685	\$ 10,269	\$ 148,444	\$ 4,685	\$ 158,713	\$ 163,398	\$ 50,766	\$ 112,632	
Retail										
249 Central Park Retail	\$ 15,282	\$ 713	\$ —	\$ 13,728	\$ 713	\$ 13,728	\$ 14,441	\$ 6,998	\$ 7,443	2004
Bermuda Crossroads	— ⁽²⁾	5,450	10,641	541	5,450	11,182	16,632	1,373	15,259	2001/2013
Broad Creek Shopping Center	— ⁽²⁾	—	—	15,692	—	15,692	15,692	7,894	7,798	1997-2001
Columbus Village	8,739	7,630	10,135	—	7,630	10,135	17,765	146	17,619	1985/2015
Commerce Street Retail	— ⁽²⁾	118	—	3,147	118	3,147	3,265	1,007	2,258	2008
Courthouse 7-Eleven	— ⁽²⁾	1,007	—	1,043	1,007	1,043	2,050	109	1,941	2011
Dick's at Town Center	— ⁽²⁾	67	—	10,576	67	10,576	10,643	3,102	7,541	2002
Dimmock Square	— ⁽²⁾	5,100	13,126	9	5,100	13,135	18,235	512	17,723	1998/2014
Fountain Plaza Retail	7,641	425	—	7,085	425	7,085	7,510	2,750	4,760	2004
Gainsborough Square	— ⁽²⁾	2,229	—	6,873	2,229	6,873	9,102	2,821	6,281	1999
Greentree Shopping Center	—	1,523	—	4,022	1,523	4,022	5,545	186	5,359	2014
Hanbury Village	20,970 ⁽²⁾	3,792	—	19,223	3,792	19,223	23,015	5,153	17,862	2009
Harrisonburg Regal	3,463	1,554	—	4,148	1,554	4,148	5,702	1,772	3,930	1999
Lightfoot Marketplace	7,759	7,628	—	7,856	7,628	7,856	15,484	— ⁽³⁾	15,484	— ⁽³⁾
North Point Center	13,295 ⁽²⁾	1,936	—	25,018	1,936	25,018	26,954	10,945	16,009	1998
Parkway Marketplace	— ⁽²⁾	1,150	—	3,507	1,150	3,507	4,657	1,588	3,069	1998
Perry Hall Marketplace	—	3,240	8,316	—	3,240	8,316	11,556	234	11,322	2001/2015
Providence Plaza	—	9,950	12,369	10	9,950	12,379	22,329	124	22,205	2008/2015
Sandbridge Commons	9,010	5,267	—	6,594	5,267	6,594	11,861	200	11,661	2015
Socastee Commons	4,957	2,320	5,380	42	2,320	5,422	7,742	103	7,639	2000/2015
South Retail	6,742	190	—	7,333	190	7,333	7,523	3,491	4,032	2002
Stone House Square	—	6,360	16,350	82	6,360	16,432	22,792	413	22,379	2008/2015
Studio 56 Retail	— ⁽²⁾	76	—	2,477	76	2,477	2,553	628	1,925	2007
Tyre Neck Harris Teeter	— ⁽²⁾	—	—	3,306	—	3,306	3,306	590	2,716	2011
Total retail	\$ 97,858	\$ 67,725	\$ 76,317	\$ 142,312	\$ 67,725	\$ 218,629	\$ 286,354	\$ 52,139	\$ 234,215	

	Encumbrances	Initial Cost		Cost Capitalized Subsequent to Acquisition	Gross Carrying Amount			Accumulated Depreciation	Net Carrying Amount ⁽¹⁾	Year of Construction/ Acquisition
		Land	Building and Improvements		Land	Building and Improvements	Total			
Multifamily										
Encore Apartments	\$ 25,184	\$ 1,293	\$ —	\$ 30,069	\$ 1,293	\$ 30,069	\$ 31,362	\$ 972	\$ 30,390	2014
Liberty Apartments	20,312	3,580	23,494	1,188	3,580	24,682	28,262	1,668	26,594	2013/2014
Johns Hopkins Village	3,968	—	—	29,438	—	29,438	29,438	— ⁽³⁾	29,438	— ⁽³⁾
Smith's Landing	21,226	—	35,105	843	—	35,948	35,948	3,040	32,908	2009/2013
The Cosmopolitan	46,519	985	—	56,664	985	56,664	57,649	16,795	40,854	2006
Total multifamily	\$ 117,209	\$ 5,858	\$ 58,599	\$ 118,202	\$ 5,858	\$ 176,801	\$ 182,659	\$ 22,475	\$ 160,184	
Held for development	\$ —	\$ 1,180	\$ —	\$ —	\$ 1,180	\$ —	\$ 1,180	\$ —	\$ 1,180	
Real estate investments	\$ 258,013	\$ 79,448	\$ 145,185	\$ 408,958	\$ 79,448	\$ 554,143	\$ 633,591	\$ 125,380	\$ 508,211	

(1) The net carrying amount of real estate for federal income tax purposes was \$395.3 million as of December 31, 2015.

(2) Borrowing base collateral for the credit facility as of December 31, 2015.

(3) Construction in progress as of December 31, 2015.

Income producing property is depreciated on a straight-line basis over the following estimated useful lives:

Buildings	39 years
Capital improvements	15—20 years
Equipment	5—15 years
Tenant improvements	Term of the related lease (or estimated useful life, if shorter)

	Real Estate Investments		Accumulated Depreciation	
	December 31,			
	2015	2014	2015	2014
Balance at beginning of the year	\$ 595,000	\$ 462,976	\$ 116,099	\$ 105,228
Construction costs and improvements	52,533	106,977	—	—
Acquisitions	83,230	45,300	—	—
Dispositions	(23,181)	(5,471)	(668)	(957)
Reclassifications	(73,991)	(14,782)	(8,729)	(3,156)
Depreciation	—	—	18,678	14,984
Balance at end of the year	<u>\$ 633,591</u>	<u>\$ 595,000</u>	<u>\$ 125,380</u>	<u>\$ 116,099</u>

INDEX TO EXHIBITS

Exhibit Number	Description
3.1	Articles of Amendment and Restatement of Armada Hoffler Properties, Inc. (Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3, filed on June 2, 2014)
3.2	Amended and Restated Bylaws of Armada Hoffler Properties, Inc. (Incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
4.1	Form of Certificate of Common Stock of Armada Hoffler Properties, Inc. (Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.1	Amended and Restated Agreement of Limited Partnership of Armada Hoffler, L.P. (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed on November 12, 2013)
10.2†	Armada Hoffler Properties, Inc. 2013 Equity Incentive Plan (Incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.3†	Form of Restricted Stock Award Agreement (Time Vesting) (Incorporated by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.4*	Indemnification Agreement between Armada Hoffler Properties, Inc. and each of the Directors and Officers listed on Schedule A thereto
10.5	Tax Protection Agreement by and among Armada Hoffler Properties, Inc. and the persons listed on the signature page thereto (Incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q, filed on November 12, 2013)
10.6	Representation, Warranty and Indemnity Agreement among Armada Hoffler Properties, Inc., Armada Hoffler, L.P. and Daniel A. Hoffler (Incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q, filed on November 12, 2013)
10.7†	Armada Hoffler, L.P. Executive Severance Benefit Plan with the participants listed on Schedule A thereto (Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q, filed on April November 12, 2013)
10.8	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc. and Daniel A. Hoffler, dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.8 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.9	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc. and A. Russell Kirk, dated February 12, 2013 (Incorporated by reference to Exhibit 10.9 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.10	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc. and Louis S. Haddad, dated as of February 11, 2013 (Incorporated by reference a to Exhibit 10.10 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.11	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc. and Anthony P. Nero, dated as of February 12, 2013 (Incorporated by reference to Exhibit 10.11 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.12	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Eric E. Apperson, dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.12 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)

Exhibit Number	Description
10.13	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Michael P. O'Hara, dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.13 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.14	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and John C. Davis, dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.14 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.15	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Alan R. Hunt, dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.15 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.16	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Shelly R. Hampton, dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.16 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.17	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and William Christopher Harvey, dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.17 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.18	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Eric L. Smith, dated as of February 12, 2013 (Incorporated by reference to Exhibit 10.18 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.19	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and John E. Babb, dated as of January 31, 2013 (Incorporated by reference to Exhibit 10.19 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.20	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Rickard E. Burnell, dated as of February 12, 2013 (Incorporated by reference to Exhibit 10.20 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.21	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and A/H TWA Associates, L.L.C., dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.21 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.22	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and RMJ Kirk Fortune Bay, L.L.C., dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.22 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.23	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Kirk Gainsborough, L.L.C., dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.23 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.24	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Chris A. Sanders, dated as of January 25, 2013 (Incorporated by reference to Exhibit 10.24 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.25	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Allen O. Keene, dated as of January 21, 2013 (Incorporated by reference to Exhibit 10.25 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.26	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Bruce G. Ford, dated as of January 31, 2013 (Incorporated by reference to Exhibit 10.26 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)

Exhibit Number	Description
10.27	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and DIAN, LLC, dated as of January 28, 2013 (Incorporated by reference to Exhibit 10.27 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.28	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Compson of Richmond, L.C., Thomas Comparato and Lindsey Smith Comparato, dated as of January 31, 2013 (Incorporated by reference to Exhibit 10.28 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.29	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Bruce Smith Enterprises, LLC and Bruce B. Smith, dated as of January 31, 2013 (Incorporated by reference to Exhibit 10.29 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.30	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Steyn, LLC, dated as of January 31, 2013 (Incorporated by reference to Exhibit 10.30 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.31	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and D&F Beach, L.L.C., dated as of February 1, 2013 (Incorporated by reference to Exhibit 10.31 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.32	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and DF Smith's Landing, LLC, dated as of January 31, 2013 (Incorporated by reference to Exhibit 10.32 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.33	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Spratley Family Holdings, L.L.C., dated as of January 22, 2013 (Incorporated by reference to Exhibit 10.33 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.34	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Columbus One, LLC, DP Columbus Two, LLC, City Center Associates, LLC, TC Block 7 Partners LLC, TC Block 12 Partners LLC, TC Block 3 Partners LLC, TC Block 6 Partners LLC, TC Block 8 Partners LLC, TC Block 11 Partners LLC and TC Apartment Partners, LLC, dated as of February 1, 2013 (Incorporated by reference to Exhibit 10.34 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.35	Asset Purchase Agreement by and among AHP Asset Services, LLC and Armada Hoffler Holding Company, Inc., dated as of , 2013 (Incorporated by reference to Exhibit 10.36 to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.36	Contribution Agreement for the Apprentice School Apartment property by and among Armada Hoffler, L.P., Washington Avenue Associates, L.L.C. and Washington Avenue Apartments, L.L.C., and dated as of , 2013 (Incorporated by reference to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.37	Land Option Agreement by and between and Armada Hoffler, L.P. and Courthouse Marketplace Parcel 7, L.L.C., dated as of May 1, 2013 (Incorporated by reference to Exhibit 10.38 to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.38	Land Option Agreement by and between and Armada Hoffler, L.P. and Courthouse Marketplace Outparcels, L.L.C., dated as of May, 1 2013 (Incorporated by reference to Exhibit 10.39 to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.39	Land Option Agreement by and between and Armada Hoffler, L.P. and Hanbury Village, LLC, dated as of May 1, 2013 (Incorporated by reference to Exhibit 10.40 to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)

<u>Exhibit Number</u>	<u>Description</u>
10.40	Land Option Agreement by and between and Armada Hoffler, L.P. and Lake View AH-VNG, LLC, dated as of May 1, 2013 (Incorporated by to Exhibit 10.41 reference to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.41	Land Option Agreement by and between and Armada Hoffler, L.P. and Oyster Point Hotel Associates, L.L.C., dated as of May 1, 2013 (Incorporated by reference to Exhibit 10.42 to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.42	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc. and Oyster Point Investors, L.P., dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.43 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.43†	Form of Restricted Stock Award Agreement for Directors (Incorporated by reference to Exhibit 10.44 to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.44	Option Agreement dated May 1, 2013 by and between Armada/Hoffler Properties, L.L.C. and Armada Hoffler, L.P. (Incorporated by reference to Exhibit 10.45 to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.45	Option Transfer Agreement by and among Town Center Associates, L.L.C. Armada/Hoffler Properties, L.L.C., City Center Associates, L.L.C. and Armada Hoffler, L.P., dated as of May 10, 2013 (Incorporated by reference to Exhibit 10.14 to the Company's Quarterly Report on Form 10-Q, filed on August 14, 2013)
10.46	Construction Loan Agreement among TCA Block 11 Apartments, LLC and TCA Block 11 Office, LLC as Borrower and Bank of America, N.A., as Administrative Agent, dated as of July 30, 2013 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on August 13, 2013)
10.47	Credit Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc. and Bank of America, N.A., dated as of February 20, 2015 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on February 25, 2015)
10.48	Unconditional Guaranty Agreement by Armada Hoffler, L.P. and certain subsidiaries of Armada Hoffler, L.P. named therein for the benefit of the Administrative Agent and the lenders named in the Credit Agreement, dated as of February 20, 2015 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on February 25, 2015)
10.49	Amendment No. 1, dated as of March 19, 2014, to the First Amended and Restated Agreement of Limited Partnership of Armada Hoffler, L.P., dated as of May 13, 2013 (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed on May 15, 2014)
10.50†	Armada Hoffler Properties, Inc. Short-Term Incentive Program (Incorporated by reference to Exhibit 10.53 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014, filed on March 16, 2015)
10.51	Amendment No. 2, dated as of July 10, 2015, to the First Amended and Restated Agreement of Limited Partnership of Armada Hoffler, L.P., dated as of May 13, 2013 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on July 16, 2015)
10.52	Construction Loan Agreement, dated as of July 30, 2015, by and among Hopkins Village, LLC, as Borrower, Bank of America, N.A., and the other financial institutions party thereto (Incorporated by reference to Exhibit 10.1 the Company's Current Report on Form 8-K, filed on August 5, 2015)
10.53	Agreement of Sale and Purchase, dated as of November 2, 2015, by and between AH Richmond Tower I, LLC and Kireland Management, LLC (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on January 13, 2016)

Exhibit Number	Description
10.54	First Amendment to Agreement of Sale and Purchase, dated as of November 10, 2015, by and between AH Richmond Tower I, LLC and Kireland Management, LLC (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed on January 13, 2016)
10.55*	Purchase and Sale Agreement, dated as of December 3, 2015, by and between DDR-SAU South Square, L.L.C., DDR-SAU Durham Patterson, L.L.C., DDR-SAU Wendover Phase II, L.L.C., DDR-SAU Salisbury Alexander, L.L.C., DDR-SAU Winston-Salem Harper Hill, L.L.C., DDR-SAU Greer North Hampton Market, L.L.C., DDR-SAU Nashville Willowbrook, L.L.C., DDR-SAU South Bend Broadmoor, L.L.C., DDR-SAU Oakland, L.L.C., DDR-SAU Waynesboro, L.L.C., DDR-SAU Pasadena Red Bluff Limited Partnership and AHP Acquisitions, LLC
10.56*	First Amendment to Purchase and Sale Agreement, dated as of December 14, 2015, by and between DDR-SAU South Square, L.L.C., DDR-SAU Durham Patterson, L.L.C., DDR-SAU Wendover Phase II, L.L.C., DDR-SAU Salisbury Alexander, L.L.C., DDR-SAU Winston-Salem Harper Hill, L.L.C., DDR-SAU Greer North Hampton Market, L.L.C., DDR-SAU Nashville Willowbrook, L.L.C., DDR-SAU South Bend Broadmoor, L.L.C., DDR-SAU Oakland, L.L.C., DDR-SAU Waynesboro, L.L.C., DDR-SAU Pasadena Red Bluff Limited Partnership and AHP Acquisitions, LLC
21.1*	List of Subsidiaries of Armada Hoffler Properties, Inc.
23.1*	Consent of Ernst & Young LLP, Independent Public Accounting Firm
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Presentation Linkbase Document
*	Filed herewith
**	Furnished herewith
†	Management contract or compensatory plan or arrangement

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT ("Agreement") is made and entered into as of the ____ day of _____, 20__, by and between Armada Hoffer Properties, Inc., a Maryland corporation (the "Company"), and _____ ("Indemnitee"). See Schedule A for a list of officers and directors who have entered into this Indemnification Agreement with the Company.

WHEREAS, at the request of the Company, Indemnitee currently serves as **[a director] [and] [an officer]** of the Company and may, therefore, be subjected to claims, suits or proceedings arising as a result of Indemnitee's service; and

WHEREAS, as an inducement to Indemnitee to serve or continue to serve in such capacity, the Company has agreed to indemnify and to advance expenses and costs incurred by Indemnitee in connection with any such claims, suits or proceedings, to the maximum extent permitted by law; and

WHEREAS, the parties by this Agreement desire to set forth their agreement regarding indemnification and advance of expenses;

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Definitions . For purposes of this Agreement:

(a) "Change in Control" means a change in control of the Company occurring after the Effective Date of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), whether or not the Company is then subject to such reporting requirement; provided, however, that, without limitation, such a Change in Control shall be deemed to have occurred if, after the Effective Date (i) any "person" (as such term is used in Sections 3(a)(9), 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 15% or more of the combined voting power of all of the Company's then-outstanding securities entitled to vote generally in the election of directors without the prior approval of at least two-thirds of the members of the Board of Directors in office immediately prior to such person's attaining such percentage interest; (ii) the Company is a party to a merger, consolidation, sale of assets, plan of liquidation or other reorganization not approved by at least two-thirds of the members of the Board of Directors then in office, as a consequence of which members of the Board of Directors in office immediately prior to such transaction or event constitute less than a majority of the Board of Directors thereafter; or (iii) at any time, a majority of the members of the Board of Directors are not individuals (A) who were directors as of the Effective Date or (B) whose election by the Board of Directors or nomination for election by the Company's stockholders was approved by the affirmative vote of at least two-thirds of the directors then in office who were directors as of the Effective Date or whose election or nomination for election was previously so approved.

(b) "Corporate Status" means the status of a person as a present or former director, officer, employee or agent of the Company or as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving in such capacity at the request of the Company. As a clarification and without limiting the circumstances in which Indemnitee may be serving at the request of the Company, service by Indemnitee shall be deemed to be at the request of the Company: (i) if Indemnitee serves or served as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any corporation, partnership, limited liability company, joint venture, trust or other enterprise (1) of which a majority of the voting power or equity interest is owned directly or indirectly by the Company or (2) the management of which is controlled directly or indirectly by the Company and (ii) if, as a result of Indemnitee's service to the Company or any of its affiliated entities, Indemnitee is subject to duties by, or required to perform services for, an employee benefit plan or its participants or beneficiaries, including as deemed fiduciary thereof.

(c) "Disinterested Director" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification and/or advance of Expenses is sought by Indemnitee.

(d) "Effective Date" means the date set forth in the first paragraph of this Agreement.

(e) "Expenses" means any and all reasonable and out-of-pocket attorneys' fees and costs, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, ERISA excise taxes and penalties and any other disbursements or expenses incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in or otherwise participating in a Proceeding. Expenses shall also include Expenses incurred in connection with any appeal resulting from any Proceeding including, without limitation, the premium, security for and other costs relating to any cost bond, supersedeas bond or other appeal bond or its equivalent.

(f) "Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement or of other indemnitees under similar indemnification agreements), or (ii) any other party to or participant or witness in the Proceeding giving rise to a claim for indemnification or advance of Expenses hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

(g) "Proceeding" means any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing

or any other actual, threatened or completed proceeding, whether brought by or in the right of the Company or otherwise and whether of a civil (including intentional or unintentional tort claims), criminal, administrative or investigative (formal or informal) nature, including any appeal therefrom, except one pending or completed on or before the Effective Date, unless otherwise specifically agreed in writing by the Company and Indemnitee. If Indemnitee reasonably believes that a given situation may lead to or culminate in the institution of a Proceeding, such situation shall also be considered a Proceeding.

Section 2. Services by Indemnitee . Indemnitee [**will serve**][**serves**] in the capacity or capacities set forth in the first WHEREAS clause above. However, this Agreement shall not impose any obligation on Indemnitee or the Company to continue Indemnitee's service to the Company. This Agreement shall not be deemed an employment contract between the Company (or any other entity) and Indemnitee.

Section 3. General . The Company shall indemnify, and advance Expenses to, Indemnitee (a) as provided in this Agreement and (b) otherwise to the maximum extent permitted by Maryland law in effect on the Effective Date and as amended from time to time; provided, however, that no change in Maryland law shall have the effect of reducing the benefits available to Indemnitee hereunder based on Maryland law as in effect on the Effective Date. The rights of Indemnitee provided in this Section 3 shall include, without limitation, the rights set forth in the other sections of this Agreement, including any additional indemnification permitted by the Maryland General Corporation Law (the "MGCL"), including, without limitation, Section 2-418(g) of the MGCL.

Section 4. Standard for Indemnification . If, by reason of Indemnitee's Corporate Status, Indemnitee is, or is threatened to be, made a party to any Proceeding, the Company shall indemnify Indemnitee against all judgments, penalties, fines and amounts paid in settlement and all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with any such Proceeding unless it is established that (a) the act or omission of Indemnitee was material to the matter giving rise to the Proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty, (b) Indemnitee actually received an improper personal benefit in money, property or services or (c) in the case of any criminal Proceeding, Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

Section 5. Certain Limits on Indemnification . Notwithstanding any other provision of this Agreement (other than Section 6), Indemnitee shall not be entitled to:

(a) indemnification hereunder if the Proceeding was one by or in the right of the Company and Indemnitee is adjudged, in a final adjudication of the Proceeding not subject to further appeal, to be liable to the Company;

(b) indemnification hereunder if Indemnitee is adjudged, in a final adjudication of the Proceeding not subject to further appeal, to be liable on the basis that personal benefit was improperly received in any Proceeding charging improper personal benefit to Indemnitee, whether or not involving action in the Indemnitee's Corporate Status; or

(c) indemnification or advance of Expenses hereunder if the Proceeding was brought by Indemnitee, unless: (i) the Proceeding was brought to enforce indemnification under this Agreement, and then only to the extent in accordance with and as authorized by Section 12 of this Agreement, or (ii) the Company's charter or Bylaws, a resolution of the stockholders entitled to vote generally in the election of directors or of the Board of Directors or an agreement approved by the Board of Directors to which the Company is a party expressly provide otherwise.

Section 6. Court-Ordered Indemnification . Notwithstanding any other provision of this Agreement, a court of appropriate jurisdiction, upon application of Indemnitee and such notice as the court shall require, may order indemnification of Indemnitee by the Company in the following circumstances:

(a) if such court determines that Indemnitee is entitled to reimbursement under Section 2-418(d)(1) of the MGCL, the court shall order indemnification, in which case Indemnitee shall be entitled to recover the Expenses of securing such reimbursement; or

(b) if such court determines that Indemnitee is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not Indemnitee (i) has met the standards of conduct set forth in Section 2-418(b) of the MGCL or (ii) has been adjudged liable for receipt of an improper personal benefit under Section 2-418(c) of the MGCL, the court may order such indemnification as the court shall deem proper without regard to any limitation on such court-ordered indemnification contemplated by Section 2-418(d)(2) (ii) of the MGCL.

Section 7. Indemnification for Expenses of an Indemnitee Who is Wholly or Partially Successful . Notwithstanding any other provision of this Agreement, and without limiting any such provision, to the extent that Indemnitee was or is, by reason of Indemnitee's Corporate Status, made a party to (or otherwise becomes a participant in) any Proceeding and is successful, on the merits or otherwise, in the defense of such Proceeding, the Company shall indemnify Indemnitee for all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee under this Section 7 for all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with each such claim, issue or matter, allocated on a reasonable and proportionate basis. For purposes of this Section 7 and, without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 8. Advance of Expenses for Indemnitee . If, by reason of Indemnitee's Corporate Status, Indemnitee is, or is threatened to be, made a party to any Proceeding, the Company shall, without requiring a preliminary determination of Indemnitee's ultimate entitlement to indemnification hereunder, advance all Expenses incurred by or on behalf of Indemnitee in connection with such Proceeding. The Company shall make such advance within ten days after the receipt by the Company of a statement or statements requesting such advance from time to time, whether prior to or after final disposition of such Proceeding and may be in the form of, in the reasonable discretion of the Indemnitee (but without duplication), (a) payment

of such Expenses directly to third parties on behalf of Indemnitee, (b) advance of funds to Indemnitee in an amount sufficient to pay such Expenses or (c) reimbursement to Indemnitee for Indemnitee's payment of such Expenses. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee and shall include or be preceded or accompanied by a written affirmation by Indemnitee and a written undertaking by or on behalf of Indemnitee, in substantially the form attached hereto as Exhibit A or in such form as may be required under applicable law as in effect at the time of the execution thereof. To the extent that Expenses advanced to Indemnitee do not relate to a specific claim, issue or matter in the Proceeding, such Expenses shall be allocated on a reasonable and proportionate basis. The undertaking required by this Section 8 shall be an unlimited general obligation by or on behalf of Indemnitee and shall be accepted without reference to Indemnitee's financial ability to repay such advanced Expenses and without any requirement to post security therefor.

Section 9. Indemnification and Advance of Expenses as a Witness or Other Participant . Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is or may be, by reason of Indemnitee's Corporate Status, made a witness or otherwise asked to participate in any Proceeding, whether instituted by the Company or any other person, and to which Indemnitee is not a party, Indemnitee shall be advanced and indemnified against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith within ten days after the receipt by the Company of a statement or statements requesting any such advance or indemnification from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee. In connection with any such advance of Expenses, the Company may require Indemnitee to provide an undertaking and affirmation substantially in the form attached hereto as Exhibit A .

Section 10. Procedure for Determination of Entitlement to Indemnification .

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. Indemnitee may submit one or more such requests from time to time and at such time(s) as Indemnitee deems appropriate in Indemnitee's sole discretion. The officer of the Company receiving any such request from Indemnitee shall, promptly upon receipt of such a request for indemnification, advise the Board of Directors in writing that Indemnitee has requested indemnification.

(b) Upon written request by Indemnitee for indemnification pursuant to Section 10(a) above, a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall promptly be made in the specific case: (i) if a Change in Control has occurred, by Independent Counsel, in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee, which Independent Counsel shall be selected by the Indemnitee and approved by the Board of Directors in accordance with Section 2-418(e)(2)(ii) of the MGCL, which approval shall not be unreasonably withheld; or (ii) if a Change in Control has not occurred, (A) by a majority vote of the Disinterested Directors or, by the majority vote of a group of Disinterested Directors designated by the Disinterested Directors to make the determination, (B) if Independent Counsel has been selected by the Board of Directors in

accordance with Section 2-418(e)(2)(ii) of the MGCL and approved by the Indemnitee, which approval shall not be unreasonably withheld or delayed, by Independent Counsel, in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee or (C) if so directed by the Board of Directors, by the stockholders of the Company other than directors or officers who are parties to the Proceeding. If it is so determined that Indemnitee is entitled to indemnification, the Company shall make payment to Indemnitee within ten days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary or appropriate to such determination in the discretion of the Board of Directors or Independent Counsel if retained pursuant to clause (ii)(B) of this Section 10(b). Any Expenses incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company shall indemnify and hold Indemnitee harmless therefrom.

(c) The Company shall pay the reasonable fees and expenses of Independent Counsel, if one is appointed.

Section 11. Presumptions and Effect of Certain Proceedings .

(a) In making any determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 10(a) of this Agreement, and the Company shall have the burden of overcoming that presumption in connection with the making of any determination contrary to that presumption.

(b) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, upon a plea of *nolo contendere* or its equivalent, or entry of an order of probation prior to judgment, does not create a presumption that Indemnitee did not meet the requisite standard of conduct described herein for indemnification.

(c) The knowledge and/or actions, or failure to act, of any other director, officer, employee or agent of the Company or any other director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise shall not be imputed to Indemnitee for purposes of determining any other right to indemnification under this Agreement.

Section 12. Remedies of Indemnitee .

(a) If (i) a determination is made pursuant to Section 10(b) of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advance of Expenses is not timely made pursuant to Sections 8 or 9 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 10(b) of this Agreement

within 60 days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Sections 7 or 9 of this Agreement within ten days after receipt by the Company of a written request therefor, or (v) payment of indemnification pursuant to any other section of this Agreement or the charter or Bylaws of the Company is not made within ten days after a determination has been made that Indemnitee is entitled to indemnification, Indemnitee shall be entitled to an adjudication in an appropriate court located in the State of Maryland, or in any other court of competent jurisdiction, or to arbitration conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association, of Indemnitee's entitlement to indemnification or advance of Expenses. Indemnitee shall commence a proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 12(a); provided, however, that the foregoing clause shall not apply to a proceeding brought by Indemnitee to enforce Indemnitee's rights under Section 7 of this Agreement. Except as set forth herein, the provisions of Maryland law (without regard to its conflicts of laws rules) shall apply to any such arbitration. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In any judicial proceeding or arbitration commenced pursuant to this Section 12, Indemnitee shall be presumed to be entitled to indemnification or advance of Expenses, as the case may be, under this Agreement and the Company shall have the burden of proving that Indemnitee is not entitled to indemnification or advance of Expenses, as the case may be. If Indemnitee commences a judicial proceeding or arbitration pursuant to this Section 12, Indemnitee shall not be required to reimburse the Company for any advances pursuant to Section 8 of this Agreement until a final determination is made with respect to Indemnitee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed). The Company shall, to the fullest extent not prohibited by law, be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 12 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all of the provisions of this Agreement.

(c) If a determination shall have been made pursuant to Section 10(b) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 12, absent a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification that was not introduced into evidence in connection with the determination.

(d) In the event that Indemnitee is successful in seeking, pursuant to this Section 12, a judicial adjudication of or an award in arbitration to enforce Indemnitee's rights under, or to recover damages for breach of, this Agreement, Indemnitee shall be entitled to recover from the Company, and shall be indemnified by the Company for, any and all Expenses actually and reasonably incurred by Indemnitee in such judicial adjudication or arbitration. If it shall be determined in such judicial adjudication or arbitration that Indemnitee is entitled to receive part but not all of the indemnification or advance of Expenses sought, the Expenses incurred by

Indemnitee in connection with such judicial adjudication or arbitration shall be appropriately prorated.

(e) Interest shall be paid by the Company to Indemnitee at the maximum rate allowed to be charged for judgments under the Courts and Judicial Proceedings Article of the Annotated Code of Maryland for amounts which the Company pays or is obligated to pay for the period (i) commencing with either the tenth day after the date on which the Company was requested to advance Expenses in accordance with Sections 8 or 9 of this Agreement or the 60 th day after the date on which the Company was requested to make the determination of entitlement to indemnification under Section 10(b) of this Agreement, as applicable, and (ii) ending on the date such payment is made to Indemnitee by the Company.

Section 13. Defense of the Underlying Proceeding .

(a) Indemnitee shall notify the Company promptly in writing upon being served with any summons, citation, subpoena, complaint, indictment, request or other document relating to any Proceeding which may result in the right to indemnification or the advance of Expenses hereunder and shall include with such notice a description of the nature of the Proceeding and a summary of the facts underlying the Proceeding. The failure to give any such notice shall not disqualify Indemnitee from the right, or otherwise affect in any manner any right of Indemnitee, to indemnification or the advance of Expenses under this Agreement unless the Company's ability to defend in such Proceeding or to obtain proceeds under any insurance policy is materially and adversely prejudiced thereby, and then only to the extent the Company is thereby actually so prejudiced.

(b) Subject to the provisions of the last sentence of this Section 13(b) and of Section 13(c) below, the Company shall have the right to defend Indemnitee in any Proceeding which may give rise to indemnification hereunder; provided, however, that the Company shall notify Indemnitee of any such decision to defend within 15 calendar days following receipt of notice of any such Proceeding under Section 13(a) above. The Company shall not, without the prior written consent of Indemnitee, which shall not be unreasonably withheld or delayed, consent to the entry of any judgment against Indemnitee or enter into any settlement or compromise which (i) includes an admission of fault of Indemnitee, (ii) does not include, as an unconditional term thereof, the full release of Indemnitee from all liability in respect of such Proceeding, which release shall be in form and substance reasonably satisfactory to Indemnitee or (iii) would impose any Expense, judgment, fine, penalty or limitation on Indemnitee. This Section 13(b) shall not apply to a Proceeding brought by Indemnitee under Section 12 of this Agreement.

(c) Notwithstanding the provisions of Section 13(b) above, if in a Proceeding to which Indemnitee is a party by reason of Indemnitee's Corporate Status, (i) Indemnitee reasonably concludes, based upon an opinion of counsel approved by the Company, which approval shall not be unreasonably withheld or delayed, that Indemnitee may have separate defenses or counterclaims to assert with respect to any issue which may not be consistent with other defendants in such Proceeding, (ii) Indemnitee reasonably concludes, based upon an opinion of counsel approved by the Company, which approval shall not be unreasonably withheld or delayed, that an actual or apparent conflict of interest or potential conflict of interest

exists between Indemnitee and the Company, or (iii) if the Company fails to assume the defense of such Proceeding in a timely manner, Indemnitee shall be entitled to be represented by separate legal counsel of Indemnitee's choice, subject to the prior approval of the Company, which approval shall not be unreasonably withheld or delayed, at the expense of the Company. In addition, if the Company fails to comply with any of its obligations under this Agreement or in the event that the Company or any other person takes any action to declare this Agreement void or unenforceable, or institutes any Proceeding to deny or to recover from Indemnitee the benefits intended to be provided to Indemnitee hereunder, Indemnitee shall have the right to retain counsel of Indemnitee's choice, subject to the prior approval of the Company, which approval shall not be unreasonably withheld or delayed, at the expense of the Company (subject to Section 12(d) of this Agreement), to represent Indemnitee in connection with any such matter.

Section 14. Non-Exclusivity; Survival of Rights; Subrogation .

(a) The rights of indemnification and advance of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the charter or Bylaws of the Company, any agreement or a resolution of the stockholders entitled to vote generally in the election of directors or of the Board of Directors, or otherwise. Unless consented to in writing by Indemnitee, no amendment, alteration or repeal of the charter or Bylaws of the Company, this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in Indemnitee's Corporate Status prior to such amendment, alteration or repeal, regardless of whether a claim with respect to such action or inaction is raised prior or subsequent to such amendment, alteration or repeal. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right or remedy shall be cumulative and in addition to every other right or remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion of any right or remedy hereunder, or otherwise, shall not prohibit the concurrent assertion or employment of any other right or remedy.

(b) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

Section 15. Insurance .

(a) The Company will use its reasonable best efforts to acquire directors and officers liability insurance, on terms and conditions deemed appropriate by the Board of Directors, with the advice of counsel, covering Indemnitee or any claim made against Indemnitee by reason of Indemnitee's Corporate Status and covering the Company for any indemnification or advance of Expenses made by the Company to Indemnitee for any claims made against Indemnitee by reason of Indemnitee's Corporate Status. In the event of a Change in Control, the Company shall maintain in force any and all directors and officers liability insurance policies that were maintained by the Company immediately prior to the Change in Control for a period of 6 years with the insurance carrier or carriers and through the insurance broker in place at the time of the

Change in Control; provided, however, (i) if the carriers will not offer the same policy and an expiring policy needs to be replaced, a policy substantially comparable in scope and amount shall be obtained and (ii) if any replacement insurance carrier is necessary to obtain a policy substantially comparable in scope and amount, such insurance carrier shall have an AM Best rating that is the same or better than the AM Best rating of the existing insurance carrier; provided, further, however, in no event shall the Company be required to expend in the aggregate in excess of 300% of the annual premium or premiums paid by the Company for directors and officer liability insurance in effect on the date of the Change in Control. In the event that 300% of the annual premiums paid by the Company for such existing directors and officers liability insurance is insufficient for such coverage, the Company shall spend up to that amount to purchase such lesser coverage as may be obtained with such amount.

(b) Without in any way limiting any other obligation under this Agreement, the Company shall indemnify Indemnitee for any payment by Indemnitee which would otherwise be indemnifiable hereunder arising out of the amount of any deductible or retention and the amount of any excess of the aggregate of all judgments, penalties, fines, settlements and Expenses incurred by Indemnitee in connection with a Proceeding over the coverage of any insurance referred to Section 15(a). The purchase, establishment and maintenance of any such insurance shall not in any way limit or affect the rights or obligations of the Company or Indemnitee under this Agreement except as expressly provided herein, and the execution and delivery of this Agreement by the Company and the Indemnitee shall not in any way limit or affect the rights or obligations of the Company under any such insurance policies. If, at the time the Company receives notice from any source of a Proceeding to which Indemnitee is a party or a participant (as a witness or otherwise), the Company has director and officer liability insurance in effect, the Company shall give prompt notice of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies.

(c) The Indemnitee shall cooperate with the Company or any insurance carrier of the Company with respect to any Proceeding.

Section 16. Coordination of Payments . The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable or payable or reimbursable as Expenses hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

Section 17. Contribution . If the indemnification provided in this Agreement is unavailable in whole or in part and may not be paid to Indemnitee for any reason, other than for failure to satisfy the standard of conduct set forth in Section 4 or due to the provisions of Section 5, then, in respect to any Proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such Proceeding), to the fullest extent permissible under applicable law, the Company, in lieu of indemnifying and holding harmless Indemnitee, shall pay, in the first instance, the entire amount incurred by Indemnitee, whether for Expenses, judgments, penalties, and/or amounts paid or to be paid in settlement, in connection with any Proceeding without requiring Indemnitee to contribute to such payment, and the Company hereby waives and relinquishes any right of contribution it may have at any time against Indemnitee.

Section 18. Reports to Stockholders . To the extent required by the MGCL, the Company shall report in writing to its stockholders the payment of any amounts for indemnification of, or advance of Expenses to, Indemnitee under this Agreement arising out of a Proceeding by or in the right of the Company with the notice of the meeting of stockholders of the Company next following the date of the payment of any such indemnification or advance of Expenses or prior to such meeting.

Section 19. Duration of Agreement; Binding Effect .

(a) This Agreement shall continue until and terminate on the later of (i) the date that Indemnitee shall have ceased to serve as a director, officer, employee or agent of the Company or as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, real estate investment trust, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving in such capacity at the request of the Company and (ii) the date that Indemnitee is no longer subject to any actual or possible Proceeding (including any rights of appeal thereto and any Proceeding commenced by Indemnitee pursuant to Section 12 of this Agreement).

(b) The indemnification and advance of Expenses provided by, or granted pursuant to, this Agreement shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), shall continue as to an Indemnitee who has ceased to be a director, officer, employee or agent of the Company or a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving in such capacity at the request of the Company, and shall inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

(c) The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

(d) The Company and Indemnitee agree that a monetary remedy for breach of this Agreement, at some later date, may be inadequate, impracticable and difficult of proof, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may enforce this Agreement by seeking injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm and that by seeking injunctive relief and/or specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which Indemnitee may be entitled. Indemnitee shall further be entitled to such specific performance and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the

necessity of posting bonds or other undertakings in connection therewith. The Company acknowledges that, in the absence of a waiver, a bond or undertaking may be required of Indemnitee by a court, and the Company hereby waives any such requirement of such a bond or undertaking.

Section 20. Severability . If any provision or provisions of this Agreement shall be held to be invalid, void, illegal or otherwise unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 21. Identical Counterparts . This Agreement may be executed in one or more counterparts (delivery of which may be by facsimile, or via email as a portable document format (.pdf.)), each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. One such counterpart signed by the party against whom enforceability is sought shall be sufficient to evidence the existence of this Agreement.

Section 22. Headings . The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

Section 23. Modification and Waiver . No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor, unless otherwise expressly stated, shall such waiver constitute a continuing waiver.

Section 24. Notices . All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, on the day of such delivery, or (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

(a) If to Indemnitee, to the address set forth on the signature page hereto.

(b) If to the Company, to:

Armada Hoffler Properties, Inc.
Attn: Corporate Secretary
222 Central Park Avenue
Suite 2100
Virginia Beach, Virginia 23462

with a copy to (which shall not constitute notice):

Hunton & Williams LLP
Riverfront Plaza, East Tower
951 East Byrd Street
Richmond, VA 23219
Attention: David C. Wright, Esq.

or to such other address as may have been furnished in writing to Indemnatee by the Company or to the Company by Indemnatee, as the case may be.

Section 25. Governing Law . This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Maryland, without regard to its conflicts of laws rules.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

COMPANY:

ARMADA HOFFLER PROPERTIES, INC.

By: _____

Name:

Title:

INDEMNITEE

Name:

Address:



EXHIBIT A

AFFIRMATION AND UNDERTAKING TO REPAY EXPENSES ADVANCED

To: The Board of Directors of Armada Hoffler Properties, Inc.

Re: Affirmation and Undertaking

Ladies and Gentlemen:

This Affirmation and Undertaking is being provided pursuant to that certain Indemnification Agreement dated the ___ day of _____, 20 __, by and between Armada Hoffler Properties, Inc., a Maryland corporation (the "Company"), and the undersigned Indemnitee (the "Indemnification Agreement"), pursuant to which I am entitled to advance of Expenses in connection with **[Description of Proceeding]** (the "Proceeding").

Terms used herein and not otherwise defined shall have the meanings specified in the Indemnification Agreement.

I am subject to the Proceeding by reason of my Corporate Status or by reason of alleged actions or omissions by me in such capacity. I hereby affirm my good faith belief that at all times, insofar as I was involved as **[a director]** **[and]** **[an officer]** of the Company, in any of the facts or events giving rise to the Proceeding, I (1) did not act with bad faith or active or deliberate dishonesty, (2) did not receive any improper personal benefit in money, property or services and (3) in the case of any criminal proceeding, had no reasonable cause to believe that any act or omission by me was unlawful.

In consideration of the advance by the Company for Expenses incurred by me in connection with the Proceeding (the "Advanced Expenses"), I hereby agree that if, in connection with the Proceeding, it is established that (1) an act or omission by me was material to the matter giving rise to the Proceeding and (a) was committed in bad faith or (b) was the result of active and deliberate dishonesty, or (2) I actually received an improper personal benefit in money, property or services or (3) in the case of any criminal proceeding, I had reasonable cause to believe that the act or omission was unlawful, then I shall promptly reimburse the portion of the Advanced Expenses relating to the claims, issues or matters in the Proceeding as to which the foregoing findings have been established.

IN WITNESS WHEREOF, I have executed this Affirmation and Undertaking on this ____ day of _____, 20 __ .

Name: _____

Schedule A

Indemnitee	Date
Daniel A. Hoffler	May 13, 2013
A. Russell Kirk	May 13, 2013
John W. Snow	May 13, 2013
George F. Allen	May 13, 2013
James A. Carroll	May 13, 2013
James C. Cherry	May 13, 2013
Louis S. Haddad	May 13, 2013
Eva S. Hardy	March 25, 2015
Joseph W. Prueher	October 24, 2013
Anthony P. Nero	May 13, 2013
Eric E. Apperson	May 13, 2013
Shelly R. Hampton	May 13, 2013
Michael P. O'Hara	May 13, 2013
Eric L. Smith	May 13, 2013

PURCHASE AND SALE

AGREEMENT

dated

December 3, 2015

by and between

**DDR-SAU South Square, L.L.C.
DDR-SAU Durham Patterson, L.L.C.
DDR-SAU Wendover Phase II, L.L.C.
DDR-SAU Salisbury Alexander, L.L.C.
DDR-SAU Winston-Salem Harper Hill, L.L.C.
DDR-SAU Greer North Hampton Market, L.L.C.
DDR-SAU Nashville Willowbrook, LLC
DDR-SAU South Bend Broadmoor, L.L.C.
DDR-SAU Oakland, L.L.C.
DDR-SAU Waynesboro, L.L.C.
DDR-SAU Pasadena Red Bluff Limited Partnership**

SELLERS

and

AHP ACQUISITIONS, LLC

PURCHASER

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PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this “**Agreement**”) is dated and made as of the 3rd day of December, 2015 (the “**Effective Date**”) by and between **DDR-SAU South Square, L.L.C.**, a Delaware limited liability company (“**South Square Seller**”), **DDR-SAU Durham Patterson, L.L.C.**, a Delaware limited liability company (“**Patterson Place Seller**”), **DDR-SAU Wendover Phase II, L.L.C.**, a Delaware limited liability company (“**Wendover Village II Seller**”), **DDR-SAU Salisbury Alexander, L.L.C.**, a Delaware limited liability company (“**Alexander Pointe Seller**”), **DDR-SAU Winston-Salem Harper Hill, L.L.C.**, a Delaware limited liability company (“**Harper Hills Seller**”), **DDR-SAU Greer North Hampton Market, L.L.C.**, a Delaware limited liability company (“**North Hampson Seller**”), **DDR-SAU Nashville Willowbrook, L.L.C.**, a Delaware limited liability company (“**Willowbrook Seller**”), **DDR-SAU South Bend Broadmoor, L.L.C.**, a Delaware limited liability company (“**Broadmoor Seller**”), **DDR-SAU Oakland, L.L.C.**, a Delaware limited liability company (“**Oakland Seller**”), **DDR-SAU Waynesboro, L.L.C.**, a Delaware limited liability company (“**Waynesboro Seller**”), and **DDR-SAU Pasadena Red Bluff Limited Partnership**, an Illinois limited partnership (“**Kroger Junction Seller**”), each with an office at c/o Teachers Insurance and Annuity Association of America, 730 Third Avenue, New York, New York 10017 (each, individually, a “**Seller**” and collectively, “**Sellers**”), and **AHP ACQUISITIONS, LLC**, a Virginia limited liability company, with an office at 222 Central Park Avenue, Suite 2100, Virginia Beach, Virginia 23462 (“**Purchaser**”).

RECITALS

A. Sellers desire to sell and Purchaser desires to purchase all of Sellers’ right, title and interest in and to the Properties (as hereinafter defined) upon the terms and conditions set forth in this Agreement.

B. Certain rules of construction for interpreting this Agreement are set forth on **Schedule 1** attached hereto and which is hereby incorporated in and constitutes part of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and provisions contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as set forth below.

ARTICLE I

SALE OF THE PROPERTY

1.1 **Sale of Property.** (a) South Square Seller agrees to sell, transfer and assign to Purchaser and Purchaser agrees to purchase, accept and assume from South Square Seller, subject to and in accordance with the provisions of this Agreement, all of the following (collectively, the “**South Square Property**”):

(i) **South Square Land.** The parcel(s) of real property, including outparcels and pad sites within said parcel(s), located in Durham, North Carolina more

particularly described in **Exhibit A-1** attached hereto, and all of the right, title, and interest of South Square Seller in and to any land lying in the bed of any street, avenue or alley, open or closed, in front of, abutting or adjoining any such parcel(s) of real property, and all right, title and interest of South Square Seller in and to any award made or to be made as a result of any street closure (collectively, “**South Square Land**”);

(ii) **South Square Appurtenances**. All of South Square Seller’s right, title and interest in and to all easements, rights of way, licenses, privileges, subsurface rights, water rights, air rights, development rights and other rights appurtenant to the Land (collectively, “**South Square Appurtenances**”);

(iii) **South Square Improvements**. All improvements and structures located on the South Square Land (collectively, “**South Square Improvements**”);

(iv) **South Square Leases**. All of South Square Seller’s right, title and interest in and to all leases, subleases, licenses, other agreements creating a possessory interest and other occupancy agreements, including all amendments, riders, addenda, exhibits and schedules thereto, and also including any guaranties thereof and any security deposits and other deposits (and any interest thereon), thereunder, affecting the South Square Land and South Square Improvements which are shown on **Exhibit B-1** attached hereto and any New Leases (as hereinafter defined in **Section 10.3**) with respect to the South Square Land and the South Square Improvements (collectively, the “**South Square Leases**”);

(v) **South Square Fixtures and Personal Property**. All of South Square Seller’s right, title and interest in and to all fixtures, machinery systems, equipment and personal property owned by South Square Seller attached or appurtenant to, located on and used in connection with the ownership, use, management, maintenance and operation of the South Square Land or the South Square Improvements (collectively, “**South Square Fixtures and Personal Property**”); and

(vi) **South Square Intangible Property**. All of South Square Seller’s right, title and interest, if any, in and to all of the following items, to the extent assignable and without warranty or cost to South Square Seller: all (A) consents, licenses, approvals (governmental or otherwise), certificates of occupancy, certificates, permits, plans, development rights, warranties, guarantees and floor plans, plans and specifications, and (B) trademarks or tradenames, websites, telephone numbers, copyrights and development rights relating to the South Square Land, South Square Appurtenances, South Square Improvements, South Square Leases or the South Square Fixtures and Personal Property (collectively, “**South Square Intangible Property**”).

(b) Patterson Place Seller agrees to sell, transfer and assign to Purchaser and Purchaser agrees to purchase, accept and assume from Patterson Place Seller, subject to and in accordance with the provisions of this Agreement, all of the following (collectively, the “**Patterson Place Property**”):

(i) **Patterson Place Land**. The parcel(s) of real property, including outparcels and pad sites within said parcel(s), located in Durham, North Carolina more particularly described in **Exhibit A-2** attached hereto, and all of the right, title, and interest of Patterson Place Seller in and to any land lying in the bed of any street, avenue or alley, open or closed, in front of, abutting or adjoining any such parcel(s) of real property, and all right, title and interest of Patterson Place Seller in and to any award made or to be made as a result of any street closure (collectively, "**Patterson Place Land**");

(ii) **Patterson Place Appurtenances**. All of Patterson Place Seller's right, title and interest in and to all easements, rights of way, licenses, privileges, subsurface rights, water rights, air rights, development rights and other rights appurtenant to the Land (collectively, "**Patterson Place Appurtenances**");

(iii) **Patterson Place Improvements**. All improvements and structures located on the Patterson Place Land (collectively, "**Patterson Place Improvements**");

(iv) **Patterson Place Leases**. All of Patterson Place Seller's right, title and interest in and to all leases, subleases, licenses, other agreements creating a possessory interest and other occupancy agreements, including all amendments, riders, addenda, exhibits and schedules thereto, and also including any guaranties thereof and any security deposits and other deposits (and any interest thereon), thereunder, affecting the Patterson Place Land and Patterson Place Improvements which are shown on **Exhibit B-2** attached hereto and any New Leases with respect to the Patterson Place Land and the Patterson Place Improvements (collectively, the "**Patterson Place Leases**");

(v) **Patterson Place Fixtures and Personal Property**. All of Patterson Place Seller's right, title and interest in and to all fixtures, machinery systems, equipment and personal property owned by Patterson Place Seller attached or appurtenant to, located on and used in connection with the ownership, use, management, maintenance and operation of the Patterson Place Land or the Patterson Place Improvements (collectively, "**Patterson Place Fixtures and Personal Property**"); and

(vi) **Patterson Place Intangible Property**. All of Patterson Place Seller's right, title and interest, if any, in and to all of the following items, to the extent assignable and without warranty or cost to Patterson Place Seller: all (A) consents, licenses, approvals (governmental or otherwise), certificates of occupancy, certificates, permits, plans, development rights, warranties, guarantees and floor plans, plans and specifications, and (B) trademarks or tradenames, websites, telephone numbers, copyrights and development rights relating to the Patterson Place Land, Patterson Place Appurtenances, Patterson Place Improvements, Patterson Place Leases or the Patterson Place Fixtures and Personal Property (collectively, "**Patterson Place Intangible Property**").

(c) Wendover Village II Seller agrees to sell, transfer and assign to Purchaser and Purchaser agrees to purchase, accept and assume from Wendover Village II Seller, subject to

and in accordance with the provisions of this Agreement, all of the following (collectively, the “**Wendover Village II Property**”):

(i) **Wendover Village II Land**. The parcel(s) of real property, including outparcels and pad sites within said parcel(s), located in Greensboro, North Carolina more particularly described in **Exhibit A-3** attached hereto, and all of the right, title, and interest of Wendover Village II Seller in and to any land lying in the bed of any street, avenue or alley, open or closed, in front of, abutting or adjoining any of the parcels of real property, and all right, title and interest of Wendover Village II Seller in and to any award made or to be made as a result of any street closure (collectively, “**Wendover Village II Land**”);

(ii) **Wendover Village II Appurtenances**. All of Wendover Village II Seller’s right, title and interest in and to all easements, rights of way, licenses, privileges, subsurface rights, water rights, air rights, development rights and other rights appurtenant to the Land (collectively, “**Wendover Village II Appurtenances**”);

(iii) **Wendover Village II Improvements**. All improvements and structures located on the Wendover Village II Land (collectively, “**Wendover Village II Improvements**”);

(iv) **Wendover Village II Leases**. All of Wendover Village II Seller’s right, title and interest in and to leases, subleases, licenses, other agreements creating a possessory interest and other occupancy agreements, including all amendments, riders, addenda, exhibits and schedules thereto, and also including any guaranties thereof and any security deposits and other deposits (and any interest thereon), thereunder, affecting the Wendover Village II Land and Wendover Village II Improvements which are shown on **Exhibit B-3** attached hereto and any New Leases with respect to the Wendover Village II Land and the Wendover Village II Improvements (collectively, the “**Wendover Village II Leases**”);

(v) **Wendover Village II Fixtures and Personal Property**. All of Wendover Village II Seller’s right, title and interest in and to all fixtures, machinery systems, equipment and personal property owned by Wendover Village II Seller attached or appurtenant to, located on and used in connection with the ownership, use, management, maintenance and operation of the Wendover Village II Land or the Wendover Village II Improvements (collectively, “**Wendover Village II Fixtures and Personal Property**”); and

(vi) **Wendover Village II Intangible Property**. All of Wendover Village II Seller’s right, title and interest, if any, in and to all of the following items, to the extent assignable and without warranty or cost to Wendover Village II Seller: all (A) consents, licenses, approvals (governmental or otherwise), certificates of occupancy, certificates, permits, plans, development rights, warranties, guarantees and floor plans, plans and specifications, (B) environmental agreements and the rights, covenants and protections contained therein including, but not limited to, the Brownfields Agreement between the North Carolina Department of Environmental Quality (formerly known as

the North Carolina Department of Environmental and Natural Resources, hereinafter referred to as “NCDEQ”) and Wendover Village, LLC and executed on February 21, 2003 (the “**Wendover Brownfields Agreement**”), a copy of which is attached as Exhibit A to that certain Notice of Brownfields Property dated February 24, 2003 and recorded in the Register of Deeds for Guilford County, North Carolina in Deed Book 5751, Page 2110 (the “**Wendover Brownfields Notice**”); and (C) trademarks or tradenames, websites, telephone numbers, copyrights and development rights relating to the Wendover Village II Land, Wendover Village II Appurtenances, Wendover Village II Improvements, Wendover Village II Leases or the Wendover Village II Fixtures and Personal Property (collectively, “**Wendover Village II Intangible Property**”; provided, however that the foregoing Wendover Village II Intangible Property shall not include the Wendover Village II Seller’s right, title and/or interest to the Pollution Legal Liability Select Policy issued by AIG Specialty Insurance Company (the “**Wendover Environmental Policy**”) held by the Wendover Village II Seller on the Wendover Village II Property).

(d) Alexander Pointe Seller agrees to sell, transfer and assign to Purchaser and Purchaser agrees to purchase, accept and assume from Alexander Pointe Seller, subject to and in accordance with the provisions of this Agreement, all of the following (collectively, the “**Alexander Pointe Property**”):

(i) **Alexander Pointe Land**. The parcel(s) of real property, including outparcels and pad sites within said parcel(s), located in Salisbury, North Carolina more particularly described in **Exhibit A-4** attached hereto, and all of the right, title, and interest of Alexander Pointe Seller in and to any land lying in the bed of any street, avenue or alley, open or closed, in front of, abutting or adjoining any such parcel(s) of real property, and all right, title and interest of Alexander Pointe Seller in and to any award made or to be made as a result of any street closure (collectively, “**Alexander Pointe Land**”);

(ii) **Alexander Pointe Appurtenances**. All of Alexander Pointe Seller’s right, title and interest in and to all easements, rights of way, licenses, privileges, subsurface rights, water rights, air rights, development rights and other rights appurtenant to the Land (collectively, “**Alexander Pointe Appurtenances**”);

(iii) **Alexander Pointe Improvements**. All improvements and structures located on the Alexander Pointe Land (collectively, “**Alexander Pointe Improvements**”);

(iv) **Alexander Pointe Leases**. All of Alexander Pointe Seller’s right, title and interest in and to all leases, subleases, licenses, other agreements creating a possessory interest and other occupancy agreements, including all amendments, riders, addenda, exhibits and schedules thereto, and also including any guaranties thereof and any security deposits and other deposits (and any interest thereon), thereunder, affecting the Alexander Pointe Land and Alexander Pointe Improvements which are shown on **Exhibit B-4** attached hereto and any New Leases with respect to the Alexander Pointe

Land and the Alexander Pointe Improvements (collectively, the “**Alexander Pointe Leases**”);

(v) **Alexander Pointe Fixtures and Personal Property**. All of Alexander Pointe Seller’s right, title and interest in and to all fixtures, machinery systems, equipment and personal property owned by Alexander Pointe Seller attached or appurtenant to, located on and used in connection with the ownership, use, management, maintenance and operation of the Alexander Pointe Land or the Alexander Pointe Improvements (collectively, “**Alexander Pointe Fixtures and Personal Property**”); and

(vi) **Alexander Pointe Intangible Property**. All of Alexander Pointe Seller’s right, title and interest, if any, in and to all of the following items, to the extent assignable and without warranty or cost to Alexander Pointe Seller: all (A) consents, licenses, approvals (governmental or otherwise), certificates of occupancy, certificates, permits, plans, development rights, warranties, guarantees and floor plans, plans and specifications, and (B) trademarks or tradenames, websites, telephone numbers, copyrights and development rights relating to the Alexander Pointe Land, Alexander Pointe Appurtenances, Alexander Pointe Improvements, Alexander Pointe Leases or the Alexander Pointe Fixtures and Personal Property (collectively, “**Alexander Pointe Intangible Property**”).

(e) Harper Hills Seller agrees to sell, transfer and assign to Purchaser and Purchaser agrees to purchase, accept and assume from Harper Hills Seller, subject to and in accordance with the provisions of this Agreement, all of the following (collectively, the “**Harper Hills Property**”, and together with the South Square Property, the Patterson Place Property, the Wendover Village II Property and the Alexander Pointe Property, the “**North Carolina Properties**”):

(i) **Harper Hills Land**. The parcel(s) of real property, including outparcels and pad sites within said parcel(s), located in Winston-Salem, North Carolina more particularly described in **Exhibit A-5** attached hereto, and all of the right, title, and interest of Harper Hills Seller in and to any land lying in the bed of any street, avenue or alley, open or closed, in front of, abutting or adjoining any such parcel(s) of real property, and all right, title and interest of Harper Hills Seller in and to any award made or to be made as a result of any street closure (collectively, “**Harper Hills Land**”);

(ii) **Harper Hills Appurtenances**. All of Harper Hills Seller’s right, title and interest in and to all easements, rights of way, licenses, privileges, subsurface rights, water rights, air rights, development rights and other rights appurtenant to the Land (collectively, “**Harper Hills Appurtenances**”);

(iii) **Harper Hills Improvements**. All improvements and structures located on the Harper Hills Land (collectively, “**Harper Hills Improvements**”);

(iv) **Harper Hills Leases**. All of Harper Hills Seller’s right, title and interest in and to all leases, subleases, licenses, other agreements creating a possessory interest and other occupancy agreements, including all amendments, riders, addenda,

exhibits and schedules thereto, and also including any guaranties thereof and any security deposits and other deposits (and any interest thereon), thereunder, affecting the Harper Hills Land and Harper Hills Improvements which are shown on **Exhibit B-5** attached hereto and any New Leases with respect to the Harper Hills Land and the Harper Hills Improvements (collectively, the “**Harper Hills Leases**”);

(v) **Harper Hills Fixtures and Personal Property.** All of Harper Hills Seller’s right, title and interest in and to all fixtures, machinery systems, equipment and personal property owned by Harper Hills Seller attached or appurtenant to, located on and used in connection with the ownership, use, management, maintenance and operation of the Harper Hills Land or the Harper Hills Improvements (collectively, “**Harper Hills Fixtures and Personal Property**”); and

(vi) **Harper Hills Intangible Property.** All of Harper Hills Seller’s right, title and interest, if any, in and to all of the following items, to the extent assignable and without warranty or cost to Harper Hills Seller: all (A) consents, licenses, approvals (governmental or otherwise), certificates of occupancy, certificates, permits, plans, development rights, warranties, guarantees and floor plans, plans and specifications, and (B) trademarks or tradenames, websites, telephone numbers, copyrights and development rights relating to the Harper Hills Land, Harper Hills Appurtenances, Harper Hills Improvements, Harper Hills Leases or the Harper Hills Fixtures and Personal Property (collectively, “**Harper Hills Intangible Property**”).

(f) North Hampton Seller agrees to sell, transfer and assign to Purchaser and Purchaser agrees to purchase, accept and assume from North Hampton Seller, subject to and in accordance with the provisions of this Agreement, all of the following (collectively, the “**North Hampton Property**”):

(i) **North Hampton Land.** The parcel(s) of real property, including outparcels and pad sites within said parcel(s), located in Taylors, South Carolina more particularly described in **Exhibit A-6** attached hereto, and all of the right, title, and interest of North Hampton Seller in and to any land lying in the bed of any street, avenue or alley, open or closed, in front of, abutting or adjoining any such parcel(s) of real property, and all right, title and interest of North Hampton Seller in and to any award made or to be made as a result of any street closure (collectively, “**North Hampton Land**”);

(ii) **North Hampton Appurtenances.** All of North Hampton Seller’s right, title and interest in and to all easements, rights of way, licenses, privileges, subsurface rights, water rights, air rights, development rights and other rights appurtenant to the Land (collectively, “**North Hampton Appurtenances**”);

(iii) **North Hampton Improvements.** All improvements and structures located on the North Hampton Land (collectively, “**North Hampton Improvements**”);

(iv) **North Hampton Leases**. All of North Hampton Seller's right, title and interest in and to all leases, subleases, licenses, other agreements creating a possessory interest and other occupancy agreements, including all amendments, riders, addenda, exhibits and schedules thereto, and also including any guaranties thereof and any security deposits and other deposits (and any interest thereon), thereunder, affecting the North Hampton Land and North Hampton Improvements which are shown on **Exhibit B-6** attached hereto and any New Leases with respect to the North Hampton Land and the North Hampton Improvements (collectively, the "**North Hampton Leases**");

(v) **North Hampton Fixtures and Personal Property**. All North Hampton Seller's right, title and interest in and to all fixtures, machinery systems, equipment and personal property owned by North Hampton Seller attached or appurtenant to, located on and used in connection with the ownership, use, management, maintenance and operation of the North Hampton Land or the North Hampton Improvements (collectively, "**North Hampton Fixtures and Personal Property**"); and

(vi) **North Hampton Intangible Property**. All of North Hampton Seller's right, title and interest, if any, in and to all of the following items, to the extent assignable and without warranty or cost to North Hampton Seller: all (A) consents, licenses, approvals (governmental or otherwise), certificates of occupancy, certificates, permits, plans, development rights, warranties, guarantees and floor plans, plans and specifications, and (B) trademarks or tradenames, websites, telephone numbers, copyrights and development rights relating to the North Hampton Land, North Hampton Appurtenances, North Hampton Improvements, North Hampton Leases or the North Hampton Fixtures and Personal Property (collectively, "**North Hampton Intangible Property**").

(g) Willowbrook Seller agrees to sell, transfer and assign to Purchaser and Purchaser agrees to purchase, accept and assume from Willowbrook Seller, subject to and in accordance with the provisions of this Agreement, all of the following (collectively, the "**Willowbrook Property**");

(i) **Willowbrook Land**. The parcel(s) of real property, including outparcels and pad sites within said parcel(s), located in Nashville, Tennessee more particularly described in **Exhibit A-7** attached hereto, and all of the right, title, and interest of Willowbrook Seller in and to any land lying in the bed of any street, avenue or alley, open or closed, in front of, abutting or adjoining any such parcel(s) of real property, and all right, title and interest of Willowbrook Seller in and to any award made or to be made as a result of any street closure (collectively, "**Willowbrook Land**");

(ii) **Willowbrook Appurtenances**. All of Willowbrook Seller's right, title and interest in and to all easements, rights of way, licenses, privileges, subsurface rights, water rights, air rights, development rights and other rights appurtenant to the Land (collectively, "**Willowbrook Appurtenances**");

(iii) **Willowbrook Improvements**. All improvements and structures located on the Willowbrook Land (collectively, "**Willowbrook Improvements**");

(iv) **Willowbrook Leases**. All of Willowbrook Seller's right, title and interest in and to all leases, subleases, licenses, other agreements creating a possessory interest and other occupancy agreements, including all amendments, riders, addenda, exhibits and schedules thereto, and also including any guaranties thereof and any security deposits and other deposits (and any interest thereon), thereunder, affecting the Willowbrook Land and Willowbrook Improvements which are shown on **Exhibit B-7** attached hereto and any New Leases with respect to the Willowbrook Land and the Willowbrook Improvements (collectively, the "**Willowbrook Leases**");

(v) **Willowbrook Fixtures and Personal Property**. All of Willowbrook Seller's right, title and interest in and to all fixtures, machinery systems, equipment and personal property owned by Willowbrook Seller attached or appurtenant to, located on and used in connection with the ownership, use, management, maintenance and operation of the Willowbrook Land or the Willowbrook Improvements (collectively, "**Willowbrook Fixtures and Personal Property**"); and

(vi) **Willowbrook Intangible Property**. All of Willowbrook Seller's right, title and interest, if any, in and to all of the following items, to the extent assignable and without warranty or cost to Willowbrook Seller: all (A) consents, licenses, approvals (governmental or otherwise), certificates of occupancy, certificates, permits, plans, development rights, warranties, guarantees and floor plans, plans and specifications, and (B) trademarks or tradenames, websites, telephone numbers, copyrights and development rights relating to the Willowbrook Land, Willowbrook Appurtenances, Willowbrook Improvements, Willowbrook Leases or the Willowbrook Fixtures and Personal Property (collectively, "**Willowbrook Intangible Property**").

(h) Broadmoor Seller agrees to sell, transfer and assign to Purchaser and Purchaser agrees to purchase, accept and assume from Broadmoor Seller, subject to and in accordance with the provisions of this Agreement, all of the following (collectively, the "**Broadmoor Property**");

(i) **Broadmoor Land**. The parcel(s) of real property, including outparcels and pad sites within said parcel(s), located in South Bend, Indiana more particularly described in **Exhibit A-8** attached hereto, and all of the right, title, and interest of Broadmoor Seller in and to any land lying in the bed of any street, avenue or alley, open or closed, in front of, abutting or adjoining any such parcel(s) of real property, and all right, title and interest of Broadmoor Seller in and to any award made or to be made as a result of any street closure (collectively, "**Broadmoor Land**");

(ii) **Broadmoor Appurtenances**. All of Broadmoor Seller's right, title and interest in and to all easements, rights of way, licenses, privileges, subsurface rights, water rights, air rights, development rights and other rights appurtenant to the Land (collectively, "**Broadmoor Appurtenances**");

(iii) **Broadmoor Improvements**. All improvements and structures located on the Broadmoor Land (collectively, "**Broadmoor Improvements**");

(iv) **Broadmoor Leases**. All of Broadmoor Seller's right, title and interest in and to all leases, subleases, licenses, other agreements creating a possessory interest and other occupancy agreements, including all amendments, riders, addenda, exhibits and schedules thereto, and also including any guaranties thereof and any security deposits and other deposits (and any interest thereon), thereunder, affecting the Broadmoor Land and Broadmoor Improvements which are shown on **Exhibit B-8** attached hereto and any New Leases with respect to the Broadmoor Land and the Broadmoor Improvements (collectively, the "**Broadmoor Leases**");

(v) **Broadmoor Fixtures and Personal Property**. All of Broadmoor Seller's right, title and interest in and to all fixtures, machinery systems, equipment and personal property owned by Broadmoor Seller attached or appurtenant to, located on and used in connection with the ownership, use, management, maintenance and operation of the Broadmoor Land or the Broadmoor Improvements (collectively, "**Broadmoor Fixtures and Personal Property**"); and

(vi) **Broadmoor Intangible Property**. All of Broadmoor Seller's right, title and interest, if any, in and to all of the following items, to the extent assignable and without warranty or cost to Broadmoor Seller: all (A) consents, licenses, approvals (governmental or otherwise), certificates of occupancy, certificates, permits, plans, development rights, warranties, guarantees and floor plans, plans and specifications, and (B) trademarks or tradenames, websites, telephone numbers, copyrights and development rights relating to the Broadmoor Land, Broadmoor Appurtenances, Broadmoor Improvements, Broadmoor Leases or the Broadmoor Fixtures and Personal Property (collectively, "**Broadmoor Intangible Property**").

(i) Oakland Seller agrees to sell, transfer and assign to Purchaser and Purchaser agrees to purchase, accept and assume from Oakland Seller, subject to and in accordance with the provisions of this Agreement, all of the following (collectively, the "**Oakland Property**");

(i) **Oakland Land**. The parcel(s) of real property, including outparcels and pad sites within said parcel(s), located in Oakland, Tennessee more particularly described in **Exhibit A-9** attached hereto, and all of the right, title, and interest of Oakland Seller in and to any land lying in the bed of any street, avenue or alley, open or closed, in front of, abutting or adjoining any such parcel(s) of real property, and all right, title and interest of Oakland Seller in and to any award made or to be made as a result of any street closure (collectively, "**Oakland Land**");

(ii) **Oakland Appurtenances**. All of Oakland Seller's right, title and interest in and to all easements, rights of way, licenses, privileges, subsurface rights, water rights, air rights, development rights and other rights appurtenant to the Land (collectively, "**Oakland Appurtenances**");

(iii) **Oakland Improvements**. All improvements and structures located on the Oakland Land (collectively, "**Oakland Improvements**");

(iv) **Oakland Leases**. All of Oakland Seller's right, title and interest in and to all leases, subleases, licenses, other agreements creating a possessory interest and other occupancy agreements, including all amendments, riders, addenda, exhibits and schedules thereto, and also including any guaranties thereof and any security deposits and other deposits (and any interest thereon), thereunder, affecting the Oakland Land and Oakland Improvements which are shown on **Exhibit B-9** attached hereto and any New Leases with respect to the Oakland Land and the Oakland Improvements (collectively, the "**Oakland Leases**");

(v) **Oakland Fixtures and Personal Property**. All of Oakland Seller's right, title and interest in and to all fixtures, machinery systems, equipment and personal property owned by Oakland Seller attached or appurtenant to, located on and used in connection with the ownership, use, management, maintenance and operation of the Oakland Land or the Oakland Improvements (collectively, "**Oakland Fixtures and Personal Property**"); and

(vi) **Oakland Intangible Property**. All of Oakland Seller's right, title and interest, if any, in and to all of the following items, to the extent assignable and without warranty or cost to Oakland Seller: all (A) consents, licenses, approvals (governmental or otherwise), certificates of occupancy, certificates, permits, plans, development rights, warranties, guarantees and floor plans, plans and specifications, and (B) trademarks or tradenames, websites, telephone numbers, copyrights and development rights relating to the Oakland Land, Oakland Appurtenances, Oakland Improvements, Oakland Leases or the Oakland Fixtures and Personal Property (collectively, "**Oakland Intangible Property**").

(j) Waynesboro Seller agrees to sell, transfer and assign to Purchaser and Purchaser agrees to purchase, accept and assume from Waynesboro Seller, subject to and in accordance with the provisions of this Agreement, all of the following (collectively, the "**Waynesboro Property**");

(i) **Waynesboro Land**. The parcel(s) of real property, including outparcels and pad sites within said parcel(s), located in Waynesboro, Virginia more particularly described in **Exhibit A-10** attached hereto, and all of the right, title, and interest of Waynesboro Seller in and to any land lying in the bed of any street, avenue or alley, open or closed, in front of, abutting or adjoining any such parcel(s) of real property, and all right, title and interest of Waynesboro Seller in and to any award made or to be made as a result of any street closure (collectively, "**Waynesboro Land**");

(ii) **Waynesboro Appurtenances**. All of Waynesboro Seller's right, title and interest in and to all easements, rights of way, licenses, privileges, subsurface rights, water rights, air rights, development rights and other rights appurtenant to the Land (collectively, "**Waynesboro Appurtenances**");

(iii) **Waynesboro Improvements**. All improvements and structures located on the Waynesboro Land (collectively, “**Waynesboro Improvements**”);

(iv) **Waynesboro Leases**. All of Waynesboro Seller’s right, title and interest in and to all leases, subleases, licenses, other agreements creating a possessory interest and other occupancy agreements, including all amendments, riders, addenda, exhibits and schedules thereto, and also including any guaranties thereof and any security deposits and other deposits (and any interest thereon), thereunder, affecting the Waynesboro Land and Waynesboro Improvements which are shown on **Exhibit B-10** attached hereto and any New Leases with respect to the Waynesboro Land and the Waynesboro Improvements (collectively, the “**Waynesboro Leases**”);

(v) **Waynesboro Fixtures and Personal Property**. All of Waynesboro Seller’s right, title and interest in and to all fixtures, machinery systems, equipment and personal property owned by Waynesboro Seller attached or appurtenant to, located on and used in connection with the ownership, use, management, maintenance and operation of the Waynesboro Land or the Waynesboro Improvements (collectively, “**Waynesboro Fixtures and Personal Property**”); and

(vi) **Waynesboro Intangible Property**. All Waynesboro Seller’s right, title and interest, if any, in and to all of the following items, to the extent assignable and without warranty or cost to Waynesboro Seller: all (A) consents, licenses, approvals (governmental or otherwise), certificates of occupancy, certificates, permits, plans, development rights, warranties, guarantees and floor plans, plans and specifications, and (B) trademarks or tradenames, websites, telephone numbers, copyrights and development rights relating to the Waynesboro Land, Waynesboro Appurtenances, Waynesboro Improvements, Waynesboro Leases or the Waynesboro Fixtures and Personal Property (collectively, “**Waynesboro Intangible Property**”).

(k) Kroger Junction Seller agrees to sell, transfer and assign to Purchaser and Purchaser agrees to purchase, accept and assume from Kroger Junction Seller, subject to and in accordance with the provisions of this Agreement, all of the following (collectively, the “**Kroger Junction Property**”, and together with the South Shore Property, the Patterson Place Property, the Wendover Village II Property, the Alexander Pointe Property, the Harper Hills Property, the North Hampton Property, the Willowbrook Property, the Broadmoor Property, the Oakland Property and the Waynesboro Property, collectively, the “**Properties**” and each, sometimes a “**Property**”):

(i) **Kroger Junction Land**. The parcel(s) of real property , including outparcels and pad sites within said parcel(s), located in Pasadena, Texas more particularly described in **Exhibit A-11** attached hereto, and all of the right, title, and interest of Kroger Junction Seller in and to any land lying in the bed of any street, avenue or alley, open or closed, in front of, abutting or adjoining any such parcel(s) of real property, and all right, title and interest of Kroger Junction Seller in and to any award made or to be made as a result of any street closure (collectively, “**Kroger Junction Land**”);

(ii) **Kroger Junction Appurtenances**. All of Kroger Junction Seller's right, title and interest in and to all easements, rights of way, licenses, privileges, subsurface rights, water rights, air rights, development rights and other rights appurtenant to the Land (collectively, "**Kroger Junction Appurtenances**");

(iii) **Kroger Junction Improvements**. All improvements and structures located on the Kroger Junction Land (the "**Kroger Junction Improvements**"), and together with the South Shore Improvements, the Patterson Place Improvements, the Wendover Village II Improvements, the Alexander Pointe Improvements, the Harper Hills Improvements, the North Hampton Improvements, the Willowbrook Improvements, the Broadmoor Improvements, the Oakland Improvements and the Waynesboro Improvements, collectively, the "**Improvements**");

(iv) **Kroger Junction Leases**. All of Kroger Junction Seller's right, title and interest in and to all leases, subleases, licenses, other agreements creating a possessory interest and other occupancy agreements, including all amendments, riders, addenda, exhibits and schedules thereto, and also including any guaranties thereof and any security deposits and other deposits (and any interest thereon), thereunder, affecting the Kroger Junction Land and Kroger Junction Improvements which are shown on **Exhibit B-11** attached hereto and any New Leases with respect to the Kroger Junction Land and the Kroger Junction Improvements (collectively, the "**Kroger Junction Leases**"), and together with the South Shore Leases, the Patterson Place Leases, the Wendover Village II Leases, the Alexander Pointe Leases, the Harper Hills Leases, the North Hampton Leases, the Willowbrook Leases, the Broadmoor Leases, the Oakland Leases, and the Waynesboro Leases, collectively, the "**Leases**");

(v) **Kroger Junction Fixtures and Personal Property**. All of Kroger Junction Seller's right, title and interest in and to all fixtures, machinery systems, equipment and personal property owned by Kroger Junction Seller attached or appurtenant to, located on and used in connection with the ownership, use, management, maintenance and operation of the Kroger Junction Kroger Junction Land or the Kroger Junction Improvements (collectively, "**Kroger Junction Fixtures and Personal Property**"); and

(vi) **Kroger Junction Intangible Property**. All of Kroger Junction Seller's right, title and interest, if any, in and to all of the following items, to the extent assignable and without warranty or cost to Kroger Junction Seller: all (A) consents, licenses, approvals (governmental or otherwise), certificates of occupancy, certificates, permits, plans, development rights, warranties, guarantees and floor plans, plans and specifications, and (B) trademarks or tradenames, websites, telephone numbers, copyrights and development rights relating to the Kroger Junction Land, Kroger Junction Appurtenances, Kroger Junction Improvements, Kroger Junction Leases or the Kroger Junction Fixtures and Personal Property (collectively, "**Kroger Junction Intangible Property**").

1.2 **No Representations**. Except for Sellers' representations and warranties set forth in **Article XIII** or in the Closing Documents (as hereinafter defined) executed by Sellers, Sellers

make no express or implied representation or warranty with respect to the Properties, and, to the extent permitted by law, excludes and disclaims any statutory and other representations and/or warranties.

1.3 **No Reliance.** Purchaser agrees that except for Sellers' representations and warranties set forth in Article XIII or in the Closing Documents, Purchaser is not relying on and has not relied on any statements, promises, information or representations made or furnished by Sellers or by any real estate broker, agent or any other person representing or purporting to represent Sellers but rather is relying solely on its own expertise and on the expertise of its consultants and on the inspections and investigations Purchaser and its consultants have conducted or will conduct.

1.4 **Acceptance of Deeds and Purchase Price.**

(a) Purchaser hereby acknowledges and agrees that the acceptance by Purchaser of the Deeds (as hereinafter defined) by Purchaser shall be deemed to be full performance and discharge of every agreement and obligation on the part of Sellers to be performed under this Agreement except those, if any, which are herein specifically stated to survive the Closing and/or the delivery of the Deeds. No agreement or representation or warranty made in this Agreement by any Seller will survive the Closing and the delivery of the Deeds, unless expressly provided otherwise.

(b) Sellers hereby acknowledge and agree that the acceptance of the Purchase Price (as hereinafter defined) by Sellers shall be deemed to be full performance and discharge of every agreement and obligation on the part of Purchaser to be performed under this Agreement except those, if any, which are herein specifically stated to survive the Closing and the delivery of the Deeds. No agreement or representation or warranty made in this Agreement by Purchaser will survive the Closing and the delivery of the Deeds, unless expressly provided otherwise.

1.5 **"AS IS".** EXCEPT AS SPECIFICALLY SET FORTH TO THE CONTRARY IN THIS AGREEMENT OR IN ANY OF THE CLOSING DOCUMENTS EXECUTED BY SELLERS, PURCHASER AGREES (A) TO TAKE THE PROPERTIES IN THE CONDITION EXISTING ON THE CLOSING DATE "AS IS, WHERE IS, WITH ALL FAULTS" OF EVERY KIND AND NATURE WHATSOEVER, WHETHER LATENT OR PATENT AND WHETHER NOW OR HEREAFTER EXISTING, AND (B) THAT NO REPRESENTATIONS OR WARRANTIES ARE MADE OR RESPONSIBILITIES ASSUMED BY SELLERS AS TO THE CONDITION OF THE PROPERTIES, AS TO THE TERMS OF ANY LEASES OR OTHER DOCUMENTS OR AS TO ANY INCOME, EXPENSE, OPERATION OR ANY OTHER MATTER OR THING AFFECTING OR RELATING TO THE PROPERTIES, NOW OR ON THE CLOSING DATE.

PURCHASER ACKNOWLEDGES THAT AS OF THE CLOSING DATE, PURCHASER WILL HAVE INSPECTED THE PROPERTIES AND OBSERVED THE PHYSICAL CHARACTERISTICS AND CONDITIONS OF EACH AND WILL HAVE HAD THE OPPORTUNITY TO CONDUCT SUCH INVESTIGATIONS AND STUDIES ON OR OVER THE PROPERTIES AND ADJACENT AREAS AS IT DEEMS NECESSARY AND, EXCEPT FOR THE EXCEPTED CLAIMS (AS DEFINED BELOW), HEREBY WAIVES ANY AND

ALL OBJECTIONS TO OR COMPLAINTS REGARDING THE PROPERTIES AND THE CONDITION OF EACH, INCLUDING, BUT NOT LIMITED TO, FEDERAL, STATE OR COMMON LAW-BASED ACTIONS AND ANY PRIVATE RIGHT OF ACTION UNDER STATE AND FEDERAL LAW TO WHICH THE PROPERTIES ARE OR MAY BE SUBJECT, INCLUDING, BUT NOT LIMITED TO, CLAIMS RELATING TO CERCLA, RCRA, PHYSICAL CHARACTERISTICS AND EXISTING CONDITIONS, INCLUDING STRUCTURAL AND GEOLOGICAL CONDITIONS, SUBSURFACE SOIL AND WATER CONDITIONS, AND SOLID AND HAZARDOUS WASTE AND HAZARDOUS MATERIALS ON, UNDER, ADJACENT TO OR OTHERWISE AFFECTING THE PROPERTIES. PURCHASER FURTHER ASSUMES THE RISK OF CHANGES IN APPLICABLE LAWS AND REGULATIONS RELATING TO PAST, PRESENT AND FUTURE ENVIRONMENTAL CONDITIONS ON THE PROPERTIES AND THE RISK THAT ADVERSE PHYSICAL CHARACTERISTICS AND CONDITIONS, INCLUDING THE PRESENCE OF HAZARDOUS MATERIALS OR OTHER CONTAMINANTS, MAY NOT HAVE BEEN REVEALED BY ITS INVESTIGATION.

1.6 **Seller Released from Liability.** Except with respect to any representation expressly provided by Sellers in this Agreement or in the Closing Documents (including the Sellers' Representations (as hereinafter defined), Purchaser hereby fully and forever waives, and Sellers hereby fully and forever disclaim and shall not be liable or bound in any manner by, any and all warranties, guarantees, promises, statements, representations or information of whatever type or kind with respect to the Properties, whether express, implied or otherwise, including warranties of fitness for a particular purpose, tenantability, habitability or use. Purchaser agrees that:

(a) Except for any Claims (as defined below) arising out of a breach or default by Sellers under this Agreement (including a breach of any of Sellers' representations and warranties in **Article XIII**) or the Closing Documents executed by any Seller ("**Excepted Claims**"), Purchaser and anyone claiming by, through or under Purchaser hereby waives its right to recover from and fully and irrevocably releases Sellers and each Seller's employees, officers, directors, trustees, shareholders, members, partners, representatives, agents, servants, attorneys, affiliates, parents, subsidiaries, successors and assigns, and all persons, firms, corporations and organizations in their behalf ("**Released Parties**") from any and all claims, responsibility and/or liability that it may now have or hereafter acquire against any of the Released Parties for any and all costs, losses, claims, liabilities, damages, expenses, demands, debts, controversies, claims, actions or causes of actions (collectively, "**Claims**") arising from or related to the condition (including any construction defects, errors, omissions or other conditions, latent or otherwise, and the presence in the soil, air, structures and surface and subsurface waters or materials or substances that have been or may in the future be deemed to be hazardous materials or otherwise toxic, hazardous, undesirable or subject to regulation and that may need to be specifically treated, handled and/or removed from the Properties under current or future federal, state and local laws, regulations or guidelines or common law), valuation, salability or utility of the Properties, condition of title to the Properties, compliance with any applicable federal, state or local law, rule or regulations or common law with respect to any of the Properties, or any Property's suitability for any purposes whatsoever, and any information furnished by the Released Parties in connection with this Agreement. Purchaser hereby agrees, represents and

warrants that (i) Purchaser realizes and acknowledges that factual matters now unknown to it may have given or may hereafter give rise to Claims which are presently unknown, unanticipated and unsuspected, and (ii) the waivers and releases herein have been negotiated and agreed upon in light of such realization, and (iii) Purchaser nevertheless intends to and does hereby, to the extent permitted by law, release, discharge and acquit the Released Parties from any and all Claims, except for Excepted Claims.

(b) Except for the Excepted Claims, Purchaser agrees that under no circumstances will it make any claim against, bring any action, cause of action or proceeding against, or assert any liability upon, Sellers, their agents, consultants, contractors, or any other persons who prepared or furnished any of the Property Documents (as hereinafter defined) (such parties, collectively, the "**Property Documents Preparers**") as a result of the inaccuracy, unreliability or insufficiency of, or any defect or mistake in, any of the Property Documents (including the negligence of any Property Documents Preparer in connection with the preparation or furnishing of any of the Property Documents), and Purchaser hereby fully and forever releases, acquits and discharges Sellers and each Property Documents Preparer of and from any such claims, actions, causes of action, proceedings or liability, whether known or unknown. This release expressly includes claims of which Purchaser is presently unaware or which Purchaser does not presently suspect to exist which, if known by Purchaser, would materially affect Purchaser's release of Sellers.

1.7 **Purchaser's Waiver of Objections.** Notwithstanding anything to the contrary herein, Purchaser and Seller acknowledge that any written disclosures made to or discoveries made by Purchaser prior to the Closing shall constitute notice to Purchaser of the matter(s) disclosed or discovered, and Sellers shall have no further liability if Purchaser thereafter consummates the transaction contemplated hereby.

1.8 **Survival.** Sellers and Purchaser have agreed upon the Purchase Price relating to the Property and other provisions of this Agreement in contemplation and consideration of the parties' agreeing to the provisions of **Sections 1.2, 1.3, 1.4, 1.5, 1.6 and 1.7**, which Sections shall survive the Closing indefinitely and the delivery of the Deeds and/or termination of this Agreement and shall not be deemed merged into the Deeds or other documents executed and delivered by Purchaser or Sellers, or both, at or in connection with Closing (the Deeds together with such other documents, the "**Closing Documents**").

ARTICLE II

PURCHASE PRICE

2.1 **Purchase Price.** The purchase price is One Hundred Seventy Million Five Hundred Thousand and 00/100 Dollars (\$170,500,000.00) (the "**Purchase Price**"). The Purchase Price, net to Sellers without deduction, credit to Purchaser or expense to Sellers, except as expressly provided otherwise in this Agreement, will have been deposited by Purchaser with Escrow Agent (as defined in **Section 3.1**) no later than the time of Closing by wire transfer of immediately available federal funds. No portion of the Purchase Price shall be allocated, nor attributable, to any items of personal property. The Purchase Price must be received by Sellers

by 1:00 P.M. EST on a particular day in order for the Closing to be deemed to have taken place as of such date.

2.2 **Unitary Agreement; Allocation.** This Agreement is intended to be a single unitary agreement, and Sellers are required to sell all of the Properties to Purchaser pursuant to the provisions of this Agreement, and Purchaser is required to purchase all of the Properties from Sellers pursuant to the provisions of this Agreement. Without limiting the generality of the foregoing, and notwithstanding anything to the contrary set forth elsewhere in this Agreement, in no event shall Sellers be obligated to sell less than all the Properties. Recognizing that this Agreement is a unitary agreement, and subject to the provisions of the preceding sentence, the Purchase Price has been allocated among the Properties as set forth in a Schedule of Allocated Purchase Price agreed to by Purchaser and Sellers on or before the date hereof (each an "**Allocated Purchase Price**" and collectively the "**Allocated Purchase Prices**").

ARTICLE III

DEPOSIT AND OPENING OF ESCROW

3.1 **Deposit.** (a) Within two (2) business days following the Effective Date and as a condition precedent to this Agreement becoming a binding agreement between the parties, Purchaser will deposit TWO MILLION FIVE HUNDRED THOUSAND and 00/100 DOLLARS (\$2,500,000.00) (the "**Initial Deposit**") with First American Title Insurance Company, 14150 Newbrook Drive, Suite 250, Chantilly, VA 20151, Attention: Palma J. Collins; Email: pcollins@firstam.com; Telephone: 703-480-9515 ("**Escrow Agent**") by wire transfer of immediately available federal funds and will provide Escrow Agent with a fully completed form W-9 which provides Purchaser's tax identification number. If Purchaser fails to deposit the Initial Deposit within the time period provided for above, Sellers may at any time after the time period provided for above but prior to Escrow Agent's receipt of the Initial Deposit, terminate this Agreement, in which event this Agreement shall be of no further force and effect and thereafter neither party shall have any further rights or obligations to the other hereunder, except as otherwise set forth in this Agreement.

(b) Within two (2) business days following the expiration of the Due Diligence Period, if Purchaser has not elected to terminate this Agreement pursuant to the provisions of **Section 6.4**, Purchaser will deposit an additional ONE MILLION and 00/100 DOLLARS (\$1,000,000.00) (the "**Additional Deposit**"; the Initial Deposit together with the Additional Deposit, if made, the "**Deposit**") with Escrow Agent by wire transfer of immediately available federal funds. If Purchaser fails to deposit the Additional Deposit within the time period provided for above, it shall be a default by Purchaser hereunder, and Sellers reserve and shall have the right to exercise the remedies set forth in **Section 12.1**.

3.2 **Interest Bearing.** The Deposit shall be held in an interest-bearing escrow account by Escrow Agent in an institution as directed by Sellers and reasonably acceptable to Purchaser. All interest and income on the Deposit will be remitted to the party entitled to the Deposit pursuant to this Agreement.

3.3 **Application.** If Closing occurs, the Deposit will be credited against the Purchase Price at Closing. If the Closing does not occur in accordance with the provisions hereof, the Deposit shall be delivered to the party entitled to the Deposit, as provided in this Agreement. In all events, the Deposit shall be held in escrow by Escrow Agent, in trust in accordance with the provisions of **Article XIV**.

3.4 **Independent Consideration.** Contemporaneously with the execution and delivery of this Agreement, Purchaser has paid to Sellers as further consideration for this Agreement, in cash, the sum of One Hundred and 00/100 Dollars (\$100.00) (the “**Independent Consideration**”), in addition to the Deposit and the Purchase Price. The Independent Consideration is independent of any other consideration provided hereunder, shall be fully earned by Sellers upon the Effective Date hereof, and is not refundable under any circumstances.

ARTICLE IV

CONDITIONS TO CLOSING

4.1 **Conditions to Purchaser’s Obligation to Purchase.** Purchaser’s obligation to purchase the Properties is expressly conditioned upon each of the following:

(a) **Performance by Sellers.** Sellers’ performance in all material respects of the obligations, covenants and deliveries required of Seller under this Agreement.

(b) **Sellers’ Deliveries.** Sellers’ delivery at Closing of the following, all documents to be executed originals, unless otherwise set forth below, and, if applicable, witnessed and properly acknowledged, provided, however that delivery of the items set forth in **Section 4.1(b)(iii), (viii) and (xi)** may be accomplished via delivery to Purchaser, such delivery to be within three (3) business days after Closing, or in such other manner as may be agreed to by Purchaser and Sellers:

(i) Deeds (A) in the form attached hereto as **Exhibit D-1**, executed by South Square Seller, Patterson Place Seller, Wendover Village II Seller, Alexander Pointe Seller and Harper Hills Seller for the South Square Property, the Patterson Place Property, the Wendover Village II Property, the Alexander Pointe Property and the Harper Hills Property, respectively, (B) in the form attached hereto as **Exhibit D-2**, executed by Willowbrook Seller and Oakland Seller for the Willowbrook Property and the Oakland Property, respectively, (C) in the form attached hereto as **Exhibit D-3**, executed by North Hampton Seller for the North Hampton Property, (D) in the form attached hereto as **Exhibit D-4**, executed by Broadmoor Seller for the Broadmoor Property, (E) in the form attached hereto as **Exhibit D-5**, executed by Waynesboro Seller for the Waynesboro Property, and (F) in the form attached hereto as **Exhibit D-6**, executed by Kroger Junction Seller for the Kroger Junction Property (each a “**Deed**”, and collectively, the “**Deeds**”), each Deed to be subject to the following matters with respect to the Property covered thereby:

(1) Non-delinquent real property taxes, water and sewer charges and all assessments (governmental and private) and unpaid installments thereof which are not yet due and payable, subject to the provisions of **Section 11.2**;

(2) Any matter (including any lien, encumbrance or easement) voluntarily imposed or consented to in writing by Purchaser prior to or as of the Closing;

(3) Laws and governmental regulations, including all building codes, zoning regulations and ordinances, that affect the use, operation and maintenance of the Property;

(4) Such state of facts as may be shown on an accurate and current survey or by inspection of the Property;

(5) Rights of tenants, as tenants only, of the Land and Improvements under the terms and conditions of all Leases, with Purchaser hereby acknowledging that Purchaser has examined such Leases; and

(6) the Permitted Exceptions (as hereinafter defined).

(ii) An Assignment and Assumption Agreement from each Seller with respect to its Property and Intangible Property, and from the applicable Seller with respect to the Service Agreements, in the form attached as **Exhibit E** (each an “**Assignment and Assumption Agreement**”, and collectively, the “**Assignment and Assumption Agreements**”).

(iii) Any letters of credit held as security deposits under any of the Leases and all instruments reasonably required to transfer such letters of credit to Purchaser.

(iv) A Certification from or with respect to each Seller in the form attached hereto as **Exhibit F** that such Seller is not a “foreign person”.

(v) Such evidence of each Seller’s organization and its authority to enter into the transaction contemplated hereby as may be reasonably requested by the Title Company (as hereinafter defined).

(vi) A Bill of Sale from each Seller with respect to its Fixtures and Personal Property in the form attached hereto as **Exhibit G**.

(vii) A closing statement in form and content satisfactory to Sellers and Purchaser (the “**Closing Statement**”) signed by Sellers, which Closing Statement may be transmitted via PDF.

(viii) All keys and lock combinations, and any active key cards and codes, for the Properties, to the extent such items are in any Seller's actual possession or control.

(ix) A certification substantially in the form attached hereto as **Exhibit O-1**, (the "**Seller's Bring Down Certificate**") certifying to Purchaser that all of the Sellers' Representations remain true and correct in all material respects as of the Closing Date except as may be otherwise set forth therein; it being agreed that unless the condition in Section 4.1(f) is not satisfied in the aggregate (and without duplication), any failure of any Sellers' Representation to be true and correct will not be deemed to be material.

(x) An updated rent roll, general ledger and accounts receivable aging for each Property, each dated not more than seven (7) business days prior to date of the Closing, and all such items to be delivered to Purchaser no later than four (4) business days prior to the date of the Closing.

(xi) All originals or, if originals are not in the possession or control of Sellers, then copies of, the Leases, leasing and other files relating to the Properties and all other licenses, certificates, permits, plans, books, records, manuals, reports and other materials that comprise the Intangible Property, to the extent such items are in any Seller's actual possession or control, all such items to be delivered within three (3) business days following Closing.

(xii) Original tenant estoppel certificates executed by (A) the tenants listed on **Exhibit B** occupying the Improvements under existing Leases (the "**Major Tenants**") in such form and substance as hereinafter set forth (the "**Major Tenant Estoppel Certificates**") and (B) the tenants occupying seventy percent (70%) of the aggregate gross leasable area in the Improvements occupied under existing Leases other than the gross leasable area in the Improvements occupied by the Major Tenants (the "**Minor Tenants**") in form and substance as hereinafter set forth (the "**Minor Tenant Estoppel Certificates**", and together with the Major Tenant Estoppel Certificates, the "**Required Tenant Estoppel Certificates**"). Each Required Tenant Estoppel Certificate (1) shall be on the form attached to the applicable Lease, if any, or if the tenant is a national retailer with a standard form, on such retailer's standard form estoppel certificate, or if there is no form attached to the Lease and the tenant is not a national retailer with a standard form, then the Required Tenant Estoppel Certificate will be substantially in the form attached hereto as **Exhibit H** (provided, however, if any Lease limits or provides for the provisions to be included in any estoppel certificate, the form shall be modified accordingly) and, except as agreed to by Sellers, no effect shall be given to any requirement in any Lease regarding "additional information reasonably requested by the lessor" or words of similar import, and (2) except for matters disclosed in this Agreement, in any Property Document or any Closing Document, will not have been modified in any materially adverse manner; provided, however, it being agreed that unless the condition in **Section 4.1(f)** is not satisfied in the aggregate without duplication, any such modification will not be deemed to be materially adverse; provided, further, that the addition of (i) knowledge qualifications to an estoppel certificate, or (ii) a matter set

forth elsewhere in this Agreement or in any Property Document or Closing Document, will not cause such tenant estoppel certificate to be deemed to have been modified in a substantive, adverse matter or fail to satisfy the requirements for an acceptable Required Tenant Estoppel Certificate. Notwithstanding the foregoing, Sellers shall have no obligation to deliver an estoppel certificate from any tenant if such tenant is subject to bankruptcy proceedings as of the Closing (or on account of a rejected lease in bankruptcy). After the Effective Date, Sellers shall promptly request the Required Tenant Estoppel Certificates from all of the tenants occupying gross leasable area in the Improvements. Sellers, at their sole option, may elect to satisfy part of the requirements under this **Section 4.1(b)(xiv)** to deliver Minor Tenant Estoppel Certificates by delivery of an estoppel certificate(s) from the Seller that owns the applicable Property in the form attached hereto as **Exhibit M** (each a “**Seller Estoppel Certificate**”) for up to ten percent (10%) of the of the aggregate gross leasable area in the Improvements occupied under existing Leases other than the gross leasable area in the Improvements occupied by the Major Tenants. Any Seller Estoppel Certificate delivered by Sellers to Purchaser shall be subject to all provisions of **Sections 15.16** and **15.23**. If Sellers or Purchaser subsequently obtains a Required Tenant Estoppel Certificate meeting the requirements of this **Section 4.1(b)(xii)** from a tenant for which Sellers have delivered a Seller Estoppel Certificate, the delivered Seller Estoppel Certificate will be null and void, and Purchaser will accept the Required Tenant Estoppel Certificate in its place. In the event Sellers fail, for any reason, to deliver to the Purchaser the required number of Required Tenant Estoppel Certificates in accordance with the provisions of this **Section 4.1(b)(xiv)** at or prior to the Closing, then Sellers will not be deemed in breach or default hereunder, and the terms and provisions of **Section 4.5** shall govern and control.

(xiii) A Tenant Notice Letter in the form attached hereto as **Exhibit K** executed by each Seller with respect to its Property which shall be mailed out by Purchaser upon Closing.

(xiv) All applicable real estate transfer tax forms and affidavits required in the local jurisdiction of each Property, together with such certificates as are required for transfers of real property, if any, in the local jurisdiction of each Property, including with respect to exemption from withholding taxes for state tax purposes.

(xv) An affidavit of title in the form attached hereto as **Exhibit Q** executed by each Seller with respect to its Property (each a “**Title Affidavit**” and collectively, the “**Title Affidavits**”).

(xvi) Evidence of termination of all property management agreements, leasing agreements, service contracts and other agreements entered into by any Seller with respect to any Property, which may be in the form of copies of the termination notices sent to those vendors, brokers or agents or, with respect to property management agreements, a letter(s) or certificate(s) confirming that the applicable Property(ies) is(are) no longer included as a property(ies) under management.

(xvii) An Assignment and Assumption of Agreement (the “**Wendover Brownfields Assignment**”) in form attached hereto as **Exhibit R**, with respect to the Wendover Brownfields Agreement.

(xviii) Evidence reasonably satisfactory to Purchaser that the Wendover Village II Seller has complied with **Section 10.8** and **Section 10.9**, which may be in the form of copies of the notices sent under such sections (it being acknowledged and agreed that tenant countersignatures shall not be required for any of such notices), and with **Section 10.10** (and including delivery of the endorsement required by Section 10.10).

(xix) Written consents to assignment and assumption of the Service Agreements from any lessor or vendor under the applicable Service Agreement (defined in **Section 4.3**) if and as required by **Section 4.3**.

(xx) Such additional assignments, instruments and documents appropriate to be executed and delivered by Sellers as may be reasonably necessary to complete the transaction contemplated hereby and to carry out the intent and purposes of this Agreement provided the same are commercially reasonable and do not require disclosure of proprietary information.

(c) **Sellers’ Representations and Warranties.** The representations and warranties of Sellers set forth in **Section 13.1** being true and correct in all material respects as of the Closing Date as if then made, unless otherwise specified herein, provided, however, it being agreed that unless the condition in **Section 4.1(f)** is not satisfied in the aggregate (and without duplication), any failure of any representations and warranties of Sellers to be true and correct will not be deemed to be material.

(d) **Title Insurance.** Issuance with respect to each Property of an American Land Title Association (or, if same is not available in the State in which any Property is located, its local equivalent) owner’s policy of title insurance (collectively, the “**Title Policy**”) with insurance in the amount of the Allocated Purchase Price for each respective Property with all endorsements reasonably required by Purchaser that are available to Purchaser as a fee owner within the applicable local jurisdiction of each Property and, subject to compliance with any applicable “insuring over” provisions of **Section 8.3, Section 8.4 and Section 8.5**, that do not require any documentation (including affidavits and indemnities) from any Seller other than delivery of the applicable Title Affidavit, insuring that good, marketable and indefeasible fee simple title to the applicable Property vests in Purchaser, subject only to the Permitted Exceptions.

(e) **Certain Tenants Operating.** Each Major Tenant listed on **Schedule 4.1(e)** is (i) open and operating at the applicable Property (subject to casualty or other force majeure) and (ii) not bankrupt or insolvent and has not made an assignment for the benefit of creditors.

(f) **Aggregate Limit on Loss, Cost and Expense.** The aggregate amount, without duplication, of any loss (which may be measured as a reduction in value of the Properties), cost, or expense resulting from (i) the failure of any Sellers’ Representation in

Sellers' Bring Down Certificate to be true and correct in all material respects pursuant to the provisions of **Section 4.1(b)(ix)**, (ii) the failure of any Required Tenant Estoppel Certificate to have not been modified in any materially adverse manner pursuant to the provisions of **4.1(b)(xii)(2)**, and (iii) the failure of any representations and warranties of Sellers to be true and correct pursuant to the provisions of **4.1(c)**, does not exceed three and one half percent (3.5%) of the Purchase Price.

4.2 **Conditions to Sellers' Obligation to Sell.** Sellers' obligation to sell the Properties is expressly conditioned upon each of the following:

(a) **Performance by Purchaser.** Purchaser's performance in all material respects of the obligations, covenants, and deliveries required of Purchaser under this Agreement.

(b) **Receipt of Purchase Price.** Receipt by Sellers (or as Sellers may direct) of the Purchase Price in the manner provided in this Agreement.

(c) **Purchaser's Deliveries.** Purchaser's delivery at Closing of the following, all documents to be executed originals, unless otherwise set forth below, and, if applicable, witnessed and properly acknowledged:

(i) The Assignment and Assumption Agreements;

(ii) The Closing Statement (signed by Purchaser), with a copy thereof to be delivered to Sellers, which Closing Statement may be transmitted via PDF;

(iii) A "Bring Down Certificate" substantially in the form attached hereto as **Exhibit O-2** (the "**Purchaser's Bring Down Certificate**") certifying to Seller that all of the Purchaser's Representations remain true and correct in all material respects as of the Closing Date except as may be otherwise set forth therein.

(iv) A Tenant Notice Letter in the form attached hereto as **Exhibit K** executed by Purchaser with respect to each Property;

(v) If applicable, the Assignment of Purchase and Sale Agreement in the form attached hereto as **Exhibit N**, together with such supporting evidence of Purchaser's compliance with the terms of **Section 15.7** as is reasonably required by Seller;

(vi) The Wendover Brownfields Assignment;

(vii) Evidence of the authority and the incumbency of any individuals to execute any instruments executed and delivered by Purchaser at Closing, together with a certificate of good standing of Purchaser;

(viii) All applicable real estate transfer tax forms and affidavits required in the local jurisdiction of each Property, together with such certificates as are required

for transfers of real property, if any, in the local jurisdiction of each Property, including, with respect to exemption from withholding taxes for state tax purposes; and

(ix) Such additional documents and instruments appropriate to be executed and delivered by Purchaser as may be reasonably necessary to complete the transaction contemplated hereby and to carry out the intent and purposes of this Agreement, provided the same are commercially reasonable and do not require disclosure of proprietary information.

(d) **Purchaser's Representations and Warranties.** The representations and warranties of Purchaser set forth in **Section 13.3** being true and correct in all material respects as of the date made and as of the Closing Date as if then made, unless otherwise specified therein.

4.3 **Service Agreements.** Sellers shall, at or prior to Closing, terminate all service, leasing and management agreements regarding the Properties, except for those agreements (the "**Service Agreements**") listed on **Schedule 4.3** attached hereto. Subject to Sellers delivering to Purchaser written consents from the applicable lessor or vendor if and as required by the Service Agreements, the Service Agreements will be assigned by the applicable Seller to Purchaser, and assumed by Purchaser, pursuant to the applicable Assignment and Assumption Agreement. At Purchaser's request, Sellers shall provide Purchaser with a list of and contact information for its existing vendors and service providers.

4.4 **No Financing Contingency.** It is expressly understood and acknowledged by Purchaser that this Agreement and Purchaser's obligations hereunder are not contingent or conditioned upon obtaining a commitment for or closing any financing and the failure of Purchaser to obtain or close any financing for any reason whatsoever shall not be a failure of condition to Purchaser's performance hereunder. In addition, Sellers will have no obligation to or privity with any lender to Purchaser.

4.5 **Failure or Waiver of Conditions Precedent.** Without limiting the rights of the parties in **Sections 12.1** and **12.2** (as applicable), if any of the conditions set forth in **Sections 4.1** (except **Section 4.1(f)** which failure shall be governed by the last sentence of this **Section 4.5**) or **4.2** are not fulfilled or waived, the party benefited by such condition(s) may, by written notice to the other party, terminate this Agreement, whereupon all rights and obligations hereunder of each party shall terminate except those that expressly survive any termination. Either party may, at its election, at any time or times on or before the date specified for the satisfaction of the condition, waive in writing the benefit of any of the conditions benefitting such party set forth in **Sections 4.1** or **4.2**. If this Agreement is terminated as a result of the failure to satisfy any condition set forth in **Section 4.1**, Escrow Agent shall promptly refund the Deposit to Purchaser. In any event, Purchaser's consent to the close of escrow pursuant to this Agreement shall waive any remaining unfulfilled conditions and any liability on the part of Sellers for breaches of representations and warranties of which Purchaser had knowledge as of the Closing. Notwithstanding anything in this Agreement to the contrary, for the avoidance of doubt, the parties expressly agree that if there is a failure of any of the conditions in **Section 4.1(f)** and such failure(s) do(es) not, in the aggregate (and without duplication), exceed three and one half

percent (3.5%) of the Purchase Price, then Purchaser shall have no right to terminate this Agreement as a result of the failure of such condition.

ARTICLE V

THE CLOSING

5.1 **Date and Manner of Closing.** The closing of the transaction contemplated by this Agreement (the "**Closing**") will occur through an escrow with Escrow Agent, no later than 1:00 P.M. EST on December 30, 2015 (the "**Closing Date**") or such earlier or later date as is agreed by the parties. Time shall be of the essence with respect to the parties obligation to close on or before the Closing Date (and any extended Closing Date), subject to any express rights under this Agreement of Sellers or Purchaser to extend the Closing Date. Notwithstanding the foregoing, each party shall have the right to extend the Closing Date in order to allow Sellers time to obtain the Required Tenant Estoppel Certificates until the earlier to occur of (i) five (5) business days after the Required Tenant Estoppel Certificates have been delivered to Purchaser or (ii) thirty (30) days after the original Closing Date, by delivering written notice of such extension prior to the original Closing Date.

5.2 **Closing.** On the day prior to the Closing Date, Purchaser and Sellers shall execute and deliver the Closing Statement generated by Escrow Agent. Subject to satisfaction of the conditions to Closing set forth in **Article IV**, as reasonably determined by Sellers and Purchaser, on the Closing Date, Escrow Agent will (i) not later than 3:00 P.M. EST deliver the Purchase Price to Sellers in the form of a wire transfer of immediately available funds pursuant to Sellers' escrow instruction letter addressed to the Escrow Agent (the "**Sellers' Escrow Instruction Letter**") and Purchaser's escrow instruction letter addressed to the Escrow Agent (the "**Purchaser's Escrow Instruction Letter**"), (ii) release for recordation the Deeds and such other documents as may be recorded pursuant to Sellers' Escrow Instruction Letter, and (iii) deliver all other Closing Documents to Sellers and Purchaser, respectively, pursuant to Sellers' Escrow Instruction Letter and Purchaser's Escrow Instruction Letter.

5.3 **Delay in Closing; Authority to Close.** If Closing does not occur on or before the Closing Date, then, unless on or before the Closing Date Escrow Agent receives a written notice from both Purchaser and Sellers to the contrary, Escrow Agent will deliver (i) the Deposit in accordance with the provisions of this Agreement, (ii) all documents and other funds delivered by Sellers to the Escrow Agent as directed in Sellers' Escrow Instruction Letter and (iii) all documents, the balance of the Purchase Price and other funds delivered by Purchaser to the Escrow Agent as directed in Purchaser's Escrow Instruction Letter.

ARTICLE VI

DUE DILIGENCE PERIOD

6.1 **Review and Approval of Documents and Materials.** Purchaser acknowledges that, prior to the Effective Date, Sellers have made copies of the documents described on **Schedule 6.1** available to Purchaser (the "**Property Documents**"). Sellers, however, shall have no liability with regard to such Property Documents and shall not be required to update the

Property Documents (but will promptly provide to Purchaser a copy of any update that occurs during the Due Diligence Period). All costs associated with Purchaser obtaining or being provided with the Property Documents beyond the first copy provided to Purchaser will be at Purchaser's sole cost and expense.

6.2 **Reliability of Information.** The Property Documents and other information provided by Sellers and/or their agents to Purchaser under the terms of this Agreement are for informational purposes only. Except to the extent set forth in any of Sellers' Representations (hereinafter defined), Purchaser (a) is not in any way entitled to rely upon the accuracy of the information within the Property Documents and other information provided by Sellers and/or their agents and (b) Purchaser will rely exclusively on its own inspections and consultants with respect to all matters Purchaser deems relevant to its decision to acquire the Property. The provisions of this **Section 6.2** shall survive the Closing and the delivery of the Deeds.

6.3 **Due Diligence Period.** Purchaser will have until 5:00 p.m. EST on December 14, 2015 (the "**Due Diligence Period**") to review the Property Documents and other materials pertaining to the Properties and to conduct such studies, tests and inspections as it deems appropriate to analyze the feasibility of the acquisition and ownership of the Properties and to determine, in Purchaser's sole and absolute discretion, that the Properties are suitable for acquisition by Purchaser.

6.4 **Termination.** If, for any reason or no reason, Purchaser determines within the Due Diligence Period that it does not want to acquire and own the Properties, Purchaser may terminate this Agreement by delivering written notice of termination ("**Notice of Termination**") to Sellers and Escrow Agent on or prior to the expiration of the Due Diligence Period. Upon receipt of such Notice of Termination, Escrow Agent shall return the Deposit to Purchaser, and Sellers and Purchaser shall be released from all further obligations to each other under this Agreement (with the exception of those obligations which expressly survive termination). If Purchaser fails to deliver a Notice of Termination to Sellers on or prior to the end of the Due Diligence Period, Purchaser will be deemed to have approved acquisition of the Properties and to have waived any right to terminate this Agreement pursuant to this **Article VI** and Purchaser will have no further right to terminate this Agreement, except as may be otherwise specifically provided for in this Agreement.

ARTICLE VII

INSPECTIONS

7.1 **Inspection.** Sellers and Purchaser have previously executed and delivered a Site Access and Indemnification Agreement to Sellers, an executed copy of which is attached hereto as **Exhibit J** (the "**Site Access and Indemnification Agreement**"), and the provisions of the Site Access and Indemnification Agreement are incorporated herein by reference as if fully set forth herein and shall benefit Sellers as "Owner" thereunder. The provisions of such Site Access and Indemnification Agreement, whether executed as a separate document or incorporated as part of this Agreement by reference to the form attached hereto as **Exhibit J**, are hereby extended through the Closing or other termination of this Agreement.

ARTICLE VIII

TITLE AND SURVEY

8.1 **Title Documents.** Purchaser has applied for a commitment for title insurance for each of the Properties (each a "**Title Commitment**", and collectively, the "**Title Commitments**") from First American Title Insurance Company (the "**Title Company**"), with the national office having an address at 14150 Newbrook Drive, Suite 250, Chantilly, VA 20151, Attention: Palma J. Collins.

8.2 **Survey.** Purchaser has, at its sole cost and expense, ordered any recertification of surveys or new surveys that Purchaser has elected to obtain with respect to the Properties (each a "**Survey**", and collectively, the "**Surveys**").

8.3 **Title Objections.** Purchaser will have until 5:00 p.m. Eastern Time on December 10, 2015 (the "**Title Objection Deadline**"), to examine title to the Properties (including the Title Commitments and the Surveys) and object to, in Purchaser's sole but reasonable discretion, any exceptions to title disclosed on the Title Commitment (or otherwise disclosed) and any matters disclosed on the Surveys by delivery of one or more notices of objections (each a "**Title Objection**", and collectively the "**Title Objections**") to Sellers (collectively the "**Objection Letter**"). If Purchaser fails to provide an Objection Letter prior to the Title Objection Deadline, then Purchaser will be deemed to have accepted title in the condition set forth in the Title Commitments. Any title exceptions affecting the Property as of the effective date of the applicable Title Commitment that are not objected to by the Title Objection Deadline will be deemed to be acceptable to Purchaser and included in the definition of Permitted Exceptions. Within five (5) business days after receipt by Sellers of the Objection Letter (the "**Sellers' Response Period**"), Sellers shall advise Purchaser whether Sellers will cause to be removed or insured over at Closing all or any of the Title Objections set forth in the Objection Letter (the "**Sellers' Response Notice**"), provided, however, that Sellers may, but are under no obligation to, remove or cause to be insured over, the objectionable Title Objections, except Sellers shall cause to be removed or insured over at Closing any monetary judgements, monetary liens, mortgages or deeds of trust recorded against any of the Properties ("**Monetary Lien Removal Obligation**") other than Tenant Lien(s) (defined below) as hereinafter provided. If Sellers do not remove or insure over any Title Objection on or before the expiration of the Seller's Response Period, then within three (3) business days after the expiration of the Seller's Response Period ("**Purchaser's Election Period**"), Purchaser may deliver written notice to Sellers ("**Election Notice**") electing to either (i) terminate this Agreement, in which event the Deposit will be promptly returned to Purchaser, and the parties shall be released from all further obligations under this Agreement (except those that expressly survive termination of this Agreement), or (ii) waive any Title Objections that Seller has elected not to remove or insure over and proceed to Closing, in which event such waived Title Objections will be deemed to be Permitted Exceptions for all purposes under this Agreement. Purchaser's failure to deliver the Purchaser's Election Notice within the Purchaser's Election Period shall conclusively be deemed to constitute a waiver of the Title Objections that Seller has elected not to remove or insure over under clause (ii) above. If Purchaser fails to terminate this Agreement in accordance with the foregoing provisions, the Title Objections and all other matters otherwise affecting title to the

Properties, except those matters Sellers have removed and/or the Title Company has insured over will constitute the “**Permitted Exceptions**”. Notwithstanding anything to the contrary contained in this section or elsewhere in this Agreement: (I) Sellers shall, on or before the Closing Date, remove or cause to be insured over any mechanics, materialmen or other lien recorded against any of the Properties that are each in excess of Fifty Thousand Dollars (\$50,000.00) and are the responsibility of any tenant, occupant or licensee to remove (each a “**Tenant Lien**”); (II) other than as set forth in clause (I) above, Sellers shall not be obligated to remove or cause to be insured over any Title Objection or other matter that is a mechanics, materialmen or other lien created by, through on account of, or that are the responsibility of, any tenant, occupant or licensee of any of the Properties; and (III) Sellers shall not be obligated to remove or cause to be insured over any mortgage or other lien on any easement that benefits the Property and burdens a parcel of real property that is not part of any Property. Furthermore, the existence of mortgages, liens, or other encumbrances not permitted hereby may be removed by Sellers’ deliver to Title Company at the Closing of such properly executed instruments in recordable form necessary to satisfy or remove any monetary liens, mortgages and/or deeds of trust recorded against any of the Properties, together with recording and/or filing fees. The Sellers’ costs to remove or cause to be insured over any Monetary Lien Removal Obligation and any Tenant Lien, and to cure or cause to be insured over any Title Objection, may be paid out of the proceeds from the Closing. Notwithstanding anything in this Agreement to the contrary, if Sellers fail to remove or cause to be insured over any Monetary Lien Removal Obligations or any Tenant Lien at or before Closing, or fail to timely cure a Title Objection that any Seller agreed to remove or cause to be insured over pursuant to this **Section 8.3**, then any of these events shall constitute a default by Sellers under this Agreement, and the default provisions of **Section 12.2** shall apply.

8.4 **New Matters.** If any supplemental title report or update to the Title Commitment shows that an adverse matter has been recorded against the Property between the date of the applicable Title Commitment and the Closing Date that was not contained in the Title Commitment (each a “**New Matter**”), then Purchaser will have the right to identify the New Matter as a Title Objection by delivering to Sellers an updated Objection Letter within five (5) business days after Purchaser receives the supplemental title report or update to the Title Commitment. If Purchaser fails to deliver to Sellers a notice of objections on or before such date, Purchaser will be deemed to have waived any objection to the New Matter, and the New Matter will be included as a Permitted Exception. If Purchaser delivers an Objection Letter to Sellers with respect to any New Matter, then Sellers will have five (5) business days from the receipt of Purchaser’s notice (and, if necessary, Sellers may extend the Closing Date to provide for such five (5) business day period and for five (5) business days following such period for Purchaser’s response), within which time Sellers may, but are under no obligation to, remove or cause to be insured over the objectionable New Matter. If, within the five (5) business day period, Sellers do not remove or cause to be removed or cause to be insured over the objectionable New Matter, then Purchaser may elect within five (5) business days after the expiration of such period to either (i) terminate this Agreement upon notice to Sellers, or (ii) waive any New Matter that Seller has elected not to remove or cause to be insured over and proceed to Closing, in which event such waived New Matter will be included as a Permitted Exception for all purposes under this Agreement. If Purchaser fails to terminate this Agreement pursuant to the above provision, the New Matter (except those Sellers has removed or caused to

be insured over) will be included as Permitted Exceptions. If Purchaser elects to terminate this Agreement pursuant to the above provision, then the Deposit will be returned to Purchaser, Sellers will pay to Purchaser all of Purchaser's Costs (defined in **Section 12.2**) that have accrued after the date of the applicable Title Commitment and the parties shall be released from all further obligations under this Agreement (except those that expressly survive termination of this Agreement). Notwithstanding anything in this Agreement to the contrary, if Sellers fail to timely cure a New Matter that Sellers agreed to remove or cause to be insured over, then such failure shall constitute a default by Sellers under this Agreement, and the default provisions of **Section 12.2** shall apply.

8.5 **Insuring Over.** Notwithstanding any provision in this Article VIII to the contrary, the following terms and conditions apply to "insuring over" any matter described in **Section 8.3** and/or in Section 8.4: (A) all references to "insuring over" or words of similar import in **Section 8.3** and in **Section 8.4** mean that the Title Company shall provide affirmative insurance coverage in the Title Policy that insures against all loss or damage to Purchaser or the applicable Property that may arise from the particular matter; (B) the language and scope of the affirmative coverage in the Title Policy that insures over any matter permitted to be insured over in **Section 8.3** and/or in **Section 8.4**, shall be acceptable to Purchaser in its sole but reasonable discretion; and (C) in the event Sellers seek to have the Title Company provide affirmative coverage to Purchaser in the Title Policy that insures over any matter permitted to be insured over in **Section 8.3** and/or in **Section 8.4**, (i) all requirements of the Title Company to provide any such affirmative coverage shall be satisfied by Sellers and not by Purchaser, (ii) Sellers shall pay all costs and expenses incurred in connection with, or arising from, satisfying any requirements of the Title Company to provide any such affirmative coverage and (iii) the Title Company must commit in the Title Policy or in a separate writing to also provide the same affirmative coverage set forth in the Title Policy in any owner's policy of title insurance issued to any future purchaser of the applicable Property and in any loan policy of title insurance issued to any lender providing financing secured by a deed of trust or mortgage against the applicable Property (whether in connection with the transactions described in this Agreement or in connection with any future financing transaction); provided that the language and scope of any such provision(s) either in the Title Policy or in a separate writing shall be acceptable to Purchaser in its sole but reasonable discretion.

ARTICLE IX

RISK OF LOSS

9.1 **Casualty.** If any Property is damaged or destroyed by fire or other casualty prior to the Closing then promptly after the applicable Seller becomes aware of the damage or destruction Sellers will notify Purchaser thereof (the "**Damage Notice**"). If (i) the cost of repair, as determined in the parties' reasonable estimation, is less than seven percent (7%) of the applicable Property's Allocated Purchase Price (the "**Damage Threshold**"), (ii) the repairs will, in the parties' reasonable estimation, take less than six (6) months to substantially complete, and (iii) as a result of the casualty the cumulative effect of the reduction in the base rent for the Property, that is not reimbursable by proceeds of business interruption insurance, is not more than five percent (5.0%) of the applicable Property's Allocated Purchase Price (subclauses (i))

and (iii) collectively, "**Casualty Closing Requirements**"), Closing will proceed in accordance with the terms of this Agreement for the full Purchase Price, notwithstanding the damage or destruction; provided, however, that Sellers will, pursuant to the applicable insurance policy, pay or assign to Purchaser at Closing all insurance proceeds for the period on and after the Closing Date, if any (including property and casualty insurance proceeds that have not been spent by Sellers as of the Closing Date and business interruption insurance proceeds for the period on and after the Closing Date, if any), resulting from such casualty damage and credit to Purchaser any applicable deductible amounts under the insurance policies pursuant to which the insurance proceeds are paid or assigned. If the uninsured cost of repair is equal to or greater than the Damage Threshold and/or if the Casualty Closing Requirements are not able to be met, Sellers or Purchaser may elect to terminate this Agreement by delivering written notice to the other within ten (10) days after the date of the Damage Notice (and Closing will be extended as needed to provide for such 10-day period), in which event the Deposit will be refunded. If neither party terminates this Agreement within the 10-day period, Closing will proceed in accordance with the terms of this Agreement for the full Purchase Price, notwithstanding the damage or destruction and Sellers will, pursuant to the applicable insurance policy, pay or assign to Purchaser at Closing all insurance proceeds for the period on and after the Closing Date, if any (including any property and casualty insurance proceeds that have not been spent by Sellers as of the Closing Date and business interruption insurance proceeds for the period on and after the Closing Date, if any), resulting from the casualty and credit to Purchaser any applicable deductible amounts under the insurance policies pursuant to which the insurance proceeds are paid or assigned.

9.2 **Condemnation.** If, prior to the Closing, a condemnation or eminent domain proceeding ("**Taking**") is commenced against any of the Properties, Sellers will give Purchaser notice within ten (10) days after the applicable Seller receives notice that the proceeding has commenced. If the Taking is a Material Taking (as hereinafter defined), Purchaser may, by written notice to Sellers ("**Taking Notice**") elect to terminate this Agreement, which Taking Notice shall be sent no later than thirty (30) days after receipt of Sellers' notice, time being of the essence, or such sooner period of time if the Closing is less than thirty (30) days after receipt of Sellers' notice. For purposes of this Agreement, a "**Material Taking**" shall be a Taking which in the parties' reasonable estimation results in the value of a Property being decreased by seven percent (7%) or more of its Allocated Purchase Price. If the Taking is not a Material Taking or if it is a Material Taking and Purchaser does not give Sellers a Taking Notice in accordance with this **Section 9.2**, Purchaser will complete the transaction contemplated hereby without abatement or reduction in the Purchase Price, and Sellers shall assign to Purchaser all rights, if any, to receive the compensation payments or awards for the period on and after the Closing Date payable as a result of such proceeding, and after the Closing Purchaser shall have the right to continue to litigate any pending compensation litigation and/or hearings as the party in interest at its sole costs and expense.

ARTICLE X

OPERATION OF THE PROPERTY

10.1 **Operations.** From the Effective Date through the Closing Date, Seller will continue to operate and maintain the Properties substantially consistent with their standards of operation and maintenance prevailing immediately prior to the Effective Date.

10.2 **Tenant Defaults.** Until expiration of the Due Diligence Period, Sellers reserve the right to institute summary proceedings against any tenant on any default or failure to perform by any such tenant prior to the Closing. Except as may otherwise be expressly provided in this Agreement (including the Seller's Representations and any Seller Estoppel Certificates which Sellers may elect to deliver as herein provided), it is agreed that no representations have been made and no responsibility is assumed by Sellers with respect to the continued occupancy of the Properties or any part thereof by any tenant or tenants or subtenant or subtenants now or hereafter in possession. Commencing on the day following expiration of the Due Diligence Period, Sellers will not institute any proceedings against a tenant without Purchaser's prior approval, which approval shall not be unreasonably withheld, conditioned or delayed, except that any Seller may institute a proceeding for delinquent rent without Purchaser's consent, provided it does not seek eviction of tenant. Purchaser will be deemed to have approved commencement of proceedings if Purchaser fails to respond within three (3) business days after Purchaser receives written notice of a Seller's intent to commence proceedings. Purchaser agrees that it will cooperate with Sellers in connection with any such proceeding.

10.3 **Leases During Due Diligence Period.** Until expiration of the Due Diligence Period, Sellers may, without Purchaser's consent, continue to enter into new leases and to amend existing Leases ("**New Leases**") with respect to the Properties, including agreements to make leasehold improvements and pay leasing commissions; provided, however, Sellers shall not permit any of the New Leases to include provisions for rent concessions and/or free rent that affect rents that would otherwise be owed for any period of time after the Closing Date without the prior written consent of Purchaser, not to be unreasonably withheld, conditioned or delayed. Sellers will deliver to Purchaser a copy of each New Lease and all documents reasonably related thereto (e.g., commission agent agreements) within two (2) business days after its execution. Sellers will not enter into any New Lease during the final two (2) business days of the Due Diligence Period.

10.4 **Leases After Due Diligence Period.** Commencing on the day following expiration of the Due Diligence Period, Sellers will not enter into New Leases with respect to the Properties without first obtaining Purchaser's consent. Purchaser will be deemed to have consented to any proposed New Lease unless Sellers receive written notice from Purchaser, specifically setting forth the areas of objection within three (3) business days following receipt by Purchaser of the proposed New Lease.

10.5 **Purchaser Assumes Costs.** Upon Closing, Purchaser will assume all liability for, and shall thereafter pay, all amounts (including tenant concessions, tenant improvement costs, landlord work costs, tenant relocation costs and leasing commissions and fees) due under or in connection with any New Lease approved by Purchaser (i) that become or remain payable on or

after the Closing Date (notwithstanding the fact that such amounts may have been ascertainable prior to the Closing Date) and/or (ii) that become payable before the Closing Date, and to the extent same are paid or required to be paid by any Seller at or prior to Closing, Sellers shall receive a credit from Purchaser at Closing in such amount(s). Purchaser will not receive a credit for any free rent under any Leases or New Leases for any periods of same from and after the Closing Date. Upon Closing, at Sellers' option either (I) Sellers' will retain liability for, and shall pay, all amounts (including tenant concessions, tenant improvement costs, landlord work costs, tenant relocation costs and leasing commissions and fees) due under or in connection with (i) any New Lease not approved by Purchaser and/or (ii) any existing Lease and that were payable on or before the Closing Date or (II) Purchaser will assume liability for, receive a credit on the Closing Statement from Sellers for, and thereafter pay, all such amounts that are unpaid as of Closing whether due before or after Closing.

10.6 **Service Agreements.** During the term of this Agreement, Sellers shall have the right to enter into new service agreements and to amend existing service agreements, all of which shall be terminated by Sellers at or before Closing. Sellers will retain liability for, and shall pay, all amounts owed under all service, leasing and management agreements that are required to be terminated by Section 4.3. All amounts owed under the Service Agreements that remain unpaid as of Closing will be allocated between the parties as set forth in Section 11.2(g).

10.7 **Intentionally Omitted.**

10.8 **Wendover Village II Brownfields Notice.** No later than fourteen (14) days prior to the Closing Date (the "**Wendover Notice Deadline**"), Wendover Village II Seller shall send a notice of transfer of the Wendover Village II Property and a copy of the Wendover Village II Deed to the NCDEQ pursuant to the Wendover Brownfields Notice, notifying the NCDEQ of Purchaser's (or its permitted assignee's) name, address, telephone number and email address. At least five (5) days prior to the Wendover Notice Deadline Purchaser shall promptly advise Sellers in writing of the names, address and telephone number of the Affiliated Entity(ies) that will be assigned and will assume the rights and obligations this Agreement applicable to the Wendover Village II Property pursuant to the provisions of **Section 15.7**.

10.9 **Notice Under Certain Wendover Village II Leases.** Promptly after the Effective Date, Wendover Village II Seller will send the notices required by the Wendover Brownfields Notice to any tenants of the Wendover Village II Property that do not have the required notice in their respective Leases, which notice shall be substantially in the form attached hereto as **Exhibit P**.

10.10 **Wendover Environmental Policy.** On or before the Closing Date, Wendover Village II Seller shall cause the insurer named in the Wendover Environmental Policy to issue an endorsement to the Wendover Environmental Policy that adds Purchaser as an additional insured under the Wendover Environmental Policy.

CLOSING PRORATIONS AND ADJUSTMENTS; PAYMENT OF CLOSING COSTS

11.1 **General.** Costs and Expenses of the transaction shall be paid as follows:

(a) Seller shall pay (i) Sellers' legal fees, (ii) one-half (1/2) of the escrow fees charged by Escrow Agent at the Closing, (iii) all clerk's, fees, indexing fees and costs of recording the Deeds and any instruments required to be recorded to evidence the transfer of the Properties as required by this Agreement, (iv) all transfer, recordation, grantee, grantor and similar taxes on the Deeds conveying the Properties as contemplated by this Agreement, (v) the cost of recording any instruments required to discharge any liens or encumbrances against any of the Properties required by the terms of this Agreement to be discharged by Sellers at Closing, (vi) expenses Sellers might incur in connection with their election to remove objections to title, or in connection with satisfying any Monetary Lien Removal Obligation or satisfying any Tenant Liens, (vii) all costs to be paid by Sellers pursuant to **Section 10.5**, (viii) all brokerage commissions to be paid by Sellers pursuant to **Section 15.4**, (ix) the Sellers' portion of any apportionment to be made pursuant to this **Article XI** and (x) all other costs and expenses Sellers incur in connection with this Agreement and the Closing.

(b) Purchaser shall pay (i) Purchaser's legal fees, (ii) one-half (1/2) of the escrow fees charged by Escrow Agent at the Closing, (iii) all costs of record searches and title examinations, including the Title Commitments, all title charges, fees and premiums for the Title Policy and/or owner's title insurance policies for the Properties, including endorsements, extended coverage, (iv) all Survey costs, (v) all costs and expenses for or in connection with any loan(s) obtained by Purchaser in connection with the purchase of the Properties or otherwise (including any intangibles, mortgage recording taxes and any other taxes for or in connection with any loan(s) obtained by Purchaser and the cost of any lender's title insurance policy(ies)), (vi) all Purchaser's due diligence costs and expenses, (vii) all costs to be paid by Purchaser pursuant to **Section 10.5**, (viii) the Purchaser's portion of any apportionment to be made pursuant to this **Article XI**, and (ix) all other costs and expenses Purchaser incurs in connection with this Agreement and the Closing.

(c) Purchaser understands, acknowledges and agrees that the Purchase Price is absolutely net to Sellers except as provided in **Section 11.1(a)** or in any provision of this Agreement to the contrary. The provisions of this **Section 11.1** shall survive the Closing and the delivery of the Deeds.

11.2 **Prorations.** The following are to be apportioned between Purchaser and Sellers as of 12:01 a.m. on the Closing Date (provided, however, that in the event that any of the Leases or subleases, if any, covering all or part of any Property provide that the tenants or subtenants thereunder are responsible for direct payment of any of the expenses, such expenses shall not be apportioned as between Sellers and Purchaser):

(a) Property taxes in accordance with the practice prevailing in the city, county and state where each Property is located including (i) monthly payments made by tenants under the Leases for each applicable Property to the applicable Seller, as landlord, toward

reimbursement of real estate taxes that are paid on a current basis and applied to real estate taxes payable in the current calendar year, and (ii) annual payments made, or required to be made, by tenants under the Leases for each applicable Property to the applicable Seller, as landlord, toward reimbursement of real estate taxes that are paid on a current or forward basis and applied to real estate taxes payable in the current or next proceeding calendar year. Notwithstanding anything to the contrary contained herein, Sellers and Purchaser acknowledge and agree that (x) the payments made in calendar year 2015 by tenants under the Broadmoor Leases to the Broadmoor Seller, as landlord, toward reimbursement of real estate taxes paid in arrears and applied to real estate taxes payable in the prior calendar year (i.e., tenants are required to reimburse Broadmoor Seller for their proportionate share of real estate taxes payable for calendar 2014 in calendar 2015), shall be prorated as of the Closing Date, (y) there shall be no adjustment, re-adjustment, proration or re-proration of, and the Sellers are not providing Purchaser with a credit for the 2015 real estate taxes for the Broadmoor Property, which are payable in 2016, despite the fact that Broadmoor Seller was the owner of the property during all or a portion of the 2015 calendar year, and (z) Purchaser shall be solely responsible for and hereby indemnifies Sellers against all costs, charges and damages, including reasonable fees, in connection with any and all real estate taxes on the Broadmoor Property that are due and payable on or after the Closing Date regardless of the fact that such taxes were assessed during the 2015 calendar year;

(b) Rents if, as and when collected including base rents, escalations, additional rents and percentage rents (“**Rents**”) as further described below;

(c) Water, sewer, gas, electric, vault and fuel charges, if any;

(d) Operating expenses for the Properties;

(e) Amounts paid pursuant to all transferable licenses and permits, on the basis of the fiscal year for which levied;

(f) Assessments but only for the annual installment for the fiscal year in which the Closing occurs; and

(g) All amounts owed under the Service Agreements.

Notwithstanding anything contained herein, any real estate tax refunds or rebates which apply to periods before the Closing Date shall remain the property of Sellers, and Sellers, at their sole expense as to any year prior to the year in which the Closing occurs, shall have the right to file and pursue any appeals attributable to Sellers period of ownership of the Properties (including any appeal of taxes for the year in which the Closing occurs) with respect to tax assessments for the Properties. Purchaser shall reasonably cooperate with Sellers in connection with any such appeal and all reasonable, out-of-pocket expense incurred by Purchaser in such cooperation shall be promptly reimbursed by Sellers. If any Seller is successful in any such tax appeal related to the calendar year in which the Closing occurs, Purchaser and Sellers shall share in the cost of such appeal and rebates or refunds in the same proportion as the proration of real estate taxes set forth on the Closing Statement executed by the parties at Closing. Sellers will also calculate and apply to each Property’s tenants’ accounts credits and charges where applicable. Sellers will provide copies of this calculation, along with copies of the billings, to Purchaser, along with any

balance due to Purchaser. If Purchaser is successful in any such tax appeal attributable to a Seller's ownership period of the Property, Purchaser and Sellers shall share in the cost of any such appeal and rebates or refunds in the same proportion as the proration of the real estate taxes set forth on the Closing Statement executed by the parties at Closing. Purchaser will also calculate and apply to tenants' accounts credits and charges where applicable. Purchaser will provide copies of this calculation, along with copies of the billings to Sellers, together with any balance due to Sellers. The provisions of this paragraph shall survive the Closing and the delivery of the Deeds.

11.3 **Rents.** (a) Purchaser will receive a credit for all prepaid Rents, if any, paid by any tenants. Rents under the Leases will be adjusted and pro-rated on an "if as and when collected" basis. After the Closing Date, Purchaser shall use commercially reasonable efforts to collect any and all past due Rents under the Leases. If, on the Closing Date, there are any unpaid rents for the month of Closing or past due Rents owing by any tenant for any prior period, Rents collected by Purchaser after the Closing Date from such tenants will, unless the Tenant expressly specifies otherwise (in which event such Rents shall be applied as so specified), be applied: first, to the actual out-of-pocket third party costs incurred by Purchaser in collecting such past due Rents; second, to the month of Closing; third to amounts due Purchaser for periods following the month in which the Closing occurred; and fourth, to amounts due Sellers for the months prior to the month in which the Closing occurred. The party receiving such amount shall pay to the other party the portion to which it is entitled, within thirty (30) days of its receipt of same.

(b) Supplementing subsection (a) above, additional or escalation rent based upon: (x) a percentage of sales or (y) tenant's share of real estate taxes, operating expenses (including insurance), labor costs, costs of living indices or porter's wages (collectively, "**Overage Rent**") shall be adjusted and pro-rated, subject to subsection (iv) below, on an if, as and when collected basis. The following shall apply to the extent Overage Rent is billed on the basis of Landlord's estimates or an annual budget, which is subject to subsequent reconciliation and readjustment with each such tenant at the end of the applicable year:

(i) At least two (2) business days prior to the Closing Date, Sellers shall provide Purchaser with a reconciliation statement for calendar year 2015 through the end of the calendar month preceding the Closing Date, with all necessary supporting documentation, as to the Overage Rent paid by the tenants for calendar year 2015. Such reconciliation statement shall indicate any difference between the Overage Rent paid by the tenants (based on each Seller's annual 2015 budget for real estate taxes and operating expenses) and the amount that should have been paid by the tenants through the Closing Date (based on the actual expenses covering such time period);

(ii) If Sellers have collected more on account of such Overage Rent than such actual amount for such time period (with it being acknowledged that such calculation shall be made only with respect to actually collected Overage Rent sums for such time period, and not any such sums that may be so receivable from tenants), then the amount of such difference shall be credited to Purchaser at the Closing;

(iii) If Sellers have collected less from the tenants for Overage Rents than the actual amounts for such time period, then the amount of such under-collected

rents shall be paid and delivered to Sellers as and when collected. If, on the Closing Date, there are any unpaid Overage Rents for the month of Closing (or other period during which the Closing Date occurs) or past due Overage Rents owing by any tenants for any prior period, Overage Rents collected by Purchaser after the Closing Date from such tenants will be applied first, to the actual out-of-pocket third party costs incurred by Purchaser in collecting such past due Rents; second, to the month of Closing; third to amounts due Purchaser for periods following the month in which the Closing occurred; and fourth, to amounts due Sellers for the months prior to the month in which the Closing occurred. Purchaser shall be solely responsible for performing any Overage Rent reconciliations with tenants under the Leases with respect to the entire calendar year in which the Closing occurs. Purchaser shall include in any Operating Expense reconciliations with the tenants under the Leases copies of any applicable billing statements and invoice back-up provided by Sellers for operating expenses incurred by Sellers during the period of Sellers' ownership of the Properties, and shall use commercially reasonable efforts to collect from tenants all amounts due to each Seller.

(iv) Notwithstanding anything in this **Section 11.3(b)** to the contrary, the recoveries and expenses for any Overage Rent for tenants that pay Overage Rent on an annual basis shall be prorated on an accrual basis as of Closing; and

(v) Any prorations relating to Overage Rent proposed by Sellers shall be subject to Purchaser's review and reasonable approval. Upon written request of either party to the other delivered on or before the earlier of December 30, 2016 and the date that is twelve (12) months after Closing, Overage Rent shall be reprorated as of Closing.

(c) The provisions of this **Section 11.3** shall survive the Closing and the delivery of the Deeds provided, however, that the provisions concerning prorations shall only survive for a period of twelve (12) months from the Closing Date.

11.4 **Costs Incurred Under Leases.** At Closing, Sellers shall receive a credit from Purchaser in the aggregate amount of all amounts (including tenant concessions and tenant improvement costs, landlord work costs, tenant relocation costs and leasing commissions or fees) incurred by any Seller under or in connection with any New Leases approved by Purchaser. At Closing, to the extent same are not paid by Seller at or prior to Closing, Purchaser shall receive a credit from Sellers in the aggregate amount of all unpaid amounts of tenant concessions and tenant improvement costs, landlord work costs, tenant relocation costs and leasing commissions or fees owed by Sellers' under or in connection with any New Leases not approved by Purchaser and under or in connection with the present term of any Lease that is not a New Lease.

11.5 **Security Deposits.** All security deposits made by any of the tenants of any of the Properties now held by any Seller, as shown on the Schedule of Security Deposits provided to Purchaser by Sellers on the date hereof, or received by any Seller prior to Closing will be turned over or credited to Purchaser at the Closing. If any Seller is holding any Security Deposits in the form of letters of credit, Purchaser will not receive a credit for such Security Deposits. Purchaser will indemnify and hold Sellers harmless and free from any liability with respect to security deposits turned over or credited to Purchaser and such hold harmless will include any security deposits in the form of letters of credit which are transferred to or reissued in the name of

Purchaser. The applicable Seller shall reasonably cooperate with Purchaser to cause Security Deposits that are in the form of a letter of credit or other instrument to be transferred to or re-issued in the name of Purchaser and, until such transfer or re-issuance, the applicable Seller shall, as Purchaser's agent and at its request, draw on any letter of credit in accordance with the applicable Lease and deliver the proceeds to Purchaser. In the event Purchaser makes such a request, and a Seller effects a draw on the letter of credit and delivers the applicable proceeds to Purchaser, Purchaser agrees to indemnify, defend, and hold Sellers harmless from any claims arising therefrom, including any assertion by a tenant that such draw was wrongful or a breach of the applicable Lease, which indemnification shall be inclusive of reasonable attorney's fees. Any out-of-pocket expense incurred by Sellers in such cooperation shall be promptly reimbursed by Purchaser. This **Section 11.5** shall survive the Closing and the delivery of the Deeds.

11.6 **Final Adjustment After Closing.** If final bills are not available or cannot be issued prior to Closing for any item being prorated under this Article, including calendar year 2015 Seller CAM reconciliations, then Purchaser and Sellers agree to allocate such items on a fair and equitable basis as soon as such bills are available, final adjustment to be made as soon as reasonably possible after the Closing. Payments in connection with the final adjustment will be due within ten (10) business days of notice. Purchaser and Sellers agree to cooperate and to use commercially reasonable efforts to complete such adjustments not more than sixty (60) days after Closing. In addition, if any obvious error in either the calculations or amount of final figures used in a closing adjustment is discovered within sixty (60) days after Closing, Purchaser and Sellers agree to correct such error promptly upon notice from the other party and to use commercially reasonable efforts to complete such adjustment within such sixty (60) day period after Closing. This **Section 11.6** shall survive the Closing and the delivery of the Deeds for a period of one (1) year from the Closing Date.

11.7 **Actual Day Month.** All prorations and/or adjustments provided for in this Agreement will be made based on the actual number of days in the month, unless specifically stated otherwise.

ARTICLE XII

DEFAULT

12.1 **Default by Purchaser.** IF PURCHASER FAILS TO CONSUMMATE THIS AGREEMENT FOR ANY REASON OTHER THAN SELLERS' DEFAULT OR THE PERMITTED TERMINATION OF THIS AGREEMENT BY EITHER SELLERS OR PURCHASER AS PROVIDED FOR IN THIS AGREEMENT, SELLERS WILL BE ENTITLED, AS THEIR SOLE REMEDY, TO TERMINATE THIS AGREEMENT AND RECEIVE THE DEPOSIT AS LIQUIDATED DAMAGES FOR SUCH BREACH OF THIS AGREEMENT. IT IS AGREED BETWEEN SELLERS AND PURCHASER THAT THE ACTUAL DAMAGES TO SELLERS IN THE EVENT OF SUCH BREACH ARE IMPRACTICAL TO ASCERTAIN, AND THE AMOUNT OF THE DEPOSIT IS A REASONABLE ESTIMATE THEREOF. NOTWITHSTANDING THE FOREGOING, SELLERS SHALL RETAIN ALL OF THEIR OTHER RIGHTS PURSUANT TO THIS AGREEMENT AND ANY CLOSING DOCUMENTS, AND, EXCEPT AS OTHERWISE SET FORTH IN THIS AGREEMENT, NOTHING CONTAINED IN THIS **SECTION 12.1** WILL

LIMIT THE LIABILITY OF PURCHASER UNDER (I) ANY INDEMNITY PROVIDED BY PURCHASER UNDER THIS AGREEMENT OR ANY OF THE CLOSING DOCUMENTS EXECUTED AND DELIVERED TO SELLERS PURSUANT TO THE TERMS OF THIS AGREEMENT, OR (II) ANY ACTIONS COMMENCED AFTER CLOSING WITH RESPECT TO ANY OBLIGATION OR REPRESENTATION OF EITHER SELLERS OR PURCHASER WHICH, BY THE TERMS OF THIS AGREEMENT SURVIVES CLOSING, INCLUDING, BUT NOT LIMITED TO, PROVISIONS REGARDING CONFIDENTIALITY AND PAYMENT OF BROKERAGE FEES. UNDER NO CIRCUMSTANCES WILL SELLERS HAVE AVAILABLE TO THEM AN ACTION AT LAW OR OTHERWISE FOR DAMAGES, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR THE CLOSING DOCUMENTS.

12.2 **Default by Sellers.**

(a) In the event of any default by Sellers in the performance of the terms of this Agreement that would entitle Purchaser to a right to terminate this Agreement due to such default (including **Sections 4.5, 8.3, 8.4** or **15.23(c)** hereof), Purchaser's sole remedy will be to elect either to: (i) terminate this Agreement and receive, in full consideration of any Claims Purchaser may have against Sellers, (a) a refund of the Deposit from the Escrow Agent pursuant to **Article XIV**, plus (b) reimbursement of the amount of all direct third party out-of-pocket costs and expenses actually incurred by Purchaser in connection with this Agreement, including the fees and costs with respect to attorneys, accountants, engineers, consultants, due diligence inspections of the Properties, third party reports, Title Company costs and expenses and any forfeited commitment, good faith or rate lock deposits or fees paid to a lender and any lender's legal fees and expenses, but excluding all employee and affiliate compensation, as documented by paid invoices and evidence of payment, up to, in the aggregate, Five Hundred Thousand and 00/100 Dollars (\$500,000.00) (collectively, and subject to such limitation, "**Purchaser's Costs**"); (ii) waive the default by Sellers and close the transaction contemplated by this Agreement notwithstanding the default by Sellers; or (iii) commence within sixty (60) days of the date the Closing was to have occurred and diligently prosecute an action in the nature of specific performance; provided, however, that if Purchaser elects to commence such action and is unsuccessful for any reason other than by reason of Sellers' conveying any Property to a third party, then Purchaser will receive a refund of the Deposit and Sellers shall pay to Purchaser all of Purchaser's Costs, and the Sellers' shall have no further liability to Purchaser under this Agreement (except those that expressly survive termination of this Agreement).

(b) Notwithstanding the foregoing, in the event (i) Sellers shall be in default of the terms of this Agreement due to Sellers' failure to sell and convey the Properties to Purchaser in accordance with the terms of this Agreement, (ii) Purchaser has performed or satisfied, as applicable, all of the conditions to Sellers' obligation to sell as set forth in **Section 4.2** hereof and has sent prompt written notice of such performance and its readiness and willingness to close the transaction contemplated by this Agreement to Sellers, (iii) Purchaser shall have commenced within sixty (60) days of the date the Closing was to have occurred (and shall be diligently prosecuting) an action in the nature of specific performance, and (iv) such action in the nature of specific performance is not an available remedy as a result of Sellers' transfer of the Properties to a third party other than Purchaser (or its Affiliated Entity(ies)), then

Purchaser will receive a refund of the Deposit, Sellers shall pay to Purchaser all of Purchaser's Costs, and Sellers shall pay to Purchaser a liquidated damages payment equal to Three Million Five Hundred Thousand Dollars and No/100 (\$3,500,000.00) ("**LD Payment**") as liquidated damages. It is agreed between Sellers and Purchaser that the actual damages to Purchaser as a result of this default by Sellers are impractical to ascertain, and the return of the Deposit plus payment of Purchaser's Costs and the LD Payment is a reasonable estimate thereof.

(c) NOTWITHSTANDING THE FOREGOING, PURCHASER SHALL RETAIN ALL OF ITS OTHER RIGHTS PURSUANT TO THIS AGREEMENT AND ANY CLOSING DOCUMENTS, AND, EXCEPT AS OTHERWISE SET FORTH IN THIS AGREEMENT, NOTHING CONTAINED IN THIS SECTION 12.2, WILL LIMIT THE LIABILITY OF SELLERS UNDER (I) ANY INDEMNITY PROVIDED BY SELLERS UNDER THIS AGREEMENT OR ANY OF THE CLOSING DOCUMENTS EXECUTED AND DELIVERED TO PURCHASER PURSUANT TO THE TERMS OF THIS AGREEMENT, OR (II) ANY ACTIONS COMMENCED AFTER CLOSING WITH RESPECT TO ANY OBLIGATION OR REPRESENTATION OF EITHER SELLERS OR PURCHASER WHICH, BY THE TERMS OF THIS AGREEMENT SURVIVES CLOSING, INCLUDING, BUT NOT LIMITED TO, PROVISIONS REGARDING CONFIDENTIALITY AND PAYMENT OF BROKERAGE FEES (IT BEING AGREED THAT SELLERS' LIABILITY UNDER THIS AGREEMENT SHALL BE LIMITED AS PROVIDED IN **SECTIONS 15.16 AND 15.23**). UNDER NO CIRCUMSTANCES WILL PURCHASER HAVE AVAILABLE TO IT AN ACTION AT LAW OR OTHERWISE FOR DAMAGES, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE CLOSING DOCUMENTS.

12.3 **Notice of Default; Opportunity to Cure.** Notwithstanding anything contained herein, neither Sellers nor Purchaser shall be deemed to be in default hereunder until and unless Sellers or Purchaser, as applicable, has been given written notice of the failure to comply with the terms of this Agreement and thereafter does not cure such failure within five (5) business days after receipt of such notice; provided, that the foregoing provision of this **Section 12.3** (i) shall not be applicable to Purchaser's failure to deliver the Purchase Price or the Deposit or any portion thereof on the date required hereunder or to a party's failure to make any deliveries required of Sellers and Purchaser on the Closing Date pursuant to **Sections 4.1 and 4.2**, respectively, and, accordingly, (ii) shall not have the effect of extending the Closing Date or the due date of the Initial Deposit or the Additional Deposit.

12.4 **Limitation on Damages.** Notwithstanding any provision of this Agreement or applicable law to the contrary, under no circumstances will any party be liable for any consequential, indirect, special, punitive or exemplary damages for any claim or dispute related to or arising under this Agreement.

ARTICLE XIII

REPRESENTATIONS AND WARRANTIES

13.1 **Sellers' Representations.** Each Seller represents and warrants to Purchaser with respect to itself and its Property, the following (collectively, "**Sellers' Representations**") as of the Effective Date and as of the Closing Date, provided, however, that Purchaser's remedies in

the instance that any of Sellers' Representations are known to Purchaser to be untrue or incorrect as of the Closing Date, are limited to those set forth in **Article XII**:

(a) Such Seller is duly organized, validly existing and in good standing under the laws of the state of its formation set forth in the initial paragraph of this Agreement, and is qualified to transact business in the state in which its applicable Property is located; and, has or at the Closing will have the entity power and authority to sell and convey its Property and to execute the documents to be executed by such Seller and prior to the Closing will have taken, as applicable, all corporate or equivalent entity actions required for the execution and delivery of this Agreement by it and the consummation by it of the transactions contemplated by this Agreement.

(b) Such Seller has all necessary approvals to execute and deliver this Agreement and perform its obligations hereunder, and to such Seller's knowledge, no other authorization or approvals, whether of governmental bodies or otherwise, will be necessary in order to enable such Seller to enter into or comply with the terms of this Agreement.

(c) This Agreement and the other documents to be executed by such Seller hereunder, upon execution and delivery thereof by such Seller, will have been duly entered into by such Seller, and will constitute legal, valid and binding obligations of such Seller. To such Seller's knowledge, neither this Agreement nor anything provided to be done under this Agreement violates or shall violate any contract, document, understanding, agreement or instrument to which such Seller is a party or by which it is bound.

(d) Such Seller is a "United States person" within the meaning of Sections 1445(f)(3) and 7701(a)(30) of the Internal Revenue Code of 1986, as amended.

(e) The Leases provided to Purchaser by such Seller are true and correct copies in all material respects of the Leases between such Seller and the tenants of such Leases as they appear in Sellers' files, including any and all amendments, renewals and extensions thereof. The Schedule of Leases provided to Purchaser by such Seller on the date hereof is true and correct in all material respects and lists all Leases as to its Property as of the Effective Date. Seller has not received notice of any material defaults from any tenant under its Lease in the last twelve (12) months preceding the Effective Date and no tenants under the Leases are delinquent in the payment of rent except as set forth in the Notice of Lease Defaults provided to Purchaser by such Seller on the date hereof.

(f) The Rent Roll as to its Property provided to Purchaser by such Seller on the date hereof is true and correct in all material respects.

(g) Other than as set forth in the Notice of Material Litigation provided to Purchaser by Sellers on the date hereof, there are (i) no actions, suits, arbitrations, claims, governmental proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings, pending, or to Sellers' knowledge threatened in writing, against any Seller that would affect any Seller's ability to perform its obligations under this Agreement, (ii) no judicial, administrative or other adversarial suit, action or governmental proceeding pending against any Seller or any Property, which will be binding against Purchaser

or any Property after the Closing, (iii) no material litigation pending with respect to such Seller's Property not covered by insurance and (iv) no pending, or to Sellers' knowledge threatened in writing, litigation involving such Seller's Property or such Seller exists which if determined adversely would restrain or prevent the consummation of the transactions contemplated by this Agreement or would declare illegal, invalid or non-binding any of such Seller's obligations or covenants to Purchaser pursuant to this Agreement or any of the Closing Documents.

(h) Other than as set forth in the Notice of Violations provided to Purchaser by Sellers on the date hereof, to such Seller's knowledge, during the eighteen (18) month period prior to the Effective Date, such Seller has received no written notice from any governmental body or agency of any violation or alleged violation of any zoning ordinance, land use law or building code with respect to such Seller's Property, which violation or alleged violation has not been corrected.

(i) To such Seller's knowledge, during the eighteen (18) month period prior to the Effective Date, such Seller has received no written notice from any governmental body or agency of any pending or threatened condemnation proceeding against such Seller's Property or any formal notice of condemnation with respect to such Seller's Property, other than as set forth on **Schedule 13.1(i)**.

(j) To such Seller's knowledge, during the eighteen (18) month period prior to the Effective Date, such Seller has not received any written notice from any property owner's association (or shopping center association), tenant, governmental authority or other third party of any violation or alleged violation of any covenants, conditions, restrictions, easements or declarations governing such Seller's Property, which violation or alleged violation has not been corrected.

(k) To such Seller's knowledge, during the eighteen (18) month period prior to the Effective Date, such Seller has received no written notice from any governmental body or agency of any violation or alleged violation of any applicable law with respect to (i) Hazardous Materials on such Seller's Property or (ii) other environmental conditions concerning such Seller's Property.

(l) Such Seller (which for this purpose includes its partners, members, principal stockholders and any other constituent entities (i) has not been designated as a "specifically designated national and blocked person" on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website, <http://www.treas.gov/offices/enforcement/ofac/sdn/t11sdn.pdf> or at any replacement website or other replacement official publication of such list and (ii) is currently in compliance with and will at all times during the term of this Agreement (including any extension thereof) remain in compliance with the regulations of the Office of Foreign Asset Control of the Department of the Treasury and any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action relating thereto.

(m) There are no employees who are employed by such Seller or any property manager engaged by such Seller in the operation, management or maintenance of such Seller's

Property whose employment will continue after Closing. On and after the Closing, there will be no obligations concerning any pre-Closing employees of such Seller, nor will there be any property management agreement which will be binding on Purchaser or such Seller's Property.

(n) To such Seller's knowledge, during the eighteen (18) month period prior to the Effective Date, such Seller has not received any written notices of default with respect to its obligations or liabilities under any of the Service Agreements.

(o) To Wendover Village II Seller's knowledge, during the eighteen (18) month period prior to the Effective Date, Wendover Village II Seller has not received any written notices of violation, non-compliance or breach of the Wendover Brownfield Notice and/or the Wendover Brownfields Agreement.

13.2 Definition of Seller's Knowledge. Any representation and/or warranty made "to Sellers' knowledge", "to such Seller's knowledge" or to any phrase of like import will not be deemed to imply any duty of inquiry. For purposes of this Agreement, the term "Sellers' knowledge", "Seller's knowledge" or any phrase of like import means the actual knowledge of the Designated Representative of Sellers and will not be construed to refer to the knowledge of any other officer, director, agent, employee or representative of any Seller, or any affiliate of any Seller, or to impose upon such Designated Representative any duty to investigate the matter to which such actual knowledge or the absence thereof pertains, or to impose upon such Designated Representative any individual personal liability. As used herein, the term "**Designated Representative of Sellers**" refers to Benjamin Snyder, vice president of DDR Corp. and the persons who are the property managers of the specified Properties as listed on **Schedule 13.2** attached hereto.

13.3 Purchaser's Representations, Warranties, and Covenants. For the purpose of inducing Sellers to enter into this Agreement and to consummate the sale and purchase of the Properties in accordance herewith, Purchaser represents and warrants to Sellers the following as of the Effective Date and as of the Closing Date:

(a) Purchaser is a Virginia limited liability company duly organized, validly existing and current with any and all required limited liability company filings and fees, under the laws of the Commonwealth of Virginia.

(b) Purchaser, acting through any of its duly empowered and authorized officers or members, has all necessary entity power and authority to transact the business in which it is engaged, and has full power and authority to enter into this Agreement, to execute and deliver the documents and instruments required of Purchaser herein, and to perform its obligations hereunder; and no consent not obtained by or from any of Purchaser's partners, directors, officers or members is required to so empower or authorize Purchaser. The compliance with or fulfillment of the terms and conditions hereof will not conflict with, or result in a breach of, the terms, conditions or provisions of, or constitute a default under, any agreement to which Purchaser is a party or by which Purchaser is otherwise bound, which conflict, breach

or default would have a material adverse effect on Purchaser's ability to consummate the transaction contemplated by this Agreement.

(c) No pending or, to the knowledge of Purchaser, threatened in writing litigation involving Purchaser exists which if determined adversely would restrain the consummation of the transactions contemplated by this Agreement or would declare illegal, invalid or non-binding any of Purchaser's obligations or covenants to Sellers.

(d) Other than the representations provided in this Agreement, including, the Sellers' Representations, Purchaser has not relied on any representation or warranty made by any Seller or any representative of any Seller, including Broker (as defined below), in connection with this Agreement and the acquisition of the Properties.

(e) Purchaser (which for this purpose includes its partners, members, principal stockholders and any other constituent entities) (i) has not been designated as a "specifically designated national and blocked person" on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website, <http://www.treas.gov/offices/enforcement/ofac/sdn/t11_sdn.pdf> or at any replacement website or other replacement official publication of such list; (ii) is currently in compliance with and will at all times during the term of this Agreement (including any extension thereof) remain in compliance with the regulations of the Office of Foreign Asset Control of the Department of the Treasury and any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action relating thereto; and (iii) has not used and will not use funds from illegal activities for any portion of the Purchase Price, including the Deposit.

(f) (i) Purchaser is not an "employee benefit plan" as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 ("**ERISA**"), which is subject to Title I of ERISA, or a "plan" as defined in Section 4975(e)(1) of the Code, which is subject to Section 4975 of the Code; and (ii) the assets of Purchaser do not constitute "plan assets" of one or more such plans for purposes of Title I of ERISA or Section 4975 of the Code; and (iii) (a) Purchaser is not a "governmental plan" within the meaning of Section 3(32) of ERISA, and assets of Purchaser do not constitute plan assets of one or more such plans; or (b) transactions by or with Purchaser are not in violation of state statutes applicable to Purchaser regulating investments of and fiduciary obligations with respect to governmental plans.

(g) Armada Hoffler Properties, Inc. ("**AHP**") (Purchaser's parent company) is a publicly traded real estate investment trust subject to the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended (collectively, the "**Exchange Act**") and the rules and regulations thereunder.

13.4 **Survival.** The representations and warranties made by Sellers in **Section 13.1** and by Purchaser in **Section 13.3** shall survive the Closing and delivery of the Deeds as provided in **Section 15.23**.

ARTICLE XIV

ESCROW PROVISIONS

14.1 **Escrow Provisions.** The Deposit and any other sums (including any interest earned thereon) which the parties agree shall be held in escrow (collectively "**Escrow Funds**"), shall be held by Escrow Agent, in trust and disposed of only in accordance with the following provisions:

- (a) Escrow Agent hereby agrees to hold, administer, and disburse the Escrow Funds pursuant to this Agreement. Escrow Agent shall invest such Escrow Funds in a segregated, interest-bearing deposit account at Citibank, N.A. In the event any interest or other income shall be earned on such Escrow Funds, such interest or other income shall become a part of the Escrow Funds and will be the property of the party entitled to the Deposit pursuant to this Agreement. Purchaser's and Sellers' Federal Identification Numbers are set forth below.
- (b) At such time as Escrow Agent receives written notice from either Purchaser or Sellers, or both, setting forth the identity of the party to whom such Escrow Funds (or portions thereof) are to be disbursed and further setting forth the specific section or paragraph of the Agreement pursuant to which the disbursement of such Escrow Funds (or portions thereof) is being requested, Escrow Agent shall disburse such Escrow Funds pursuant to such notice; provided, however, that if such notice is given by either Purchaser or Sellers but not both (except as to a notice of termination delivered by Purchaser under the provisions of **Section 6.4**, as to which notice of Purchaser only shall be required for the release to Purchaser of the Deposit by Escrow Agent hereunder), Escrow Agent shall (i) promptly notify the other party (either Purchaser or Sellers as the case may be) that Escrow Agent has received a request for disbursement, and (ii) withhold disbursement of such Escrow Funds for a period of ten (10) days after receipt of such notice of disbursement and if Escrow Agent receives written notice from either Purchaser or Sellers within said ten (10) day period which notice countermands the earlier notice of disbursement, then Escrow Agent shall withhold such disbursement until both Purchaser and Sellers can agree upon a disbursement of such Escrow Funds. Purchaser and Sellers hereby agree to send to the other, pursuant to **Section 15.6**, a duplicate copy of any written notice sent to Escrow Agent and requesting any such disbursement or countermanding a request for disbursement.
- (c) In performing any of its duties hereunder, Escrow Agent shall not incur any liability to anyone for any damages, losses, or expenses, except for willful default or breach of trust, and it shall accordingly not incur any such liability with respect to (i) any action taken or omitted in good faith upon advice of its legal counsel given with respect to any questions relating to the duties and responsibilities of Escrow Agent under this Agreement, or (ii) any action taken or omitted in reliance upon any instrument, including any written notice or instruction provided for in this Agreement, not only as to its due execution and the validity and effectiveness of its provisions but also as to the truth and accuracy of any

information contained therein, which Escrow Agent shall in good faith believe to be genuine, to have been signed or presented by a proper person or persons, and to conform with the provisions of this Agreement.

- (d) Notwithstanding the provisions of **Section 14.1(b)** (except as to a notice of termination delivered by Purchaser under the provisions of **Section 6.4**, as to which notice of Purchaser only shall be required for the release to Purchaser of the Deposit by Escrow Agent hereunder), in the event of a dispute between Purchaser and Sellers sufficient, in the sole discretion of Escrow Agent to justify its doing so or in the event that Escrow Agent has not disbursed the Escrow Funds on or before ten (10) days after the Closing Date, Escrow Agent shall be entitled to tender into the registry or custody of any court of competent jurisdiction the Escrow Funds, together with such legal pleadings as it may deem appropriate, and thereupon be discharged from all further duties and liabilities under this Agreement. Any such legal action may be brought in a federal or state court in New York County, New York or, if is such courts do not have jurisdiction as to the parties or matters involved then such court as Escrow Agent shall determine to have jurisdiction thereof.
- (e) Sellers and Purchaser hereby acknowledge that they are aware the Federal Deposit Insurance Corporation (FDIC) coverages apply only to a maximum amount of \$250,000.00 for each individual depositor. Sellers and Purchaser understand that Escrow Agent assumes no responsibility for, nor will Sellers and Purchaser hold same liable for, any loss occurring which arises from the fact that the amount of the Deposit may cause the aggregate amount of any individual depositor's account to exceed \$250,000.00 and that the excess amount is not insured by the Federal Deposit Insurance Corporation
- (f) Escrow Agent has executed this Agreement in the place indicated on the signature page hereof in order to confirm that the Escrow Agent has received the Deposit and shall hold the Escrow Funds in escrow, and shall disburse the Escrow Funds pursuant to the provisions of this **Article XIV**. A copy of this Agreement executed by Escrow Agent shall be delivered by Escrow Agent to Sellers and Purchaser.

ARTICLE XV

GENERAL PROVISIONS

15.1 **No Agreement Lien.** In no event will Purchaser have a lien against the Properties by reason of any deposits made under this Agreement or expenses incurred in connection therewith and Purchaser waives any right that it might have to so lien the Properties.

15.2 **Confidentiality.**

(a) Purchaser will treat any and all information disclosed to it by or on behalf of Sellers, including this Agreement, the Closing Documents and the Property Documents, or

otherwise gained through Purchaser's access to the Property and Sellers' books and records, as confidential, giving it the same care as Purchaser's own confidential information, and will make no use of any such disclosed information not independently known to Purchaser except in connection with the transactions contemplated hereby; provided, however, that Purchaser may, without the consent of Sellers, disclose such information: (i) to its partners, members, managers, employees, advisors, consultants, attorneys, accountants, and lenders (collectively, "**Purchaser Transaction Parties**"), so long as any such Purchaser Transaction Parties to whom disclosure is made have also agreed to keep all such information confidential in accordance with the terms hereof; and (ii) if disclosure is required by law or by regulatory or judicial process, provided that in such event Purchaser will give Sellers reasonable prior written notice of such disclosure required by law or by regulatory or judicial process, will exercise all commercially reasonable efforts to preserve the confidentiality of the confidential information, including reasonably cooperating with Sellers (at Sellers' sole expense) to obtain an appropriate exemption from disclosure, order or other reliable assurance that confidential treatment will be accorded such confidential information by such tribunal and will disclose only that portion of the confidential information which Purchaser and Sellers (in their reasonable discretion) shall agree is required by law or by regulatory or judicial process to disclose.

(b) Sellers will treat any and all information disclosed to it by or on behalf of Purchaser, as confidential, giving it the same care as Sellers' own confidential information, and make no use of any such disclosed information not independently known to Sellers except in connection with the transactions contemplated hereby; provided, however, that Sellers may, without the consent of Purchaser, disclose such information: (i) to its partners, members, managers, employees, advisors, consultants, attorneys, accountants, and lenders (collectively, "**Seller Transaction Parties**"), so long as any such Seller Transaction Parties to whom disclosure is made have also agreed to keep all such information confidential in accordance with the terms hereof; and (ii) if disclosure is required by law or by regulatory or judicial process, provided that in such event Sellers will give Purchaser reasonable prior written notice of such disclosure required by law or by regulatory or judicial process, will exercise all commercially reasonable efforts to preserve the confidentiality of the confidential information, including reasonably cooperating with Purchaser (at Purchaser's sole expense) to obtain an appropriate exemption from disclosure, or confidential treatment order or other reliable assurance that confidential treatment will be accorded such confidential information by such tribunal and will disclose only that portion of the confidential information which Sellers and Purchaser (in its reasonable discretion) shall agree is required by law or by regulatory or judicial process to disclose.

(c) Each Seller acknowledges that Purchaser and AHP have advised it that: (i) AHP is a publicly traded real estate investment trust subject to the Exchange Act and the rules and regulations thereunder; (ii) AHP has reporting and disclosure obligations under the Exchange Act and other applicable federal and state securities laws, as reported in its securities filings; (iii) the fact that Purchaser has entered into this Agreement may be material to AHP's investors and therefore certain information may be required to be disclosed pursuant to Exchange Act reporting and disclosure obligations; and (iv) with Sellers' prior written consent (not to be unreasonably withheld, conditioned or delayed) AHP may disclose material information from time to time concerning the existence of this Agreement and the transactions contemplated in this

Agreement pursuant to its Exchange Act reporting and disclosure obligations in securities filings with the U.S. Securities and Exchange Commission or other applicable regulatory bodies; provided, however, that Sellers expressly consent to (I) AHP's filing of a Current Report on Form 8-K (the "**Form 8-K**") in a form approved by Seller within four business days of the Effective Date for the purpose of disclosing the material terms of this Agreement (but AHP shall not file this Agreement as an exhibit to the Form 8-K) to the extent necessary to enable AHP to comply with its obligations under the Exchange Act, and (II) AHP's filing of this Agreement, together with all applicable exhibits and schedules hereto, as an exhibit to AHP's Annual Report on Form 10-K for the fiscal year ending December 31, 2015 (the "**Form 10-K**"); provided further, that AHP shall be permitted to discuss the terms of this Agreement and the transactions contemplated hereby with analysts, investors, lenders and other similar parties to the extent materially consistent with the disclosure set forth in the Form 8-K. In such event, these filings, disclosures, and statements shall not constitute a breach or a violation of any confidentiality or non-disclosure provisions of this Agreement or any other agreement. Furthermore, in the event that the SEC shall request or require AHP to file or furnish other information or documents related to this Agreement and the transactions contemplated by this Agreement, AHP shall provide Sellers prompt notice of such request or requirement and shall, if reasonably requested by Sellers within three business days of such notice by AHP, use commercially reasonable efforts to promptly submit to the SEC an application for confidential treatment of any information or documents that Sellers may reasonably request; provided, however, that in the event that AHP is unsuccessful in obtaining confidential treatment of any such information or documents despite its use of use commercially reasonable efforts, Sellers acknowledge that AHP shall file or furnish any information or documents responsive to the SEC's request or requirement and that such disclosure shall not be deemed a violation of this **Section 15.2**.

(d) Sellers, Purchaser and AHP agree: (1) that the Form 8-K shall be in the form approved by Sellers and shall not attach this Agreement as an exhibit thereto; and (2) that this Agreement shall only be filed with the SEC as an exhibit to AHP's Form 10-K, which shall not be filed until the earlier of the day after Closing or March 10, 2016.

(e) Notwithstanding the foregoing provisions of this **Section 15.2**, the provisions of **Section 15.2(a)** and **(b)** will not apply to any information or document that is or becomes generally available to the public other than as a result of (1) a violation of law, (2) a disclosure in violation of this **Section 15.2**, and/or (3) a breach of any other obligation of confidentiality.

(f) The provisions of this **Section 15.2** shall survive the Closing and the delivery of the Deeds and/or termination of this Agreement.

15.3 **Incorporation.** The preamble, recitals, exhibits and schedules to this Agreement, whether part of, attached to or referenced in this Agreement, are incorporated herein by reference and made a part of this Agreement.

15.4 **Brokers.** Sellers and Purchaser agree that Holliday Fenoglio Fowler, L.P. ("**Broker**") was the only broker with whom the parties negotiated in connection with the sale and purchase of the Property. Sellers are obligated to pay any and all brokerage commissions payable to Broker in accordance with a separate agreement between it and Broker. Sellers agree

to indemnify and hold Purchaser harmless from the claims of any other party claiming a commission due it by reason of an agreement with Sellers. Purchaser agrees to indemnify and hold Sellers harmless from the claims of any other party claiming a commission due it by reason of an agreement with Purchaser. The provisions of this Section will survive the Closing and the delivery of the Deeds or termination of this Agreement.

15.5 **Modifications.** This Agreement may not be modified in any respect except by an instrument in writing and duly signed by the parties hereto. The parties agree that this Agreement contains all of the terms and conditions of the understanding between the parties hereto and that there are no oral understandings whatsoever between them.

15.6 **Notices.** All notices, consents, approvals, acceptances, demands, waivers and other communications (“**Notice**”) required or permitted hereunder must be in writing and must be sent by (i) personal delivery, (ii) certified mail, return receipt requested, (iii) for next day delivery by nationally recognized overnight delivery service that provides evidence of the date of delivery, or (iv) electronic mail, in any case with all charges prepaid, addressed to the appropriate party at its address listed below.

To Seller: DDR-SAU South Square, L.L.C.
DDR-SAU Durham Patterson, L.L.C.
DDR-SAU Wendover Phase II, L.L.C.
DDR-SAU Salisbury Alexander, L.L.C.
DDR-SAU Winston-Salem Harper Hill, L.L.C.
DDR-SAU Greer North Hampton Market, L.L.C.
DDR-SAU Nashville Willowbrook, L.L.C.
DDR-SAU South Bend Broadmoor, L.L.C.
DDR-SAU Oakland, L.L.C.
DDR-SAU Waynesboro, L.L.C.
DDR-SAU Pasadena Red Bluff Limited Partnership
c/o Teachers Insurance and Annuity Association of America
730 Third Avenue - 4th Floor
New York, NY 10017
Attention: Lynette Pineda
Email: lpineda@tiaa-cref.org

With copies to: Nancy Miller, Esq.
Teachers Insurance and Annuity Association of America
730 Third Avenue – 12th Floor
New York, NY 10017
Email: Nancy.Miller@tiaa-cref.org

and

Benjamin Snyder
Vice President
DDR Corp.
3300 Enterprise Parkway
Beachwood, OH 44122
Email: bsnyder@ddr.com

and

Noam Magence, Esq.
DDR Corp.
3300 Enterprise Parkway
Beachwood, OH 44122
Email: nmagence@ddr.com

and

Lester M. Bliwise, Esq.
Seyfarth Shaw LLP
620 Eighth Avenue
New York, NY 10018
Email: lbliwise@seyfarth.com

To Purchaser: AHP ACQUISITIONS, LLC
Attn.: Eric L. Smith, Chief Investment Officer
Armada Hoffler Properties, Inc.
222 Central Park Avenue, Suite 2100
Virginia Beach, VA 23462
Telephone: 757.366.4000
Facsimile: 757.424.2513
E-mail: esmith@armadahoffler.com

With a copy to:

Williams Mullen
Att.: C. Grigsby Scifres, Esq.
222 Central Park Avenue, Suite 1700
Virginia Beach, Virginia 23462
Telephone: 757.473.5370
Facsimile: 757.473.0395
Email: gscifres@williamsmullen.com

All Notices given in accordance with this Section will be deemed to have been received (as applicable): three (3) business days after having been deposited in any mail depository regularly maintained by the United States Postal Service, if sent by certified mail, on the date

delivered if by personal delivery or electronic mail (or the next business day if delivery was not on a business day) or one (1) business day after having been deposited with a nationally recognized overnight delivery service, if sent by overnight delivery, or on the date delivery is refused, as indicated on the return receipt or the delivery records of the delivery service, as applicable. Notices given by counsel to a party in accordance with the above shall be deemed given by such party.

15.7 **Assignment.** Purchaser will not assign this Agreement or its rights hereunder without Sellers' prior written consent, which may be withheld in Sellers' sole and absolute discretion, and any attempted assignment or transfer without Sellers' consent will be null and void ab initio and of no effect. The foregoing notwithstanding, provided that Purchaser is in compliance with the conditions hereinafter set forth, Purchaser shall have the right to assign this Agreement, without Sellers' consent, provided (a) the assignment is effective on or before the Closing Date, (b) the assignment is to one or more Affiliated Entity(ies) (as defined below) created by Purchaser for the purpose of purchasing the Property, (c) the assignment is on the form attached hereto as **Exhibit N** and includes all of Purchaser's right, title and interest in and to the Deposit, and provides for the assumption, for the benefit of Sellers as third-party beneficiaries, of all of Purchaser's obligations under this Agreement, (d) that such assignee has assumed any and all obligations and liabilities of Purchaser under this Agreement, but, notwithstanding such assumption, Purchaser shall continue to be liable hereunder, and (e) Purchaser provides Sellers, at least five (5) business days' prior to the Wendor Notice Deadline, with written notice of such assignment and executed counterparts of all documents evidencing or otherwise executed in connection with such assignment. An "**Affiliated Entity**" shall mean an entity controlling, controlled by or under common control with Purchaser including any wholly-owned lower tier subsidiary of Armada Hoffler, L.P. Any assignment which fails to meet the criteria of this **Section 15.7** or to which Sellers have not otherwise consented shall be void and of no force or effect. Purchaser shall deliver to Sellers prior to Closing, and as a condition to the effectiveness of any such assignment, such supporting evidence of the foregoing as is reasonably required by Sellers.

15.8 **Further Assurances.** Purchaser and Sellers hereby agree to complete, execute and deliver to the appropriate governmental authorities any returns, affidavits or other instruments that may be required with respect to any transfer, gains, sales, stamps and similar taxes, if any, arising out of this transaction.

15.9 **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the State of New York.

15.10 **Offer Only.** This Agreement will not constitute a binding agreement by and between the parties hereto until such time as this Agreement has been duly executed and delivered by all such parties and the Deposit is deposited with the Escrow Agent in accordance with this Agreement.

15.11 **Counterparts.** This Agreement may be executed in counterparts, each of which, when taken together shall constitute fully executed originals.

15.12 **E-mail or PDF Signatures.** Signatures to this Agreement, the Site Access and Indemnification Agreement and the Confidentiality Agreement transmitted by e-mail, PDF or other electronic imaging shall be valid and effective to bind the party so signing. A copy of the electronic mail or PDF shall also be sent to the intended addressee by one of the means described in clauses (i) through (iii) of **Section 15.6**, in any case with all charges prepaid, addressed to the appropriate party at its address provided herein.

15.13 **Severability.** If any portion of this Agreement becomes or is held to be illegal, null or void or against public policy, for any reason, the remaining portions of this Agreement will not be affected thereby and will remain in force and effect to the fullest extent permissible by law.

15.14 **No Waiver.** No waiver by Purchaser or Sellers of a breach of any of the terms, covenants or conditions of this Agreement by the other party will be construed or held to be a waiver of any succeeding or preceding breach of the same or any other term, covenant or condition herein contained. No waiver of any default by Purchaser or Sellers under this Agreement will be implied from any omission by the other party to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect a default other than as specified in such waiver. The consent or approval by Purchaser or Sellers to or of any act by the other party requiring the consent or approval of the first party will not be deemed to waive or render unnecessary such party's consent or approval to or of any subsequent similar acts by the other party.

15.15 **Intentionally Omitted.**

15.16 **Limitation of Liability.** If Purchaser becomes aware after Closing of any breach and/or violation of any of Sellers' representations and/or warranties set forth herein or of any other matter for which Sellers would or could become liable to Purchaser, whether hereunder or under any Closing Document, and Purchaser timely commences any action(s) to enforce any alleged breach and/or violation of any of the representations and/or warranties of Sellers as set forth in this Agreement or to enforce any other claims for liability against Sellers, and, notwithstanding any provision to the contrary contained herein or in any document executed by any Seller pursuant hereto or in connection herewith, in no event shall Sellers be liable for any special, consequential, speculative, punitive or similar damages, nor shall Sellers' aggregate liability in any such event or events exceed in the aggregate Three Million Five Hundred Thousand Dollars (\$3,500,000.00) ("**Sellers' Maximum Liability**") and no claim by Purchaser may be made and Sellers shall not be liable for any judgment in any action based upon any such claim unless and until Purchaser's claims are for an aggregate amount in excess of \$300,000.00 ("**Liability Threshold**"), in which event Sellers' liability respecting any final judgment concurring such claim(s) shall be for the entire amount thereof, subject to Sellers' Maximum Liability. The amount of Sellers' Maximum Liability shall be inclusive of attorneys' fees, and ancillary court and experts' costs and fees. Notwithstanding the provisions of this **Section 15.16** to the contrary, and for the avoidance of doubt, the limitations in this **Section 15.16** do not limit or restrict any of Purchaser's rights and any of Sellers' obligations (i) with respect to any sums payable pursuant to the provisions of **Article VIII**, (ii) with respect to any awards or sums payable pursuant to the provisions of **Article IX**, (iii) with respect to any sums payable pursuant to the provisions of **Section 10.5 or Section 10.6**, (iv) with respect to any sums payable pursuant

to the provisions of **Article XI**, (v) with respect to any sums payable pursuant to the provisions of **Section 12.2**, and (vi) with respect to any sums payable pursuant to the provisions of **Section 15.4**. Notwithstanding any provision in this Agreement to the contrary, if Purchaser has knowledge of a breach of a representation or warranty by Sellers prior to Closing and elects to consummate the Closing notwithstanding such breach, despite the fact that Sellers will have no liability to Purchaser for same, including any loss, cost, expense and reduction and reduction of base rent related to such breach pursuant to **Section 4.5**, the aggregate amount of any such loss, cost and expense related to such breach will be included in the calculation of whether the Liability Threshold has been reached with respect to any breaches or violations of any of Sellers' representations or warranties that Purchaser becomes aware of after Closing. The provisions of this **Section 15.16** shall survive the Closing and the delivery of the Deeds.

15.17 **Waiver of Jury Trial.** TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

15.18 **Successors and Assigns.** Subject to the limitations set forth elsewhere in this Agreement, each and all of the covenants and conditions of this Agreement will inure to the benefit of and will be binding upon the successors-in-interest, assigns, and representatives of the parties hereto. As used in the foregoing, "successors" refers to the successors to all or substantially all of the assets of parties hereto and to their successors by merger or consolidation.

15.19 **No Partnership or Joint Venture.** Sellers or Purchaser will not, by virtue of this Agreement, in any way or for any reason be deemed to have become a partner of the other in the conduct of its business or otherwise, or a joint venture. In addition, by virtue of this Agreement there shall not be deemed to have occurred a merger of any joint enterprise between Purchaser and Sellers.

15.20 **No Recordation.** Sellers and Purchaser agree that neither this Agreement nor any memorandum or notice hereof shall be recorded, and Purchaser further agrees (a) not to file any notice of pendency, *lis pendens* or other instrument (other than a judgment) against any Property or any portion of any Property (except solely in connection with an action for specific performance commenced against Sellers pursuant to **Section 12.2**), and (b) to be responsible for and to indemnify Sellers against all Liabilities (including reasonable attorneys' fees, expenses and disbursements) incurred by Sellers by reason of the filing by Purchaser of any such notice of pendency, *lis pendens* or other instrument. The provisions of this **Section 15.20** shall survive any termination of this Agreement.

15.21 **Designation Agreement.** Section 6045(e) of the United States Internal Revenue Code and the regulations promulgated thereunder (herein collectively called the "**Reporting Requirements**") require an information return to be made to the United States Internal Revenue Service, and a statement to be furnished to Sellers, in connection with the Transaction. Escrow Agent is either (x) the person responsible for closing the Transaction (as described in the Reporting Requirements) or (y) the disbursing title or escrow company that is

most significant in terms of gross proceeds disbursed in connection with the Transaction (as described in the Reporting Requirements). Accordingly:

(a) Escrow Agent is hereby designated as the “**Reporting Person**” (as defined in the Reporting Requirements) for the Transaction. Escrow Agent shall perform all duties that are required by the Reporting Requirements to be performed by the Reporting Person for the Transaction.

(b) Sellers and Purchaser shall furnish to Escrow Agent, in a timely manner, any information requested by Escrow Agent and necessary for Escrow Agent to perform its duties as Reporting Person for the Transaction.

(c) Sellers acknowledge that any failure by Sellers to provide Escrow Agent with Sellers’ correct taxpayer identification number(s) may subject Sellers to civil or criminal penalties imposed by law. Accordingly, each Seller hereby certifies to Escrow Agent, under penalties of perjury, that such Seller’s correct taxpayer identification number is 20-2639998.

(d) Each of the parties hereto shall retain this Agreement for a period of four (4) years following the calendar year during which Closing occurs.

The provisions of this **Section 15.21** shall survive the Closing and the delivery of the Deeds.

15.22 **Section 1031 Exchanges.** Purchaser and Sellers agree that, at either Purchaser’s or Sellers’ sole election, this transaction may be structured as an exchange of like-kind properties under Section 1031 of the Internal Revenue Code of 1986, as amended (the “**Code**”), and the regulations and proposed regulations thereunder. The parties agree that if either wishes to make such election, it must do so by written notice to the other party at least five (5) business days prior to the Closing Date. If either so elects, the other shall reasonably cooperate, provided any such exchange is consummated pursuant to an agreement that is mutually acceptable to Purchaser and Sellers and which shall be executed and delivered on or before the Closing Date. The electing party shall in all events be responsible for all costs and expenses related to the Section 1031 exchange and shall fully indemnify, defend and hold the other harmless from and against any and all liability, claim, damages, expenses (including reasonable attorneys’ fees, expenses and disbursements), proceedings and causes of action of any kind or nature whatsoever arising out of, connected with or in any manner related to such 1031 exchange that would not have been incurred by the non-electing party if the transaction were a purchase for cash. In no event shall any party be required to take record title to any property other than the Properties in connection with such transaction.

15.23 **Survival.**

(a) The parties hereby acknowledge and agree that (I) the Purchaser’s covenants, agreements, indemnities, warranties and representations contained in this Agreement and in any Closing Document (other than those made in **Sections 13.3 (e) and (f), 15.16 and 15.21**, and this **Section 15.23** which are meant to and shall survive indefinitely), and (II) the Sellers’ covenants, agreements, indemnities, warranties and representations contained in this Agreement and in any Closing Document (other than those made in **Sections 13.1 (d)**,

13.1 (l), 15.16 and 15.21, and this **Section 15.23**, which are meant to and shall survive indefinitely), shall survive Purchaser's purchase of the Properties only for a period commencing on the Closing Date and ending six (6) months after the Closing Date or, if another period of time is specified, such other period of time (as applicable, the "**Survival Period**").

(b) It is expressly agreed that Purchaser shall provide written notice to Sellers prior to the expiration of the Survival Period of any alleged breach of such covenants, agreements, indemnities, warranties or representations, and, if such notice is not given on or before such date then any claim relating to or arising out of such breach thereafter will be void and of no force or effect. Sellers shall have thirty (30) days after receipt of such notice to cure such breach, or, such additional reasonable period of time so long as a cure has been commenced and is being diligently pursued and is finally completed within sixty (60) days after receipt of such notice to cure. If Sellers fail to cure such breach within such cure period, Purchaser's sole remedy shall be an action at law for actual damages commenced, if at all, within the Survival Period or within thirty (30) days of Seller's failure to complete the cure. Purchaser's waiver(s) and release(s) set forth in **Sections 1.6 and 1.7** are hereby incorporated by this reference. Purchaser specifically acknowledges that such termination of liability represents a material element of the consideration to Sellers. The limitation as to Sellers' liability in this **Section 15.23** does not apply to Sellers' liability with respect to prorations and adjustments under **Article XI**.

(c) Notwithstanding any contrary provision of this Agreement, if Sellers become aware during the pendency of this Agreement prior to Closing of any matters which make any of its representations or warranties untrue, Sellers shall (i) promptly disclose such matters to Purchaser in writing or (ii) disclose such matters in Sellers' Bring Down Certificate delivered at Closing. In the event that Sellers discloses or Purchaser otherwise has knowledge that any of Sellers' representations or warranties are untrue or incorrect in any material respect, Sellers shall bear no liability for such matters, but Purchaser may elect in writing on or before the Closing Date to (i) waive such matters and complete the purchase of the Properties without reduction of the Purchase Price, or (ii) as to any matters disclosed or discovered following the expiration of the Due Diligence Period for which the aggregate amount, without duplication, of any loss (which may be measured as a reduction in value of the Properties), cost, or expense resulting therefrom exceeds three and one half percent (3.5%) of the Purchase Price, terminate this Agreement, it being agreed that if such matters do not, in the aggregate (and without duplication), exceed three and one half percent (3.5%) of the Purchase Price, then Purchaser shall have no right to terminate this Agreement as a result thereof.

(d) The provisions of this **Section 15.23** shall survive the Closing and the delivery of the Deeds and/or termination of this Agreement.

15.24 Calculation of Time Periods. Unless otherwise specified in this Agreement, in computing any period of time described in this Agreement, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is not a business day, in which event the period shall run until the next day which is a business day.

15.25 **Headings.** The captions and headings herein are for convenience and reference only and in no way define, describe or limit the scope, content or intent of this Agreement or in any way affect its provisions.

15.26 **Regulation S-X.**

(a) Purchaser has advised Sellers that Purchaser must comply with Securities and Exchange Commission Regulation S-X (17 C.F.R. § Part 210) ("**Regulation S-X**"), including, but not limited to, Rule 3-14 thereof, which requires Purchaser to cause to be prepared up to three (3) years of audited income statements for the Property with respect to the three (3) full calendar years preceding the Closing Date. From and after the date hereof, within a reasonable period of time after Purchaser's written request, Sellers shall (at Purchaser's sole cost and expense and at no third party cost to Sellers) (a) provide Purchaser any reasonable financial information, financial statements and supporting documentation in Sellers' possession or under the Sellers' control as are necessary for Purchaser's independent auditor to prepare such audited income statements in compliance with Form 8-K requirements and Regulation S-X, each as promulgated by the United States Securities and Exchange Commission, (b) provide to Purchaser's independent auditor access to the books and records of Sellers with respect to the Property for the period or periods for which Purchaser is required to have the Property audited pursuant to Regulation S-X, and (c) provide to Purchaser's independent auditor a commercially reasonable representation letter, at Purchaser's sole cost and expense, regarding the books and records of the Property, in connection with such independent auditor's auditing of the Property in accordance with generally accepted auditing standards.

(b) Purchaser and its agents, auditors and consultants shall keep confidential all such information and documentation delivered pursuant to this Section, subject to a determination by Purchaser, in consultation with its legal counsel, that disclosure of all or a portion of such information or documentation is required pursuant to applicable securities laws, provided that Purchaser or its counsel shall provide prior written notice to Sellers of any information which Purchaser or its counsel determines is required to be disclosed by applicable securities laws, and Purchaser shall, simultaneously with the filing of any such information and documentation with any applicable governmental authority or agency, request that all such information and documentation remain confidential. In connection with its obligations under this **Section 15.26**, Sellers shall be required to only provide information in Sellers' possession or control, and shall not be required to prepare any statements or reports. Sellers shall have no liability with regard to any such information, documentation or reports provided in connection with this **Section 15.26**. Purchaser shall reimburse Sellers for Sellers' reasonable out-of-pocket costs in providing the foregoing.

(c) The provisions of this **Section 15.26** shall survive Closing and delivery of the Deeds for a period of two (2) years.

[Remainder of page intentionally left blank; signature page(s) follow]

SELLERS:

DDR-SAU South Square, L.L.C., a Delaware limited liability company

By: /s/ Luke Petherbridge
Name: _____
Title: _____

DDR-SAU Durham Patterson, L.L.C., a Delaware limited liability company

By: /s/ Luke Petherbridge
Name: _____
Title: _____

DDR-SAU Wendover Phase II, L.L.C., a Delaware limited liability company

By: /s/ Luke Petherbridge
Name: _____
Title: _____

DDR-SAU Salisbury Alexander, L.L.C., a Delaware limited liability company

By: /s/ Luke Petherbridge
Name: _____
Title: _____

DDR-SAU Winston-Salem Harper Hill, L.L.C., a Delaware limited liability company

By: /s/ Luke Petherbridge
Name: _____
Title: _____

DDR-SAU Greer North Hampton Market, L.L.C., a Delaware limited liability company

By: /s/ Luke Petherbridge
Name: Luke Petherbridge
Title: Chief Financial Officer

DDR-SAU Nashville Willowbrook, L.L.C., a Delaware limited liability company

By: /s/ Luke Petherbridge
Name: Luke Petherbridge
Title: Chief Financial Officer

DDR-SAU South Bend Broadmoor, L.L.C., a Delaware limited liability company

By: /s/ Luke Petherbridge
Name: Luke Petherbridge
Title: Chief Financial Officer

DDR-SAU Oakland, L.L.C., a Delaware limited liability company

By: /s/ Luke Petherbridge
Name: Luke Petherbridge
Title: Chief Financial Officer

DDR-SAU Waynesboro, L.L.C., a Delaware limited liability company

By: /s/ Luke Petherbridge
Name: Luke Petherbridge
Title: Chief Financial Officer

DDR-SAU PASADENA RED BLUFF LIMITED
PARTNERSHIP, an Illinois limited partnership

By: DDR-SAU Pasadena Red Bluff GP, L.L.C.,
Its General Partner

By: DDR-SAU Retail Fund, L.L.C., its Sole
Member

By: DDR Retail Real Estate Limited
Partnership, Its Member

By: DDR IRR Acquisition LLC,
Its General Partner

By: /s/ Luke Petherbridge

Name: Luke Petherbridge

Title: Chief Financial Officer

PURCHASER'S SIGNATURE ON SEPARATE PAGE

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the parties hereto, as of the Effective Date.

PURCHASER:

AHP ACQUISITIONS, LLC

a Virginia limited liability company

By: ARMADA HOFFLER, L.P.

a Virginia limited partnership

Sole Managing Member

By: ARMADA HOFFLER PROPERTIES, INC.

a Maryland corporation

General Partner

By: /s/ Eric L. Smith (SEAL)

Eric L. Smith

Chief Investment Officer

Federal Tax Identification No.: 47-1765359

SELLER'S SIGNATURE ON SEPARATE PAGE

AGREEMENT OF ARMADA HOFFLER PROPERTIES, INC.

The undersigned has executed this Agreement solely to confirm its agreement to comply with the provisions of **Section 15.2(c) and (d)**. The undersigned has no other obligations or liabilities to Sellers or any other Person of any nature whatsoever under or pursuant to this Agreement or any of the Closing Documents.

ARMADA HOFFLER PROPERTIES, INC.,
a Maryland corporation

By: /s/ Eric L. Smith (SEAL)
Eric L. Smith
Chief Investment Officer

AGREEMENT OF ESCROW AGENT

The undersigned has executed this Agreement solely to confirm its agreement to (a) hold the Escrow Funds in escrow in accordance with the provisions hereof and (b) comply with the provisions of **Section 5.3, Article XIV** and **Section 15.21**.

FIRST AMERICAN TITLE INSURANCE COMPANY

By: /s/ Palma J. Collins
Name: Palma J. Collins
Title: Vice President

SCHEDULES AND EXHIBITS

<u>Schedule 1</u>	Rules of Construction
<u>Schedule 4.3</u>	Service Agreements
<u>Schedule 6.1</u>	Property Documents
<u>Schedule 13.1(i)</u>	Condemnation
<u>Schedule 13.2</u>	Seller's Designated Representatives
<u>Exhibit A-1 through A-11</u>	Legal Descriptions
<u>Exhibit B</u>	Major Tenants
<u>Exhibit D-1 through D-6</u>	State Specific Form Deeds
<u>Exhibit E</u>	Assignment and Assumption Agreement
<u>Exhibit F</u>	FIRPTA Certificate
<u>Exhibit G</u>	Bill of Sale
<u>Exhibit H</u>	Tenant Estoppel Certificate
<u>Exhibit J</u>	Site Access and Indemnification Agreement
<u>Exhibit K</u>	Tenant Notice Letter
<u>Exhibit M</u>	Seller Estoppel Certificate
<u>Exhibit N</u>	Assignment and Assumption of Purchase and Sale Agreement
<u>Exhibit O-1</u>	Seller's Bring Down Certificate
<u>Exhibit O-2</u>	Purchaser's Bring Down Certificate
<u>Exhibit P</u>	Tenant Brownfields Notice Letter
<u>Exhibit Q</u>	Sellers' Affidavit Of Title
<u>Exhibit R</u>	Assignment and Assumption of Brownfields Agreement

SCHEDULE 1

RULES OF CONSTRUCTION

(a) References in this Agreement to numbered Articles and Sections are references to the Articles and Sections of this Agreement. References to any numbered or lettered Exhibits or Schedules are references to the Exhibits or Schedules attached to this Agreement, all of which are incorporated in and constitute a part of this Agreement. Article, Section, Exhibit and Schedule captions are for reference only and do not describe or limit the substance, scope or intent of the individual Articles, Sections, Exhibits or Schedules.

(b) The terms “include”, “including” and similar terms are construed as if followed by the phrase “without limitation” unless such words or the words “but not limited to” already immediately follow.

(c) The terms “Land”, “Improvements”, “Fixtures and Personal Property” and “Property” are construed as if followed by the phrase “or any part thereof”. The term “Properties” is construed, unless the context requires otherwise, as if followed by the phrase “or any Property or any part of any Property”. Any determination of “materiality” shall, unless otherwise expressly set forth, be made as a determination as to all of the Properties and not as to any one Property.

(d) The singular of any word includes the plural and the plural includes the singular. The use of any gender includes all genders.

(e) The terms “person”, “party” and “entity” include natural persons, firms, partnerships, limited liability companies and partnerships, corporations and any other public or private legal entity.

(f) The term “provisions” includes terms, covenants, conditions, agreements and requirements. The term “terms” includes provisions, covenants, conditions, agreements and requirements.

(g) The term “amend” includes modify, supplement, renew, extend, replace or substitute and the term “amendment” includes modification, supplement, renewal, extension, replacement and substitution.

(h) Reference to any specific law or to any document or agreement, includes any future amendments, modifications, supplements and replacements to the law, document or agreement, as the case may be.

(i) No inference or construction in favor of or against a party may be drawn from the fact that the party drafted this Agreement, but shall be construed as if both parties prepared this Agreement.

(j) All obligations, rights, remedies and waivers contained in this Agreement will be construed as being limited only to the extent required to be enforceable under the Law.

(k) The term “business day” means any day other than Saturday or Sunday or legal holiday in the State of New York or the State or Commonwealth where any Property is located.

SCHEDULE 4.3

SERVICE AGREEMENTS

North Hampton Property

Equipment Lease Agreement dated August 7, 2004 between Lightsource, Inc. and CAP Greer, LLC, as assigned pursuant to that certain Consent and Acknowledgement of Assignment of Lease dated April 14, 2005 between CAP Greer, LLC and Inland Southeast Greer North Hampton Markets, L.L.C. and Lightsource, Inc.

SCHEDULE 6.1

PROPERTY DOCUMENTS

Alexander Pointe

Property Documents

1. Offering Memorandum
2. Argus Model / Corresponding PDF Schedules
3. Insurance Loss Run Report
4. Historical Tenant Concession Schedule
5. Utility Information
6. 2014 Utility Bills
7. Historical Cap Ex Summary
8. DDR/SAU Certificates of Insurance
9. Tenant Certificates of Insurance (All that are available)
10. Fee Simple Deed (02.06.85)
11. Deed of Easement (07.08.87)
12. Sewer Easement (01.31.92)
13. Dedication and Cross Easement (01.16.96)
14. Easement Documentation (10.03.96)
15. Time Warner Cable Installation and Service Agreement (5.31.13)
16. Professional Services Industries, Inc. Phase I Environmental Report (2.4.97)
17. Elite Maintenance Sweeping Contract (1.14.10)
18. Granite Telecommunications Phone Line Invoices (10.14.15)
19. Site Drawing
20. Site Plan
21. Survey (05.2.95)
22. Survey (02.19.97)
23. Survey (06.1.06)
24. Survey (08.01.06)
25. 2012,2013,2014,2015 Tax Bills
26. Chicago Title Insurance Company Title Commitment (6.21.06)
27. Chicago Title Insurance Company Title Commitment Revision (7.24.06)
28. First American Title of the Carolinas Title Policy (8.30.01)
29. Chicago Title Insurance Company Title Policy (8.2.06)
30. Fred Shield Roof Warranty (11.07.96)
31. Zoning Confirmation Letter (6.28.06)

Financial Documents

1. Rent Roll (9.30.15)
2. 2012,2013,2014 Operating Statements
3. 2015 YTD Operating Statement
4. Tenant Sales Report (10.15)
5. 2012,2013,2014 General Ledgers
6. 2015 YTD General Ledger
7. AR Report (10.29.15)
8. 2014 Reconciliations

Lease Documents

1. Farrington Family Medical Lease (5.28.13)
2. Farrington Family Medical Confidentiality Agreement (4.9.13)
3. Farrington Family Medical First Amendment & Commencement (1.13.14)
4. Great Clips Lease (8.20.96)
5. Great Clips Assignment of Lease (12.21.96)
6. Great Clips Consent to Assignment (1.03.97)
7. Great Clips Lease Extension Agreement (02.07.07)
8. Great Clips Extension & Modification (10.06.11)
9. Great Clips Second Extension & Modification (08.01.14)
10. Harris Teeter Lease (9.12.95)
11. Harris Teeter Memorandum of Lease (9.12.95)
12. Harris Teeter First Amendment (02.21.97)
13. Harris Teeter Second Amendment (08.06.97)
14. Harris Teeter Third Amendment (7.28.15)
15. Jersey Mikes Lease (10.03.97)
16. Jersey Mikes Lease Rider (06.10.02)
17. Jersey Mikes Guarantee (8.20.07)
18. Jersey Mikes Extension & Modification (9.17.07)
19. Jersey Mikes Second Extension & Modification (6.20.12)
20. Nails #1 Lease (8.19.04)
21. Nails #1 Assignment & Assumption (10.17.05)
22. Nails #1 Extension & Modification (3.25.14)
23. Rural Hall Tobacco & Gift Lease (4.30.13)
24. Rural Hall Tobacco & Gift Guarantee (4.30.13)
25. Rural Hall Tobacco & Gift Settlement Agreement (12.12.13)
26. UPS License Agreement (09.13.12)
27. Mid-Atlantic Recycling Agreement (3.4.11)
28. Mid-Atlantic Recycling Agreement (8.12.13)

29. UPS Lease (6.13.08)
30. UPS Guarantee (6.13.08)
31. UPS Landlord's Agreement in Small Business Administration (6.23.08)
32. UPS Option Notice (4.17.13)

Broadmoor Plaza

Property Documents

1. Offering Memorandum
2. Argus Model / Corresponding PDF Schedules
3. Insurance Loss Run Report
4. Historical Tenant Concession Schedule
5. Utility Information
6. 2014 Utility Bills
7. Historical Cap Ex Summary
8. DDR/SAU Certificates of Insurance
9. Tenant Certificates of Insurance (All that are available)
10. Plat Utility Easement (01.01.70)
11. Temporary Easement (01.18.74)
12. Pass-Over and No Barrier Agreement (5.12.78)
13. Easement of Vehicular and Pedestrian Passage (08.11.78)
14. Terracon Phase I Environmental Report (11.8.05)
15. REA Agreement (05.17.85)
16. Burger King REA (10.11.89)
17. Woodlawns Landscape Company, Inc. Landscaping Maintenance Contract (4.1.14)
18. Woodlawns Landscape Company Invoice (3.26.14)
19. Woodlawns Landscape Company, Inc. Pressure Washing Contract (4.1.14)
20. Woodlawns Landscape Company Invoice (4.2.14)
21. M3 Landscape Management Snow Removal Agreement (11.5.14)
22. M3 Landscape Management Invoice (10.26.14)
23. Woodlawns Landscape Company, Inc. Sweeping & Portering Contract (4.1.14)
24. Woodlawns Landscape Company Invoice (3.28.14)
25. Site Drawing
26. Site Plan
27. Survey (02.17.88)
28. Survey (06.25.03)
29. Survey (11.22.05)
30. 2012,2013,2014 Tax Bills
31. 2015 Tax Assessment Notice

32. First American Title Insurance Title Commitment (8.2.13)
33. Chicago Title Insurance Title Policy (9.27.05)
34. Chicago Title Insurance Title Policy (12.30.05)
35. Zoning Confirmation Letter (11.10.05)

Financial Documents

1. Rent Roll (9.30.15)
2. 2012,2013,2014 Operating Statements
3. 2015 YTD Operating Statement
4. Tenant Sales Report (10.15)
5. 2012,2013,2014 General Ledgers
6. 2015 YTD General Ledger
7. AR Report (10.29.15)
8. 2014 Reconciliations

Lease Documents

1. AT&T Lease (8.18.04)
2. AT&T Extension & Modification (11.1.09)
3. AT&T Second Extension & Modification (2.11.11)
4. AT&T Third Extension & Modification (9.29.15)
5. Borics Hair Care Lease (08.06.86)
6. Borics Hair Care Lease Modification (5.22.97)
7. Borics Hair Care Second Lease Modification (1.15.02)
8. Borics Hair Care Lease Extension (1.15.07)
9. Borics Hair Care Fourth Lease Modification (4.19.12)
10. Borics Hair Care Guarantee (1.15.07)
11. Borics Hair Care Fifth Lease Modification (3.30.15)
12. CK Nails Lease (4.25.13)
13. Goodwill License Agreement (03.10.08)
14. Goodwill License Agreement (12.21.10)
15. Goodwill License Agreement (01.22.14)
16. Jackson Hewitt Lease (10.14.06)
17. Jackson Hewitt Pylon Sign Agreement (01.06.15)
18. Jo-Ann Lease (11.08.13)
19. Jo-Ann Memorandum of Lease (11.08.13)
20. Jo-Ann Commission Agreement (7.19.13)
21. Jo-Ann Commencement Date Agreement (6.16.14)
22. Kroger Lease (12.06.05)
23. Kroger Guarantee (12.06.05)
24. Kroger/ TopValco Lease (1.12.88)

25. Little Caesar's Lease (12.26.07)
26. Little Caesar's Extension & Modification (2.18.13)
27. OG Restaurant (10.17.11)
28. Staples Lease (7.30.96)
29. Staples Memorandum of Lease (7.30.96)
30. Staples Commencement Agreement (5.21.97)
31. Staples First Amendment to Lease (6.28.05)
32. Staples Second Amendment to Lease (5.11.15)
33. Wells Fargo Lease (03.06.89)
34. Wells Fargo First Addendum (03.06.89)
35. Wells Fargo First Amendment (06.07.93)
36. Wells Fargo Second Addendum (12.28.98)
37. Wells Fargo Third Lease Modification (10.29.01)
38. Wells Fargo Fourth Lease Modification (4.28.03)
39. Wells Fargo Fifth Lease Modification (8.5.05)
40. Wells Fargo Sixth Lease Modification (1.10.09)
41. Wells Fargo Side Letter Agreement (12.14.10)
42. Wells Fargo Seventh Lease Modification (6.3.15)

Harper Hill Commons

Property Documents

1. Offering Memorandum
2. Argus Model / Corresponding PDF Schedules
3. Insurance Loss Run Report
4. Historical Tenant Concession Schedule
5. Utility Information
6. 2014 Utility Bills
7. Historical Cap Ex Summary
8. DDR/SAU Certificates of Insurance
9. Tenant Certificates of Insurance (All that are available)
10. Easement Documentation (10.2.57)
11. Right of Way Agreement (11.19.62)
12. Easement Documentation (7.26.66)
13. Utility Easement (4.9.95)
14. 50-Foot Temporary Access Easement with 30-Foot Construction Easement (11.21.02)
15. Right of Way Agreement (5.4.04)
16. Bellsouth Easement (2.9.04)
17. Off-Site Property Access Consent (2.2.09)

18. Hart & Hickman Groundwater Monitoring Report (11.18.10)
19. NCDENR Letter regarding Contamination Remediation (1.20.11)
20. Well Abandonment Report Exhibit (12.15.10)
21. Well Abandonment Record (5.16.11)
22. REA (6.4.04)
23. Agreement for Reciprocal Easements (8.26.04)
24. Granite Telecommunications Phone Line Invoice (10.12.15)
25. Site Drawing
26. Site Plan
27. Survey (7.27.02)
28. Survey (9.15.03)
29. Survey (2.15.06)
30. Survey (3.16.06)
31. 2012,2013,2014, & 2015 Tax Bills
32. Title Commitment (2.14.06)
33. Parker Title Insurance Agency Title Commitment (3.08.06)
34. Personal Undertaking Documentation (3.21.06)
35. Chicago Title Insurance Title Policy (3.30.06)
36. Zoning Confirmation Letter (3.1.06)
37. Special Warranty Deed DB 2307 Pg. 2283 (12.19.02)
38. Special Warranty Deed DB 2307 Pg. 2290 (12.19.02)
39. Special Warranty Deed DB 2329 Pg. 1786 (2.26.03)

Financial Documents

1. Rent Roll (9.30.15)
2. 2012,2013,2014 Operating Statements
3. 2015 YTD Operating Statement
4. Tenant Sales Report (10.15)
5. 2012,2013,2014 General Ledgers
6. 2015 YTD General Ledger
7. AR Report (10.29.15)
8. 2014 Reconciliations

Lease Documents

1. Dream Nails Lease (3.1.14)
2. Fast Med Urgent Care (6.6.11)
3. Fast Med Urgent Care Letter Agreement (6.9.11)
4. Harris Teeter Lease (12.16.02)
5. Harris Teeter Memorandum of Lease (2.11.03)
6. Harris Teeter Supplemental Memorandum of Ground Lease (8.10.04)

7. Harris Teeter First Amendment to Ground Lease (11.8.03)
8. Harris Teeter Second Amendment to Ground Lease (6.3.04)
9. Harris Teeter Third Amendment to Ground Lease (4.26.06)
10. Inner Strength Pilates Early Entry Letter (1.23.12)
11. Inner Strength Pilates Lease (2.7.12)
12. Inner Strength Pilates Guarantee (2.7.12)
13. Inner Strength Pilates First Amendment (12.18.14)
14. Inner Strength Pilates Pylon Sign Agreement (2.16.15)
15. Inner Strength Pilates Pylon Sign Agreement (2.28.12)
16. Kimono Japanese Lease (2.20.03)
17. Kimono Japanese First Amendment (3.23.05)
18. Kimono Japanese Settlement Agreement (1.11.11)
19. Mac&Nelli's Lease (9.23.14)
20. Mac&Nelli's Guarantee (9.23.14)
21. Manpower Lease (9.23.11)
22. Monte De Ray Lease (2.3.11)
23. Monte De Ray Early Entry Letter (2.7.11)
24. Monte De Ray First Amendment (5.26.11)
25. Monte De Ray Guarantee (2.1.11)
26. DDR Letter to Tenant (2.23.11)
27. Orchids Thai Lease (7.21.11)
28. Orchids Thai Sign Off Letter (7.12.11)
29. Orchids Thai Guarantee (7.21.11)
30. Orchids Thai Amendment (7.25.11)
31. Papa John's Lease (3.12.04)
32. Papa John's Confirmation of Option (5.8.14)
33. Regional Finance (4.22.11)
34. Regional Finance Confirmation of Option (4.17.14)
35. Score More Sports Lease (6.1.11)
36. Score More Sports Guarantee (6.1.11)
37. State Farm Lease (4.29.14)
38. Waste Management Services Vendor Agreement (10.16.13)
39. Leonard Buildings Temporary License Agreement (4.3.15)
40. Triad Martial Arts Lease (6.10.14)
41. Triad Martial Arts Guarantees (6.10.14)
42. Ultra Tan Lease (3.29.04)
43. Ultra Tan Extension & Modification (5.25.11)
44. Ultra Tan Second Extension & Modification (11.7.14)
45. Ultra Tan Sign Off Letter (11.13.14)
46. Draft Dewey's Bakery Temporary License Agreement (11.15)

Property Documents

1. Offering Memorandum
2. Argus Model / Corresponding PDF Schedules
3. Insurance Loss Run Report
4. Historical Tenant Concession Schedule
5. Utility Information
6. 2014 Utility Bills
7. DDR/SAU Certificates of Insurance
8. Tenant Certificates of Insurance (All that are available)
9. Easement Documentation (2.2.82)
10. Easement Documentation (12.1.64)
11. Kroger Easement Documentation (1.3.83)
12. Sewer Easement (1.7.83)
13. Terracon Phase I Environmental Report (11.8.05)
14. REA (5.17.85)
15. Amrpo Power Solutions Lighting Service Contract (9.15)
16. Amrpo Power Solutions Invoice (7.24.15)
17. Firetrol Protection Systems Monitoring System Agreement (4.28.15)
18. Lawn Management Company, Inc. Landscaping Service Contract (6.23.15)
19. Lawn Management Company Invoice (6.15.15)
20. Securitas Security Service Contract Renewal (12.18.13)
21. Federal Maintenance Sweeping Service Contract (4.21.15)
22. Federal Maintenance Invoice (3.24.15)
23. Site Plan
24. Hughes-Southwest Survey (not date)
25. James Seymour Survey (no date)
26. Survey (6.9.00)
27. Survey (11.1.05)
28. 2012,2013,2014 Tax Bills
29. 2015 Tax Assessment Notice
30. Commonwealth Land Title Commitment (12.17.84)
31. Draft Title Commitment (unsigned) (10.10.05)
32. Chicago Title Insurance Title Commitment (10.10.05)
33. Out-of-County Title Company Notice (2.1.10)
34. Chicago Title Insurance Title Policy (12.10.05)
35. Lawyers Title Insurance Title Policy (3.9.82)

36. Draft Title Commitment (12.9.05)
37. Johns Manville Roof System Warranty (11.15.03)
38. Zoning Confirmation Letter (10.12.05)
39. Zoning Correspondence (10.17.05)
40. Zoning Confirmation Letter (11.3.05)
41. Zoning Correspondence (11.8.05)
42. Zoning Confirmation Letter (11.18.05)
43. Zoning Correspondence (12.13.05)

Financial Documents

1. Rent Roll (9.30.15)
2. 2012,2013,2014 Operating Statements
3. 2015 YTD Operating Statement
4. Tenant Sales Report (10.15)
5. 2012,2013,2014 General Ledgers
6. 2015 YTD General Ledger
7. AR Report (10.29.15)
8. 2014 Reconciliations

Lease Documents

1. Cricket Lease (4.13.07)
2. Cricket Guarantee (4.13.07)
3. Cricket Assignment (1.28.10)
4. Cricket Extension & Modification (2.18.13)
5. DDR Letter regarding Pylon Signage (4.30.14)
6. Cricket Pylon Sign Agreement (6.26.07)
7. Dentist Early Entry Letter (9.19.12)
8. Dentist Lease (10.1.12)
9. Family Dollar Lease (1.20.09)
10. Family Dollar Memorandum of Lease (1.20.09)
11. Family Dollar Guarantee (12.8.08)
12. H&R Block Lease (4.15.86)
13. H&R Block First Lease Modification (6.3.92)
14. H&R Block Second Lease Modification (6.12.95)
15. H&R Block Third Lease Modification (4.21.98)
16. H&R Block Fourth Lease Modification (3.14.01)
17. H&R Block Lease Extension (4.4.06)
18. H&R Block Assignment and Assumption (6.24.09)
19. H&R Block Sixth Lease Modification (6.24.09)
20. H&R Block Seventh Lease Modification (4.9.10)

21. H&R Block Extension & Modification (5.15.13)
22. H&R Block Pylon Sign Agreement (2.26.10)
23. Draft Kroger Lease (12.05)
24. Kroger Lease (12.06.05)
25. Kroger Lease Modification (8.9.10)
26. Le Nails Lease (8.27.03)
27. Le Nails Extension & Modification (10.14.08)
28. Le Nails Second Extension & Modification (1.15.14)
29. Little Caesar's Lease (10.11.10)
30. Little Caesar's Commencement (2.4.11)
31. Starlite Media Lease (10.2.00)
32. Starlite Media Amendment (12.21.07)
33. Starlite Media Temporary Agreement (10.1.09)
34. Starlite Media Temporary Agreement (7.9.12)
35. Starlite Media Display Unit License (1.1.14)
36. Subway Lease (1.10.11)
37. Subway Sublease Agreement & Amendment (7.28.11)

North Hampton Market

Property Documents

1. Offering Memorandum
2. Argus Model / Corresponding PDF Schedules
3. Insurance Loss Run Report
4. Historical Tenant Concession Schedule
5. Utility Information
6. 2014 Utility Bills
7. Historical Cap Ex Summary
8. DDR/SAU Certificates of Insurance
9. Easement Documentation (date not legible)
10. Easement Documentation (8.23.60)
11. Storm Drainage and Sewer Easement (4.14.05)
12. Plat Map for Storm Drainage and Sewer Easement (4.14.05)
13. Storm Drainage and Sewer Easement with Exhibits (4.14.05)
14. OEA (10.8.03)
15. Elite Maintenance Landscaping Contract (1.10.14)
16. Fire Sprinkling Company Information

17. Elite Maintenance Retention Pond Contract (1.10.14)
18. Elite Maintenance Sweeping Contract (1.10.14)
19. Granite Telecommunications Phone Lines Invoices (10.9.15)
20. Site Drawing
21. Site Plan
22. Survey (9.5.03)
23. Annotated Survey (9.5.03)
24. Survey (4.5.05)
25. 2012,2013,2014 Tax Bills
26. 2015 Tax Assessment Notice
27. Chicago Title Insurance Title Commitment for the Out-Parcel (2.1.05)
28. Chicago Title Insurance Title Commitment (2.1.05)
29. Chicago Title Insurance Title Policy (10.8.03)
30. Chicago Title Insurance Title Policy (date not legible)
31. Owners Form Chicago Title Insurance Company (Schedule A)
32. Chicago Title Insurance Title Policy (4.21.05)
33. Carrier Warranty (no date)
34. Carrier Warranty (3.9.05)
35. Harper Corporation Warranty (11.1.04)
36. Carlisle Golden Seal Roofing Warranty (9.1.04)
37. PetSmart Roof Warranty Transfer (2.15.07)
38. Carlisle Golden Seal Roofing Warranty (1.4.05)
39. Master Wall Inc. Warranty (2.11.05)
40. Zoning Confirmation Letter (8.24.04)
41. Zoning Confirmation Letter (3.9.05)
42. Zoning Confirmation Letter (4.14.05)

Financial Documents

1. Rent Roll (9.30.15)
2. 2012,2013,2014 Operating Statements
3. 2015 YTD Operating Statement
4. Tenant Sales Report (10.15)
5. 2012,2013,2014 General Ledgers
6. 2015 YTD General Ledger
7. AR Report (10.29.15)
8. 2014 Reconciliations

Lease Documents

1. Dollar Tree Lease (3.11.09)
2. Dollar Tree Confirmation of Option (12.17.13)

3. Hair Masters Lease (4.8.04)
4. Hair Masters Extension & Modification (4.14.10)
5. Hair Masters Second Extension & Modification (1.9.13)
6. Supercuts Lease (6.30.15)
7. Hibbett Sports Lease (7.29.04)
8. Hibbett Sports Extension & Modification (11.30.10)
9. Hibbett Sports Second Extension & Modification (3.30.12)
10. Hibbett Sports Third Extension & Modification (4.24.14)
11. Hibbett Sports Confirmation of Option (8.18.15)
12. Hobby Lobby Lease (2.20.04)
13. Hobby Lobby Assignment (4.14.05)
14. Better World Books License Agreement (5.25.12)
15. Waste Management Services Agreement (2.24.14)
16. Mid-Atlantic Recycling Agreement (6.24.08)
17. Mid-Atlantic Recycling Agreement (7.1.09)
18. Mid-Atlantic Recycling Agreement (7.30.10)
19. Mid-Atlantic Recycling Agreement (8.27.13)
20. Letter referencing Network Communications Temporary License Agreement (2.27.12)
21. Roger Carlton License Agreement (10.28.14)
22. Roger Carlton License Agreement (4.30.15)
23. Mattress Firm Lease (7.20.10)
24. Mattress Firm Confirmation of Option (3.12.15)
25. Modern Nails Lease (1.22.15)
26. Modern Nails Guarantee (1.22.15)
27. Moes Lease (8.23.04)
28. N Touch Wireless (4.29.14)
29. Panera Bread lease (7.7.04)
30. Panera Bread First Amendment (7.7.04)
31. Panera Bread Lease Modification (11.22.04)
32. Panera Bread Confirmation of Option (9.23.14)
33. Papa Murphy's Lease (2.21.11)
34. Papa Murphy's Lease (2.21.11)
35. PetSmart Lease (10.10.13)
36. PetSmart Commencement Letter (10.18.04)
37. PetSmart First Amendment (3.1.05)
38. Springleaf Financial Services Lease (1.5.05)
39. Springleaf Financial Services First Amendment (3.9.09)
40. Springleaf Financial Services Extension & Modification (3.10.14)
41. Target Assignment & Assumption of Tenant Leases (4.14.05)
42. Target Dollar Tree Signage Consent (2.10.09)

43. T-Mobile Lease (7.27.04)
44. T-Mobile Guarantee (7.27.04)
45. T-Mobile Extension & Modification (11.9.09)
46. T-Mobile Second Extension & Modification (1.1.15)

Oakland Marketplace

Property Documents

1. Offering Memorandum
2. Argus Model / Corresponding PDF Schedules
3. Insurance Loss Run Report
4. Historical Tenant Concession Schedule
5. Utility Information
6. 2014 Utility Bills
7. Historical Cap Ex Summary
8. DDR/SAU Certificates of Insurance
9. Tenant Certificates of Insurance (All that are available)
10. Pickering Environmental Consultants Phase I Environmental Report (3.1.01)
11. Pickering Environmental Consultants Phase I Environmental Report (6.1.03)
12. Pickering Environmental Consultants Phase II Environmental Report (7.17.01)
13. REA (7.24.03)
14. REA (7.28.03)
15. First Amendment to REA (7.20.04)
16. Mirror Lawn Turf Doctor Landscaping Contract (10.18.13)
17. Mirror Lawn Turf Doctor Sweeping Contract (10.18.13)
18. Site Drawing
19. Site Plan
20. The Reaves Firm Survey (02.08.02)
21. Pickering Firm Survey (6.27.03)
22. Precision Land Surveying Survey (10.27.04)
23. Pickering Firm Survey (3.3.05)
24. Annotated Survey (no date)
25. 2012,2013,2014,2015 Tax Bills
26. PAC –CLAD 20 Year Limited Warranty (11.14.03)
27. Red Shield Roofing Warranty (12.1.03)
28. Zoning Confirmation Letter (6.20.03)
29. Zoning Confirmation Letter (3.7.05)
30. Leasing Agreement with Centennial Retail Services (7.12.12)

31. First American Title Pro Forma Loan Policy (2.22.05)
32. Chicago Title Insurance Company Closing Pro Forma (2.24.05)
33. Personal Undertaking Documentation
34. Revised Chicago Title Insurance Title Policy (3.11.05)

Financial Documents

1. Rent Roll (9.30.15)
2. 2012,2013,2014 Operating Statements
3. 2015 YTD Operating Statement
4. Tenant Sales Report (10.15)
5. 2012,2013,2014 General Ledgers
6. 2015 YTD General Ledger
7. AR Report (10.29.15)
8. 2014 Reconciliations

Lease Documents

1. Complete Solutions Service Agreement (3.1.13)
2. H&R Block Lease (9.24.03)
3. H&R Block Guarantee (1.10.11)
4. H&R Block Extension & Modification (1.5.09)
5. H&R Block Second Extension & Modification (12.22.09)
6. H&R Block Third Extension & Modification (1.10.11)
7. H&R Block Fourth Extension & Modification (12.21.12)
8. Hollywood Feed Lease (3.27.15)
9. Hometown Cleaners (3.29.04)
10. Hometown Cleaners Amendment & Assumption of Lease (8.9.06)
11. Hometown Cleaners Amendment & Modification of Lease (2.25.10)
12. Hometown Cleaners Guarantee (2.25.10)
13. Hometown Cleaners Settlement Agreement (10.22.12)
14. Kroger Lease (7.24.03)
15. Kroger First Amendment (7.20.04)
16. Nail & Spa Lease (10.8.03)
17. Nail & Spa Assignment (8.5.05)
18. Nail & Spa Assignment (8.9.06)
19. Nail & Spa Extension (6.16.09)
20. Nail & Spa Assignment & Assumption (7.31.12)
21. Nail & Spa Guarantee (7.31.12)
22. Nail & Spa Second Extension & Modification (3.4.14)
23. Oakland Primary Care Lease (5.8.06)

24. Oakland Primary Care Assignment & Assumption (6.13.08)
25. Oakland Primary Care Guarantee (6.13.08)
26. Oakland Primary Care Pylon Sign Agreement (8.1.09)
27. Oakland Primary Care Extension & Modification (12.20.11)
28. Oakland Primary Care Temporary Pylon Sign Agreement (1.12.11)
29. Oakland Primary Care Proposed Sublease (3.8.12)
30. Oakland Primary Care Sublease Time Share Agreement (3.15.12)
31. Oakland Primary Care Extension, Expansion, & Modification (8.21.12)
32. Oakland Primary Care Guarantee for Extension (8.21.12)
33. Oakland Primary Care Sublease Termination (11.13.12)
34. Oakland Tobacco Lease (3.25.13)
35. Shogun Lease (8.27.04)
36. Shogun Assignment Assumption & Amendment (1.30.05)
37. Shogun Restaurant Amendment (6.11.08)
38. Shogun Restaurant Second Assignment Assumption & Amendment (1.29.10)
39. Shogun Restaurant Extension and Modification (2.13.15)

Patterson Place

Property Documents

1. Offering Memorandum
2. Argus Model / Corresponding PDF Schedules
3. Insurance Loss Run Report
4. Historical Tenant Concession Schedule
5. Utility Information
6. 2014 Utility Bills
7. Historical Cap Ex Summary
8. DDR/SAU Certificates of Insurance
9. Tenant Certificates of Insurance (All that are available)
10. Easement Agreement (9.18.62)
11. Right of Way Agreement (12.18.75)
12. City of Durham Sewer Easements (2.27.89)
13. Revised City of Durham Sewer Easements (4.1.97)
14. Water Detention Pond Easement (10.14.99)
15. Grant Easement (4.6.02)
16. OEA (9.10.03)
17. Right of Way Agreement (7.19.05)
18. Stormwater Easement and Maintenance (11.21.06)
19. Signage Easement and Maintenance (11.21.06)

20. Commercial System Installation and Service Agreement (10.14.12)
21. OEA – City of Durham (5.14.15)
22. Potential Durham Light Rail Information
23. Declaration of Restrictions (12.17.99)
24. REA (12.16.99)
25. Kohl’s & Kroger OEA (9.5.03)
26. Covenant and Maintenance Agreement (4.5.04)
27. First Amendment to OEA (12.10.04)
28. Declaration of Easements, Covenants, Conditions, & Restrictions for Phase I (9.11.06)
29. Declaration of Agreements (11.21.06)
30. Memorandum of Restricted Use (11.4.08)
31. Second Amendment to OEA (11.6.08)
32. Fire Monitoring Company Information
33. Four Seasons Landscaping Day Porter Contract (10.1.13)
34. Four Seasons Landscaping Contract for Landscaping (10.1.13)
35. Universal Protection Service Contract (6.23.14)
36. Universal Protection Service Invoice (6.18.14)
37. Hy-Tech Property Services, Inc. Sweeping Contract (11.1.13)
38. Granite Telecommunications Phone Line Invoices (10.19.15)
39. Site Drawing
40. Site Plan
41. Major Site Plan Revision Submittal (7.25.03)
42. Final Plat (5.30.03)
43. Survey (10.9.03)
44. Final Plat (9.28.06)
45. Survey (10.16.06)
46. Survey Lots 5&8 (10.16.06)
47. 2012,2013,2014,2015 Tax Bills
48. Chicago Title Insurance Title Commitment (8.1.06)
49. Title Correspondence (11.17.06)
50. Personal Undertaking Documentation
51. Chicago Title Insurance Title Policy (11.17.06)
52. Peach State Roofing Warranty Form (2.14.05)
53. Custom Canvas Works PetSmart Warranty (6.28.04)
54. Carlisle Golden Seal Roofing Warranty (6.28.04)
55. Dryvit PetSmart Warranty (6.30.04)
56. Dryvit Bed Bath & Beyond Warranty (6.30.04)
57. Dryvit Total Wine (6.30.04)
58. Dryvit A.C. Moore (6.30.04)
59. Oldcastle Glass Warranty (7.8.04)

60. Custom Canvas Works A.C. Moore Warranty (7.12.04)
61. Hi-Tuff Total Wine Warranty (6.28.04)
62. Hi-Tuff A.C. Moore Warranty (6.28.04)
63. Tremco Sealant Warranty (6.23.04)
64. Tremco Sealant Warranty (7.8.04)
65. Dryvit Specialty Shops Warranty (10.30.04)
66. Peach State Roofing Warranty Building B-4 (12.2.06)
67. Peach State Roofing Warranty Building B-5 (12.2.06)
68. Peach State Roofing Warranty Building C-4 (12.2.06)
69. Peach State Roofing Warranty Building B-3 (12.2.06)
70. Kawneer Warranty (12.3.04)
71. Oldcastle Glass Warranty (12.3.04)
72. Carlisle Golden Seal Roofing Warranty (12.2.04)
73. Carlisle Golden Seal Roofing Warranty Building C-4 (12.2.04)
74. Carlisle Golden Seal Roofing Warranty Building B-5 (12.2.04)
75. Carlisle Golden Seal Roofing Warranty Building B-4 (12.2.04)
76. Carlisle Golden Seal Roofing Warranty Building B-3 (12.2.04)
77. Durham Awning Company Warranty (12.3.04)
78. Stevens Roofing Systems Warranty (2.14.05)
79. Zoning Confirmation Letter (10.13.06)
80. Zoning Confirmation Letter (9.28.06)
81. Leasing Agreement with CBRE (10.16.14)

Financial Documents

1. Rent Roll (9.30.15)
2. 2012,2013,2014 Operating Statements
3. 2015 YTD Operating Statement
4. Tenant Sales Report (10.15)
5. 2012,2013,2014 General Ledgers
6. 2015 YTD General Ledger
7. AR Report (10.29.15)
8. 2014 Reconciliations

Lease Documents

1. A.C. Moore Lease (10.24.02)
2. A.C. Moore Temporary License Agreement (7.12.10)
3. A.C. Moore Memorandum of Lease (1.9.12)
4. A.C. Moore Confirmation of Option (10.25.13)
5. America's Mattress Lease (6.14.10)
6. America's Mattress Guarantee (6.14.10)

7. Avail Vapor Lease (10.27.14)
8. Avail Vapor Guarantee (10.27.14)
9. Bed Bath & Beyond Lease (7.21.03)
10. Bed Bath & Beyond Commencement (11.22.04)
11. Bed Bath & Beyond License and Indemnity Agreement (7.8.08)
12. Bed Bath & Beyond Tenant Consent Letter (1.4.11)
13. Bed Bath & Beyond License and Indemnity Agreement (8.10.11)
14. Charros Lease (11.21.14)
15. Charros Delivery of Possession Notice (11.10.14)
16. DSW Lease (8.5.04)
17. DSW Tenant Consent Letter (2.28.11)
18. DSW Amendment (11.18.04)
19. DSW Correspondence (6.17.15)
20. Eyemart Express Lease (2.18.14)
21. Eyemart Express Commencement (6.8.14)
22. Intrex Computers Lease (9.15.15)
23. Learning Express Lease (7.25.05)
24. Learning Express Extension & Modification (10.25.10)
25. Learning Express Second Extension & Modification (5.7.15)
26. Mathnasium – DSW Consent Letter (2.28.11)
27. Mathnasium Lease (3.29.11)
28. Mathnasium Guarantees (3.29.11)
29. Mathnasium Assignment, Assumption, & Consent (3.10.14)
30. Mathnasium Guarantee (3.10.14)
31. Maximized Living Lease (3.27.12)
32. Maximized Living Corporate Guarantee (3.27.12)
33. Maximized Living Extension Email Correspondence
34. Menchie's Lease (10.15.14)
35. Menchie's Guarantee (10.15.14)
36. Music and Arts Center Lease (8.9.06)
37. Music and Arts Center First Amendment (8.10.06)
38. Music and Arts Center Extension & Modification (12.13.11)
39. Music and Arts Center Temporary License Agreement (11.13.12)
40. Nail & Spa Early Entry Letter (5.31.12)
41. Nail & Spa Lease (6.11.12)
42. One Main Financial Lease (3.2.12)
43. Panera Bread Lease (4.6.04)
44. Panera Bread First Amendment (1.21.05)
45. Panera Bread Confirmation of Option (7.10.14)
46. Park's Barber Shop Lease (1.7.14)

47. Park's Barber Shop Guarantee (1.7.14)
48. Peony Asian Bistro Lease (6.29.06)
49. Peony Asian Bistro First Amendment (10.5.06)
50. Peony Asian Bistro Second Amendment (11.10.06)
51. PetSmart Lease (9.24.03)
52. Recharge and Lil Zen Yogi Lease (8.28.14)
53. Recharge and Lil Zen Yogi Guarantee (8.28.14)
54. Recharge and Lil Zen Yogi First Amendment (1.6.15)
55. Salon Centric Lease (4.20.12)
56. Salon Centric Kroger Use Consent (3.7.12)
57. Salon Centric Kroger Use Consent (4.19.12)
58. Sherwin Williams Lease (8.27.15)
59. Subway Lease (10.6.04)
60. Subway First Amendment (8.11.06)
61. Subway Second Amendment (9.3.08)
62. Subway Extension & Modification (4.6.10)
63. Subway Second Extension & Modification (2.16.15)
64. Subway Base Rent Adjustment Letter (5.18.06)
65. Subway Refusal for Rent Reduction Letter (10.17.05)
66. Tempest in a Teapot Lease (6.18.15)
67. Tempest in a Teapot Guarantee (6.18.15)
68. Wells Fargo ATM Temporary Agreement (1.23.14)
69. Wells Fargo ATM 1st Amendment (7.11.14)
70. Wells Fargo ATM Termination Agreement (7.30.14)
71. Waste Management Services Agreement (10.16.13)
72. Total Wine Lease (8.12.02)
73. Total Wine First Amendment (2.25.03)
74. Total Wine Second Amendment (12.18.08)
75. Total Wine Amendment to Letter of Credit (11.10.08)
76. Total Wine Amendment to Letter of Credit (11.19.10)
77. Total Wine Amendment to Letter of Credit (8.25.11)
78. Total Wine Amendment to Letter of Credit (8.10.12)
79. Total Wine Amendment to Letter of Credit (8.13.13)
80. Total Wine Confirmation of Option (1.29.14)
81. Total Wine Amendment to Letter of Credit (7.23.14)
82. Weight Watchers Lease (4.18.12)
83. Weight Watchers Letter Agreement (11.19.13)
84. Weight Watchers Letter Agreement (1.22.14)
85. Weight Watchers Termination of Temporary License Agreement (8.10.12)

Property Documents

1. Offering Memorandum
2. Argus Model / Corresponding PDF Schedules
3. Insurance Loss Run Report
4. Historical Tenant Concession Schedule
5. Utility Information
6. 2014 Utility Bills
7. Historical Cap Ex Summary
8. DDR/SAU Certificates of Insurance
9. Tenant Certificates of Insurance (All that are available)
10. Record of Deeds (1.8.59)
11. Encroachment Agreement (8.20.76)
12. Deed of Easement (8.26.76)
13. Sewer Easement (9.7.76)
14. Sanitary Sewer Easement Agreement (3.21.83)
15. Sanitary Sewer Easement Agreement (8.1.83) – Unofficial Document
16. Right of Way Agreement (6.25.03)
17. Encroachment Easement (8.7.03)
18. Access Easement and Maintenance Agreement (12.4.03)
19. Cross-Easement Agreement (2.18.04)
20. Right of Way Agreement (11.2.12)
21. Commercial System Installation and Service Agreement (4.22.14)
22. ECS Phase I Environmental Report (5.24.05)
23. Reeves Consultants Property Condition Assessment (1.6.06)
24. Notices of No Further Action (10.25.10)
25. All Documents pertaining to on-going ADA Litigation
26. Potential Durham Light Rail Information
27. OEA (6.1.03)
28. First Amendment to OEA (8.6.03)
29. Second Amendment to OEA (1.15.04)
30. Third Amendment to OEA (5.10.04)
31. Fourth Amendment to OEA (2.24.05)
32. Fifth Amendment to OEA (1.31.06)
33. Declaration of Common Area Cost Allocation (3.19.08)
34. Declaration of Easements and Restrictions (3.19.08)
35. Fire Monitoring Company Information
36. Four Seasons Landscaping Service Contract for Landscaping (10.1.13)

37. Triangle Pond Management Contract for Detention Pond (5.12.15)
38. Triangle Pond Maintenance Invoice (5.12.15)
39. Hy-Tech Property Services Contract for Sweeping (11.1.13)
40. Granite Telecommunications Phone Line Invoices (10.14.15)
41. Site Drawing
42. Site Plan
43. Subdivision Deeds and Drawing (5.2.03)
44. Survey (6.28.05)
45. Survey (4.28.05)
46. Survey (12.28.05)
47. 2012,2013,2014,2015 Tax Bills
48. Chicago Title Insurance Title Commitment (5.19.05)
49. Chicago Title Insurance Title Commitment (12.7.05)
50. Chicago Title Insurance Pro Forma Title Policy (no date) #020502153
51. Chicago Title Insurance Pro Forma Title Policy (no date) #020502601
52. Chicago Title Insurance Title Policy (7.8.05)
53. GAP Indemnity Agreement (12.28.05)
54. Personal Undertaking Documentation
55. Chicago Title Insurance Title Policy (1.6.06)
56. Chicago Title Correspondence (2.24.06)
57. Heany Masonry Company Subcontractor Warranty Form (no date)
58. Gerdau Ameristeel Warranty Letter (9.28.04)
59. C&S Mechanical Company Letter of Guarantee (1.15.05)
60. C&S Mechanical Company Subcontractor Warranty Form (1.1.5)
61. Peachtree Protective Covers Warranty (2.9.05)
62. Durham Awning Company Subcontractor Warranty Form (2.3.05)
63. First Defense Fire Protection Guarantee (2.20.05)
64. ETC Concrete Construction Corp. Subcontractor Warranty Form (3.1.05)
65. Gross Brothers Subcontractor Warranty Form (12.04)
66. K&N Electric Subcontractor Warranty Form (4.19.05)
67. American Door & Hardware Subcontractor Warranty Form (no date)
68. Peachtree Protective Covers Subcontractor Warranty Form (no date)
69. Superior Paint Subcontractor Warranty Form (12.1.05)
70. Ordner Construction Company Contractor Warranty Form (4.4.05)
71. Carlisle Membrane Roofing System Warranty (6.21.05)
72. Carlisle Golden Seal Roofing System Warranty (10.3.05)
73. Zoning Verification Letter (5.18.05)
74. Cross-Easement Agreement (2.18.04)

Financial Documents

1. Rent Roll (9.30.15)
2. 2012,2013,2014 Operating Statements
3. 2015 YTD Operating Statement
4. Tenant Sales Report (10.15)
5. 2012,2013,2014 General Ledgers
6. 2015 YTD General Ledger
7. AR Report (10.29.15)
8. 2014 Reconciliations

Lease Documents

1. Chick-Fil-A Lease (2.28.75)
2. Chick-Fil-A Second Amendment (8.16.76)
3. Chick-Fil-A Assignment (12.23.92)
4. Chick-Fil-A First Amendment to Assignment (1.31.93)
5. Chick-Fil-A Second Amendment to Assignment (4.26.93)
6. Chick-Fil-A Third Amendment to Assignment (6.15.93)
7. Chick-Fil-A Short Form Assignment (6.15.93)
8. Chick-Fil-A Fourth Amendment to Lease (12.31.00)
9. Chick-Fil-A Fifth Amendment to lease (10.1.04)
10. Chick-Fil-A Side Letter Agreement (6.1.05)
11. Chick-Fil-A Confirmation of Renewal Notice (3.11.09)
12. Chick-Fil-A Confirmation of Option (4.7.14)
13. Firestone Lease (8.24.04)
14. Firestone Memorandum of Lease (8.24.04)
15. Firestone Site Letter Agreement (5.5.05)
16. Firestone Extension & Modification (12.16.13)
17. Gamestop Lease (9.14.10)
18. Gamestop Commencement (1.7.14)
19. Great Clips Lease (8.19.04)
20. Great Clips Extension & Modification (12.14.09)
21. Great Clips Second Extension & Modification (1.1.12)
22. Great Clips Assignment (4.25.14)
23. Great Clips Guarantee (4.25.14)
24. Mattress Warehouse Lease (7.5.05)
25. Mattress Warehouse Commencement (2.29.12)
26. Mattress Warehouse Settlement Agreement (4.17.12)
27. Mattress Warehouse Amendment (4.8.15)
28. Merle Norman (2.18.14)
29. Merle Norman Guarantees (2.18.14)
30. Office Depot Lease (5.7.90)

31. Office Depot Memorandum of Lease (5.7.90)
32. Office Depot First Amendment (5.5.03)
33. Office Depot Second Amendment (3.16.05)
34. Office Depot Notice of Renewal (6.7.05)
35. Office Depot Confirmation of Option (7.30.10)
36. Office Depot Limited Waiver and Consent (2.11.13)
37. Office Depot Confirmation of Option (7.15.15)
38. Once Upon a Child Lease (3.25.13)
39. Once Upon a Child Guarantee (3.25.13)
40. Once Upon a Child Office Depot Consent (2.11.13)
41. Once Upon a Child Ross Consent (2.1.13)
42. Petco Lease (3.7.05)
43. Petco Commission Agreement (7.27.04)
44. Petco Agreement for Architectural Design Services (1.6.05)
45. Planet Beach Lease (1.27.05)
46. Planet Beach Guarantee (1.27.05)
47. Planet Beach Commencement (7.25.05)
48. Planet Beach First Amendment to Lease (5.16.05)
49. Planet Beach Confirmation of Renewal (2.10.10)
50. Ross Lease (9.1.03)
51. Ross Confirmation of Option (4.8.14)
52. Ross Consent to Once Upon a Child (2.1.13)
53. Ross Consent to Once Upon a Child Correspondence (2.1.13)
54. Unique Nails Lease (6.9.04)
55. Unique Nails Guarantee (7.2.09)
56. Unique Nails Extension & Modification (7.2.09)
57. Unique Nails Second Extension & Modification (1.1.15)
58. Wells Fargo Lease (4.1.13)
59. Wells Fargo Commencement (12.12.13)
60. Wells Fargo Waiver of Permit Period (5.6.13)

Property Documents

1. Offering Memorandum
2. Argus Model / Corresponding PDF Schedules
3. Insurance Loss Run Report
4. Historical Tenant Concession Schedule
5. Utility Information
6. 2014 Utility Bills
7. Historical Cap Ex Summary
8. DDR/SAU Certificates of Insurance
9. Tenant Certificates of Insurance (All that are available)
10. Deed (6.9.66)
11. Right of Way Easement (5.6.81)
12. Permanent Right and Easement (7.1.83)
13. Deed of Transportation (10.10.90)
14. Contour Engineering Phase I Environmental Report (6.30.05)
15. Contour Engineering Phase I Environmental Report (9.5.05)
16. REA (6.23.92)
17. Declaration of Restrictive Covenants (4.7.95)
18. REA (6.21.95)
19. Coyner's Parking Lot Cleaning Service, Inc. Landscaping Contract (1.19.15)
20. Hy-Tech Property Services, Inc. Sweeping Contract (1.25.13)
21. Coyner's Parking Lot Cleaning Service, Inc. Snow Removal Contract (10.12.15) (un-signed)
22. Site Plan
23. Survey (11.9.93)
24. Survey (6.20.05)
25. 2011,2012,2013,2014,&2015 Tax Bills
26. Chicago Title Insurance Title Commitment (6.9.05)
27. Revised Chicago Title Insurance Title Commitment (8.2.05)
28. First American Title Commitment and Policy (1.10.14)
29. Zoning Confirmation Letter (3.18.05)

Financial Documents

1. Rent Roll (9.30.15)
2. 2012,2013,2014 Operating Statements
3. 2015 YTD Operating Statement

4. Tenant Sales Report (10.15)
5. 2012,2013,2014 General Ledgers
6. 2015 YTD General Ledger
7. AR Report (10.29.15)
8. 2014 Reconciliations

Lease Documents

1. Anytime Fitness Lease (1.24.14)
2. Anytime Fitness Guarantee (1.24.14)
3. Big Apple Bagels Lease (2.26.07)
4. Big Apple Bagels Landlord Lien Subordination (6.6.07)
5. Big Apple Bagels Option Notice (10.12.10)
6. Big Apple Bagels Settlement Agreement (7.6.15)
7. Hot Nails Lease (12.12.06)
8. Hot Nails First Amendment (12.27.06)
9. Hot Nails Lease (4.1.12)
10. Kroger Lease (1.29.92)
11. Kroger First Amendment (5.20.92)
12. Kroger Addendum to Lease (1.29.92)
13. Kroger Second Amendment to Lease (6.1.92)
14. Kroger SNDA (6.19.92)
15. Kroger Memorandum of Lease (9.8.93)
16. Kroger Third Amendment (11.30.93)
17. Kroger Assignment (5.12.99)
18. Kroger Guaranty (5.15.99)
19. Kroger Landlord Consent (7.26.99)
20. Valley Mission Thrift Store Lease (1.24.09)
21. Valley Mission Thrift Store First Amendment (5.16.14)
22. Valley Mission Thrift Store Corrective Letter Agreement (6.12.14)

Wendover Village (Phase II)

Property Documents

1. Offering Memorandum
2. Argus Model / Corresponding PDF Schedules
3. Insurance Loss Run Report
4. Historical Tenant Concession Schedule
5. Utility Information

6. 2014 Utility Bills
7. Historical Cap Ex Summary
8. DDR/SAU Certificates of Insurance
9. Tenant Certificates of Insurance (All that are available)
10. ECS Phase I Environmental Report (8.14.00)
11. ECS Phase II Environmental Report (9.24.01)
12. ECS Soil Remediation Report (12.8.03)
13. Brownfields Certification (4.28.04)
14. ECS Phase I Environmental Report (6.15.04)
15. American International Specialty Lines Insurance Company Pollution Policy (5.4.04)
16. Brownfields Certification (5.31.05)
17. ECS Land Use Restrictions Update (5.31.05)
18. ECS Land Use Restrictions Update Correspondence & Attachments (5.31.05)
19. ECS Phase I Environmental Report (10.6.06)
20. EBI Phase I Environmental Report (8.21.09) – Phase I only
21. No Further Action Letter (7.01.08)
22. Land Use Restriction Update (02.16.12)
23. Land Use Restriction Update (2.6.13)
24. Land Use Restriction Update (2.20.14)
25. DDR Letter regarding Traffic Signal (10.20.11)
26. Declaration of Easements and Restrictions (7.17.02)
27. Amendment to Declaration of Easements and Restrictions (2.18.03)
28. Notice of Brownfields Property (2.24.03)
29. Construction, Operating, and Reciprocal Easement Agreement (7.23.03)
30. Amendment to Construction, Operating, and Reciprocal Easement Agreement (4.30.04)
31. Declaration of Covenants, Conditions, and Restrictions (4.30.04)
32. Declaration of Covenants, Conditions, and Restrictions (5.12.03)
33. Piedmont Property Services Inc. Sweeping Contract (1.10.14)
34. Tyco Monitoring Service Agreement (2.1.14)
35. Granite Telecommunications Phone Lines Invoices (10.12.15)
36. Site Plan
37. Survey (5.26.05)
38. 2011,2012,2013,2014,&2015 Tax Bills
39. First American Title Commitment and Title Policy (6.25.13)
40. Chicago Title Insurance Title Policy (6.3.05)
41. Zoning Report (8.13.09)

Financial Documents

1. Rent Roll (9.30.15)
2. 2012,2013,2014 Operating Statements

3. 2015 YTD Operating Statement
4. Tenant Sales Report (10.15)
5. 2012,2013,2014 General Ledgers
6. 2015 YTD General Ledger
7. AR Report (10.29.15)
8. 2014 Reconciliations

Lease Documents

1. Airtrack Devices Lease (10.25.12)
2. Airtrack Devices Guarantee (10.25.12)
3. Airtrack Devices Extension & Modification (12.16.14)
4. Bed Bath & Beyond Lease (1.28.13)
5. Bed Bath & Beyond Memorandum of Lease (1.28.13)
6. Bed Bath & Beyond Commencement (10.1.13)
7. Cricket Lease (9.8.11)
8. Cricket Commencement (1.19.12)
9. Dental Works Lease (3.9.10)
10. Dental Works Guarantee (3.9.10)
11. Dental Works Early Entry Letter (3.10.10)
12. Earhart Healthy Weight Loss Early Entry Letter (1.9.15)
13. Earhart Healthy Weight Loss Lease (1.29.15)
14. Earhart Healthy Weight Loss Guarantee (1.29.15)
15. Electra Vapor Non-disclosure Agreement (1.8.15)
16. Electra Vapor Lease (1.23.15)
17. DDR Welcome Letter to Electra Vapor (4.23.15)
18. Fedex Lease (10.16.13)
19. Fedex First Amendment (2.23.04)
20. Fedex Extension & Modification (2.5.09)
21. Fedex Second Extension & Modification (2.8.10)
22. Fedex Office Second Amendment to Lease (12.12.14)
23. Fedex Office Indemnity Agreement (11.4.14)
24. Five Below Lease (8.16.13)
25. Five Below First Amendment (6.10.14)
26. GolfSmith Lease (7.6.12)
27. Heads up Lease (10.24.13)
28. Liberty Tax Lease (10.19.09)
29. Liberty Tax Assignment (12.1.12)
30. Liberty Tax Guarantee (12.1.12)
31. Mario's Pizza Lease (2.9.04)
32. Mario's Pizza Guarantee (11.17.09)

33. Mario's Pizza Extension & Modification (11.17.09)
34. Mario's Pizza Second Extension & Modification (1.23.13)
35. Moe's Lease (3.23.11)
36. Moe's Guarantee (2.18.11)
37. Nail Spa Lease (10.28.03)
38. Nail Spa First Amendment (4.26.05)
39. Nail Spa Assignment Assumption & Consent (10.19.09)
40. Nail Spa Extension & Modification (2.2.15)
41. Petco Lease (3.26.04)
42. Petco Confirmation of Option (7.30.14)
43. T.J. Maxx Lease (1.17.13)
44. T.J. Maxx Memorandum of Lease (1.17.13)
45. T.J. Maxx Commencement (11.11.13)
46. Truliant ATM Agreement (8.18.04)
47. Wow Brows Lease (2.9.11)
48. Wow Brows Confirmation of Option (2.25.13)
49. Wow Brows Extension & Modification (5.13.15)

Willowbrook Commons

Property Documents

1. Offering Memorandum
2. Argus Model / Corresponding PDF Schedules
3. Insurance Loss Run Report
4. Historical Tenant Concession Schedule
5. Utility Information
6. 2014 Utility Bills
7. Historical Cap Ex Summary
8. DDR/SAU Certificates of Insurance
9. Tenant Certificates of Insurance (All that are available)
10. TVG Environmental Phase I Environmental Report (8.29.02)
11. Terracon Phase I Environmental Report (1.20.06)
12. Stonegate Enterprises Inc. Landscaping Contract (10.4.13)
13. Universal Protection Service Security Contract (7.7.14)
14. Universal Protection Service Invoice (6.18.14)
15. Mirror Lawn Turf Doctor Snow Removal Contract (1.25.13)
16. Site Drawing
17. Site Plan
18. Final Plat (1.20.04)

19. Survey (1.22.06)
20. Revised Survey (1.30.06)
21. 2012,2013,2014 Tax Bills
22. Personal Undertaking Documentation
23. Chicago Title Insurance Title Policy (2.17.06)
24. City Scapes Rooftop Equipment Screens Warranty (no date)
25. Mz. Bugs Termite Control Property Protection Plan (1.5.04)
26. Hardware Warranty (8.8.04)
27. Baker Glass Company Warranty (9.21.04)
28. Baker Glass Company Glass-Gazing (9.21.04)
29. Sunbrella Awning Warranty (9.21.04)
30. Warranty for General Construction (10.27.04)
31. HVAC Warranty (10.27.04)
32. Maddux Electric Company Warranty (10.27.04)
33. Roofing System Membrane Warranty (11.15.04)
34. Carlisle Golden Seal Roof Warranty (1.6.05)
35. Sprinkler Warranty (12.20.04)
36. Professional Caulking Service Warranty (1.14.05)
37. J TJ Commercial Interiors Warranty (1.26.05)
38. Hiller Plumbing Company General Warranty (12.30.05)
39. Zoning Report (1.24.06)
40. Stormwater Detention Agreement (2.5.03)
41. Declaration of Reciprocal Easements and Restrictions (9.1.04)

Financial Documents

1. Rent Roll (9.30.15)
2. 2012,2013,2014 Operating Statements
3. 2015 YTD Operating Statement
4. Tenant Sales Report (10.15)
5. 2012,2013,2014 General Ledgers
6. 2015 YTD General Ledger
7. AR Report (10.29.15)
8. 2014 Reconciliations

Lease Documents

1. Chinese Restaurant Lease (10.29.07)
2. Chinese Restaurant Extension & Modification (1.22.13)
3. El Rancho Lease (11.23.05)
4. El Rancho Extension & Modification (1.4.11)
5. Fancy Nails Lease (12.8.05)

6. Fancy Nails Assignment (11.21.06)
7. Fancy Nails Assumption & Modification (6.1.11)
8. Fancy Nails Extension & Modification (6.27.14)
9. Kroger Ground Lease (5.6.03)
10. Kroger Memorandum of Ground Lease (5.6.03)
11. Kroger First Amendment (1.9.06)
12. Kroger Consent (1.25.06)
13. Kroger Unit #1 Lease (12.31.13)
14. Radioshack Lease (5.20.05)
15. Radioshack First Amendment (2.9.06)
16. Radioshack Lease Extension (10.25.10)
17. Radioshack Lease Extension (10.16.13)
18. Radioshack Terms of Assignment (3.3.15)
19. Assignment of Radioshack (6.26.15)
20. Sally Beauty Lease (7.1.04)
21. Sally Beauty Commencement (5.15.05)
22. Sally Beauty Extension & Modification (11.12.09)
23. Sally Beauty Second Extension & Modification (12.28.10)
24. Sally Beauty Third Extension & Modification (4.7.14)
25. Sozit Dental Care Lease (3.3.09)
26. Sozit Dental Care Guarantee (3.3.09)
27. Sozit Dental Care Tenant Correspondence (3.3.09)
28. Sozit Dental Care Extension & Modification (6.19.14)
29. Springleaf Financial Lease (6.2.08)
30. Springleaf Financial Extension & Modification (5.16.11)
31. Springleaf Financial Second Extension & Modification (7.9.14)
32. Subway Lease (5.7.04)
33. Subway Commencement (2.1.05)
34. Subway Lease Amendment (2.3.05)
35. Subway Confirmation of Option (5.13.09)
36. Subway Assignment of Lease (9.12.11)
37. Subway Extension & Modification (8.13.14)
38. TLC Liquor and Wine Lease (6.23.04)
39. TLC Liquor and Wine Confirmation of Option (2.11.11)
40. TLC Liquor and Wine Guarantee (5.16.14)
41. TLC Liquor and Wine Extension & Modification (5.16.14)
42. Wood Personnel Services Lease (9.23.05)
43. Wood Personnel Services Extension & Modification (2.3.11)
- 44. Wood Personnel Services Extension & Expansion LOI (10.29.13)**

SCHEDULE 13.1(i)

CONDEMNATION

South Square Property.

Proposed South Square Station (Light Rail Project) Durham-Orange LRT Corridor

Patterson Place Property.

Proposed Patterson Place Station (Light Rail Project) Durham-Orange LRT Corridor

SCHEDULE 13.2

DESIGNATED REPRESENTATIVES OF SELLERS

PROPERTY:	REPRESENTATIVE:
South Square Property	Richard Porter
Patterson Place Property	Richard Porter
Wendover Village II Property	Tom Ballas
Alexander Pointe Property	Tom Ballas
Harper Hills Property	Tom Ballas
North Hampton Market Property	Lisa Nesbitt
Willowbrook Commons Property	Luis Hernandez
Broadmoor Plaza Property	Michael LaPietra
Oakland Marketplace Property	Luis Hernandez
Waynesboro Commons Property	Alex Stanford
Kroger Junction Property	Jenny Long

Property#: _____
Property Address: _____

EXHIBITS A-1 through A-11

LEGAL DESCRIPTIONS

[ANNEXED]

EXHIBIT B

MAJOR TENANTS

- I. South Square – Durham, NC
 - 1. Firestone
 - 2. Office Depot
 - 3. Petco
 - 4. Ross Dress for Less

- II. Patterson Place – Durham, NC
 - 1. PetSmart
 - 2. DSW
 - 3. Total Wine & More
 - 4. AC Moore
 - 5. Bed Bath & Beyond

- III. Wendover Village (Phase II) – Greensboro, NC
 - 1. Five Below
 - 2. T.J. Maxx
 - 3. Bed Bath & Beyond
 - 4. Golfsmith
 - 5. Petco

- IV. Alexander Pointe – Salisbury, NC
 - 1. Harris Teeter

- V. Harper Hill – Winston-Salem, NC
 - 1. Harris Teeter

- VI. Waynesboro Commons – Waynesboro, VA
 - 1. Kroger

- VII. North Hampton Market – Taylors, SC
 - 1. Hobby Lobby
 - 2. PetSmart

- VIII. Willowbrook Commons – Nashville, TN
 - 1. Kroger
 - 2. Kroger (Extra Space)

EXHIBIT B

MAJOR TENANTS

IX. Broadmoor Plaza – South Bend, IN

1. Jo-Ann Fabrics
2. Staples
3. Kroger

X. Oakland Marketplace – Oakland, TN

1. Kroger

XI. Kroger Junction – Pasadena, TX

1. Kroger

EXHIBITS D-1 TO D-6

[STATE FORMS OF DEEDS]

[ANNEXED]

EXHIBIT D-1
NORTH CAROLINA FORM DEED
(ANNEXED)

Tax Lot Nos.: _____

Prepared by: _____

Mail after recording to:

[Return address of Title Company]

Brief description for the Index:

Parcel _____, Book of Maps _____, Page _____

NORTH CAROLINA SPECIAL WARRANTY DEED

1. THIS DEED made as of this ___ day of _____, 2015, by and between

GRANTOR

DDR-SAU _____, L.L.C.,
c/o Teachers Insurance and Annuity
Association of America
730 Third Avenue - 4th Floor
New York, NY 10017

GRANTEE

_____, LLC
a Virginia limited liability company
222 Central Park Avenue, Suite 2100,
Virginia Beach, Virginia 23462

2. The designation Grantor and Grantee, as used herein, shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

3. **WITNESSETH**, that Grantor, for a valuable consideration paid by Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all that certain lot or parcel of land (the "**Property**") situated in

the City of _____, _____ County, North Carolina, and more particularly described as follows:

In fee, all that certain parcel or parcels of land in the State indicated above, more particularly described in **Exhibit A** attached hereto and made a part hereof for all purposes, together with all of Grantor's right, title and interest, if any, in and to all streets and roads abutting the said parcel or parcels.

4. TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances, including without limitation all easements, thereto belonging to Grantee and its successors and assigns in fee simple forever.

5. And Grantor covenants with Grantee, that Grantor has done nothing to impair such title as Grantor received, and Grantor will warrant and defend the title against the lawful claims of all persons claiming by, under or through Grantor, except for the exceptions hereinafter stated.

6. The Property does not contain the primary residence of Grantor.

7. Title to the Property and the warranties herein are subject to the following matters: [____] more particularly described in **Exhibit B** attached hereto and made a part hereof.

8. [Wendover Village II Property Only: The property which is the subject of this instrument is subject to the Brownfields Agreement attached as Exhibit A to the Notice of Brownfields Property recorded in the Guilford County land records, Book 5751, Page 2110.]

[SIGNATURE FOLLOWS]

DDR-SAU _____, L.L.C.,

By: _____
Name: _____
Title: _____

STATE OF _____

COUNTY OF _____

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated:

_____, as _____
of DDR-SAU _____, L.L.C.
Date: _____, 201_.

Official Signature of notary

My Commission Expires

Notary's printed or typed name, Notary Public

NOTE TO NOTARY PUBLIC: Ensure that entire notary seal fits within the box below and that all characters in the notary seal are clearly legible.

--	--

EXHIBIT A

TO EXHIBIT D-1 NORTH CAROLINA FORM DEED

EXHIBIT B

TO EXHIBIT D-1 NORTH CAROLINA FORM DEED

EXHIBIT D-2

TENNESSEE FORM DEED

(ANNEXED)

RETURN TO:

[Insert Title Company's Address]

ADDRESS NEW OWNER:

SEND TAX BILL TO:

MAP-PARCEL

222 Central Park Avenue, Suite 2100
Virginia Beach, Virginia 23462

SAME

Map _____
Parcel _____

SPECIAL WARRANTY DEED

FOR AND IN CONSIDERATION of the sum of TEN AND NO/100 (\$10.00) DOLLARS cash in hand paid, and other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged **DDR-SAU _____, LLC**, a _____ (the "Grantor"), has bargained and sold, and by these presents does transfer and convey unto _____, **LLC**, a Virginia limited liability company (the "Grantee"), and Grantee's successors and assigns, a certain tract or parcel of land in _____ County, State of Tennessee, described as follows (the "Property"):

See EXHIBIT A attached hereto and incorporated herein by this reference.

The conveyance of the Property herein, and all covenants and warranties of Grantor contained herein, are made expressly subject to those matters set forth on EXHIBIT B attached hereto and incorporated herein by this reference.

TO HAVE AND TO HOLD the Property, with the appurtenances, estate, title and interest thereto belonging to the said Grantee, and Grantee's successors and assigns forever.

Grantor covenants and binds itself, and its successors and assigns, to warrant specially and forever defend the title to the Property to Grantee, Grantee's successors and assigns, against the lawful claims of all persons claiming by, through or under the Grantor, but not further or otherwise.

Whenever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

(Signature to Follow)

IN WITNESS WHEREOF, the Grantor has caused this instrument to be executed as of the ____ day of _____, 2015.

GRANTOR:

DDR-SAU

By: _____
Name: _____
Title: _____

STATE OF _____)
COUNTY OF _____)

Before me, the undersigned, a Notary Public of the State and County aforesaid, personally appeared _____, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be the partner of _____, and that he, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

WITNESS my hand, at office, this ____ day of _____, 2015.

NOTARY PUBLIC

My Commission Expires:

STATE OF _____)
COUNTY OF _____)

The actual consideration or value, whichever is greater, for this transfer is \$_____.00

Affiant

Subscribed and sworn to before me
this ____ day of _____, 2013.

tary Public
My Commission Expires:_____

EXHIBIT A

TO EXHIBIT D-2 TENNESSEE FORM DEED

EXHIBIT B

TO EXHIBIT D-2 TENNESSEE FORM DEED

EXHIBIT D-3

SOUTH CAROLINA FORM DEED

(ANNEXED)

Grantee's Address: _____

TMS No: _____

Mail after recording to: _____

This instrument was prepared by: _____

Brief Description For The Index: _____

SOUTH CAROLINA SPECIAL WARRANTY DEED

THIS DEED, made this ___ day of _____, 20___, by and between:

GRANTOR	GRANTEE
DDR-SAU GREER NORTH HAMPTON MARKET, L.L.C., a Delaware limited liability company c/o Teachers Insurance and Annuity Association of America, 730 Third Avenue, New York, New York 10017	_____, a Virginia limited liability company 222 Central Park Avenue, Suite 2100, Virginia Beach, Virginia 23462

Enter in appropriate block for each party: name, address, and, if appropriate, character of entity, e.g. corporation or partnership

The designations Grantor and Grantee as used in this Deed shall include the parties and their successors and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

WITNESSETH, that Grantor, for a valuable consideration paid by Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto Grantee in fee simple all that certain lot or parcel of land situated in the City of _____,

County of _____, State of South Carolina, and more particularly described on **Exhibit A** attached hereto and made a part hereof (the "**Property**").

The Property was acquired by Grantor by instruments recorded in Book _____, Page _____, [as rerecorded in Book _____, Page _____ and in Book _____, Page _____] in the _____ Office for _____ County, South Carolina.

Maps showing the Property are recorded in Plat Book _____, Page _____ and Plat Book _____, Page _____ in the RMC Office for [_____] County, South Carolina.

The Property does not include the primary residence of Grantor.

TO HAVE AND TO HOLD the Property and all privileges and appurtenances thereto belonging to Grantee in fee simple.

And Grantor covenants with Grantee that Grantor has done nothing to impair such title as Grantor received, and Grantor will warrant and defend the title against the lawful claims of all persons claiming by, under or through Grantor, except for the exceptions hereinafter stated.

Title to the Property is subject to the exceptions set forth on **Exhibit B** attached hereto and made a part hereof.

(SIGNATURE FOLLOWS)

IN WITNESS WHEREOF, Grantor has caused this instrument to be duly executed under seal, the day and year first above written.

GRANTOR:

DDR-SAU GREER NORTH HAMPTON MARKET, L.L.C.,

By: _____
Name: _____
Title: _____

**SIGNED SEALED AND DELIVERED
IN THE PRESENCE OF:**

Print Name: _____
Witness No. 1

Print Name: _____
Witness No. 2

STATE OF _____)

)

COUNTY OF _____)

Personally appeared before me the undersigned witness and made oath says that he/she saw the within-named Grantor, sign, seal and as Grantor's act and deed delivery the within deed, and that he/she with the other witness subscribed above, witnessed the execution thereof.

Witness #1 Signature

Sworn to and subscribed
before me this _____ day of
_____, 20__.

Notary Public
Notary Public for _____
My commission _____
expires: _____

[NOTARIAL STAMP-SEAL]

EXHIBIT A

TO EXHIBIT D-3 SOUTH CAROLINA FORM DEED

EXHIBIT B

TO EXHIBIT D-3 SOUTH CAROLINA FORM DEED

EXHIBIT D-4

INDIANA FORM DEED

(ANNEXED)

THIS INSTRUMENT WAS PREPARED BY:

AFTER RECORDING RETURN TO:

[Insert Address of Title Company]

Space above reserved for Recorder

SPECIAL WARRANTY DEED

THIS INDENTURE WITNESSETH, that DDR-SAU SOUTH BEND BROADMOOR, L.L.C., a Delaware limited liability company (hereinafter called "**Grantor**"), does hereby **CONVEY AND WARRANT** to _____, an _____ ("**Grantee**"), for the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the following described real estate located in _____ County, Indiana:

SEE LEGAL DESCRIPTION SET FORTH ON **EXHIBIT A**
ATTACHED HERETO AND MADE A PART HEREOF

Tax Parcel Number: _____

Address of Property: Approximately ____ acres of land located
in _____, _____ County, Indiana

SUBJECT ONLY TO those items set forth on **Exhibit B** attached hereto and made a part hereof.

TO HAVE AND TO HOLD THE SAME, together with all rights and appurtenances to the same belonging, unto Grantee and its successors and assigns forever. Grantor hereby covenants that Grantor and its successors and assigns will warrant and defend the title to the above described real estate unto Grantee and to its successors and assigns forever, against the lawful claims of all persons claiming by, through or under Grantor but none other, subject only to those items, matters and things described on **Exhibit B** attached hereto and made a part hereof.

The undersigned person executing this deed on behalf of Grantor represents and certifies that he/she is the duly named _____ of Grantor and has been fully empowered, by property resolution of the Grantor, to execute and deliver this deed; that Grantor has full capacity to convey the real estate described herein; and that all necessary company action for the making of such conveyance has been taken and done.

(SIGNATURE FOLLOWS)

This instrument prepared by:

Lester Bliwise, Esq.
Seyfarth Shaw LLP
620 Eighth Avenue
New York, New York 10018

After recording return to:

[Insert Address of Title Company]

Send Subsequent Tax Statements to:

222 Central Park Avenue, Suite 2100
Virginia Beach, Virginia 23462

I affirm, under the penalties of perjury, that I have taken reasonable care to redact each Social Security Number in this document, unless required by law.

Printed Name: [_____]

EXHIBIT A

TO EXHIBIT D-4 INDIANA FORM DEED

EXHIBIT B

TO EXHIBIT D-4 INDIANA FORM DEED

VIRGINIA FORM DEED

SPECIAL WARRANTY DEED

This deed was prepared outside
the Commonwealth of Virginia

Tax Map Reference Nos.: _____
Assessed Value: _____
Consideration: _____

AFTER RECORDING, return to:
[Insert Address of Title Company]

THIS DEED, made this ___ day of _____, 201_, from DDR-SAU WAYNESBORO, L.L.C., a Delaware limited liability company (the "**Grantor**"), having an address at c/o Teachers Insurance and Annuity Association of America, 730 Third Avenue, New York, New York 10017, to o _____, a Virginia limited liability company (the "**Grantee**"), having an address at 222 Central Park Avenue, Suite 2100, Virginia Beach, Virginia 23462.

WITNESSETH:

That for and in consideration of the sum of Ten Dollars (\$10.00), cash in hand paid, and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the Grantor does hereby grant, bargain, sell and convey, with Special Warranty, unto the said Grantee, all of that lot of ground situated in _____, Virginia as more particularly described on **Exhibit A** attached hereto and made a part hereof (the "**Property**"):

TOGETHER with all buildings, improvements and fixtures located thereon ("**Improvements**") including without limitation the paved parking spaces located on the Land and all rights, privileges and appurtenances pertaining to the Property and Improvements including but not limited to all rights-of-way, open or proposed streets, alleys, easements, strips or gores of land adjacent thereto used in connection with the beneficial use and enjoyment of the Property and/or Improvements.

This conveyance is made subject to the restrictions and conditions described on **Exhibit B** attached hereto and made a part hereof.

Grantor will forever warrant and defend the title against the lawful claims of all persons claiming by or through or under Grantor but not further or otherwise.

TO HAVE AND TO HOLD the above granted property unto the Grantee, its successors and assigns, in fee simple, forever.

EXHIBIT A
TO EXHIBIT D-5 VIRGINIA FORM DEED

EXHIBIT B
TO EXHIBIT D-5 VIRGINIA FORM DEED

EXHIBIT D-6
TEXAS FORM DEED
(ANNEXED)

After recording return to:
[Insert Address of Title Company]

Attn: _____

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

SPECIAL WARRANTY DEED

STATE §
OF _____ §
COUNTY §
OF _____ §

KNOW ALL MEN BY THESE PRESENTS:

THAT DDR-SAU PASADENA RED BLUFF LIMITED PARTNERSHIP, an Illinois limited partnership (hereinafter called "**Grantor**"), for and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration to the undersigned paid by Grantee (as hereinafter defined), the receipt and sufficiency of which is hereby acknowledged, has GRANTED, SOLD AND CONVEYED, and by these presents does hereby GRANT, SELL AND CONVEY unto _____, Virginia limited liability company (hereinafter called "**Grantee**"), whose mailing address is 222 Central Park Avenue, Suite 2100, Virginia Beach, Virginia 23462, all of that certain lot, tract or parcel of land lying and being situated in _____ County, Texas, and being more particularly described on **Exhibit A** attached hereto and incorporated herein (individually and collectively, the "**Property**"), together with any improvements situated on, over and/or under the Property and all rights and appurtenances pertaining to the Property and/or such improvements, including, without limitation, all right, title and interest of Grantor in and to adjacent streets, roads, alleys, easements and rights-of-way, and all awards made or to be made in connection therewith.

This conveyance is made and accepted subject only to the restrictions, reservations, covenants, conditions, easements and encumbrances described in **Exhibit B** attached hereto and incorporated herein to the extent the same are applicable to the Property (the "**Permitted Exceptions**").

TO HAVE AND TO HOLD the Property, subject to the Permitted Exceptions, together with all and singular the rights and appurtenances thereto in anywise belonging unto said Grantee, its successors and assigns, forever, and Grantor does hereby bind itself, its successors and assigns to warrant and forever defend all and singular the Property, subject to the Permitted Exceptions, unto said Grantee, its successors and assigns, against every person whomsoever lawfully claiming

or to claim the same or any part thereof, by, through or under Grantor, but not otherwise.

[SIGNATURE FOLLOWS]

EXHIBIT A

TO EXHIBIT D-6 TEXAS FORM DEED

EXHIBIT B

TO EXHIBIT D-6 TEXAS FORM DEED

EXHIBIT E

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "**Assignment**") is entered as of this ____ day of ____, 201_ by and between DDR-SAU _____, a _____ with an office at c/o Teachers Insurance and Annuity Association of America, 730 Third Avenue, New York, New York 10017 ("**Assignor**") and _____, a _____ whose mailing address is _____ ("**Assignee**").

WHEREAS, in accordance with that certain Purchase and Sale Agreement ("**Agreement**") dated as of _____, 201_, between Assignor and certain affiliates of Assignor, as sellers, and Assignee, as purchaser, Assignor has agreed to convey to Assignee that certain Property located at _____, as more particularly described on Exhibit A- to the Agreement (capitalized terms used in this Assignment and not specifically defined herein will have the meanings ascribed to them in the Agreement) (i.e., the _____Property); and

WHEREAS, Assignor desires to assign its interests in and Assignee desires to accept the assignment of Assignor's interest in (i) the _____ Leases listed on Exhibit A, (ii) the _____ Intangible Property, to the extent assignable, and (iii) the Service Agreements listed on Exhibit B attached hereto and made a part hereof, all on the terms and conditions provided herein; and

NOW, THEREFORE, IN CONSIDERATION of the purchase of the _____ Property by Assignee from Assignor, and for \$10.00 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Assignment of Leases.

(a) Assignor hereby assigns and transfers to Assignee as of the date hereof all of Assignor's right, title and interest in and to the _____ Leases described on **Exhibit A** attached hereto and made a part hereof including any security deposits thereunder held by Assignor and any lease guaranties pertaining to the _____ Leases.

(b) Assignee hereby accepts the assignment of all of Assignor's right, title and interest in and to the _____ Leases, and assumes all the obligations of Assignor under and arising out of the _____ Leases which are applicable to the period from and after the date hereof and of the obligations of Assignor respecting the security deposits turned over or credited to Assignee, and Assignee will hold Assignor harmless and free from any liability with reference to the security deposits to the extent same are received by or credited to Assignee.

2. Assignment of Intangible Property.

(a) Assignor hereby assigns and transfers to Assignee as of the date hereof all of Assignor's right, title and interest, if any, in and to the _____ Intangible Property.

(b) Assignee hereby accepts the assignment of all of Assignor's right, title and interest, if any, in and to the _____ Intangible Property, and assumes all the obligations of Assignor under and arising out of the _____ Intangible Property which are applicable to the period from and after the date hereof.

3. Assignment of Service Agreements.

(a) Assignor hereby assigns, transfers and conveys to Assignee all of Assignor's right, title and interest in, to and under the Service Agreements described on **Exhibit B** attached hereto and made a part hereof.

(b) Assignee hereby accepts the assignment of all of Assignor's right, title and interest in and to the Service Agreements, and assumes all the obligations of Assignor under and arising out of the Service Agreements which are applicable to the period from and after the Effective Date.

4. Non-recourse to Assignor.

The assignments and transfers of Assignor made pursuant to this Assignment and Assignee's acceptance of the same are without any representation (other than the representations set forth in paragraph 5 hereof) or warranty by Assignor and without any right of recourse against Assignor.

5. Successors and Assigns.

All of the covenants, terms and conditions set forth herein shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and assigns.

6. Authority.

Assignor and Assignee covenant and represent to each other that they have the power and authority to enter into this Assignment and that the persons duly executing this Assignment on behalf of Assignor and Assignee, respectively, have the requisite power and authority to do so.

7. Counterparts.

This Assignment may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the date first above written.

ASSIGNOR:

DDR-SAU _____, a _____
By: _____
Name: _____
Title: _____

[SIGNATURES CONTINUE ON THE FOLLOWING PAGE]

ASSIGNOR:

By: _____

Name: _____

Title: _____

EXHIBIT F

FIRPTA CERTIFICATE

**CERTIFICATE REGARDING FOREIGN INVESTMENT
IN REAL PROPERTY TAX ACT
(ENTITY TRANSFEROR)**

Section 1445 of the Internal Revenue Code provides that a transferee (purchaser) of a U.S. real property interest must withhold tax if the transferor (seller) is a foreign person. For U.S. tax purposes (including section 1445), the owner of a disregarded entity (which has legal title to a U.S. real property interest under local law) will be the transferor of the property and not the disregarded entity. To inform the transferee (purchaser) that withholding of tax is not required upon the disposition of a U.S. real property interest by DDR-SAU _____, a _____ ("**Transferor**"), the undersigned hereby certifies, in the capacity stated below, but not in his or her individual capacity, the following on behalf of DDR-SAU Retail (as hereinafter defined):

1. (a) Transferor is a "disregarded entity" as defined in Section 1.1445-2(b)(2)(iii) of the Income Tax Regulations issued under the Revenue Code, (b) Transferor is indirectly wholly owned by DDR-SAU Retail Fund, L.L.C., a Delaware limited liability company ("**DDR-SAU Retail**"), and (c) DDR-SAU Retail is not a "disregarded entity" as defined in Section 1.1445-2(b)(2)(iii) of the Income Tax Regulations issued under the Revenue Code.

2. DDR-SAU Retail is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations).

3. DDR-SAU Retail is not a disregarded entity as defined in Section 1.1445-2(b)(2)(iii).

4. DDR-SAU Retail's Federal Employer Identification Number is 20-2639998.

5. DDR-SAU Retail's office address is:

c/o DDR Corp.
3300 Enterprise Parkway
Beachwood, Ohio 44122

6. The address or description of the property which is the subject matter of the disposition is:_____.

DDR-SAU Retail understands that this certification may be disclosed to the Internal Revenue Service by transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

DDR-SAU Retail declares that it has examined this certification and to the best of its knowledge and belief, it is true, correct and complete, and further declares that the individual executing this certification on behalf of Transferor has full authority to do so.

DATED: _____, 201_

DDR-SAU Retail Fund, L.L.C.,
a Delaware limited liability company]

By: _____
Name: _____
Title: _____

EXHIBIT G

BILL OF SALE

THIS BILL OF SALE ("**Bill of Sale**") is made this ____ day of _____, 201_ by DDR-SAU _____, a _____ whose mailing address is _____ ("**Seller**"), in favor of _____, a _____ whose mailing address is _____ ("**Purchaser**").

WITNESSETH:

WHEREAS, Seller and certain affiliates of Seller, as sellers, and Purchaser, as purchaser, entered into that certain Purchase and Sale Agreement dated as of _____, 2015 (the "**Agreement**"). Any term with its initial letter capitalized and not otherwise defined herein shall have the meaning set forth in the Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller does hereby absolutely and unconditionally give, grant, bargain, sell, transfer, set over, assign, convey, release, confirm and deliver to Purchaser all of Seller's right, title and interest in and to the _____ Fixtures and Personal Property without representation or warranty of any kind whatsoever except as set forth in and subject to the terms of the Agreement.

WITH RESPECT TO ALL MATTERS TRANSFERRED, WHETHER TANGIBLE OR INTANGIBLE, PERSONAL OR REAL, SELLER EXPRESSLY DISCLAIMS A WARRANTY OF MERCHANTABILITY AND WARRANTY FOR FITNESS FOR A PARTICULAR USE OR ANY OTHER WARRANTY EXPRESSED OR IMPLIED THAT MAY ARISE BY OPERATION OF LAW OR UNDER THE UNIFORM COMMERCIAL CODE FOR THE STATE IN WHICH THE PROPERTY IS LOCATED (OR ANY OTHER STATE).

This Bill of Sale shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, heirs and legatees of Purchaser and Seller.

This Bill of Sale shall be governed by, interpreted under, and construed and enforceable in accordance with, the laws of the State of _____.

SELLER:

DDR-SAU _____
a _____

By: _____
Name: _____
Title: _____

EXHIBIT H

TENANT ESTOPPEL CERTIFICATE

[Tenant Trade Name]

THIS TENANT ESTOPPEL CERTIFICATE (this “**Certificate**”) is given this ____ day of _____, 2015, by _____, a _____ (“**Tenant**”), in favor of _____ (“**Landlord**”), a [Delaware limited liability company][Illinois limited partnership], _____, LLC, a Virginia limited liability company (“**Purchaser**”), and _____ (“**Bank**”), whereby Tenant certifies the following statements for the benefit of the Purchaser and Bank:

1. Tenant currently leases from [insert legal name of Landlord] (the “**Landlord**”) the premises commonly known as [suite number] in the shopping center commonly known as [Shopping Center] located in [city, state] (the “**Premises**”) containing [insert square footage] square feet pursuant to that certain Lease dated _____ (collectively, with any amendments, modifications or supplements thereto listed in Exhibit A, the “**Lease**”).

2. A description of the Lease is set forth on Exhibit A. There are no other amendments, modifications or agreements between Landlord and Tenant with respect to the Premises, except as set forth on Exhibit A.

3. Landlord has delivered, and Tenant has accepted, possession of the Premises. Any and all improvements or repairs required to be made by Landlord in, on or about the Premises have been completed in accordance with the terms of the Lease and to the satisfaction of Tenant. Tenant is currently in occupancy of the entire Premises. Tenant has not subleased any portion of the Premises or assigned or otherwise transferred any of its rights under the Lease.

4. The Lease is in full force and effect. The Lease rent commencement date is [insert date]. The expiration of the Lease term is [insert date]. There is/are [insert number] consecutive extension term(s) of [insert number] year(s) each provided under the Lease. [IF NONE, STATE NONE]

5. Tenant has no option or right to purchase the Premises, or any part thereof, except for the purchase option specifically set forth in Section [insert Section reference] of the Lease. [IF NONE, STATE NONE]

6. The current monthly rent payable under the Lease is \$[insert number]. In addition to base rent, Tenant pays its pro rata share of real estate taxes, common area expenses and insurance in accordance with the terms of the Lease in the total monthly amount of \$[insert number]. The rent and all other charges due and payable under the Lease have been paid up to _____. No rent under the Lease has been paid more than 30 days in advance of when owed.

7. Landlord is holding a security deposit as security for the performance of Tenant's obligations under the Lease, in the sum of \$[insert amount].

8. Tenant is not in default under the Lease and Tenant has not received any notices of default under the Lease which have not been cured, and to Tenant's knowledge, there are no events which have occurred that with the giving of notice or the passage of time, or both, would result in a default by Tenant under the Lease.

9. Tenant has not sent Landlord any notices of default under the Lease which have not been cured, and to Tenant's knowledge, there are no defaults by Landlord under the Lease as of the date hereof and there are no events that have occurred that, with the giving of notice or the passage of time, or both, would result in a default by Landlord thereunder. To Tenant's knowledge, Tenant has no defenses, counterclaims, liens or claims of offset or credit under the Lease or against rents, or any other claims against Landlord.

10. There are no bankruptcy, reorganization or insolvency actions, whether voluntary or otherwise, pending or threatened against Tenant. Tenant is not bankrupt or insolvent and has not admitted in writing that it is unable to pay its debts as they mature, consented to or applied for the appointment of a receiver or trustee for itself or for all or part of its property or made an assignment for the benefit of creditors.

11. Tenant has all governmental permits, licenses and consents (if any) required for the activities and operations being conducted or to be conducted by Tenant on the Premises.

12. Tenant has received no notice by any governmental authority or person claiming a violation of, or requiring compliance with, any applicable federal, state or local law or regulation intended to protect the environment and public health and safety ("Environmental Law"). The Premises are not being, and during the term of the Lease have never been used to handle, treat, store, or dispose of oil, petroleum products, hazardous substances in any quantity, hazardous waste, toxic substances, regulated substances or hazardous air pollutants in violation of any Environmental Law.

13. [Tenant has received a copy of that certain Notice of Brownfields Property dated February 24, 2003 and recorded in the Register of Deeds of Guilford County, North Carolina in Deed Book 5751, Page 2139 (the "**Brownfields Notice**"). There are no events which have occurred that, with the giving of notice or the passage of time, or both, would result in a violation by Tenant, or to Tenant's knowledge, by Landlord, of any of the restrictions, conditions or obligations provided in the Brownfields Notice.] **[NOTE: This paragraph only to be included in estoppels for Wendover Village tenants]**

Tenant has read this Certificate and acknowledges and understands the certifications and representations made herein. Tenant hereby executes this Certificate intending reliance hereon by Purchaser and Bank, and their respective successors and assigns. Tenant has full authority to execute this Certificate, which has been duly authorized by all necessary action.

(Signature Page to Follow)

TENANT ESTOPPEL CERTIFICATE

IN TESTIMONY WHEREOF, witness the signature of Tenant as of the day and year first set forth above.

TENANT:

_____,
a _____

By: _____
Name: _____
Title: _____

TENANT ESTOPPEL CERTIFICATE

Exhibit A

(Description of the Lease and all amendments and modifications thereto)

«Lease_Description»

«Lease_Amendment_1»

«Lease_Amendment_2»

«Lease_Amendment_3»

«Lease_Amendment_4»

«Lease_Amendment_5»

«Lease_Amendment_6»

«Lease_Amendment_7»

«Lease_Amendment_8»

«Lease_Amendment_9»

«Lease_Amendment_10»

EXHIBIT J

SITE ACCESS AND INDEMNIFICATION AGREEMENT

[ANNEXED]

EXHIBIT K

TENANT NOTICE LETTER

DDR-SAU _____
c/o DDR Corp.
3300 Enterprise Parkway
Beachwood, Ohio 44122

VIA UPS

_____, 201_

<Tenant>
<Attention Line>
<Address1>
<Address2>
<City, State Zip Code>

Re: Notice to Tenants of <shopping center> (the "Premises"); «TradeDBA_Name»

Dear Tenant:

Please be advised that on ____ (date of sale) _____, 201_ (the "Effective Date"), the Premises was conveyed and the landlord's interest in your lease (the "Lease") was assigned by DDR-SAU _____ (the "Landlord") to _____ ("Purchaser"). The purpose of this letter is to inform you of the acquisition and to facilitate ongoing communication.

In connection with such sale, Landlord as seller, has assigned and transferred its interest in the Lease to Purchaser, and Purchaser has assumed and agreed to perform all of Landlord's obligations under the Lease. Accordingly, (i) all of your obligations as tenant under the Lease from and after the Effective Date (including, but not limited to, your obligations to pay rent) shall be performable to and for the benefit of Purchaser, its successors and assigns, and (ii) all of the obligations of the landlord under the Lease from and after the Effective Date shall be binding obligations of Purchaser and its successors and assigns, and Landlord shall have no further obligations under the Lease.

Until otherwise directed by Purchaser, communications with Purchaser with respect to the following matters should be directed as follows:

I. Rent. All rents, additional rents and other charges under the Lease for periods from and after the Effective Date are to be made payable to Purchaser at the following address:

Attention: _____

All rental payments and other monies due under the Lease for periods *prior* to the Effective Date should be made payable to *Landlord* and mailed to: DDR-SAU _____, c/o DDR Corp., 3300 Enterprise Parkway, Beachwood, Ohio 44122.

II. Notices. All notices and other communications to the landlord under your Lease shall be delivered to Purchaser at the following address:

Attention: _____

III. Personnel. If you have specific questions, please feel free to contact any of the following persons:

The contact person with respect to operational matters is:

_____ Phone: _____
E-mail: _____

The contact person for leasing is:

_____ Phone: _____
E-mail: _____

The contact person for accounting is:

_____ Phone: _____
E-mail: _____

Please amend the insurance policies which you are required to maintain under the Lease to delete Landlord as an additional insured thereunder and to include Purchaser as an additional insured thereon.

We appreciate your patience and cooperation during this transition.

SELLER:

DDR-SAU _____

a _____

By: _____

Name: _____

Title: _____

PURCHASER:

By: _____

Name: _____

Title: _____

EXHIBIT M

LANDLORD ESTOPPEL CERTIFICATE

THIS LANDLORD ESTOPPEL CERTIFICATE (this “**Certificate**”) is given this ___ day of _____, 2015, by _____, a _____ (“**Landlord**”), in favor of _____, LLC, a Virginia limited liability company (“**Purchaser**”), and _____ (“**Bank**”), whereby Landlord certifies the following statements for the benefit of the Purchaser and Bank:

1. Landlord currently leases to [*insert legal name of tenant*] (the “**Tenant**”) the premises commonly known as [*insert address and suite number*] (the “**Premises**”) containing [*insert square footage*] square feet pursuant to that certain [*insert list of all lease documents with dates and including all amendments*] (collectively, the “**Lease**”).

2. A true and complete copy of the Lease is attached hereto as Exhibit A. There are no other amendments, modifications or agreements between Landlord and Tenant with respect to the Premises, except as stated in Paragraph 1 above.

3. Landlord has delivered, and Tenant has accepted, possession of the Premises. Any and all improvements or repairs required to be made by Landlord in, on or about the Premises have been completed in accordance with the terms of the Lease and to the satisfaction of Tenant. Tenant is currently in occupancy of the entire Premises. Tenant has not subleased any portion of the Premises or assigned or otherwise transferred any of its rights under the Lease.

4. The Lease is in full force and effect. The term of the Lease commenced on [*insert date*]. The expiration of the term is [*insert date*]. There are [*insert number*] consecutive extension terms of [*insert number*] years each provided under the Lease. [IF NONE, STATE NONE]

5. Tenant has no option or right to purchase the Premises, or any part thereof, except for the purchase option specifically set forth in Section [*insert Section reference*] of the Lease. [IF NONE, STATE NONE]

6. The current monthly rent payable under the Lease is \$[*insert number*]. The rent and all other charges due and payable under the Lease have been paid up to [*insert date*]. No rent under the Lease has been paid more than 30 days in advance of when owed.

7. Tenant's proportionate share of common operating expenses and real estate taxes is [*insert percentage*]. [If such costs are **not** included in the monthly rent then provide breakdown of additional costs and identify when costs are paid, monthly, quarterly, etc].

8. Landlord is holding a security deposit as security for the performance of Tenant's obligations under the Lease, in the sum of \$[insert amount].

9. Landlord is not in default under the Lease and Landlord has not received any notices of default under the Lease which have not been cured, and to Landlord's knowledge, there are no events which have occurred that with the giving of notice or the passage of time, or both, would result in a default by Landlord under the Lease.

10. Landlord has not sent Tenant any notices of default under the Lease which have not been cured, and to Landlord's knowledge, there are no defaults by Tenant under the Lease as of the date hereof and there are no events that have occurred that, with the giving of notice or the passage of time, or both, would result in a default by Tenant thereunder. To Landlord's knowledge, Tenant has no defenses, counterclaims, liens or claims of offset or credit under the Lease or against rents, or any other claims against Landlord.

11. To Landlord's knowledge: (i) there are no bankruptcy, reorganization or insolvency actions, whether voluntary or otherwise, pending or threatened against Tenant, and (ii) Tenant is not bankrupt or insolvent and has not admitted in writing that it is unable to pay its debts as they mature, consented to or applied for the appointment of a receiver or trustee for itself or for all or part of its property or made an assignment for the benefit of creditors.

12. To Landlord's knowledge, Tenant has all governmental permits, licenses and consents (if any) required for the activities and operations being conducted or to be conducted by Tenant on the Premises.

13. To Landlord's knowledge, Tenant has not received any notices by any governmental authority or person claiming a violation of, or requiring compliance with, any applicable federal, state or local law or regulation intended to protect the environment and public health and safety ("Environmental Law"). To Landlord knowledge, Tenant is not using (and has never used) the Premises to handle, treat, store, or dispose of oil, petroleum products, hazardous substances in any quantity, hazardous waste, toxic substances, regulated substances or hazardous air pollutants in violation of any Environmental Law.

Landlord has read this Certificate and acknowledges and understands the certifications and representations made herein. Landlord hereby executes this Certificate intending reliance hereon by Purchaser and Bank, and their respective successors and assigns. Landlord has full authority to execute this Certificate, which has been duly authorized by all necessary action.

(Signature Page to Follow)

LANDLORD ESTOPPEL CERTIFICATE

IN TESTIMONY WHEREOF, witness the signature of Landlord as of the day and year first set forth above.

LANDLORD:

_____ ,
a _____

By: _____
Name: _____
Title: _____

EXHIBIT N

ASSIGNMENT OF PURCHASE AND SALE AGREEMENT

THIS ASSIGNMENT OF PURCHASE AND SALE AGREEMENT (this "**Assignment**"), is executed as of the _____ day of _____, 201_, by and between AHP ACQUISITIONS, LLC, a Virginia limited liability company ("**Assignor**"), and _____, a Virginia limited liability company ("**Assignee**"; Assignor and Assignee are sometimes referred to herein, collectively, as the "**Parties**").

RECITALS:

WHEREAS, Assignor, as purchaser, and DDR-SAU South Square, L.L.C., a Delaware limited liability company, DDR-SAU Durham Patterson, L.L.C., a Delaware limited liability company, DDR-SAU Wendover Phase II, L.L.C., a Delaware limited liability, DDR-SAU Salisbury Alexander, L.L.C., a Delaware limited liability, DDR-SAU Winston-Salem Harper Hill, L.L.C., a Delaware limited liability, DDR-SAU Greer North Hampton Market, L.L.C., a Delaware limited liability, DDR-SAU Nashville Willowbrook, L.L.C., a Delaware limited liability, DDR-SAU South Bend Broadmoor, L.L.C., a Delaware limited liability, DDR-SAU Oakland, L.L.C., a Delaware limited liability, DDR-SAU Waynesboro, L.L.C., a Delaware limited liability, and DDR-SAU Pasadena Red Bluff Limited Partnership, an Illinois limited partnership (collectively, "**Sellers**", and each, individually, a "**Seller**") have entered into that certain Purchase and Sale Agreement dated as of December __, 2015 (the "**Purchase Agreement**"), for the sale of the Properties described in the Purchase Agreement, including the _____Property. Capitalized terms used in this Assignment and not specifically defined herein will have the meanings ascribed to them in the Purchase Agreement.

WHEREAS, the Parties desire to enter into this Assignment to, among other things, evidence Assignor's assignment of its right, title and interest in the Purchase Agreement, solely as it relates to the _____ Property, to Assignee and to evidence Assignee's assumption of Assignor's obligations and liabilities under the Purchase Agreement solely as the obligations and liabilities relate to the _____Property.

AGREEMENTS:

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Assignment of Purchase Agreement.** Assignor hereby assigns and transfers to Assignee all of Assignor's right, title, claim and interest in and to the Purchase Agreement, solely as it relates to the _____ Property, the _____ Property, and all sums paid or deposited into escrow or to Sellers by Assignor in connection with the Purchase Agreement as the sums relate to the _____ Property.

2. **Assumption.** Assignee hereby acknowledges and agrees to all of the terms of the Purchase Agreement as it relates to the _____ Property and accepts the foregoing assignment and assumes any and all obligations and liabilities of Assignor under the Purchase Agreement solely as such obligations and liabilities relate to the _____Property, in

accordance with the terms thereof. Notices to Assignee as “Purchaser” under the Purchase Agreement shall be sent to Assignee at the address for Assignor set forth in Section 15.6 of the Purchase Agreement.

3. No Release. The assignment and assumption set forth in Sections 1 and 2 of this Assignment shall not release Assignor from the obligation of Assignor or Assignee to perform in accordance with the terms of the Purchase Agreement. Assignor acknowledges that, notwithstanding such assignment and assumption, Assignor shall remain primarily obligated under the Purchase Agreement, and Assignor and Assignee shall be co-obligors under the Purchase Agreement with joint and several liability for the performance of all obligations of Assignor set forth thereunder as they relate to the _____Property, including, without limitation, the indemnification obligations of Assignor set forth in the Purchase Agreement.

4. Representations and Warranties. Assignor and Assignee hereby represent and warrant to Sellers that Assignee is an Affiliated Entity of Assignor and that each and every representation and warranty made by Assignor in the Purchase Agreement is true and correct with respect to Assignee as of the date of the Purchase Agreement and the Closing Date and such representations and warranties apply fully to this Assignment and shall survive the Closing and the delivery of the Deeds in accordance with Section 13.4 of the Agreement.

5. Ratification of Purchase Agreement. Except as expressly modified under this Assignment, Assignor and Assignee hereby ratify and affirm the terms and provisions of the Purchase Agreement in their entirety.

6. Governing Law. This Assignment shall be governed by and construed in accordance with the laws of the State of New York.

7. Third Party Beneficiary. Assignor and Assignee acknowledge and agree that each Seller is and is hereby made a third party beneficiary of this Assignment.

8. Counterparts. This Assignment may be executed in counterparts, each of which, when taken together, shall constitute fully executed originals of this Assignment. To facilitate execution of this Assignment, the parties may exchange by electronic mail (e-mail), or portable document format (pdf), counterparts or other electronic imaging of the signature page, which shall be effective as original signature pages for all purposes. A copy of the electronic mail or PDF shall also be sent to the intended addressee by (i) personal delivery, (ii) certified mail, return receipt requested, (iii) for next day delivery by nationally recognized overnight delivery service that provides evidence of the date of delivery, in any case with all charges prepaid, addressed to the appropriate party at its address listed above. Delivery of the execution original to the Assignment or any e-mail signature or PDF thereof may be given on behalf of a party by the attorney of such party.

[Signature Page Follows]

ASSIGNOR:

AHP ACQUISITIONS, LLC
a Virginia limited liability company

By: ARMADA HOFFLER, L.P.
a Virginia limited partnership
Sole Managing Member

By: ARMADA HOFFLER PROPERTIES,
INC.
a Maryland corporation
General Partner

By: _____ (SEAL)
Eric L. Smith
Chief Investment Officer

ASSIGNEE:

a Virginia limited liability company

By: _____
Name: _____
Title: _____

EXHIBIT O-1

SELLER'S BRING DOWN CERTIFICATE

THIS CERTIFICATE, is made this ___ day of December ___, 2015, by [_____] (each a "**Seller**" and collectively, "**Sellers**").

WITNESSETH

WHEREAS, pursuant to that certain Purchase and Sale Agreement, dated as of December ___, 2015, by and between Seller and _____ ("**Purchaser**"), the "**Agreement**", Seller agreed to sell to Purchaser and Purchaser agreed to purchase from Seller certain property known as the [____], as more fully described in said Agreement (the "**Property**"); and

WHEREAS, the Agreement requires that Seller deliver this Certificate as a condition to Closing (as defined in said Agreement) pursuant to Section 4.1(b)(ix). Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Purchase Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained in the Agreement, each Seller hereby certifies that the Sellers' Representations contained in the Agreement, subject at all times to the limitations on the liability of Seller as set forth in the Agreement, including without limitation the provisions of **Section 15.16** and **Section 15.23** of the Agreement, are true and correct in all material respects as of the Closing Date, except as otherwise expressly disclosed in the schedule of exceptions attached to this Certificate as **Schedule "A"**.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of this ____ day of _____,
20____.

SELLERS:

By: _____

By: _____
Name: _____
Title: _____

Schedule "A"

Schedule of Exceptions

[TBD]

EXHIBIT O-2

PURCHASER'S BRING DOWN CERTIFICATE

THIS CERTIFICATE, is made this ___ day of December ___, 2015, by [_____] (**Purchaser**).

WITNESSETH

WHEREAS, pursuant to that certain Purchase and Sale Agreement, dated as of December ___, 2015, by and between Seller and _____ (**Purchaser**), the **Agreement**), Seller agreed to sell to Purchaser and Purchaser agreed to purchase from Seller certain property known as the [____], as more fully described in said Agreement (the **Property**"); and

WHEREAS, the Agreement requires that Purchaser deliver this Certificate as a condition to Closing (as defined in said Agreement) pursuant to Section 4.2. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Purchase Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained in the Agreement, Purchaser hereby certifies that the Purchaser's representations contained in the Agreement are true and correct in all material respects as of the Closing Date, except as otherwise expressly disclosed in the schedule of exceptions attached to this Certificate as **Schedule "A"**.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of this ____ day of _____,
20____.

PURCHASER:

By: _____

By: _____

Name: _____

Title: _____

Schedule "A"

Schedule of Exceptions

[TBD]

EXHIBIT P

TENANT BROWNFIELDS NOTICE LETTER

DDR-SAU Wendover Phase II, L.L.C.

c/o DDR Corp.
3300 Enterprise Parkway
Beachwood, Ohio 44122

VIA CERTIFIED MAIL [or as required by each Lease's notice provision]

[Insert Address provided in each Lease's notice provision]

**Re: Brownfields Notice and Certification / Wendover Village II, 4201 West Wendover Avenue,
Greensboro, North Carolina (the "Shopping Center")**

Dear Tenant:

Please be advised that on February 24, 2003, the Shopping Center, including but not limited to, your leased premises, became subject to a certain Notice of Brownfields Property dated February 24, 2003 and recorded in the Register of Deeds of Guilford County, North Carolina in Deed Book 5751, Page 2110, including the Brownfields Agreement attached thereto as Exhibit A (collectively, the "Brownfields Documents"). A copy of the Brownfields Documents is enclosed with this letter and is being delivered to you pursuant to Section 14 of the Brownfields Agreement.

In order to acknowledge receipt of this letter and the enclosed Brownfields Documents, please sign and return to Landlord the attached Tenant Certificate of Receipt. A pre-paid, self-address envelope has been included with this letter for your convenience.

If you have specific questions, please feel free to contact any of the following persons:

Phone: _____

E-mail: _____

LANDLORD:

**DDR-SAU Wendover Phase II, L.L.C.
a Delaware limited liability company**

By: _____

Name: _____

Title: _____

(Acknowledgment of Tenant on Following Page)

TENANT CERTIFICATE OF RECEIPT

I, _____, as the _____ of the below reference Tenant do hereby certify and acknowledge receiving a copy of the Notice of Brownfields Property dated February 24, 2003, and recorded in the Register of Deeds of Guilford County, North Carolina in Deed Book 5751, Page 2110 and the Brownfields Agreement attached thereto as Exhibit A.

TENANT:

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT Q

SELLERS' AFFIDAVIT OF TITLE

Title Commitment Number [_____] dated [_____] (the "**Commitment**") by First American Title Insurance Company Sale of [_____] (the "**Property**") by Owner (as hereinafter defined) to [_____] a [_____] limited liability company.

BEFORE ME, the undersigned, personally appeared _____ (the "**Affiant**") on behalf of _____, a _____ ("**Owner**"), who first being duly sworn, deposes and says, to the best of Affiant's knowledge, to _____:

1. There has been no work, services or labor performed or material furnished in connection with repairs or improvements on the property by or for Owner within _____ (_____) _____ prior to the date of this Affidavit, which remain unpaid; or in the event work has been performed, services rendered, or materials furnished in connection with construction, repair, or improvement on the property described in the Commitment by or for Owner during such period, that all such work performed, services rendered, or materials furnished will be paid by Owner in the ordinary course of business.

2. There are no parties in possession of said property other than the undersigned and the tenants listed on **Exhibit "A"** attached hereto and made a part hereof.

3. All management fees heretofore accrued, if any, relating to said property, have been or will be paid in the ordinary course of business.

[signature page to follow]

Dated as of _____, 2015

AFFIANT:

Name: _____

Sworn to before me this

___ day of _____, 2015

(Notary Public)

Exhibit "A"

Tenant[s]

[Attached]

EXHIBIT R

WENDOVER BROWNFIELDS ASSIGNMENT AND ASSUMPTION

After Recording Return To:

Williams Mullen
Attn: Grig C. Scifres
222 Central Park Avenue, Suite 1700
Virginia Beach, VA 23462-3035

STATE OF NORTH CAROLINA

COUNTY OF GUILFORD

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "**Assignment**"), is dated and made as of _____ (the "**Effective Date**"), by and between **DDR-SAU Wendover Phase II, L.L.C.**, a Delaware limited liability company, with an office at c/o Teachers Insurance and Annuity Association of America, 730 Third Avenue, New York, New York 10017 ("**Assignor**"), and _____, **LLC**, a Virginia limited liability company, with an office at 222 Central Park Avenue, Suite 2100, Virginia Beach, Virginia 23462, or its assigns ("**Assignee**").

WITNESSETH

WHEREAS, in accordance with that certain Purchase and Sale Agreement dated as of December ____, 2015 (the "**Agreement**"), between Assignor and certain affiliates of Assignor, as sellers, and Assignee (by assignment from AHP Acquisitions, LLC), as purchaser, Assignor has agreed to convey to Assignee, among other things, that certain real property located in Guilford County, North Carolina, as more particularly described on **Exhibit A** attached hereto and incorporated herein (the "**Property**"). Capitalized terms used in this Assignment and not specifically defined herein will have the meanings ascribed to them in the Agreement; and

WHEREAS, in connection with Assignor's conveyance of the Property to Assignee, Assignor desires to assign all of its right, title and interest in that certain Brownfields Agreement between the North Carolina Department of Environmental Quality (formerly known as the North Carolina Department of Environmental and Natural Resources, hereinafter referred to as "**NCDEQ**") and Wendover Village, LLC and executed on February 21, 2003 (the "**Brownfields Agreement**"), which Brownfields Agreement was attached as Exhibit A to that certain Notice of Brownfields Property dated February 24, 2003 in the Register of Deeds of Guilford County, North Carolina in Deed Book 5751, Page 2139 (the "**Brownfields Notice**"). The Brownfields

Agreement and the Brownfields Notice may be referred to collectively as, the “**Brownfields Agreements**”).

WHEREAS, Assignee desires to accept the assignment of Assignor’s right, title and interest to the Brownfields Agreements, all on the terms and conditions provided herein.

WHEREAS, Section XI, Paragraph 22 of the Brownfields Agreement and North Carolina General Statutes §130A-310(33)(a)(2) allow all of the benefits, rights, covenants, liability protections and obligations provided by the Brownfields Agreements to be assigned to any future owner of the Property to the same extent as to the original entity that entered into the Brownfields Agreements.

NOW, THEREFORE, IN CONSIDERATION of the purchase of the Property by Assignee from Assignor, and for \$10.00 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Assignment. Assignor hereby assigns, transfers and conveys to Assignee, as of the Effective Date, all of Assignor’s right, title and interest in the Brownfields Agreements, including without limitation, all of the benefits, rights, covenants, liability protections and obligations provided therein.

2. Assumption. Assignee hereby accepts the assignment of all of Assignor’s right, title and interest in and to the Brownfields Agreements, and assumes all the obligations of Assignor under and arising out of the Brownfields Agreements which are applicable to the period from and after the Effective Date.

3. General Provisions.

(a) Entire Agreement; Amendment; Severability. This Assignment contains the entire agreement between the parties respecting the matters herein set forth and supersedes all prior agreements, whether written or oral, between the parties respecting such matters. Any amendments or modifications hereto, in order to be effective, shall be in writing and executed by the parties hereto. A determination that any provision of this Assignment is unenforceable or invalid shall not affect the enforceability or validity of any other provision, and any determination that the application of any provision of this Assignment to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to any other persons or circumstances.

(b) Governing Law. This Assignment shall be governed by and construed in accordance with the substantive laws of New York without reference to conflict of laws principles.

(c) No Waiver. The failure of any party hereto to enforce any right or remedy hereunder, or to promptly enforce any such right or remedy, shall not constitute a waiver thereof nor give rise to any estoppel against such party nor excuse any of the parties hereto from their respective obligations hereunder. Any waiver of such right or remedy must be in writing and

signed by the party to be bound. This Assignment is subject to enforcement at law or in equity, including actions for damages or specific performance.

(d) Counterparts. This Assignment may be executed in two or more identical counterparts, and it shall not be necessary that any one of the counterparts be executed by all of the parties hereto. Each fully or partially executed counterpart shall be deemed an original, but all of such counterparts taken together shall constitute one and the same instrument.

(e) Successors and Assigns. This Assignment shall inure to the benefit of, and be binding upon, the successors, executors, administrators, legal representatives and assigns of the parties hereto.

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ASSIGNMENT AND ASSUMPTION AGREEMENT

(Signature Page)

IN WITNESS WHEREOF, the parties have executed this Assignment as of the day and year first written above.

ASSIGNOR:

DDR-SAU Wendover Phase II, LLC,
a Delaware limited liability company

By: _____(SEAL)
Name: _____
Title: _____

STATE OF _____
CITY/COUNTY OF _____, to-wit:

The foregoing instrument was acknowledged before me this ____ day of _____, 201_, by _____, as the _____ of DDR-SAU Wendover Phase II, LLC, a Delaware limited liability company, on behalf of the company.

My commission expires: _____.
Registration number: _____.

Notary

ASSIGNMENT AND ASSUMPTION AGREEMENT

(Signature Page, continued)

ASSIGNEE:

_____, LLC,
a Virginia limited liability company

By: _____(SEAL)

Name: _____

Title: _____

STATE OF _____

CITY/COUNTY OF _____, to-wit:

The foregoing instrument was acknowledged before me this ___ day of _____, 201_, by _____, as the _____ of _____, LLC, a Virginia limited liability company, on behalf of the company.

My commission expires: _____.

Registration number: _____.

Notary

EXHIBIT A

Legal Description of the Property to be attached

**FIRST AMENDMENT TO
PURCHASE AND SALE AGREEMENT**

This **FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT** (this "**Amendment**") is entered into effective as of 4:30 p.m. Eastern time on December 14, 2015 ("**Effective Time**"), by and between **DDR-SAU South Square, L.L.C.**, a Delaware limited liability company ("**South Square Seller**"), **DDR-SAU Durham Patterson, L.L.C.**, a Delaware limited liability company ("**Patterson Place Seller**"), **DDR-SAU Wendover Phase II, L.L.C.**, a Delaware limited liability company ("**Wendover Village II Seller**"), **DDR-SAU Salisbury Alexander, L.L.C.**, a Delaware limited liability company ("**Alexander Pointe Seller**"), **DDR-SAU Winston-Salem Harper Hill, L.L.C.**, a Delaware limited liability company ("**Harper Hills Seller**"), **DDR-SAU Greer North Hampton Market, L.L.C.**, a Delaware limited liability company ("**North Hampson Seller**"), **DDR-SAU Nashville Willowbrook, L.L.C.**, a Delaware limited liability company ("**Willowbrook Seller**"), **DDR-SAU South Bend Broadmoor, L.L.C.**, a Delaware limited liability company ("**Broadmoor Seller**"), **DDR-SAU Oakland, L.L.C.**, a Delaware limited liability company ("**Oakland Seller**"), **DDR-SAU Waynesboro, L.L.C.**, a Delaware limited liability company ("**Waynesboro Seller**"), and **DDR-SAU Pasadena Red Bluff Limited Partnership**, an Illinois limited partnership ("**Kroger Junction Seller**"), each with an office at c/o Teachers Insurance and Annuity Association of America, 730 Third Avenue, New York, New York 10017 (each, individually, a "**Seller**" and collectively, "**Sellers**"), and **AHP ACQUISITIONS, LLC**, a Virginia limited liability company, with an office at 222 Central Park Avenue, Suite 2100, Virginia Beach, Virginia 23462 ("**Purchaser**").

RECITALS:

A. Sellers and Purchaser entered into that certain Purchase and Sale Agreement dated as of December 3, 2015 (the "**Purchase Agreement**") regarding the Properties (as defined in the Purchase Agreement).

B. Sellers and Purchaser have agreed to modify the Purchase Agreement as set forth in this Amendment.

NOW THEREFORE, for Ten Dollars (\$10.00) in hand paid and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Sellers and Purchaser agree as follows:

1. **Defined Terms.** Capitalized terms contained but not defined in this Amendment shall have the meanings ascribed to such terms in the Purchase Agreement.

2. **Closing Date.** All of the text in the first sentence of Section 5.1 of the Purchase Agreement is deleted in its entirety and is replaced with the following:

The closing of the transaction contemplated by this Agreement (the "**Closing**") will occur through an escrow with Escrow Agent, no later than 1:00 P.M. EST on January 14, 2016 (the "**Closing Date**") or such earlier or later date as is agreed by the parties.

3. Expiration of Due Diligence Period; Additional Deposit. Purchaser (i) acknowledges and agrees that it has reviewed the Property Documents and other materials pertaining to the Properties and conducted such studies, tests and inspections as it deemed appropriate to analyze the feasibility of the acquisition and ownership of the Properties and has determined that the Properties are suitable for acquisition by Purchaser and (ii) hereby waives any and all rights Purchaser may have to terminate the Purchase Agreement under Section 6.4 of the Purchase Agreement.

4. Additional Deposit. In accordance with Section 3.1(b) of the Purchase Agreement, Purchaser shall deposit the Additional Deposit with the Escrow Agent no later than December 16, 2015.

5. Title Objections. Sellers acknowledge receipt of an Objection Letter with respect to each Property and, in accordance with Section 8.3 of the Purchase Agreement, Sellers' Response Period with respect to all Objection Letters expires on December 17, 2015.

6. Rents. Section 11.3(b) of the Purchase Agreement is deleted in its entirety and is replaced with the following:

“11.3 Rents. (b) Supplementing subsection (a) above, additional or escalation rent based upon: (x) a percentage of sales or (y) tenant's share of real estate taxes, operating expenses (including insurance), labor costs, costs of living indices or porter's wages (collectively, “**Overage Rent**”) shall be adjusted and pro-rated, subject to subsection (iv) below, on an if, as and when collected basis. The following shall apply to the extent Overage Rent is billed on the basis of Sellers' estimates or an annual budget, which is subject to subsequent reconciliation and readjustment with each such tenant at the end of the applicable year:

Notwithstanding anything to the contrary contained herein, Sellers shall be responsible for the reconciliation of the Overage Rent paid by the tenants for calendar year 2015 in the ordinary course of their business and there shall be no credit or charge to the Purchaser for any such amounts. Purchaser shall use commercially reasonable efforts to collect any Overage Rent attributable to calendar year 2015 after Sellers deliver the 2015 reconciliations to the tenants and to Purchaser.

Within ninety (90) days following the Closing Date, Sellers shall provide Purchaser with a reconciliation statement for the portion of the 2016 calendar year up until the Closing Date, with all necessary supporting documentation, as to the Overage Rent paid by the tenants for such period. Such reconciliation statement shall indicate any difference between the Overage Rent paid by the tenants (based on each Seller's annual 2016 budget for real estate taxes and operating expenses) and the amount that should have been paid by the tenants through the Closing Date (based on the actual expenses covering such time period);

If Sellers have collected more on account of such Overage Rent than such actual amount for such time period (with it being acknowledged that such calculation shall be made only with respect to actually collected Overage Rent sums for such time

period, and not any such sums that may be so receivable from tenants), then the amount of such difference shall be paid to Purchaser;

If Sellers have collected less from the tenants for Overage Rents than the actual amounts for such time period, then the amount of such under-collected Overage Rents shall be paid and delivered to Sellers if, as and when collected.

If, on the Closing Date, there are any unpaid Overage Rents for the month of Closing (or other period during which the Closing Date occurs) or past due Overage Rents owing by any tenants for any prior period, Overage Rents collected by Purchaser after the Closing Date from such tenants will be applied first, to the actual out-of-pocket third party costs incurred by Purchaser in collecting such past due Rents; second, to the month of Closing; third to amounts due Purchaser for periods following the month in which the Closing occurred; and fourth, to amounts due Sellers for the months prior to the month in which the Closing occurred. Purchaser shall be solely responsible for performing any Overage Rent reconciliations with tenants under the Leases with respect to the entire calendar year in which the Closing occurs. Purchaser shall include in any Operating Expense reconciliations with the tenants under the Leases copies of any applicable billing statements and invoice back-up provided by Sellers for operating expenses incurred by Sellers during the period of Sellers' ownership of the Properties, and shall use commercially reasonable efforts to collect from tenants all amounts due to each Seller;

Notwithstanding anything in this **Section 11.3(b)** to the contrary, the recoveries and expenses for any Overage Rent for tenants that pay Overage Rent on an annual basis shall be prorated on an accrual basis as of Closing; and

Any prorations relating to Overage Rent proposed by either party shall be subject to the other party's review and reasonable approval. Upon written request of either party to the other delivered on or before the earlier of December 30, 2016 and the date that is twelve (12) months after Closing, Overage Rent shall be reprorated as of Closing."

7. Final Adjustments After Closing. Section 11.6 shall be amended such that wherever the words "sixty (60) days" appear same shall be replaced with the words "one hundred twenty (120) days".

8. The Purchase Agreement. All references in the Purchase Agreement to "this Agreement" shall be deemed to be the Purchase Agreement as amended by this Amendment unless the context requires otherwise.

9. No Further Modification. In the event of any inconsistency between the Purchase Agreement and this Amendment, the terms of this Amendment shall govern and control. Sellers and Purchaser hereby ratify and confirm the Purchase Agreement. Except as modified by this Amendment, all terms and conditions in the Purchase Agreement remain unchanged and in full force and effect.

10. General Provisions. Signatures to this Amendment transmitted by e-mail, PDF or other electronic imaging shall be valid and effective to bind the party so signing. This Amendment may be executed in counterparts, each of which, when taken together shall constitute fully executed originals.

This Amendment will be governed by and construed in accordance with the laws of the State of New York and shall be binding on and shall inure to the benefit of the parties and their respective successors and permitted assigns.

11. Interpretation. Whenever the singular number is used in this Amendment and when required by the context, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders. Whenever the words “include” or “including” are used in this Amendment, they shall be construed as incorporating, also, “but not limited to” or “without limitation” unless such words already immediately follow. The words “hereof”, “herein” and “hereunder” and words of similar import when used in this Amendment shall refer to this Amendment as a whole unless otherwise specified.

[Counterpart signatures appear on following pages]

IN WITNESS WHEREOF, this Amendment has been duly executed and delivered by the parties hereto, as of the Effective Time.

SELLERS:

DDR-SAU South Square, L.L.C., a Delaware limited liability company
By: /s/ Luke Petherbridge
Name: Luke Petherbridge
Title: Chief Financial Officer and Treasurer

DDR-SAU Durham Patterson, L.L.C., a Delaware limited liability company
By: /s/ Luke Petherbridge
Name: Luke Petherbridge
Title: Chief Financial Officer and Treasurer

DDR-SAU Wendover Phase II, L.L.C., a Delaware limited liability company
By: /s/ Luke Petherbridge
Name: Luke Petherbridge
Title: Chief Financial Officer and Treasurer

DDR-SAU Salisbury Alexander, L.L.C., a Delaware limited liability company
By: /s/ Luke Petherbridge
Name: Luke Petherbridge
Title: Chief Financial Officer and Treasurer

DDR-SAU Winston-Salem Harper Hill, L.L.C., a Delaware limited liability company
By: /s/ Luke Petherbridge
Name: Luke Petherbridge
Title: Chief Financial Officer and Treasurer

DDR-SAU Greer North Hampton Market, L.L.C., a Delaware limited liability company
By: /s/ Luke Petherbridge
Name: Luke Petherbridge
Title: Chief Financial Officer and Treasurer

DDR-SAU Nashville Willowbrook, L.L.C., a
Delaware limited liability company
By: /s/ Luke Petherbridge
Name: Luke Petherbridge
Title: Chief Financial Officer and Treasurer

DDR-SAU South Bend Broadmoor, L.L.C., a
Delaware limited liability company
By: /s/ Luke Petherbridge
Name: Luke Petherbridge
Title: Chief Financial Officer and Treasurer

DDR-SAU Oakland, L.L.C., a Delaware limited
liability company
By: /s/ Luke Petherbridge
Name: Luke Petherbridge
Title: Chief Financial Officer and Treasurer

DDR-SAU Waynesboro, L.L.C., a Delaware
limited liability company
By: /s/ Luke Petherbridge
Name: Luke Petherbridge
Title: Chief Financial Officer and Treasurer

DDR-SAU PASADENA RED BLUFF LIMITED
PARTNERSHIP, an Illinois limited partnership
By: DDR-SAU Pasadena Red Bluff GP, L.L.C.,
Its General Partner
By: DDR-SAU Retail Fund, L.L.C., its Sole
Member
By: DDR Retail Real Estate Limited
Partnership, Its Member
By: DDR IRR Acquisition LLC,
Its General Partner
By: /s/ Luke Petherbridge
Name: Luke Petherbridge
Title: Chief Financial Officer and
Treasurer

PURCHASER'S SIGNATURE ON SEPARATE PAGE

IN WITNESS WHEREOF, this Amendment has been duly executed and delivered by the parties hereto, as of the Effective Time.

PURCHASER:

AHP ACQUISITIONS, LLC

a Virginia limited liability company

By: ARMADA HOFFLER, L.P.

a Virginia limited partnership

Sole Managing Member

By: ARMADA HOFFLER PROPERTIES, INC.

a Maryland corporation

General Partner

By: /s/ Eric L. Smith (SEAL) _____

Eric L. Smith

Chief Investment Officer

SELLERS' SIGNATURES ON SEPARATE PAGES

List of Subsidiaries of Armada Hoffler Properties, Inc.

Name	Place of Organization
A/H Harrisonburg Regal L.L.C.	Virginia
A/H North Pointe, Inc.	Virginia
AH Columbus II, L.L.C.	Virginia
AH Durham Apartments, L.L.C.	Virginia
AH Greentree, L.L.C.	Virginia
AH Richmond Tower I, L.L.C.	Virginia
AH Sandbridge, L.L.C.	Virginia
AH Southeast Commerce Center, L.L.C.	Virginia
AHP Acquisitions, LLC	Virginia
AHP Asset Services, LLC	Virginia
AHP Construction, LLC	Virginia
AHP Development, LLC	Virginia
AHP Holding, Inc.	Virginia
AHP Tenant Services, LLC	Virginia
Alexander Pointe Salisbury, LLC	Virginia
Armada Hoffler Manager, LLC	Virginia
Armada Hoffler, L.P.	Virginia
Armada/Hoffler Block 8 Associates, L.L.C.	Virginia
Armada/Hoffler Charleston Associates, L.P.	Virginia
Armada/Hoffler Tower 4, L.L.C.	Virginia
Bermuda Marketplace, Inc.	Virginia
Bermuda Shopping Center, L.L.C.	Virginia
Broad Creek PH. I, L.L.C.	Virginia
Broad Creek PH. II, L.L.C.	Virginia
Broad Creek PH. III, L.L.C.	Virginia
Broadmoor Plaza Indiana, LLC	Virginia
BSE/AH Blacksburg Apartments, LLC	Virginia
Columbus Tower, L.L.C.	Virginia
Columbus Town Center, LLC	Virginia
Courthouse Marketplace Outparcels, L.L.C.	Virginia
Courthouse Office Building, LLC	Virginia
Dimmock Square Marketplace, LLC	Virginia
FBJ Investors, Inc.	Virginia
Ferrell Parkway Associates, L.L.C.	Virginia
Gateway Centre, L.L.C.	Virginia
Greenbrier Ocean Partners II, LLC	Virginia
Greenbrier Ocean Partners, LLC	Virginia
Greenbrier Technology Center II Associates, L.L.C.	Virginia
Hanbury Village II, L.L.C.	Virginia
Harper Hill North Carolina, LLC	Virginia
Hoffler and Associates EAT, LLC	Virginia
Hopkins Village, L.L.C.	Virginia
HT Tyre Neck, L.L.C.	Virginia
Kroger Junction Pasadena, LLC	Virginia
Lightfoot Marketplace Shopping Center, LLC	Virginia
New Armada Hoffler Properties I, LLC	Virginia
New Armada Hoffler Properties II, LLC	Virginia
North Hampton Market South Carolina, LLC	Virginia
North Point Development Associates, L.L.C.	Virginia

Name	Place of Organization
North Point Development Associates, L.P.	Virginia
North Pointe Outparcels, L.L.C.	Virginia
North Pointe PH. 1 Limited Partnership	Virginia
North Pointe VW4, L.L.C.	Virginia
North Pointe-CGL, L.L.C.	Virginia
Oakland Marketplace Tennessee, LLC	Virginia
Oyster Point Office Building, LLC	Virginia
Paterson Place Durham, LLC	Virginia
Perry Hall Maryland, LLC	Virginia
Providence Plaza Charlotte, LLC	Virginia
Socastee Myrtle Beach, LLC	Virginia
South Square Durham, LLC	Virginia
Southeast Commerce Center Associates, LLC	Virginia
Stone House Maryland, LLC	Virginia
TCA 10 GP, LLC	Virginia
TCA Block 11 Apartments, LLC	Virginia
TCA Block 11 Office, LLC	Virginia
TCA Block 3, Inc.	Virginia
TCA Block 4 Retail, L.L.C.	Virginia
TCA Block 6, L.L.C.	Virginia
TCA Block 8, Inc.	Virginia
Tower Manager, LLC	Virginia
Town Center Associates 7, L.L.C.	Virginia
Town Center Associates 9, LLC	Virginia
Town Center Associates 11, LLC	Virginia
Town Center Associates 12, L.L.C.	Virginia
Town Center Block 10 Apartments, L.P.	Virginia
Washington Avenue Apartments, L.L.C.	Virginia
Waynesboro Commons Virginia, LLC	Virginia
Wendover Village Greensboro, LLC	Virginia
Williamsburg Medical Building, LLC	Virginia
Willowbrook Commons Nashville, LLC	Virginia

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following:

- (1) Registration Statement (Form S-8 No. 333-188545) pertaining to the 2013 Equity Incentive Plan of Armada Hoffer Properties, Inc., and
- (2) Registration Statement (Forms S-3 No. 333-196473 and 333-204063) of Armada Hoffer Properties, Inc.;

of our report dated March 2, 2016, with respect to the consolidated financial statements and schedule of Armada Hoffer Properties, Inc. included in this Annual Report (Form 10-K) for the year ended December 31, 2015.

/s/ Ernst & Young

Richmond, Virginia
March 2, 2016

SARBANES-OXLEY SECTION 302(a) CERTIFICATION

I, Louis S. Haddad, certify that:

1. I have reviewed this Annual Report on Form 10-K of Armada Hoffler Properties, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 2, 2016

/s/ Louis S. Haddad

Louis S. Haddad

President and Chief Executive Officer

SARBANES-OXLEY SECTION 302(a) CERTIFICATION

I, Michael P. O'Hara, certify that:

1. I have reviewed this Annual Report on Form 10-K of Armada Hoffler Properties, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 2, 2016

/s/ Michael P. O'Hara

Michael P. O'Hara

Chief Financial Officer and Treasurer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Armada Hoffer Properties Inc. (the "Company") on Form 10-K for the period ended December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Louis S. Haddad, President and Chief Executive Officer, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, in my capacity as an officer of the Company that, to my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 2, 2016

/s/ Louis S. Haddad

Louis S. Haddad

President and Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Armada Hoffer Properties, Inc. (the "Company") on Form 10-K for the period ended December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael P. O'Hara, Chief Financial Officer and Treasurer, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, in my capacity as an officer of the Company that, to my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 2, 2016

/s/ Michael P. O'Hara

Michael P. O'Hara

Chief Financial Officer and Treasurer
