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

FORM 10-Q

☑ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2022
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	46-1214914
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
222 Central Park Avenue , Suite 2100	
Virginia Beach , Virginia	23462
(Address of principal executive offices)	(Zip Code)

(757) 366-4000
(Registrant’s telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value per share	AHH	New York Stock Exchange
6.75% Series A Cumulative Redeemable Perpetual Preferred Stock, $0.01 par value per share	AHHPrA	New York Stock Exchange

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 every Interactive Data File required to be submitted 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 such files). ☒ Yes ☐ No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-Accelerated Filer	☐	Smaller Reporting Company	☐
		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of August 4, 2022, the registrant had 67,729,650 shares of common stock, $0.01 par value per share, outstanding. In addition, as of August 4, 2022, Armada Hoffler, L.P., the registrant's operating partnership subsidiary, had 20,611,190 units of limited partnership interest ("OP Units") outstanding (other than OP Units held by the registrant).

ARMADA HOFFLER PROPERTIES, INC.

QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED JUNE 30, 2022

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PART I. Financial Information

Item 1. Financial Statements

ARMADA HOFFLER PROPERTIES, INC.
Condensed Consolidated Balance Sheets
(In thousands, except par value and share data)

	June 30, 2022 (Unaudited)	December 31, 2021
ASSETS		
Real estate investments:		
Income producing property	$ 1,791,302	$ 1,658,609
Held for development	6,294	6,294
Construction in progress	71,676	72,535
	1,869,272	1,737,438
Accumulated depreciation	(303,032)	(285,814)
Net real estate investments	1,566,240	1,451,624
Real estate investments held for sale	115,680	80,751
Cash and cash equivalents	69,731	35,247
Restricted cash	6,681	5,196
Accounts receivable, net	32,250	29,576
Notes receivable, net	139,383	126,429
Construction receivables, including retentions, net	29,107	17,865
Construction contract costs and estimated earnings in excess of billings	493	243
Equity method investments	53,260	12,685
Operating lease right-of-use assets	23,387	23,493
Finance lease right-of-use assets	46,433	46,989
Acquired lease intangible assets	107,147	62,038
Other assets	75,743	45,927
Total Assets	$ 2,265,535	$ 1,938,063
LIABILITIES AND EQUITY		
Indebtedness, net	$ 1,080,664	$ 917,556
Liabilities related to assets held for sale	84,049	41,364
Accounts payable and accrued liabilities	22,886	29,589
Construction payables, including retentions	47,429	31,166
Billings in excess of construction contract costs and estimated earnings	15,075	4,881
Operating lease liabilities	31,645	31,648
Finance lease liabilities	46,325	46,160
Other liabilities	51,126	55,876
Total Liabilities	1,379,199	1,158,240
Stockholders' equity:		
Preferred stock, $0.01 par value, 100,000,000 shares authorized: 6.75% Series A Cumulative Redeemable Perpetual Preferred Stock, 9,980,000 shares authorized; 6,843,418 shares issued and outstanding as of June 30, 2022 and December 31, 2021	171,085	171,085
Common stock, $0.01 par value, 500,000,000 shares authorized; 67,729,650 and 63,011,700 shares issued and outstanding as of June 30, 2022 and December 31, 2021, respectively	677	630
Additional paid-in capital	588,012	525,030
Distributions in excess of earnings	(135,942)	(141,360)
Accumulated other comprehensive gain (loss)	10,091	(33)
Total stockholders' equity	633,923	555,352
Noncontrolling interests in investment entities	23,952	629
Noncontrolling interests in Operating Partnership	228,461	223,842
Total Equity	886,336	779,823
Total Liabilities and Equity	$ 2,265,535	$ 1,938,063

See Notes to Condensed Consolidated Financial Statements.

ARMADA HOFFLER PROPERTIES, INC.
Condensed Consolidated Statements of Comprehensive Income
(In thousands, except per share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	**2021**	**2022**	**2021**
Revenues				
Rental revenues	$ 55,224	$ 47,378	$ 109,859	$ 93,119
General contracting and real estate services revenues	45,273	18,408	69,923	53,971
Total revenues	100,497	65,786	179,782	147,090
Expenses				
Rental expenses	12,685	11,292	25,354	22,124
Real estate taxes	5,837	5,465	11,241	10,771
General contracting and real estate services expenses	43,418	18,131	67,239	52,406
Depreciation and amortization	18,781	17,285	37,338	35,351
Amortization of right-of-use assets - finance leases	277	278	555	467
General and administrative expenses	3,617	3,487	8,325	7,508
Acquisition, development and other pursuit costs	26	32	37	103
Impairment charges	286	83	333	3,122
Total expenses	84,927	56,053	150,422	131,852
Gain on real estate dispositions, net	19,493	—	19,493	3,717
Operating income	35,063	9,733	48,853	18,955
Interest income	3,352	6,746	6,920	10,862
Interest expense	(9,371)	(8,418)	(18,402)	(16,393)
Loss on extinguishment of debt	(618)	—	(776)	—
Change in fair value of derivatives and other	2,548	314	6,730	707
Unrealized credit loss provision	(295)	(388)	(900)	(333)
Other income (expense), net	68	7	297	186
Income before taxes	30,747	7,994	42,722	13,984
Income tax benefit	20	461	321	480
Net income	30,767	8,455	43,043	14,464
Net income attributable to noncontrolling interests:				
Investment entities	(128)	—	(228)	—
Operating Partnership	(6,479)	(1,429)	(8,662)	(2,240)
Net income attributable to Armada Hoffler Properties, Inc.	24,160	7,026	34,153	12,224
Preferred stock dividends	(2,887)	(2,887)	(5,774)	(5,774)
Net income attributable to common stockholders	$ 21,273	$ 4,139	$ 28,379	$ 6,450
Net income attributable to common stockholders per share (basic and diluted)	$ 0.31	$ 0.07	$ 0.42	$ 0.11
Weighted-average common shares outstanding (basic and diluted)	67,710	60,409	67,420	59,918
Comprehensive income:				
Net income	$ 30,767	$ 8,455	$ 43,043	$ 14,464
Unrealized cash flow hedge gains (losses)	3,950	(469)	11,672	1,807
Realized cash flow hedge losses reclassified to net income	866	1,103	1,653	2,181
Comprehensive income	35,583	9,089	56,368	18,452
Comprehensive income attributable to noncontrolling interests:				
Investment entities	(228)	—	(328)	—
Operating Partnership	(7,579)	(1,592)	(11,762)	(3,274)
Comprehensive income attributable to Armada Hoffler Properties, Inc.	$ 27,776	$ 7,497	$ 44,278	$ 15,178

See Notes to Condensed Consolidated Financial Statements.

ARMADA HOFFLER PROPERTIES, INC.
Condensed Consolidated Statements of Equity
(In thousands, except share data)
(Unaudited)

	Preferred stock	Common stock	Additional paid-in capital	Distributions in excess of earnings	Accumulated other comprehensive loss	Total stockholders' equity	Noncontrolling interests in investment entities	Noncontrolling interests in Operating Partnership	Total equity
Balance, December 31, 2021	$ 171,085	$ 630	$ 525,030	$ (141,360)	$ (33)	$ 555,352	$ 629	$ 223,842	$ 779,823
Net income	—	—	—	9,993	—	9,993	100	2,183	12,276
Unrealized cash flow hedge gains	—	—	—	—	5,907	5,907	—	1,815	7,722
Realized cash flow hedge losses reclassified to net income	—	—	—	—	602	602	—	185	787
Net proceeds from issuance of common stock	—	45	65,149	—	—	65,194	—	—	65,194
Noncontrolling interest in acquired real estate entity	—	—	—	—	—	—	23,065	—	23,065
Restricted stock awards, net	—	—	1,064	—	—	1,064	—	—	1,064
Acquisitions of noncontrolling interests	—	—	(3,901)	—	—	(3,901)	—	—	(3,901)
Redemption of operating partnership units	—	—	132	—	—	132	—	(132)	—
Dividends declared on preferred stock	—	—	—	(2,887)	—	(2,887)	—	—	(2,887)
Dividends and distributions declared on common shares and units ($0.17 per share and unit)	—	—	—	(11,433)	—	(11,433)	—	(3,506)	(14,939)
Balance, March 31, 2022	171,085	675	587,474	(145,687)	6,476	620,023	23,794	224,387	868,204
Net income	—	—	—	24,160	—	24,160	128	6,479	30,767
Unrealized cash flow hedge losses	—	—	—	—	2,986	2,986	55	909	3,950
Realized cash flow hedge losses reclassified to net income	—	—	—	1	629	630	45	191	866
Net proceeds from issuance of common stock	—	—	(35)	—	—	(35)	—	—	(35)
Restricted stock awards, net	—	2	573	—	—	575	—	—	575
Distributions to noncontrolling interests	—	—	—	—	—	—	(84)	—	(84)
Contributions from noncontrolling interests	—	—	—	—	—	—	14	—	14
Dividends declared on preferred stock	—	—	—	(2,887)	—	(2,887)	—	—	(2,887)
Dividends and distributions declared on common shares and units ($0.17 per share and unit)	—	—	—	(11,529)	—	(11,529)	—	(3,505)	(15,034)
Balance, June 30, 2022	$ 171,085	$ 677	$ 588,012	$ (135,942)	$ 10,091	$ 633,923	$ 23,952	$ 228,461	$ 886,336

	Preferred stock	Common stock	Additional paid-in capital	Distributions in excess of earnings	Accumulated other comprehensive loss	Total stockholders' equity	Noncontrolling interests in investment entities	Noncontrolling interests in Operating Partnership	Total equity
Balance, December 31, 2020	$ 171,085	$ 591	$ 472,747	$ (112,356)	$ (8,868)	$ 523,199	$ 488	$ 233,115	$ 756,802
Net income	—	—	—	5,198	—	5,198	—	811	6,009
Unrealized cash flow hedge gains	—	—	—	—	1,685	1,685	—	591	2,276
Realized cash flow hedge losses reclassified to net income	—	—	—	—	798	798	—	280	1,078
Net proceeds from issuance of common stock	—	7	8,974	—	—	8,981	—	—	8,981
Restricted stock awards, net	—	1	631	—	—	632	—	—	632
Redemption of operating partnership units	—	—	131	—	—	131	—	(134)	(3)
Dividends declared on preferred stock	—	—	—	(2,887)	—	(2,887)	—	—	(2,887)
Dividends and distributions declared on common shares and units ($0.15 per share and unit)	—	—	—	(9,008)	—	(9,008)	—	(3,128)	(12,136)
Balance, March 31, 2021	171,085	599	482,483	(119,053)	(6,385)	528,729	488	231,535	760,752
Net income	—	—	—	7,026	—	7,026	—	1,429	8,455
Unrealized cash flow hedge losses	—	—	—	—	(349)	(349)	—	(120)	(469)
Realized cash flow hedge losses reclassified to net income	—	—	—	—	820	820	—	283	1,103
Net proceeds from issuance of common stock	—	11	14,105	—	—	14,116	—	—	14,116
Restricted stock awards, net	—	—	473	—	—	473	—	—	473
Acquisition of noncontrolling interest in real estate entity	—	—	(950)	—	—	(950)	146	—	(804)
Dividends declared on preferred stock	—	—	—	(2,887)	—	(2,887)	—	—	(2,887)
Dividends and distributions declared on common shares and units ($0.16 per share and unit)	—	—	—	(9,783)	—	(9,783)	—	(3,337)	(13,120)
Balance, June 30, 2021	$ 171,085	$ 610	$ 496,111	$ (124,697)	$ (5,914)	$ 537,195	$ 634	$ 229,790	$ 767,619

See Notes to Condensed Consolidated Financial Statements.

ARMADA HOFFLER PROPERTIES, INC.
Condensed Consolidated Statements of Cash Flows
(In thousands)(Unaudited)

	Six Months Ended June 30,	
	2022	**2021**
OPERATING ACTIVITIES		
Net income	$ 43,043	$ 14,464
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of buildings and tenant improvements	27,613	25,209
Amortization of leasing costs, in-place lease intangibles and below market ground rents - operating leases	9,725	10,142
Accrued straight-line rental revenue	(3,036)	(3,327)
Amortization of leasing incentives and above or below-market rents	(520)	(508)
Amortization of right-of-use assets - finance leases	555	467
Accrued straight-line ground rent expense	76	81
Unrealized credit loss provision	900	333
Adjustment for uncollectable lease accounts	405	562
Noncash stock compensation	2,115	1,440
Impairment charges	333	3,122
Noncash interest expense	2,143	1,329
Noncash loss on extinguishment of debt	776	—
Gain on real estate dispositions, net	(19,493)	(3,717)
Change in fair value of derivatives and other	(6,730)	(707)
Changes in operating assets and liabilities:		
Property assets	(8,243)	(1,469)
Property liabilities	(2,429)	(2,968)
Construction assets	(18,005)	26,865
Construction liabilities	25,205	(34,645)
Interest receivable	(4,026)	3,967
Net cash provided by operating activities	50,407	40,640
INVESTING ACTIVITIES		
Development of real estate investments	(35,478)	(19,476)
Tenant and building improvements	(8,467)	(4,817)
Acquisitions of real estate investments, net of cash received	(93,313)	(28,173)
Dispositions of real estate investments, net of selling costs	101,812	9,156
Notes receivable issuances	(20,829)	(19,796)
Notes receivable paydowns	11,545	38,490
Leasing costs	(1,836)	(1,068)
Leasing incentives	(51)	—
Contributions to equity method investments	(40,333)	(5,921)
Net cash used for investing activities	(86,950)	(31,605)
FINANCING ACTIVITIES		
Proceeds from issuance of common stock, net	65,159	23,097
Common shares tendered for tax withholding	(774)	(553)
Debt issuances, credit facility and construction loan borrowings	324,096	19,119
Debt and credit facility repayments, including principal amortization	(273,698)	(18,379)
Debt issuance costs	(3,303)	(2,024)
Acquisition of NCI in consolidated RE investments	(3,901)	(804)
Distributions to noncontrolling interests	(84)	—
Contributions from noncontrolling interests	14	—
Dividends and distributions	(34,997)	(26,679)
Net cash provided by (used for) financing activities	72,512	(6,223)
Net increase in cash, cash equivalents, and restricted cash	35,969	2,812
Cash, cash equivalents, and restricted cash, beginning of period	40,443	50,430
Cash, cash equivalents, and restricted cash, end of period [(1)]	$ 76,412	$ 53,242

See Notes to Condensed Consolidated Financial Statements.

ARMADA HOFFLER PROPERTIES, INC.
Condensed Consolidated Statements of Cash Flows (Continued)
(In thousands)(Unaudited)

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Supplemental Disclosures (noncash transactions):		
Increase in dividends and distributions payable	$ 750	$ 4,351
Increase (decrease) in accrued capital improvements and development costs	(2,626)	2,058
Operating Partnership units redeemed for common shares	132	131
Debt assumed at fair value in conjunction with real estate purchases	156,071	—
Noncontrolling interest in acquired real estate entity	23,065	—
Recognition of finance lease right-of-use assets	—	24,466
Recognition of finance lease liabilities	—	27,940

(1) The following table provides a reconciliation of cash, cash equivalents and restricted cash reported in the Condensed Consolidated Statements of Cash Flows (in thousands):

	June 30, 2022	June 30, 2021
Cash and cash equivalents	$ 69,731	$ 43,493
Restricted cash [(a)]	6,681	9,749
Cash, cash equivalents, and restricted cash	$ 76,412	$ 53,242

(a) Restricted cash represents amounts held by lenders for real estate taxes, insurance, and reserves for capital improvements.

See Notes to Condensed Consolidated Financial Statements.

ARMADA HOFFLER PROPERTIES, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Business of 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 primarily throughout the Mid-Atlantic and Southeastern United States.

The Company is a real estate investment trust ("REIT"), the sole general partner of Armada Hoffler, L.P. (the "Operating Partnership") and, as of June 30, 2022, owned 76.7% of the economic interest in the Operating Partnership, of which 0.1% is held as general partnership units. The operations of the Company are carried on primarily through the Operating Partnership and the wholly owned subsidiaries thereof.

As of June 30, 2022, the Company's property portfolio consisted of 55 stabilized operating properties and four properties either under development or not yet stabilized.

Refer to Note 5 for information related to the Company's recent acquisitions and dispositions of properties.

2. Significant Accounting Policies

Basis of Presentation

The accompanying condensed consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles ("GAAP").

The condensed consolidated financial statements include the financial position and results of operations of the Company and its consolidated subsidiaries, including the Operating Partnership, its wholly-owned subsidiaries, and any interests in variable interest entities ("VIEs") where the Company has been determined to be the primary beneficiary. All significant intercompany transactions and balances have been eliminated in consolidation.

In the opinion of management, the condensed consolidated financial statements reflect all adjustments, consisting of normal recurring accruals, which are necessary for the fair presentation of the financial condition, and results of operations for the interim periods presented.

The accompanying condensed consolidated financial statements were prepared in accordance with the requirements for interim financial information. Accordingly, these interim financial statements have not been audited and exclude certain disclosures required for annual financial statements. Also, the operating results presented for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year. These interim financial statements should be read in conjunction with the audited consolidated financial statements of the Company included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021.

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 significantly from management’s estimates.

Reclassifications

Certain items have been reclassified from their prior year classifications to conform to the current year presentation. These reclassifications had no effect on net income or stockholders' equity as previously reported.

Recent Accounting Pronouncements

Accounting Standards Adopted in 2022

Reference Rate Reform

In March 2020, the Financial Accounting Standards Board ("FASB") issued ASU 2020-04 *Reference Rate Reform - Facilitation of the Effects of Reference Rate Reform on Financial Reporting* (Topic 848), which became effective on March 12, 2020 and generally can be applied through December 31, 2022. ASU 2020-04 contains practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts. This Accounting Standards Update ("ASU") also provides optional expedients to enable companies to continue to apply hedge accounting to certain hedging relationships impacted by reference rate reform. Application of the guidance is optional and only available in certain situations. In January 2021, FASB issued ASU No. 2021-01, *Reference Rate Reform* (Topic 848). The amendments in this standard are elective and principally apply to entities that have derivative instruments that use an interest rate for margining, discounting, or contract price alignment that is modified as a result of reference rate reform. Similar to ASU No. 2020-04, provisions of this ASU are effective upon issuance and generally can be applied through December 31, 2022. During the six months ended June 30, 2022, the Company elected to apply the practical expedients to modifications of qualifying contracts as continuations of the existing contracts rather than as new contracts. The adoption of the new guidance did not have a material impact on the consolidated financial statements. Management will continue to evaluate the impacts of reference rate reform.

Earnings Per Share

In August 2020, FASB issued ASU 2020-06 an update to ASC Topic 470 and ASC Topic 815, which became effective January 1, 2022. ASU 2020-06 simplifies the accounting for convertible instruments and removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception. This ASU also simplifies diluted earnings per share calculation in certain areas and provides updated disclosure requirements. The Company adopted ASU 2020-06 effective January 1, 2022 and the adoption did not have a material impact on the consolidated financial statements.

Other Accounting Policies

See the Company's Annual Report on Form 10-K for the year ended December 31, 2021 for a description of other accounting principles upon which basis the accompanying consolidated financial statements were prepared.

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 the three and six months ended June 30, 2022 and 2021 was as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Office real estate				
Rental revenues	$ 18,314	$ 11,756	$ 35,337	$ 23,391
Rental expenses	4,600	2,938	8,740	5,813
Real estate taxes	2,035	1,413	3,539	2,771
Segment net operating income	11,679	7,405	23,058	14,807
Retail real estate				
Rental revenues	21,544	19,204	42,974	37,459
Rental expenses	3,333	3,013	6,834	5,849
Real estate taxes	2,271	2,180	4,509	4,207
Segment net operating income	15,940	14,011	31,631	27,403
Multifamily residential real estate				
Rental revenues	15,366	16,418	31,548	32,269
Rental expenses	4,752	5,341	9,780	10,462
Real estate taxes	1,531	1,872	3,193	3,793
Segment net operating income	9,083	9,205	18,575	18,014
General contracting and real estate services				
Segment revenues	45,273	18,408	69,923	53,971
Segment expenses	43,418	18,131	67,239	52,406
Segment gross profit	1,855	277	2,684	1,565
Net operating income	$ 38,557	$ 30,898	$ 75,948	$ 61,789

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

General contracting and real estate services revenues for the three months ended June 30, 2022 and 2021 exclude revenue related to intercompany construction contracts of $14.2 million and $5.4 million, respectively, as it is eliminated in consolidation. General contracting and real estate services revenues for the six months ended June 30, 2022 and 2021 exclude revenue related to intercompany construction contracts of $22.8 million and $7.4 million, respectively, as it is eliminated in consolidation.

General contracting and real estate services expenses for the three months ended June 30, 2022 and 2021 exclude expenses related to intercompany construction contracts of $14.0 million and $5.4 million, respectively. General contracting and real estate services expenses for the six months ended June 30, 2022 and 2021 exclude expenses related to intercompany construction contracts of $22.5 million and $7.4 million, respectively, as it is eliminated in consolidation.

The following table reconciles net operating income to net income, the most directly comparable GAAP measure, for the three and six months ended June 30, 2022 and 2021 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net operating income	$ 38,557	$ 30,898	$ 75,948	$ 61,789
Depreciation and amortization	(18,781)	(17,285)	(37,338)	(35,351)
Amortization of right-of-use assets - finance leases	(277)	(278)	(555)	(467)
General and administrative expenses	(3,617)	(3,487)	(8,325)	(7,508)
Acquisition, development and other pursuit costs	(26)	(32)	(37)	(103)
Impairment charges	(286)	(83)	(333)	(3,122)
Gain on real estate dispositions, net	19,493	—	19,493	3,717
Interest income	3,352	6,746	6,920	10,862
Interest expense	(9,371)	(8,418)	(18,402)	(16,393)
Loss on extinguishment of debt	(618)	—	(776)	—
Change in fair value of derivatives and other	2,548	314	6,730	707
Unrealized credit loss provision	(295)	(388)	(900)	(333)
Other income (expense), net	68	7	297	186
Income tax benefit	20	461	321	480
Net income	$ 30,767	$ 8,455	$ 43,043	$ 14,464

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. These costs include corporate office personnel compensation and benefits, bank fees, accounting fees, legal fees, and other corporate office expenses.

4. Leases

Lessee Disclosures

As a lessee, the Company has eight ground leases on seven properties. These ground leases have maximum lease terms (including renewal options) that expire between 2074 and 2117. The exercise of lease renewal options is at the Company's sole discretion. The depreciable life of assets and leasehold improvements are limited by the expected lease term. Five of these leases have been classified as operating leases and three of these leases have been classified as finance leases. The Company's lease agreements do not contain any residual value guarantees or material restrictive covenants.

Lessor Disclosures

As a lessor, the Company leases its properties under operating leases and recognizes base rents on a straight-line basis over the lease term. The Company also recognizes revenue from tenant recoveries, through which tenants reimburse the Company on an accrual basis for certain expenses such as utilities, janitorial services, repairs and maintenance, security and alarms, parking lot and ground maintenance, administrative services, management fees, insurance, and real estate taxes. Rental revenues are reduced by the amount of any leasing incentives amortized on a straight-line basis over the term of the applicable lease. In addition, the Company recognizes contingent rental revenue (e.g., percentage rents based on tenant sales thresholds) when the sales thresholds are met. Many tenant leases include one or more options to renew, with renewal terms that can extend the lease term from one to 25 years, or more. The exercise of lease renewal options is at the tenant's sole discretion. The Company includes a renewal period in the lease term only if it appears at lease inception that the renewal is reasonably assured.

Rental revenue for the three and six months ended June 30, 2022 and 2021 comprised the following (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Base rent and tenant charges	$ 53,424	$ 45,686	$ 106,303	$ 89,284
Accrued straight-line rental adjustment	1,544	1,436	3,036	3,327
Lease incentive amortization	(173)	(159)	(346)	(318)
Above/below market lease amortization	429	415	866	826
Total rental revenue	$ 55,224	$ 47,378	$ 109,859	$ 93,119

5. Real Estate Investment

Property Acquisitions

Exelon

On January 14, 2022, the Company acquired a 79% membership interest and an additional 11% economic interest in the partnership that owns the Exelon Building for a purchase price of approximately $92.2 million in cash and a loan to the seller of $12.8 million. The Exelon Building is a mixed-use structure located in Baltimore's Harbor Point and is comprised of an office building, the Exelon Office, that serves as the headquarters for Constellation Energy Corp., which was spun-off from Exelon, a Fortune 100 energy company, in February 2022, as well as a multifamily component, 1305 Dock Street. The Exelon Office includes a parking garage and retail space. The Exelon Building was subject to a $156.1 million loan, which the Company immediately refinanced following the acquisition with a new $175.0 million loan. The new loan bears interest at a rate of the Bloomberg Short-Term Bank Yield Index ("BSBY") plus a spread of 1.50% and will mature on November 1, 2026. This loan is hedged by an interest rate cap corridor of 1.00% and 3.00% as well as an interest rate cap of 4.00%. See Note 9 for further details.

The following table summarizes the purchase price allocation (including acquisition costs) based on the relative fair value of the assets acquired for the two operating properties purchased during the six months ended June 30, 2022 (in thousands):

	Exelon Building
Land	$ 23,317
Site improvements	141
Building	194,916
In-place leases	53,705
Above-market leases	306
Net assets acquired	$ 272,385

Ten Tryon

On January 14, 2022, the Company acquired the remaining 20% ownership interest in the entity that is developing the Ten Tryon project in Charlotte, North Carolina for a cash payment of $3.9 million. The Company recorded the amount as an adjustment to additional paid-in-capital.

The Residences at Annapolis Junction

On April 11, 2022, the Company exercised its option to acquire an additional 16% of the partnership that owns The Residences at Annapolis Junction, increasing its ownership to 95%. In exchange for this increased partnership interest, the terms of the partnership waterfall calculation in the event of a capital event have been modified.

Property Dispositions

On April 1, 2022, the Company completed the sale of Hoffler Place for a sale price of $43.1 million. The loss recognized upon sale was $0.8 million.

On April 25, 2022, the Company completed the sale of Summit Place for a sale price of $37.8 million. The loss recognized upon sale was $0.5 million.

In addition to the losses recognized on the sales of the Hoffler Place and Summit Place student-housing properties during the three months ended June 30, 2022 described above, the Company recognized impairment of real estate of $18.3 million to record these properties at their fair values during the three months ended December 31, 2021.

On June 29, 2022, the Company completed the sale of the Home Depot and Costco outparcels at North Pointe for a sale price of $23.9 million. The gain on disposition was $20.9 million.

Real Estate Held for Sale

As of June 30, 2022, the Company had classified The Residences at Annapolis Junction and the AutoZone and Valvoline outparcels at Sandbridge Commons in real estate investments held for sale. Subsequent to June 30, 2022, the Company sold these properties. See Note 15 for more information.

Equity Method Investments

Harbor Point Parcel 3

The Company owns a 50% interest in Harbor Point Parcel 3, a joint venture with Beatty Development Group, for purposes of developing T. Rowe Price's new global headquarters office building in Baltimore, Maryland. The Company is a noncontrolling partner in the joint venture and will serve as the project's general contractor. During the six months ended June 30, 2022, the Company invested $21.1 million in Harbor Point Parcel 3. The Company has an estimated equity commitment of up to $39.0 million relating to this project. As of June 30, 2022 and December 31, 2021, the carrying value of the Company's investment in Harbor Point Parcel 3 was $33.8 million and $12.7 million, respectively. For the six months ended June 30, 2022, Harbor Point Parcel 3 had no operating activity, and therefore the Company received no allocated income.

Based on the terms of the operating agreement, the Company has concluded that Harbor Point Parcel 3 is a VIE and that the Company holds a variable interest. The Company has significant influence over the project due to its 50% ownership; however, the Company does not have the power to direct the activities of the project that most significantly impact its performance. This includes activity as the managing member of the entity, which is a power that is retained by the Company's joint venture partner. Accordingly, the Company is not the project's primary beneficiary and, therefore, does not consolidate Harbor Point Parcel 3 in its consolidated financial statements. The Company's investment in the project is recorded as an equity method investment in the consolidated balance sheets.

Harbor Point Parcel 4

On April 1, 2022, the Company acquired a 78% interest in Harbor Point Parcel 4, a real estate venture with Beatty Development Group, for purposes of developing a mixed-use project, which is planned to include multifamily units, retail space, and a parking garage. The Company holds an option to increase its ownership to 90%. The Company is a noncontrolling partner in the real estate venture and will serve as the project's general contractor. During the six months ended June 30, 2022, the Company invested $19.7 million in Harbor Point Parcel 4. The Company has an estimated equity commitment of up to $100.0 million relating to this project. As of June 30, 2022, the carrying value of the Company's investment in Harbor Point Parcel 4 was $19.7 million. For the six months ended June 30, 2022, Harbor Point Parcel 4 had no operating activity, and therefore the Company received no allocated income.

Based on the terms of the operating agreement, the Company has concluded that Harbor Point Parcel 4 is a VIE and that the Company holds a variable interest. The Company has significant influence over the project due to its 78% ownership; however, the Company does not have the power to direct the activities of the project that most significantly impact its performance. This includes activity as the managing member of the entity, which is a power that is retained by the Company's partner. Accordingly, the Company is not the project's primary beneficiary and, therefore, does not consolidate Harbor Point Parcel 4 in its consolidated financial statements. The Company's investment in the project is recorded as an equity method investment in the consolidated balance sheets.

6. Notes Receivable and Current Expected Credit Losses

Notes Receivable

The Company had the following notes receivable outstanding as of June 30, 2022 and December 31, 2021 ($ in thousands):

	Outstanding loan amount [(a)]				
Development Project	**June 30, 2022**	**December 31, 2021**	**Maximum loan commitment**	**Interest rate**	**Interest compounding**
City Park 2	$ 8,014	$ —	$ 20,594	13.0 %	Annually
Interlock Commercial	86,334	95,379	107,000 [(b)]	15.0 %	None
Nexton Multifamily	24,853	23,567	22,315	11.0 %	Annually
Total mezzanine & preferred equity	119,201	118,946	$ 149,909		
Exelon note receivable	12,834	—			
Other notes receivable	7,455	7,234			
Notes receivable guarantee premium	1,345	1,243			
Allowance for credit losses	(1,452) [(c)]	(994)			
Total notes receivable	$ 139,383	$ 126,429			

(a) Outstanding loan amounts include any accrued and unpaid interest, as applicable.
(b) This amount includes interest reserves.
(c) The amount excludes $0.5 million of Current Expected Credit Losses ("CECL") allowance that relates to the unfunded commitments, which was recorded as a liability under Other liabilities in the consolidated balance sheet.

Interest on the notes receivable is accrued and funded utilizing the interest reserves for each loan, which are components of the respective maximum loan commitments, and such accrued interest is generally added to the loan receivable balances. The Company recognized interest income for the three and six months ended June 30, 2022 and 2021 as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
Development Project	**2022**	**2021**	**2022**	**2021**
City Park 2	$ 206 [(a)]	$ —	$ 224 [(a)]	$ —
Interlock Commercial	2,361 [(a)]	3,310 [(a)]	5,187 [(a)]	6,384 [(a)]
Nexton Multifamily	672	261	1,286	261
Solis Apartments at Interlock	—	3,068 [(b)]	—	4,005 [(b)]
Total mezzanine	3,239	6,639	6,697	10,650
Other interest income	113	107	223	212
Total interest income	$ 3,352	$ 6,746	$ 6,920	$ 10,862

(a) Includes recognition of interest income related to fee amortization.
(b) Includes prepayment premium of $2.4 million from early payoff of the loan.

City Park 2

On March 23, 2022, the Company entered into a $20.6 million preferred equity investment for the development of a multifamily property located in Charlotte, North Carolina. The investment has economic terms consistent with a note receivable, including a mandatory redemption or maturity on April 28, 2026, and it is accounted for as a note receivable. The Company's investment bears interest at a rate of 13%, compounded annually.

Management has concluded that this entity is a VIE. Because the other investor in the project, TP City Park 2 LLC, is the developer of City Park 2 Multifamily, the Company does not have the power to direct the activities of the project that most significantly impact its performance. Accordingly, the Company is not the project's primary beneficiary and does not consolidate the project in its consolidated financial statements.

Interlock Commercial

During February 2022, the Company received $13.5 million as a partial repayment of the Interlock Commercial mezzanine loan, which consisted of $11.1 million of principal and $2.4 million of interest.

Allowance for Loan Losses

The Company is exposed to credit losses primarily through its mezzanine lending activities and preferred equity investments. As of June 30, 2022, the Company had three mezzanine loans (including the Nexton Multifamily and City Park 2 preferred equity investments that are accounted for as notes receivable), each of which are financing development projects in various stages of completion or lease-up. Each of these projects is subject to a loan that is senior to the Company’s mezzanine loan. Interest on these loans is paid in kind and is generally not expected to be paid until a sale of the project after completion of the development.

The Company's management performs a quarterly analysis of the loan portfolio to determine the risk of credit loss based on the progress of development activities, including leasing activities, projected development costs, and current and projected mezzanine and senior construction loan balances. The Company estimates future losses on its notes receivable using risk ratings that correspond to probabilities of default and loss given default. The Company's risk ratings are as follows:

- Pass: loans in this category are adequately collateralized by a development project with conditions materially consistent with the Company's underwriting assumptions.
- Special Mention: loans in this category show signs that the economic performance of the project may suffer as a result of slower-than-expected leasing activity or an extended development or marketing timeline. Loans in this category warrant increased monitoring by management.
- Substandard: loans in this category may not be fully collected by the Company unless remediation actions are taken. Remediation actions may include obtaining additional collateral or assisting the borrower with asset management activities to prepare the project for sale. The Company will also consider placing the loan on nonaccrual status if it does not believe that additional interest accruals will ultimately be collected.

On a quarterly basis, the Company compares the risk inherent in its loans to industry loan loss data experienced during past business cycles. The Company updated the risk ratings for each of its notes receivable as of June 30, 2022 and obtained industry loan loss data relative to these risk ratings. Each of the outstanding loans as of June 30, 2022 was "Pass" rated.

At December 31, 2021, the Company reported $126.4 million of notes receivable, net of allowances of $1.0 million. At June 30, 2022, the Company reported $139.4 million of notes receivable, net of allowances of $1.5 million. Changes in the allowance for the three and six months ended June 30, 2022 and 2021 were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Beginning balance	$ 1,599	$ 1,741	$ 994	$ 2,584
Unrealized credit loss provision (release)	295	388	900	333
Extinguishment due to acquisition	—	—	—	(788)
Ending balance [(a)]	$ 1,894	$ 2,129	$ 1,894	$ 2,129

(a) The amount as of June 30, 2022 includes $0.5 million of allowance related to the unfunded commitments, which was recorded as Other liabilities on the consolidated balance sheet.

The Company places loans on non-accrual status when the loan balance, together with the balance of any senior loan, approximately equals the estimated realizable value of the underlying development project. As of June 30, 2022, the Company had the Exelon note, which bears interest at 3% per annum, on non-accrual status. The principal balance of the note receivable is adequately secured by the seller's partnership interest. As of June 30, 2022 and December 31, 2021, there were no other loans on non-accrual status.

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. The Company expects to bill and collect substantially all construction contract costs and estimated earnings in excess of billings as of June 30, 2022 during the next twelve months.

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

The following table summarizes the changes to the balances in the Company's construction contract costs and estimated earnings in excess of billings account and the billings in excess of construction contract costs and estimated earnings account for the six months ended June 30, 2022 and 2021 (in thousands):

	Six Months Ended June 30, 2022		Six Months Ended June 30, 2021	
	Construction contract costs and estimated earnings in excess of billings	Billings in excess of construction contract costs and estimated earnings	Construction contract costs and estimated earnings in excess of billings	Billings in excess of construction contract costs and estimated earnings
Beginning balance	$ 243	$ 4,881	$ 138	$ 6,088
Revenue recognized that was included in the balance at the beginning of the period	—	(4,881)	—	(6,088)
Increases due to new billings, excluding amounts recognized as revenue during the period	—	15,442	—	4,191
Transferred to receivables	(361)	—	(464)	—
Construction contract costs and estimated earnings not billed during the period	493	—	85	—
Changes due to cumulative catch-up adjustment arising from changes in the estimate of the stage of completion	118	(367)	326	(54)
Ending balance	$ 493	$ 15,075	$ 85	$ 4,137

The Company defers pre-contract costs when such costs are directly associated with specific anticipated contracts and their recovery is probable. Pre-contract costs of $1.0 million and $2.2 million were deferred as of June 30, 2022 and December 31, 2021, respectively. Amortization of pre-contract costs for the six months ended June 30, 2022 and 2021 was $0.5 million and $0.2 million, respectively.

Construction receivables and payables include retentions, which are amounts that are generally withheld until the completion of the contract or the satisfaction of certain restrictive conditions such as fulfillment guarantees. As of June 30, 2022 and December 31, 2021, construction receivables included retentions of $9.4 million and $3.1 million, respectively. The Company expects to collect substantially all construction receivables outstanding as of June 30, 2022 during the next twelve months. As of June 30, 2022 and December 31, 2021, construction payables included retentions of $10.3 million and $4.2 million, respectively. The Company expects to pay substantially all construction payables outstanding as of June 30, 2022 during the next twelve months.

The Company's net position on uncompleted construction contracts comprised the following as of June 30, 2022 and December 31, 2021 (in thousands):

	June 30, 2022	December 31, 2021
Costs incurred on uncompleted construction contracts	$ 411,547	$ 379,993
Estimated earnings	16,423	15,115
Billings	(442,552)	(399,746)
Net position	$ (14,582)	$ (4,638)
Construction contract costs and estimated earnings in excess of billings	$ 493	$ 243
Billings in excess of construction contract costs and estimated earnings	(15,075)	(4,881)
Net position	$ (14,582)	$ (4,638)

The above table reflects the net effect of projects closed as of June 30, 2022 and December 31, 2021, respectively.

The Company's balances and changes in construction contract price allocated to unsatisfied performance obligations (backlog) as of June 30, 2022 and 2021 were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Beginning backlog	$ 419,439	$ 38,838	$ 215,518	$ 71,258
New contracts/change orders	167,143	50,278	395,746	53,402
Work performed	(45,368)	(18,897)	(70,050)	(54,441)
Ending backlog	$ 541,214	$ 70,219	$ 541,214	$ 70,219

The Company expects to complete a majority of the uncompleted contracts in place as of June 30, 2022 during the next 12 to 24 months.

8. Indebtedness

Credit Facility

The Company has a senior credit facility that was amended and restated on October 3, 2019, which provides for a $355.0 million credit facility comprised of a $150.0 million senior unsecured revolving credit facility (the "revolving credit facility") and a $205.0 million senior unsecured term loan facility (the "term loan facility" and, together with the revolving credit facility, the "credit facility"), with a syndicate of banks.

The credit facility includes an accordion feature that allows the total commitments to be further increased to $700.0 million, subject to certain conditions, including obtaining commitments from any one or more lenders. The revolving credit facility has a scheduled maturity date of January 24, 2024, with two six-month extension options, subject to certain conditions, including payment of a 0.075% extension fee at each extension. The term loan facility has a scheduled maturity date of January 24, 2025.
The revolving credit facility bears interest at the London Inter-Bank Offered Rate ("LIBOR") plus a margin ranging from 1.30% to 1.85% and the term loan facility bears interest at LIBOR plus a margin ranging from 1.25% to 1.80%, in each case depending on the Company's total leverage. The Company is also obligated to pay an unused commitment fee of 0.15% or 0.25% on the unused portions of the commitments under the revolving credit facility, depending on the amount of borrowings under the credit facility.

As of June 30, 2022 and December 31, 2021, the outstanding balance on the revolving credit facility was $82.0 million and $5.0 million, respectively. The outstanding balance on the term loan facility was $205.0 million as of both dates. As of June 30, 2022, the effective interest rates on the revolving credit facility and the term loan facility were 3.29% and 3.24%, respectively. The Company may, at any time, voluntarily prepay any loan under the credit facility in whole or in part without premium or penalty.

The Operating Partnership is the borrower, and its obligations under the credit facility are guaranteed by the Company and certain of its subsidiaries that are not otherwise prohibited from providing such guaranty. The credit agreement contains customary representations and warranties and financial and other affirmative and negative covenants. The Company's ability to borrow under the credit facility is subject to ongoing compliance with a number of financial covenants, affirmative covenants, and other restrictions. The credit agreement includes customary events of default, in certain cases subject to customary cure periods. The occurrence of an event of default, if not cured within the applicable cure period, would permit the lenders to, among other things, declare the unpaid principal, accrued and unpaid interest, and all other amounts payable under the credit facility to be immediately due and payable.

The Company is currently in compliance with all covenants governing the credit facility.

Other 2022 Financing Activity

On January 5, 2022, the Company contributed $2.6 million to the Harbor Point Parcel 3 joint venture in order to meet the lender's equity funding requirement since a $15.0 million standby letter of credit, which was available for draw down on the revolving credit facility in the event the Company did not meet its equity requirement, expired on January 4, 2022.

On January 14, 2022, the Company acquired a 79% membership interest and an additional 11% economic interest in the partnership that owns the mixed-use property known as the Exelon Building. The property was subject to a $156.1 million loan, which the Company immediately refinanced following the acquisition with a new $175.0 million loan. The new loan bears interest at a rate of BSBY plus a spread of 1.50% and will mature on November 1, 2026.

On January 19, 2022, the Company paid off the $14.1 million balance of the loan secured by the Delray Beach Plaza shopping center.

On March 3, 2022, the Company paid off the $10.3 million balance of the loan secured by the Red Mill West Commons shopping center.

On April 25, 2022, Harbor Point Parcel 3, a joint venture to which the Company is party, entered into a construction loan agreement for $161.5 million.

On April 25, 2022, Harbor Point Parcel 4, a real estate venture to which the Company is party, entered into a construction loan agreement for $109.7 million.

On June 29, 2022, the Company paid off the $1.9 million loan balance associated with North Pointe Phase II in conjunction with the sale of the property leased and occupied by Costco.

On June 30, 2022, the Company refinanced the $20.1 million loan secured by Nexton Square. The new $22.5 million loan bears interest at a rate of Secured Overnight Financing Rate ("SOFR") plus a spread of 1.95% (SOFR has a 0.30% floor) and will mature on June 30, 2027.

During the six months ended June 30, 2022, the Company borrowed $26.9 million under its existing construction loans to fund new development and construction.

9. Derivative Financial Instruments

The Company enters into interest rate derivative contracts to manage exposure to interest rate risks. The Company does not use derivative financial instruments for trading or speculative purposes. Derivative financial instruments are recognized at fair value and presented within other assets and other liabilities in the condensed 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 the change in fair value of interest rate derivatives in the condensed consolidated statements of comprehensive income. For derivatives that qualify as cash flow hedges, the gain or loss is reported as a component of other comprehensive income (loss) and reclassified into earnings in the periods during which the hedged forecasted transaction affects earnings.

As of June 30, 2022, the Company had the following LIBOR, SOFR, and BSBY interest rate caps ($ in thousands):

Effective Date	Maturity Date	Notional Amount	Strike Rate	Premium Paid
7/1/2020	7/1/2023	$ 100,000 (a)	0.50% (LIBOR)	$ 232
11/1/2020	11/1/2023	84,375 (a)	1.84% (SOFR)	91
2/2/2021	2/1/2023	100,000	0.50% (LIBOR)	45
3/4/2021	4/1/2023	14,479	2.50% (LIBOR)	4
5/5/2021	5/1/2023	50,000	0.50% (LIBOR)	75
5/5/2021	5/1/2023	35,100	0.50% (LIBOR)	55
6/16/2021	7/1/2023	100,000	0.50% (LIBOR)	120
1/11/2022	2/1/2024	175,000	4.00% (BSBY)	154
4/7/2022	2/1/2024	175,000 (a)	1.00%-3.00% (BSBY) (b)	3,595
9/1/2022	9/1/2024	73,562 (a)	1.00%-3.00% (SOFR) (b)(c)	1,370
Total		$ 907,516		$ 5,741

(a) Designated as a cash flow hedge.
(b) The Company purchased interest rate caps at 1.00% and sold interest rate caps at 3.00%, resulting in interest rate cap corridors of 1.00% and 3.00%. The intended goal of these corridors is to provide a level of protection from the effect of rising interest rates and reduce the all-in cost of the derivative instrument.
(c) The Company purchased this interest rate cap corridor during the three months ended June 30, 2022 with an effective date of September 1, 2022. The notional amount represents the maximum notional amount that will eventually be in effect. The notional amount is scheduled to increase over the term of the corridor in accordance with projected borrowings on the associated loan.

As of June 30, 2022, the Company held the following floating-to-fixed interest rate swaps ($ in thousands):

Related Debt	Notional Amount	Index	Swap Fixed Rate	Debt effective rate	Effective Date	Expiration Date
Senior unsecured term loan	$ 50,000 (a)	1-month LIBOR	2.26 %	3.71 %	4/1/2019	10/26/2022
Senior unsecured term loan	50,000	1-month LIBOR	2.78 %	4.23 %	5/1/2018	5/1/2023
249 Central Park Retail, South Retail, and Fountain Plaza Retail	33,115 (a)	1-month LIBOR	2.25 %	3.85 %	4/1/2019	8/10/2023
Senior unsecured term loan	10,500 (a)	1-month LIBOR	3.02 %	4.47 %	10/12/2018	10/12/2023
Senior unsecured term loan	25,000 (a)	1-month LIBOR	0.50 %	1.95 %	4/1/2020	4/1/2024
Senior unsecured term loan	25,000 (a)	1-month LIBOR	0.50 %	1.95 %	4/1/2020	4/1/2024
Senior unsecured term loan	25,000 (a)	1-month LIBOR	0.55 %	2.00 %	4/1/2020	4/1/2024
Thames Street Wharf	70,044 (a)	1-month BSBY	1.05 %	2.35 %	9/30/2021	9/30/2026
Total	$ 288,659					

(a) Designated as a cash flow hedge.

For the interest rate swaps and caps designated as cash flow hedges, realized losses are reclassified out of accumulated other comprehensive loss to interest expense in the condensed consolidated statements of comprehensive income due to payments made to the swap counterparty. During the next 12 months, the Company anticipates recognizing approximately $7.3 million of net hedging gains as reductions to interest expense. These amounts will be reclassified from accumulated other comprehensive gain into earnings to offset the variability of the hedged items during this period.

The Company’s derivatives were comprised of the following as of June 30, 2022 and December 31, 2021 (in thousands):

	June 30, 2022			December 31, 2021		
	Notional Amount	Fair Value		Notional Amount	Fair Value	
		Asset	Liability		Asset	Liability
Derivatives not designated as accounting hedges						
Interest rate swaps	$ 50,000	$ 90	$ —	$ 50,000	$ —	$ (1,454)
Interest rate caps	474,579	6,519	—	399,579	1,019	—
Total derivatives not designated as accounting hedges	524,579	6,609	—	449,579	1,019	(1,454)
Derivatives designated as accounting hedges						
Interest rate swaps	238,659	8,453	—	239,633	1,317	(2,013)
Interest rate caps	360,472	9,208	—	384,375	590	—
Total derivatives	$ 1,123,710	$ 24,270	$ —	$ 1,073,587	$ 2,926	$ (3,467)

The changes in the fair value of the Company’s derivatives during the three and six months ended June 30, 2022 and 2021 were comprised of the following (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Interest rate swaps	$ 2,807	$ (86)	$ 9,564	$ 2,375
Interest rate caps	3,817	(35)	8,999	207
Total change in fair value of interest rate derivatives	$ 6,624	$ (121)	$ 18,563	$ 2,582
Comprehensive income statement presentation:				
Change in fair value of derivatives and other	$ 2,674	$ 348	$ 6,891	$ 775
Unrealized cash flow hedge gains (losses)	3,950	(469)	11,672	1,807
Total change in fair value of interest rate derivatives	$ 6,624	$ (121)	$ 18,563	$ 2,582

10. Equity

Stockholders’ Equity

On March 10, 2020, the Company commenced an at-the-market continuous equity offering program (the "ATM Program") through which the Company may, from time to time, issue and sell shares of its common stock and shares of its 6.75% Series A Cumulative Redeemable Perpetual Preferred Stock (the "Series A Preferred Stock") having an aggregate offering price of up to $300.0 million, to or through its sales agents and, with respect to shares of its common stock, may enter into separate forward sales agreements to or through the forward purchaser.

During the six months ended June 30, 2022, the Company issued and sold 475,074 shares of common stock at a weighted average price of $15.21 per share under the ATM Program, receiving net proceeds, after offering costs and commissions, of $7.1 million. During the six months ended June 30, 2022, the Company did not issue any shares of Series A Preferred Stock under the ATM Program. Shares having an aggregate offering price of $205.0 million remained unsold under the ATM Program as of August 4, 2022.

On January 11, 2022, the Company completed an underwritten public offering of 4,025,000 shares of common stock, which were pre-purchased from the Company by the underwriter at a purchase price of $14.45 per share of common stock including fees, resulting in net proceeds after offering costs of $58.0 million.

Noncontrolling Interests

As of June 30, 2022 and December 31, 2021, the Company held a 76.7% and 75.3% common interest in the Operating Partnership, respectively. As of June 30, 2022, the Company also held a preferred interest in the Operating Partnership in the form of preferred units with a liquidation preference of $171.1 million. The Company is the primary beneficiary of the

Operating Partnership as it has the power to direct the activities of the Operating Partnership and the rights to absorb 76.7% of the net income of the Operating Partnership. As the primary beneficiary, the Company consolidates the financial position and results of operations of the Operating Partnership. Noncontrolling interests in the Operating Partnership represent units of limited partnership interest in the Operating Partnership not held by the Company. As of June 30, 2022, there were 20,621,336 Class A units of limited partnership interest in the Operating Partnership ("Class A Units") not held by the Company. The Company's financial position and results of operations are the same as those of the Operating Partnership.

Additionally, the Operating Partnership owns a majority interest in certain non-wholly-owned operating and development properties. The noncontrolling interest for investment entities of $24.0 million relates to the minority partners' interest in certain joint venture entities as of June 30, 2022, including $23.3 million for minority partners' interest in the Exelon Building. The noncontrolling interest for consolidated real estate entities was $0.6 million as of December 31, 2021.

On January 1, 2022, due to holders of Class A Units tendering an aggregate of 12,149 Class A Units for redemption by the Operating Partnership, the Company elected to satisfy the redemption requests through the issuance of an equal number of shares of common stock.

Dividends and Distributions

During the six months ended June 30, 2022, the following dividends/distributions were declared or paid:

Equity type	Declaration Date	Record Date	Payment Date	Dividends per Share/Unit	Aggregate Dividends/Distributions on Stock and Units (in thousands)
Common Stock/Class A Units	10/25/2021	12/29/2021	01/06/2022	$ 0.17	$ 14,209
Common Stock/Class A Units	02/23/2022	03/30/2022	04/07/2022	0.17	15,014
Common Stock/Class A Units	05/12/2022	06/29/2022	07/07/2022	0.17	15,020
Series A Preferred Stock	10/25/2021	01/03/2022	01/14/2022	0.421875	2,887
Series A Preferred Stock	02/23/2022	04/01/2022	04/15/2022	0.421875	2,887
Series A Preferred Stock	05/12/2022	07/01/2022	07/15/2022	0.421875	2,887

11. Stock-Based Compensation

The Company's Amended and Restated 2013 Equity Incentive Plan (the "Equity 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 1,700,000 shares of common stock. As of June 30, 2022, there were 398,307 shares available for issuance under the Equity Plan.

During the six months ended June 30, 2022, the Company granted an aggregate of 286,086 shares of restricted stock to employees and non-employee directors with a weighted average grant date fair value of $14.62 per share. Of those shares, 52,088 were surrendered by the employees for income tax withholdings. 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. Beginning with grants made in 2021, executive officers' restricted shares generally vest over a period of three years: two-fifths immediately on the grant date and the remaining three-fifths in equal amounts on the first three anniversaries following the grant date, subject to continued service to the Company. Non-employee director restricted stock awards vest either immediately upon grant or over a period of one year, subject to continued service to the Company. Unvested restricted stock awards are entitled to receive dividends from their grant date.

During the three months ended June 30, 2022 and 2021, the Company recognized $0.6 million and $0.5 million, respectively, of stock-based compensation cost. During the six months ended June 30, 2022 and 2021, the Company recognized $2.4 million and $1.7 million, respectively, of stock-based compensation cost. As of June 30, 2022, there were 221,693 nonvested restricted shares outstanding; the total unrecognized compensation expense related to nonvested restricted shares was $2.3 million, which the Company expects to recognize over the next 33 months.

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 — quoted prices in active markets for identical assets or liabilities

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

Level 3 — unobservable inputs

Except as disclosed below, the carrying amounts of the Company’s financial instruments approximate their fair values. Financial assets and liabilities whose fair values are measured on a recurring basis using Level 2 inputs consist of interest rate swaps and 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.

Financial assets and liabilities whose fair values are not measured at fair value but for which the fair value is disclosed include the Company's notes receivable and indebtedness. The fair value is estimated by discounting the future cash flows of each instrument at estimated market rates consistent with the maturity, credit characteristics, and other terms of the arrangements, which are Level 3 inputs under the fair value hierarchy.

In certain cases, the inputs used to estimate the 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.

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 as of June 30, 2022 and December 31, 2021 were as follows (in thousands):

	June 30, 2022		December 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Indebtedness, net [(a)]	$ 1,164,713	$ 1,158,485	$ 958,910	$ 976,520
Notes receivable, net	139,383	139,383	126,429	126,429
Interest rate swap liabilities	—	—	3,467	3,467
Interest rate swap and cap assets	24,270	24,270	2,926	2,926

(a) The values as of June 30, 2022 and December 31, 2021 include loans reclassified to liabilities related to assets held for sale.

13. Related Party Transactions

The Company provides general contracting services to certain related party entities that are included in these condensed consolidated financial statements. Revenue and gross profit from construction contracts with these entities for the three months ended June 30, 2021 were $6.3 million and $0.2 million, respectively. Revenue and gross profit from construction contracts with these entities for the six months ended June 30, 2021 were $18.7 million and $0.7 million, respectively. Revenue and gross profit from construction contracts with these entities for the three and six months ended June 30, 2022 were immaterial. There were no outstanding construction receivables due from related parties as of June 30, 2022 compared to $4.1 million outstanding at December 31, 2021.

The general contracting services described above include contracts with an aggregate price of $81.6 million with the developer of a mixed-use project, including an apartment building, retail space, and a parking garage located in Virginia Beach, Virginia. The developer is owned in part by certain executives of the Company, not including the Chief Executive Officer and Chief Financial Officer. These contracts were executed in 2019 and were substantially complete as of September 10, 2021. Aggregate gross profit was projected at $3.9 million to the Company, representing a gross profit margin of 5.1% as of June 30, 2022. As part of these contracts and per the requirements of the lender for this project, the Company issued a letter of credit for $9.5 million to secure certain performances of the Company's subsidiary construction company under the contracts, of which $1.9 million remains outstanding as of June 30, 2022.

The Company provides general contracting services to the Harbor Point Parcel 3 and Harbor Point Parcel 4 partnerships. See Note 5 for more information. During the three and six months ended June 30, 2022, the Company recognized gross profit of $0.1 million and $0.2 million, respectively, relating to these construction contracts.

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 prior to May 13, 2023.

14. 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 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 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.

Guarantees

In connection with certain of the Company's mezzanine lending activities and equity method investments, the Company has made guarantees to pay portions of certain senior loans of third parties associated with the development projects. The following table summarizes the outstanding guarantees made by the Company as of June 30, 2022 (in thousands):

Development project	Payment guarantee amount	Guarantee liability
Interlock Commercial	$ 37,450	$ 1,346
Harbor Point Parcel 4 [(a)]	32,910	242
Total	$ 70,360	$ 1,588

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(a) As of June 30, 2022, no amounts have been funded on this senior loan.

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 $2.7 million and $2.1 million as of June 30, 2022 and December 31, 2021, respectively. In addition, as of June 30, 2022, the Company has an outstanding letter of credit for $1.9 million to secure certain performances of the Company's subsidiary construction company under a related party project.

Unfunded Loan Commitments

The Company has certain commitments related to its notes receivable investments that it may be required to fund in the future. The Company is generally obligated to fund these commitments at the request of the borrower or upon the occurrence of events outside of the Company's direct control. As of June 30, 2022, the Company had three notes receivable with a total of $19.3 million of unfunded commitments. If commitments are funded in the future, interest will be charged at rates consistent with the existing investments. As of June 30, 2022, the Company has recorded a $0.5 million CECL allowance that relates to the unfunded commitments, which was recorded as a liability in Other liabilities in the consolidated balance sheet. See Note 6 for more information.

15. Subsequent Events

The Company has evaluated subsequent events through the date on which this Quarterly Report on Form 10-Q was filed, the date on which these financial statements were issued, and identified the items below for discussion.

Real Estate

On July 22, 2022, the Company sold The Residences at Annapolis Junction for a sale price of $150.0 million. This property was classified as held for sale as of June 30, 2022.

On July 26, 2022, the Company sold the AutoZone and Valvoline outparcels at Sandbridge Commons for a sale price of $3.5 million. The property was classified as held for sale as of June 30, 2022.

Indebtedness

On July 22, 2022, the Company paid off the $84.4 million loan secured by The Residences at Annapolis Junction in conjunction with the disposition mentioned above.

In July 2022, the Company had net paydowns of $31.0 million on the revolving credit facility.

Derivative Financial Instruments

On July 1, 2022, the Company modified and extended two interest rate caps with total notional amounts of $200.0 million and LIBOR strike rates of 0.50%, which were scheduled to expire on July 1, 2023. The modified agreements establish a SOFR corridor bought at 1.00% and sold at 3.00% on a $200.0 million notional amount, with the expiration date extended to March 1, 2024. The Company did not pay a premium for this modification.

On July 5, 2022, the Company modified and extended an interest rate cap with a notional amount of $50.0 million and a LIBOR strike rate of 0.50%, which was scheduled to expire on May 1, 2023. The modified agreement establishes a SOFR corridor bought at 1.00% and sold at 3.00% on a $50.0 million notional amount, with the expiration date extended to January 1, 2024. The Company paid a de minimis premium for this modification.

On July 5, 2022, the Company modified and extended the interest rate cap associated with the Chronicle Mill project with a notional amount of $35.1 million and a LIBOR strike rate of 0.50%, which was scheduled to expire on May 1, 2023. The modified agreement establishes a SOFR corridor bought at 1.00% and sold at 3.00% on a $35.1 million notional amount, with the expiration date extended to January 1, 2024. The Company paid a de minimis premium for this modification.

Equity

On July 1, 2022, due to a holder of Class A Units tendering 10,146 Class A Units for redemption by the Operating Partnership, the Company elected to satisfy the redemption request with a cash payment of $0.1 million.

On July 28, 2022, the Company announced that its board of directors declared a cash dividend of $0.19 per common share for the third quarter of 2022. The third quarter dividend will be payable in cash on October 6, 2022 to stockholders of record on September 28, 2022.

On July 28, 2022, the Company announced that its board of directors declared a cash dividend of $0.421875 per share of Series A Preferred Stock for the third quarter of 2022. The dividend will be payable in cash on October 14, 2022 to stockholders of record on October 3, 2022.

Item 2. 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 (the "Operating Partnership"), of which we are the sole general partner. The following discussion should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this report.

Forward-Looking Statements

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 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, including as a result of the COVID-19 pandemic;
- our ability to commence or continue construction and development projects on the timeframes and terms currently anticipated;
- 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;
- the inability of one or more mezzanine loan borrowers to repay mezzanine loans in accordance with their contractual terms;
- 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;
- 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; and
- potential negative impacts from changes to U.S. tax laws.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We caution investors not to place undue reliance on these forward-looking statements and urge investors to carefully review the disclosures we make concerning risks and uncertainties in the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our most recent Annual Report on Form 10-K, as well as risks, uncertainties and other factors discussed in this Quarterly Report on Form 10-Q, and other documents that we file from time to time with the Securities and Exchange Commission (the "SEC").

Business Description

We are a vertically-integrated, self-managed REIT with four decades of experience developing, building, acquiring and managing high-quality office, retail and multifamily properties located primarily in the Mid-Atlantic and Southeastern United States. We also provide general construction and development services to third-party clients, in addition to developing and building properties to be placed in our stabilized portfolio. As of June 30, 2022, our operating property portfolio consisted of the following properties:

Property	Segment	Location	Ownership Interest
4525 Main Street	Office	Virginia Beach, Virginia*	100 %
Armada Hoffler Tower	Office	Virginia Beach, Virginia*	100 %
Brooks Crossing Office	Office	Newport News, Virginia	100 %
Exelon Office	Office	Baltimore, Maryland**	79 % (1)
One City Center	Office	Durham, North Carolina	100 %
One Columbus	Office	Virginia Beach, Virginia*	100 %
Thames Street Wharf	Office	Baltimore, Maryland**	100 %
Two Columbus	Office	Virginia Beach, Virginia*	100 %
249 Central Park Retail	Retail	Virginia Beach, Virginia*	100 %
Apex Entertainment	Retail	Virginia Beach, Virginia*	100 %
Broad Creek Shopping Center	Retail	Norfolk, Virginia	100 %
Broadmoor Plaza	Retail	South Bend, Indiana	100 %
Brooks Crossing Retail	Retail	Newport News, Virginia	65 % (2)
Columbus Village	Retail	Virginia Beach, Virginia*	100 %
Columbus Village II	Retail	Virginia Beach, Virginia*	100 %
Commerce Street Retail	Retail	Virginia Beach, Virginia*	100 %
Delray Beach Plaza	Retail	Delray Beach, Florida	100 %
Dimmock Square	Retail	Colonial Heights, Virginia	100 %
Fountain Plaza Retail	Retail	Virginia Beach, Virginia*	100 %
Greenbrier Square	Retail	Chesapeake, Virginia	100 %
Greentree Shopping Center	Retail	Chesapeake, Virginia	100 %

Property	Segment	Location	Ownership Interest
Hanbury Village	Retail	Chesapeake, Virginia	100 %
Harrisonburg Regal	Retail	Harrisonburg, Virginia	100 %
Lexington Square	Retail	Lexington, South Carolina	100 %
Market at Mill Creek	Retail	Mount Pleasant, South Carolina	70 % (2)
Marketplace at Hilltop	Retail	Virginia Beach, Virginia	100 %
Nexton Square	Retail	Summerville, South Carolina	100 %
North Hampton Market	Retail	Taylors, South Carolina	100 %
North Pointe Center	Retail	Durham, North Carolina	100 %
Overlook Village	Retail	Asheville, North Carolina	100 %
Parkway Centre	Retail	Moultrie, Georgia	100 %
Parkway Marketplace	Retail	Virginia Beach, Virginia	100 %
Patterson Place	Retail	Durham, North Carolina	100 %
Perry Hall Marketplace	Retail	Perry Hall, Maryland	100 %
Premier Retail	Retail	Virginia Beach, Virginia*	100 %
Providence Plaza	Retail	Charlotte, North Carolina	100 %
Red Mill Commons	Retail	Virginia Beach, Virginia	100 %
Sandbridge Commons	Retail	Virginia Beach, Virginia	100 % (3)
South Retail	Retail	Virginia Beach, Virginia*	100 %
South Square	Retail	Durham, North Carolina	100 %
Southgate Square	Retail	Colonial Heights, Virginia	100 %
Southshore Shops	Retail	Chesterfield, Virginia	100 %
Studio 56 Retail	Retail	Virginia Beach, Virginia*	100 %
Tyre Neck Harris Teeter	Retail	Portsmouth, Virginia	100 %
Wendover Village	Retail	Greensboro, North Carolina	100 %
1305 Dock Street	Multifamily	Baltimore, Maryland**	79 % (1)
1405 Point	Multifamily	Baltimore, Maryland**	100 %
Edison Apartments	Multifamily	Richmond, Virginia	100 %
Encore Apartments	Multifamily	Virginia Beach, Virginia*	100 %
Greenside Apartments	Multifamily	Charlotte, North Carolina	100 %
Liberty Apartments	Multifamily	Newport News, Virginia	100 %
Premier Apartments	Multifamily	Virginia Beach, Virginia*	100 %
Smith's Landing	Multifamily	Blacksburg, Virginia	100 %
The Cosmopolitan	Multifamily	Virginia Beach, Virginia*	100 %
The Residences at Annapolis Junction	Multifamily	Annapolis Junction, Maryland	95 % (2)(4)

*Located in the Town Center of Virginia Beach
**Located at Harbor Point in Baltimore
(1) We own a 90% economic interest in this property, including an 11% economic interest through a note receivable.
(2) We are entitled to a preferred return on our investment in this property.
(3) Held for sale as of June 30, 2022. On July 26, 2022, we sold the AutoZone and Valvoline outparcels of this property.
(4) Held for sale as of June 30, 2022. On July 22, 2022, we sold this property.

As of June 30, 2022, the following properties that we consolidate for financial reporting purposes were either under development or not yet stabilized:

Property	Segment	Location	Ownership Interest
Wills Wharf	Office	Baltimore, Maryland**	100 %
Chronicle Mill	Multifamily	Belmont, North Carolina	85 % (1)
Gainesville Apartments	Multifamily	Gainesville, Georgia	95 % (2)
Southern Post	Mixed-use	Roswell, Georgia	100 %

**Located at Harbor Point in Baltimore
(1) We are entitled to a preferred return on our investment in this property.
(2) We were required to purchase our partner's ownership interest after completion of the project, contingent upon obtaining a certificate of occupancy and achieving certain thresholds of net operating income. On April 11, 2022, we paid a $1.1 million earn-out to the partner due to the receipt of the certificate of occupancy. The remaining earn-out is estimated at $3.1 million and is expected to be paid out by the end of this year. Additionally, we anticipate there will be cost savings related to the development of the asset to be shared with our partner.

Acquisitions

On January 14, 2022, we acquired a 79% membership interest and an additional 11% economic interest in the partnership that owns the Exelon Building for a purchase price of approximately $92.2 million in cash and a loan to the seller of $12.8 million. The Exelon Building is a mixed-use structure located in Baltimore's Harbor Point and is comprised of an office building, the Exelon Office, that serves as the headquarters for Constellation Energy Corp., which was spun-off from Exelon, a Fortune 100 energy company, in February 2022, as well as a multifamily component, 1305 Dock Street. The Exelon Office also includes a parking garage and retail space. The Exelon Building was subject to a $156.1 million loan, which we immediately refinanced following the acquisition with a new $175.0 million loan. The new loan bears interest at a rate of the Bloomberg Short-Term Bank Yield Index ("BSBY") plus a spread of 1.50% and will mature on November 1, 2026. This loan is hedged by an interest rate cap corridor of 1.00% and 3.00% as well as an interest rate cap of 4.00%.

On January 14, 2022, we acquired the remaining 20% ownership interest in the partnership that is developing the Ten Tryon project in Charlotte, North Carolina for a cash payment of $3.9 million.

On April 11, 2022, we exercised our option to acquire an additional 16% of the partnership that owns The Residences at Annapolis Junction, increasing our ownership to 95%.

Equity Method Investments

On April 1, 2022, we acquired a 78% interest in Harbor Point Parcel 4, a real estate venture with Beatty Development Group, for purposes of developing a mixed-use project, which is planned to include multifamily units, retail space, and a parking garage. We hold an option to increase our ownership to 90%. We have a projected equity commitment of $100.0 million relating to this project, of which we had funded $19.7 million as of June 30, 2022.

Dispositions

On April 1, 2022, we completed the sale of the Hoffler Place for a sale price of $43.1 million. The loss recognized upon sale was $0.8 million.

On April 25, 2022, we completed the sale of the Summit Place for a sale price of $37.8 million. The loss recognized upon sale was $0.5 million.

In addition to the losses recognized on the sales of the Hoffler Place and Summit Place student-housing properties during the three months ended June 30, 2022, we recognized impairment of real estate of $18.3 million to record these properties at their fair values during the three months ended December 31, 2021.

On June 29, 2022, we completed the sale of the Home Depot and Costco outparcels at North Pointe for a sale price of $23.9 million. The gain on disposition was $20.9 million.

On July 22, 2022, we sold The Residences at Annapolis Junction for a sale price of $150.0 million. This property was classified as held for sale as of June 30, 2022.

On July 26, 2022, the Company sold the AutoZone and Valvoline outparcels at Sandbridge Commons for a sale price of $3.5 million. This property was classified as held for sale as of June 30, 2022.

Second Quarter 2022 and Recent Highlights

The following highlights our results of operations and significant transactions for the three months ended June 30, 2022 and other recent developments:

- Net income attributable to common stockholders and holders of units of limited partnership interest in the Operating Partnership ("OP Unitholders") of $27.8 million, or $0.31 per diluted share, compared to $5.6 million, or $0.07 per diluted share, for the three months ended June 30, 2021.

- Funds from operations attributable to common stockholders and OP Unitholders ("FFO") of $27.0 million, or $0.31 per diluted share, compared to $22.9 million, or $0.28 per diluted share, for the three months ended June 30, 2021. See "Non-GAAP Financial Measures."

- Normalized funds from operations available to common stockholders and OP Unitholders ("Normalized FFO") of $26.2 million, or $0.30 per diluted share, compared to $23.4 million, or $0.29 per diluted share, for the three months ended June 30, 2021. See "Non-GAAP Financial Measures."

- Announced a third quarter cash dividend of $0.19 per common share, a 12% increase over the prior quarter's dividend.

- Stabilized operating property portfolio occupancy increased to 97.3% as of June 30, 2022. Office occupancy was 97.9%, retail occupancy was 97.1%, and multifamily occupancy was 97.2%.

- Same Store net operating income ("NOI") increased 6.0% on a GAAP (as defined below) basis compared to the quarter ended June 30, 2021.
  - Multifamily same store NOI increased 12.5% on a GAAP basis.
  - Commercial same store NOI increased 4.1% on a GAAP basis.

- Third-party construction backlog totaling $541 million, highest in the Company's history

- Positive releasing spreads during the second quarter of 9.9% on a GAAP basis for retail and 13.1% on a GAAP basis for office.

- Achieved an 8.1% increase in rental rates on apartment trade outs across the multifamily segment.

- Completed $177 million of sales of noncore assets
  - The Residences at Annapolis Junction in Baltimore for $150 million
  - Two outparcels at North Pointe in Durham, North Carolina for $23.9 million
  - Two outparcels at Sandbridge Commons in Virginia Beach for $3.5 million

- Appointed Dennis H. Gartman, renowned investor, economist, and longtime publisher of “The Gartman Letter,” as a member of our board of directors. He is the sixth independent member.

- Executed a new office lease with Franklin Templeton for 60,000 square feet at the Company’s Wills Wharf office building in Baltimore’s Harbor Point neighborhood. The investment management firm has agreed to lease the entire fifth floor and a portion of the fourth floor of Wills Wharf and will bring the building to 91% occupancy.

Segment Results of Operations

As of June 30, 2022, 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, which are conducted through our taxable REIT subsidiaries ("TRS"). Net operating income (segment revenues minus segment expenses) ("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 accounting principles generally accepted in the United

States ("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 condensed consolidated financial statements in Item 1 of this Quarterly Report on Form 10-Q for a reconciliation of NOI to net income, the most directly comparable GAAP measure.

We define same store properties as those properties that we owned and operated and that were stabilized for the entirety of both periods presented. We generally consider a property to be stabilized upon 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. Additionally, any property that is fully or partially taken out of service for the purpose of redevelopment is no longer considered stabilized until the redevelopment activities are complete, the asset is placed back into service, and the occupancy criterion above is again met. A property may also be fully or partially taken out of service as a result of a partial disposition, depending on the significance of the portion of the property disposed. Finally, any property classified as held for sale is taken out of service for the purpose of computing same store operating results.

Office Segment Data

Office rental revenues, property expenses, and NOI for the three and six months ended June 30, 2022 and 2021 were as follows (in thousands):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	Change	2022	2021	Change
Rental revenues	$ 18,314	$ 11,756	$ 6,558	$ 35,337	$ 23,391	$ 11,946
Property expenses	6,635	4,351	2,284	12,279	8,584	3,695
Segment NOI	$ 11,679	$ 7,405	$ 4,274	$ 23,058	$ 14,807	$ 8,251

Office segment NOI for the three and six months ended June 30, 2022 increased 57.7% and 55.7%, respectively, compared to the three and six months ended June 30, 2021 primarily due to the acquisition of the Exelon Office in January 2022.

Office Same Store Results

Office same store results for the three and six months ended June 30, 2022 and 2021 exclude Wills Wharf and the Exelon Office.

Office same store rental revenues, property expenses, and NOI for the three and six months ended June 30, 2022 and 2021 were as follows (in thousands):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	Change	2022	2021	Change
Rental revenues	$ 10,371	$ 10,290	$ 81	$ 20,546	$ 20,500	$ 46
Property expenses	3,697	3,527	170	7,259	7,011	248
Same Store NOI	$ 6,674	$ 6,763	$ (89)	$ 13,287	$ 13,489	$ (202)
Non-Same Store NOI	5,005	642	4,363	9,771	1,318	8,453
Segment NOI	$ 11,679	$ 7,405	$ 4,274	$ 23,058	$ 14,807	$ 8,251

Office same store NOI for the three and six months ended June 30, 2022 was materially consistent with the three and six months ended June 30, 2021.

Retail Segment Data

Retail rental revenues, property expenses, and NOI for the three and six months ended June 30, 2022 and 2021 were as follows (in thousands):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	Change	2022	2021	Change
Rental revenues	$ 21,544	$ 19,204	$ 2,340	$ 42,974	$ 37,459	$ 5,515
Property expenses	5,604	5,193	411	11,343	10,056	1,287
Segment NOI	$ 15,940	$ 14,011	$ 1,929	$ 31,631	$ 27,403	$ 4,228

Retail segment NOI for the three and six months ended June 30, 2022 increased 13.8% and 15.4%, respectively, compared to the three and six months ended June 30, 2021 primarily due to the acquisitions of Delray Beach Plaza, Greenbrier Square, and Overlook Village, as well as increased occupancy in the same store portfolio.

Retail Same Store Results

Retail same store results for the three and six months ended June 30, 2022 and 2021 exclude Greenbrier Square, Overlook Village, the outparcels that were classified as held for sale at Sandbridge Commons as of June 30, 2022, and properties that were disposed in 2021 and 2022. Retail same store results for the six months ended June 30, 2022 and June 30, 2021 also exclude Delray Beach Plaza and Premier Retail.

Retail same store rental revenues, property expenses, and NOI for the three and six months ended June 30, 2022 and 2021 were as follows (in thousands):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	Change	2022	2021	Change
Rental revenues	$ 19,736	$ 18,686	$ 1,050	$ 36,422	$ 34,063	$ 2,359
Property expenses	4,983	4,857	126	9,241	8,737	504
Same Store NOI	$ 14,753	$ 13,829	$ 924	$ 27,181	$ 25,326	$ 1,855
Non-Same Store NOI	1,187	182	1,005	4,450	2,077	2,373
Segment NOI	$ 15,940	$ 14,011	$ 1,929	$ 31,631	$ 27,403	$ 4,228

Retail same store NOI for the three and six months ended June 30, 2022 increased 6.7% and 7.3%, respectively, compared to the three and six months ended June 30, 2021, primarily due to increased occupancy throughout the portfolio.

Multifamily Segment Data

Multifamily rental revenues, property expenses, and NOI for the three and six months ended June 30, 2022 and 2021 were as follows (in thousands):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	Change	2022	2021	Change
Rental revenues	$ 15,366	$ 16,418	$ (1,052)	$ 31,548	$ 32,269	$ (721)
Property expenses	6,283	7,213	(930)	12,973	14,255	(1,282)
Segment NOI	$ 9,083	$ 9,205	$ (122)	$ 18,575	$ 18,014	$ 561

Multifamily segment NOI for the three months ended June 30, 2022 decreased 1.3% compared to the three months ended June 30, 2021 primarily due to the dispositions of Johns Hopkins Village, Hoffler Place, and Summit Place. The decrease was partially offset by the acquisition of 1305 Dock Street, Gainesville Apartments beginning operations, and increased rental rates across multiple properties. Multifamily segment NOI for the six months ended June 30, 2022 increased 3.1% compared to the six months ended June 30, 2021 primarily due to the acquisition of 1305 Dock Street and the beginning of operations at Gainesville Apartments as well as higher occupancy, increased rental rates across multiple properties, and a decrease in expense per unit.

Multifamily Same Store Results

Multifamily same store results for the three and six months ended June 30, 2022 and 2021 exclude 1305 Dock Street, Gainesville Apartments, and The Residences at Annapolis Junction, which was classified as held for sale as of June 30, 2022, as well as properties that were disposed in 2021 and 2022.

Multifamily same store rental revenues, property expenses and NOI for the three and six months ended June 30, 2022 and 2021 were as follows (in thousands):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	Change	2022	2021	Change
Rental revenues	$ 10,958	$ 10,131	$ 827	$ 21,679	$ 19,775	$ 1,904
Property expenses	4,085	4,022	63	8,107	7,946	161
Same Store NOI	$ 6,873	$ 6,109	$ 764	$ 13,572	$ 11,829	$ 1,743
Non-Same Store NOI	2,210	3,096	(886)	5,003	6,185	(1,182)
Segment NOI	$ 9,083	$ 9,205	$ (122)	$ 18,575	$ 18,014	$ 561

Multifamily same store NOI for the three and six months ended June 30, 2022 increased 12.5% and 14.7%, respectively, compared to the three and six months ended June 30, 2021 primarily due to increased rental rates and higher occupancy rates in the same store portfolio.

General Contracting and Real Estate Services Segment Data

General contracting and real estate services revenues, expenses, and gross profit for the three and six months ended June 30, 2022 and 2021 were as follows (in thousands):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	Change	2022	2021	Change
Segment revenues	$ 45,273	$ 18,408	$ 26,865	$ 69,923	$ 53,971	$ 15,952
Segment expenses	43,418	18,131	25,287	67,239	52,406	14,833
Segment gross profit	$ 1,855	$ 277	$ 1,578	$ 2,684	$ 1,565	$ 1,119
Operating margin	4.1 %	1.5 %	2.6 %	3.8 %	2.9 %	0.9 %

General contracting and real estate services segment gross profit for the three and six months ended June 30, 2022 increased by $1.6 million and $1.1 million, respectively, compared to the three and six months ended June 30, 2021 primarily due to a greater number of third party contracts undertaken in 2022.

The changes in third party construction backlog for the three and six months ended June 30, 2022 and 2021 were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Beginning backlog	$ 419,439	$ 38,838	$ 215,518	$ 71,258
New contracts/change orders	167,143	50,278	395,746	53,402
Work performed	(45,368)	(18,897)	(70,050)	(54,441)
Ending backlog	$ 541,214	$ 70,219	$ 541,214	$ 70,219

As of June 30, 2022, we had $111.0 million in the backlog relating to the Harbor Point Parcel 4 project, $155.1 million in the backlog on the Harbor Point Parcel 3 project, and $51.8 million in the backlog on the Slater Road Apartments project. The amounts relating to our Harbor Point Parcel 3 and Harbor Point Parcel 4 projects pertain to our equity method investments, for which a portion of our profit margin will be eliminated in our operating results.

Consolidated Results of Operations

The following table summarizes the results of operations for the three and six months ended June 30, 2022 and 2021 (in thousands):

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Change	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change
	(unaudited)					
Revenues						
Rental revenues	$ 55,224	$ 47,378	$ 7,846	$ 109,859	$ 93,119	$ 16,740
General contracting and real estate services revenues	45,273	18,408	26,865	69,923	53,971	15,952
Total revenues	100,497	65,786	34,711	179,782	147,090	32,692
Expenses						
Rental expenses	12,685	11,292	1,393	25,354	22,124	3,230
Real estate taxes	5,837	5,465	372	11,241	10,771	470
General contracting and real estate services expenses	43,418	18,131	25,287	67,239	52,406	14,833
Depreciation and amortization	18,781	17,285	1,496	37,338	35,351	1,987
Amortization of right-of-use assets - finance leases	277	278	(1)	555	467	88
General and administrative expenses	3,617	3,487	130	8,325	7,508	817
Acquisition, development and other pursuit costs	26	32	(6)	37	103	(66)
Impairment charges	286	83	203	333	3,122	(2,789)
Total expenses	84,927	56,053	28,874	150,422	131,852	18,570
Gain on real estate dispositions, net	19,493	—	19,493	19,493	3,717	15,776
Operating income	35,063	9,733	25,330	48,853	18,955	29,898
Interest income	3,352	6,746	(3,394)	6,920	10,862	(3,942)
Interest expense	(9,371)	(8,418)	(953)	(18,402)	(16,393)	(2,009)
Loss on extinguishment of debt	(618)	—	(618)	(776)	—	(776)
Change in fair value of derivatives and other	2,548	314	2,234	6,730	707	6,023
Unrealized credit loss provision	(295)	(388)	93	(900)	(333)	(567)
Other income (expense), net	68	7	61	297	186	111
Income before taxes	30,747	7,994	22,753	42,722	13,984	28,738
Income tax benefit	20	461	(441)	321	480	(159)
Net income	30,767	8,455	22,312	43,043	14,464	28,579
Net income attributable to noncontrolling interests in investment entities	(128)	—	(128)	(228)	—	(228)
Preferred stock dividends	(2,887)	(2,887)	—	(5,774)	(5,774)	—
Net income attributable to common stockholders and OP Unitholders	$ 27,752	$ 5,568	$ 22,184	$ 37,041	$ 8,690	$ 28,351

Rental revenues for the three and six months ended June 30, 2022 increased 16.6% and 18.0%, respectively, compared to the three and six months ended June 30, 2021 as follows (in thousands):

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Change	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change
Office	$ 18,314	$ 11,756	$ 6,558	$ 35,337	$ 23,391	$ 11,946
Retail	21,544	19,204	2,340	42,974	37,459	5,515
Multifamily	15,366	16,418	(1,052)	31,548	32,269	(721)
	$ 55,224	$ 47,378	$ 7,846	$ 109,859	$ 93,119	$ 16,740

Office rental revenues for the three and six months ended June 30, 2022 increased 55.8% and 51.1%, respectively, compared to the three and six months ended June 30, 2021 primarily as a result of the acquisition of the Exelon Office and an increase in rental expense recoveries at Wills Wharf due to higher occupancy.

Retail rental revenues for the three and six months ended June 30, 2022 increased 12.2% and 14.7%, respectively, compared to the three and six months ended June 30, 2021 primarily as a result of the acquisitions of Greenbrier Square and Overlook Village, as well as higher occupancy at multiple properties. The increase was partially offset by the dispositions of Oakland Marketplace and Socastee Commons. The increase in retail rental revenues for the six months ended June 30, 2022 compared to the six months ended June 30, 2021 was further due to the acquisition of Delray Beach Plaza in February 2021.

Multifamily rental revenues for the three and six months ended June 30, 2022 decreased 6.4% and 2.2%, respectively, compared to the three and six months ended June 30, 2021 primarily as a result of the dispositions of Johns Hopkins Village, Hoffler Place, and Summit Place. The decrease was partially offset by the acquisition of 1305 Dock Street, the beginning of operations at Gainesville Apartments, and higher occupancy and rental rates at multiple properties.

General contracting and real estate services revenues for the three and six months ended June 30, 2022 increased 145.9% and 29.6%, respectively, compared to the three and six months ended June 30, 2021 due to the timing of commencement of new third party construction projects in 2022 and the completion of other projects.

Rental expenses for the three and six months ended June 30, 2022 increased 12.3% and 14.6%, respectively, compared to the three and six months ended June 30, 2021 as follows (in thousands):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	Change	2022	2021	Change
Office	$ 4,600	$ 2,938	$ 1,662	$ 8,740	$ 5,813	$ 2,927
Retail	3,333	3,013	320	6,834	5,849	985
Multifamily	4,752	5,341	(589)	9,780	10,462	(682)
	$ 12,685	$ 11,292	$ 1,393	$ 25,354	$ 22,124	$ 3,230

Office rental expenses for the three and six months ended June 30, 2022 increased 56.6% and 50.4%, respectively, compared to the three and six months ended June 30, 2021 primarily due to the acquisition of the Exelon Office and the addition of new tenants at Wills Wharf.

Retail rental expenses for the three and six months ended June 30, 2022 increased 10.6% and 16.8%, respectively, compared to the three and six months ended June 30, 2021 primarily due to the acquisitions of Greenbrier Square and Overlook Village. The increase in retail rental expenses for the six months ended June 30, 2022 compared to the six months ended June 30, 2021 was further due to the acquisition of Delray Beach Plaza in February 2021, which was partially offset by the dispositions of Oakland Marketplace and Socastee Commons.

Multifamily rental expenses for the three and six months ended June 30, 2022 decreased 11.0% and 6.5%, respectively, compared to the three and six months ended June 30, 2021 primarily due to the dispositions of Johns Hopkins Village, Hoffler Place, and Summit Place. The decrease was partially offset by the acquisition of 1305 Dock Street and the beginning of operations of Gainesville Apartments.

Real estate taxes for the three and six months ended June 30, 2022 and 2021 increased 6.8% and 4.4%, respectively, compared to the three and six months ended June 30, 2021 as follows (in thousands):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	Change	2022	2021	Change
Office	$ 2,035	$ 1,413	$ 622	$ 3,539	$ 2,771	$ 768
Retail	2,271	2,180	91	4,509	4,207	302
Multifamily	1,531	1,872	(341)	3,193	3,793	(600)
	$ 5,837	$ 5,465	$ 372	$ 11,241	$ 10,771	$ 470

Office real estate taxes for the three and six months ended June 30, 2022 increased 44.0% and 27.7%, respectively, compared to the three and six months ended June 30, 2021 primarily due to the acquisition of the Exelon Office and Wills Wharf being fully placed into service in June 2021.

Retail real estate taxes for the three and six months ended June 30, 2022 increased 4.2% and 7.2%, respectively, compared to the three and six months ended June 30, 2021 primarily as a result of the acquisitions of Greenbrier Square and Overlook Village, which were partially offset by the dispositions of Oakland Marketplace and Socastee Commons. The increase in retail real estate taxes for the six months ended June 30, 2022 compared to the six months ended June 30, 2021 was further due to the acquisition of Delray Beach Plaza in February 2021.

Multifamily real estate taxes for the three and six months ended June 30, 2022 decreased 18.2% and 15.8%, respectively, compared to the three and six months ended June 30, 2021 primarily due to the dispositions of Johns Hopkins Village, Hoffler Place, and Summit Place. The decrease was partially offset by the acquisition of 1305 Dock Street and the beginning of operations of Gainesville Apartments.

General contracting and real estate services expenses for the three and six months ended June 30, 2022 increased 139.5% and 28.3%, respectively, compared to the three and six months ended June 30, 2021 due to new third party contracts undertaken in 2022.

Depreciation and amortization for the three and six months ended June 30, 2022 increased 8.7% and 5.6%, respectively, compared to the three and six months ended June 30, 2021 due to property acquisitions and development deliveries. The increases were partially offset by dispositions in 2021 and certain assets that became fully depreciated.

Amortization of right-of-use assets - finance leases for the three months ended June 30, 2022 decreased immaterially compared to the three months ended June 30, 2021. Amortization of right-of-use assets - finance leases for the six months ended June 30, 2022 increased 18.8% compared to the six months ended June 30, 2021 primarily due to the acquisition of Delray Beach Plaza, which was partially amortized in the six months ended June 30, 2021 compared to a full period of amortization recognized in the six months ended June 30, 2022.

General and administrative expenses for the three and six months ended June 30, 2022 increased 3.7% and 10.9%, respectively, compared to the three and six months ended June 30, 2021 primarily due to higher compensation, benefits, and training and development resulting from increased investment in human capital and sustainability initiatives.

Acquisition, development and other pursuit costs for the three and six months ended June 30, 2022 decreased 18.8% and 64.1%, respectively, compared to the three and six months ended June 30, 2021 as a result of a lower write off of costs for the three and six months ended June 30, 2021 relating to certain development projects and acquisitions that are no longer probable.

Impairment charges for the six months ended June 30, 2021 relate to the impairment recognized on Socastee Commons. Impairment charges for the three and six months ended June 30, 2022 and the three months ended June 30, 2021 were not material.

Gain on real estate dispositions, net for the three and six months ended June 30, 2021 relates to the sale of the 7-Eleven at Hanbury Village, Oakland Marketplace, and easement rights at a non-operating land parcel. The gain on real estate dispositions, net for the three and six months ended June 30, 2022 relates to the dispositions of the Home Depot and Costco parcels at North Pointe.

Interest income for the three and six months ended June 30, 2022 decreased 50.3% and 36.3%, respectively, compared to the three and six months ended June 30, 2021, primarily as a result of the lower notes receivable balance in the current period due to the repayment of portions of our mezzanine loans during 2021 and 2022. This was partially offset by increased borrowings for the Nexton Multifamily and City Park 2 preferred equity investments.

Interest expense for the three and six months ended June 30, 2022 increased 11.3% and 12.3%, respectively, compared to the three and six months ended June 30, 2021, primarily due to the loans obtained and assumed in connection with acquisitions, partially offset by those paid off in connection with dispositions.

Loss on extinguishment of debt of $0.6 million and $0.8 million for the three and six months ended June 30, 2022 primarily relates to the loan payoffs of Red Mill West and Delray Beach Plaza, the refinance of Nexton Square, and the loan payoffs associated with the dispositions of Hoffler Place, Summit Place, and the Costco outparcel at North Pointe. There was no loss on extinguishment of debt recognized for the three and six months ended June 30, 2021.

The change in fair value of derivatives and other for the three and six months ended June 30, 2022 includes fair value increases for our derivative instruments due to increases in forward LIBOR (the London Inter-Bank Offered Rate) and BSBY.

Unrealized credit loss provision for the three months ended June 30, 2022 decreased immaterially compared to the three months ended June 30, 2021. Unrealized credit loss provision for the six months ended June 30, 2022 increased $0.6 million compared to the six months ended June 30, 2021 primarily due to the addition of the City Park 2 preferred equity investment and increased funding on the Harbor Point Parcel 3 loan.

Other income (expense), net for the three and six months ended June 30, 2022 was materially consistent with the three and six months ended June 30, 2021.

The income tax provision and benefits that we recognized during the three and six months ended June 30, 2022 and 2021 were attributable to the taxable profits and losses of our development and construction businesses that we operate through 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, mezzanine loan funding requirements, 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, borrowings available under our credit facility, and net proceeds from the opportunistic sale of common stock through our ATM Program, which is discussed below.

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, the issuance of equity and debt securities, and the opportunistic disposition of non-core properties. We also may fund property development and acquisitions and capital improvements using our credit facility pending long-term financing.

As of June 30, 2022, we had unrestricted cash and cash equivalents of $69.7 million available for both current liquidity needs as well as development and redevelopment activities. We also had restricted cash in escrow of $6.7 million, some of which is available for capital expenditures and certain operating expenses at our operating properties. As of June 30, 2022, we had $68.0 million of available borrowings under our revolving credit facility to meet our short-term liquidity requirements and $33.3 million of available borrowings under our construction loans to fund development activities.

The Marketplace at Hilltop loan has an outstanding principal balance of $9.5 million and is scheduled to mature in October 2022. We have no other loans scheduled to mature during the remainder of 2022.

ATM Program

On March 10, 2020, we commenced an at-the-market continuous equity offering program (the "ATM Program") through which we may, from time to time, issue and sell shares of our common stock and shares of our 6.75% Series A Cumulative Redeemable Perpetual Preferred Stock (the "Series A Preferred Stock") having an aggregate offering price of up to $300.0 million, to or through our sales agents and, with respect to shares of our common stock, may enter into separate forward sales agreements to or through the forward purchaser.

During the six months ended June 30, 2022, we issued and sold 475,074 shares of common stock at a weighted average price of $15.21 per share under the ATM Program, receiving net proceeds, after offering costs and commissions, of $7.1 million. During the six months ended June 30, 2022, we did not issue any shares of Series A Preferred Stock under the ATM Program. Shares having an aggregate offering price of $205.0 million remained unsold under the ATM Program as of August 4, 2022.

Common Stock Issuance

On January 11, 2022, we completed an underwritten public offering of 4,025,000 shares of common stock, which were pre-purchased from us by the underwriter at a purchase price of $14.45 per share including fees, resulting in net proceeds after offering costs of $58.0 million.

Credit Facility

We have a senior credit facility that was amended and restated on October 3, 2019. The total commitments are $355.0 million, comprised of a $150.0 million senior unsecured revolving credit facility (the "revolving credit facility") and a $205.0 million senior unsecured term loan facility (the "term loan facility" and, together with the revolving credit facility, the "credit facility"), with a syndicate of banks. Subject to available borrowing capacity, we intend to use future borrowings under the credit facility for general corporate purposes, including funding acquisitions, mezzanine lending, and development and redevelopment of properties in our portfolio, and for working capital. Our unencumbered borrowing pool will support revolving borrowings of up to $150 million as of June 30, 2022. In July 2022, we repaid $31.0 million, net of borrowings, under the revolving credit facility.

The credit facility includes an accordion feature that allows the total commitments to be increased to $700.0 million, subject to certain conditions, including obtaining commitments from any one or more lenders. The revolving credit facility has a scheduled maturity date of January 24, 2024, with two six-month extension options, subject to certain conditions, including payment of a 0.075% extension fee at each extension. The term loan facility has a scheduled maturity date of January 24, 2025.

The revolving credit facility bears interest at LIBOR plus a margin ranging from 1.30% to 1.85% and the term loan facility bears interest at LIBOR plus a margin ranging from 1.25% to 1.80%, in each case depending on our total leverage. We are also obligated to pay an unused commitment fee of 0.15% or 0.25% on the unused portions of the commitments under the revolving credit facility, depending on the amount of borrowings under the revolving credit facility. If we attain investment grade credit ratings from Standard and Poor's or Moody's Investor Service, we may elect to have borrowings become subject to interest rates based on our credit ratings. As of December 31, 2021, LIBOR is phasing out and we are transitioning to alternative reference rates, such as the Secured Overnight Financing Rate ("SOFR") and BSBY.

The Operating Partnership is the borrower under the credit facility, and its obligations under the credit facility are guaranteed by us and certain of our subsidiaries that are not otherwise prohibited from providing such guaranty.

The credit agreement contains customary representations and warranties and financial and other affirmative and negative covenants. Our ability to borrow under the credit facility is subject to our ongoing compliance with a number of financial covenants, affirmative covenants and other restrictions, including the following:

- Total leverage ratio of not more than 60% (or 65% for the two consecutive quarters following any acquisition with a purchase price of at least up to $100.0 million, but only up to two times during the term of the credit facility);
- Ratio of adjusted EBITDA (as defined in the credit agreement) to fixed charges of not less than 1.50 to 1.0;
- Tangible net worth of not less than the sum of $567,106,000 and amount equal to 75% of the net equity proceeds received after June 30, 2019;
- Ratio of secured indebtedness to total asset value of not more than 40%;
- Ratio of secured recourse debt to total asset value of not more than 20%;
- Total unsecured leverage ratio of not more than 60% (or 65% for the two consecutive quarters following any acquisition with a purchase price of at least up to $100.0 million, but only up to two times during the term of the credit facility);
- Unencumbered interest coverage ratio (as defined in the credit agreement) of not less than 1.75 to 1.0;
- Maintenance of a minimum of at least 15 unencumbered properties (as defined in the credit agreement) with an unencumbered asset value (as defined in the credit agreement) of not less than $300.0 million at any time;
- Minimum occupancy rate (as defined in the credit agreement) for all unencumbered properties of not less than 80% at any time; and
- Maximum aggregate rental revenue from any single tenant of not more than 30% of rental revenues with respect to all leases of unencumbered properties (as defined in the credit agreement).

The credit agreement limits our ability to pay cash dividends. However, so long as no default or event of default exists, the credit agreement allows 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 Internal Revenue Code of 1986, as amended.

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 credit agreement 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, and restricts the amount of stock and Operating Partnership units that we may repurchase during the term of the credit facility.

We may, at any time, voluntarily prepay any loan under the credit facility in whole or in part without significant premium or penalty, except for those portions subject to an interest rate swap agreement.

The credit agreement includes customary events of default, in certain cases subject to customary periods to cure. The occurrence of an event of default, following the applicable cure period, would permit the lenders to, among other things, declare the unpaid principal, accrued and unpaid interest and all other amounts payable under the credit facility to be immediately due and payable.

We are currently in compliance with all covenants governing the credit agreement.

Consolidated Indebtedness

The following table sets forth our consolidated indebtedness as of June 30, 2022 ($ in thousands):

	Amount Outstanding	Interest Rate [a]		Effective Rate for Variable Debt	Maturity Date	Balance at Maturity
Secured Debt						
Marketplace at Hilltop	$ 9,492		4.42 %		October 1, 2022	$ 9,383
1405 Point	51,914	LIBOR+	2.25 %	4.04 %	January 1, 2023	51,532
Wills Wharf	64,288	LIBOR+	2.25 %	4.04 %	June 26, 2023	64,288
249 Central Park Retail[b]	16,226	LIBOR+	1.60 %	3.85 % [c]	August 10, 2023	15,935
Fountain Plaza Retail[b]	9,765	LIBOR+	1.60 %	3.85 % [c]	August 10, 2023	9,589
South Retail[b]	7,124	LIBOR+	1.60 %	3.85 % [c]	August 10, 2023	6,996
One City Center	23,760	LIBOR+	1.85 %	3.64 %	April 1, 2024	22,559
Chronicle Mill	14,640	LIBOR+	3.00 %	4.79 %	May 5, 2024	14,640
Red Mill Central	2,100		4.80 %		June 17, 2024	1,765
Gainesville Apartments	30,328	LIBOR+	3.00 %	4.79 %	August 31, 2024	30,327
Premier Apartments[d]	16,399	LIBOR+	1.55 %	3.34 %	October 31, 2024	15,848
Premier Retail[d]	8,077	LIBOR+	1.55 %	3.34 %	October 31, 2024	7,806
Red Mill South	5,356		3.57 %		May 1, 2025	4,383
Brooks Crossing Office	14,631	LIBOR+	1.60%	3.39 %	July 1, 2025	13,798
Market at Mill Creek	12,818	LIBOR+	1.55%	3.34 %	July 12, 2025	10,876
Encore Apartments[e]	24,253		2.93 %		February 10, 2026	22,213
4525 Main Street[e]	31,133		2.93 %		February 10, 2026	28,514
Thames Street Wharf	70,044	BSBY+	1.30 %	2.35 % [c]	September 30, 2026	60,839
Exelon Building	175,000	BSBY+	1.50 %	1.00 % [f]	November 1, 2026	175,000
Southgate Square	26,656	LIBOR+	1.90 %	3.69 %	December 21, 2026	24,741
Nexton Square	22,500	SOFR+	1.95 %	3.45 %	June 30, 2027	19,453
Greenbrier Square	20,000		3.74%		October 10, 2027	18,049
Lexington Square	14,034		4.50 %		September 1, 2028	12,044
Red Mill North	4,135		4.73 %		December 31, 2028	3,295
Greenside Apartments	32,232		3.17 %		December 15, 2029	26,095
The Residences at Annapolis Junction[g]	84,375	SOFR+	2.66 %	4.16 % [f]	November 1, 2030	71,183
Smith's Landing	15,997		4.05 %		June 1, 2035	384
Liberty Apartments	13,414		5.66 %		November 1, 2043	90
Edison Apartments	15,747		5.30 %		December 1, 2044	100
The Cosmopolitan	41,670		3.35 %		July 1, 2051	187
Total secured debt	$ 878,108					$ 741,912
Unsecured debt						
Senior unsecured revolving credit facility	$ 82,000	LIBOR+	1.30%-1.85%	3.29 %	January 24, 2024	$ 82,000
Senior unsecured term loan	19,500	LIBOR+	1.25%-1.80%	3.24 %	January 24, 2025	19,500
Senior unsecured term loan	185,500	LIBOR+	1.25%-1.80%	1.95%-4.47% [c]	January 24, 2025	185,500
Total unsecured debt	287,000					287,000
Total principal balances	$ 1,165,108					$ 1,028,912
Other notes payable[h]	9,204					
Unamortized GAAP adjustments	(9,599)					
Loans reclassified to liabilities related to assets held for sale, net	(84,049)					
Indebtedness, net	$ 1,080,664					

(a) LIBOR, SOFR, and BSBY are determined by individual lenders.
(b) Cross collateralized.
(c) Includes debt subject to interest rate swap locks.
(d) Cross collateralized.
(e) Cross collateralized.
(f) Includes debt subject to designated interest rate caps.
(g) Secured by real estate held for sale as of June 30, 2022. On July 22, 2022, we sold the property securing this loan and repaid the loan in full.
(h) Represents the fair value of additional ground lease payments at 1405 Point over the approximately 42-year remaining lease term and an

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earn-out liability for the Gainesville development project.

As of June 30, 2022, we are in compliance with all loan covenants on our outstanding indebtedness. The lease-up requirement previously stipulated by the syndicated loan secured by Wills Wharf was satisfied as a result of a new lease executed during the three months ended June 30, 2022. As a result, the $4.3 million of cash previously restricted on this property has been unrestricted.

As of June 30, 2022, our principal payments during the following years are as follows ($ in thousands):

Year[(1)]	Amount Due	Percentage of Total
2022 (excluding six months ended June 30, 2022)	$ 15,043	1 %
2023	159,084	14 %
2024	187,106	16 %
2025	246,368	21 %
2026	321,012	28 %
Thereafter	236,495	20 %
Total	$ 1,165,108	100 %

(1) Does not reflect the effect of any maturity extension options.

Interest Rate Derivatives

As of June 30, 2022, we were party to the following LIBOR (to be transitioned to SOFR and BSBY), SOFR, and BSBY interest rate cap agreements ($ in thousands):

Effective Date	Maturity Date	Strike Rate	Notional Amount
7/1/2020	7/1/2023	0.50% (LIBOR) [(a)]	$ 100,000
11/1/2020	11/1/2023	1.84% (SOFR)	84,375
2/2/2021	2/1/2023	0.50% (LIBOR)	100,000
3/4/2021	4/1/2023	2.50% (LIBOR)	14,479
5/5/2021	5/1/2023	0.50% (LIBOR) [(a)]	50,000
5/5/2021	5/1/2023	0.50% (LIBOR) [(a)]	35,100
6/16/2021	7/1/2023	0.50% (LIBOR) [(a)]	100,000
1/11/2022	2/1/2024	4.00% (BSBY)	175,000
4/7/2022	2/1/2024	1.00%-3.00% (BSBY) [(b)]	175,000
9/1/2022	9/1/2024	1.00%-3.00% (SOFR) [(b)(c)]	73,562
Total			$ 907,516

(a) Subsequent to June 30, 2022, we modified and extended these interest rate caps. See Note 15 to our condensed consolidated financial statements in Item 1 of this Quarterly Report on Form 10-Q for additional information regarding these transactions.

(b) We purchased interest rate caps at 1.00% and sold interest rate caps at 3.00%, resulting in interest rate cap corridors of 1.00% and 3.00%. The intended goal of these corridors is to provide a level of protection from the effect of rising interest rates and reduce the all-in cost of the derivative instrument.

(c) We purchased this interest rate cap corridor during the three months ended June 30, 2022 with an effective date of September 1, 2022. The notional amount represents the maximum notional amount that will eventually be in effect. The notional amount is scheduled to increase over the term of the corridor in accordance with projected borrowings on the associated loan.

As of June 30, 2022, we held the following interest rate swap agreements ($ in thousands):

Related Debt	Notional Amount	Index	Swap Fixed Rate	Debt effective rate	Effective Date	Expiration Date
Senior unsecured term loan	$ 50,000	1-month LIBOR	2.26 %	3.71 %	4/1/2019	10/26/2022
Senior unsecured term loan	50,000	1-month LIBOR	2.78 %	4.23 %	5/1/2018	5/1/2023
249 Central Park Retail, South Retail, and Fountain Plaza Retail	33,115	1-month LIBOR	2.25 %	3.85 %	4/1/2019	8/10/2023
Senior unsecured term loan	10,500	1-month LIBOR	3.02 %	4.47 %	10/12/2018	10/12/2023
Senior unsecured term loan	25,000	1-month LIBOR	0.50 %	1.95 %	4/1/2020	4/1/2024
Senior unsecured term loan	25,000	1-month LIBOR	0.50 %	1.95 %	4/1/2020	4/1/2024
Senior unsecured term loan	25,000	1-month LIBOR	0.55 %	2.00 %	4/1/2020	4/1/2024
Thames Street Wharf	70,044	1-month BSBY	1.05 %	2.35 %	9/30/2021	9/30/2026
Total	$ 288,659					

Off-Balance Sheet Arrangements

In connection with certain of our mezzanine lending activities and equity method investments, we have made guarantees to pay portions of certain senior loans of third parties associated with the development projects. The following table summarizes the guarantees made by us as of June 30, 2022 (in thousands):

Development project	Payment guarantee amount	Guarantee liability
Interlock Commercial	$ 37,450	$ 1,346
Harbor Point Parcel 4 [(a)]	32,910	242
Total	$ 70,360	$ 1,588

(a) As of June 30, 2022, no amounts have been funded on this senior loan.

Unfunded Loan Commitments

We may be a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financial needs of our borrowers. These commitments are not reflected on the consolidated balance sheet. As of June 30, 2022, our off-balance sheet arrangements consisted of $19.3 million of unfunded commitments of our notes receivable. We have recorded a $0.5 million credit loss reserve in conjunction with the total unfunded commitments. Such commitments are subject to our borrowers’ satisfaction of certain financial and nonfinancial covenants and involve, to varying degrees, elements of credit risk in excess of the amount recognized in the consolidated balance sheets. The commitments may or may not be funded depending on a variety of circumstances including timing, credit metric hurdles, and other nonfinancial events occurring.

Cash Flows

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change
	(in thousands)		
Operating Activities	$ 50,407	$ 40,640	$ 9,767
Investing Activities	(86,950)	(31,605)	(55,345)
Financing Activities	72,512	(6,223)	78,735
Net Increase (decrease)	$ 35,969	$ 2,812	$ 33,157
Cash, Cash Equivalents, and Restricted Cash, Beginning of Period	$ 40,443	$ 50,430	
Cash, Cash Equivalents, and Restricted Cash, End of Period	$ 76,412	$ 53,242	

Net cash provided by operating activities during the six months ended June 30, 2022 increased $9.8 million compared to the six months ended June 30, 2021 primarily as a result of timing differences in operating assets and liabilities, as well as increased net operating income from the property portfolio.

During the six months ended June 30, 2022, net cash used in investing activities increased $55.3 million compared to the six months ended June 30, 2021 primarily due to the acquisition of the Exelon Building, increased development activity, decreased paydowns of mezzanine loans, and increased contributions to equity method investments. The increase was partially offset by increased disposition activity.

During the six months ended June 30, 2022, net cash provided by financing activities increased $78.7 million compared to the six months ended June 30, 2021 primarily due to an increase in net proceeds from equity issuances and higher net issuances of debt, which was partially offset by increased dividends and distributions paid.

Non-GAAP Financial Measures

We calculate FFO in accordance with the standards established by the National Association of Real Estate Investment Trusts ("Nareit"). Nareit defines FFO as net income (loss) (calculated in accordance with GAAP), excluding gains (or losses) from sales of depreciable operating property, real estate related depreciation and amortization (excluding amortization of deferred financing costs), impairment of real estate assets, 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 we believe 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 calculation of FFO may not be comparable to such other REITs' calculations of 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. Also, FFO 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 our operating property portfolio and affect the comparability of our 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, impairment of intangible assets and liabilities, property acquisition, development and other pursuit costs, mark-to-market adjustments for interest rate derivatives not designated as cash flow hedges, certain costs for interest rate caps designated as cash flow hedges, provision for unrealized non-cash credit losses, amortization of right-of-use assets attributable to finance leases, severance related costs, and other non-comparable items.

The following table sets forth a reconciliation of FFO and Normalized FFO for the three and six months ended June 30, 2022 and 2021 to net income, the most directly comparable GAAP measure:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in thousands, except per share and unit amounts)			
Net income attributable to common stockholders and OP Unitholders	$ 27,752	$ 5,568	$ 37,041	$ 8,690
Depreciation and amortization [(1)]	18,509	17,285	36,794	35,351
Gain on operating real estate dispositions, net [(2)]	(19,493)	—	(19,493)	(3,464)
Impairment of real estate assets	201	—	201	3,039
FFO attributable to common stockholders and OP Unitholders	26,969	22,853	54,543	43,616
Acquisition, development and other pursuit costs	26	32	37	103
Impairment of intangible assets and liabilities	85	83	132	83
Loss on extinguishment of debt	618	—	776	—
Unrealized credit loss provision	295	388	900	333
Amortization of right-of-use assets - finance leases	277	278	555	467
Change in fair value of derivatives not designated as cash flow hedges and other	(2,548)	(314)	(6,730)	(707)
Amortization of interest rate cap premiums on designated cash flow hedges	481	59	523	117
Normalized FFO available to common stockholders and OP Unitholders	$ 26,203	$ 23,379	$ 50,736	$ 44,012
Net income attributable to common stockholders and OP Unitholders per diluted share and unit	$ 0.31	$ 0.07	$ 0.42	$ 0.11
FFO attributable to common stockholders and OP Unitholders per diluted share and unit	$ 0.31	$ 0.28	$ 0.62	$ 0.54
Normalized FFO attributable to common stockholders and OP Unitholders per diluted share and unit	$ 0.30	$ 0.29	$ 0.58	$ 0.54
Weighted average common shares and units - diluted	88,331	81,262	88,042	80,771

(1) The adjustment for depreciation and amortization for the three and six months ended June 30, 2022 excludes $0.3 million and $0.5 million, respectively, of depreciation attributable to our joint venture partners.

(2) The adjustment for gain on operating real estate dispositions for the six months ended June 30, 2021 excludes the gain on sale of easement rights on a non-operating parcel.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated 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 then-currently available information. Actual results could differ from these estimates. We discuss the accounting policies and estimates that are most critical to understanding our reported financial results in our Annual Report on Form 10-K for the year ended December 31, 2021.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes to the Company's market risk since December 31, 2021. For a discussion of the Company's exposure to market risk, refer to the Company's market risk disclosure set forth in Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" of our Annual Report on Form 10-K for the year ended December 31, 2021.

Item 4. Controls and Procedures

We maintain disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is processed, recorded, summarized and reported within the time periods specified in the rules and regulations of the SEC and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

We have carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, regarding the effectiveness of our disclosure controls and procedures as of June 30, 2022, the end of the period covered by this report. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer have concluded, as of June 30, 2022, that our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in reports filed or submitted under the Exchange Act: (i) is processed, recorded, summarized and reported within the time periods specified in the SEC’s rules and forms and (ii) is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow for timely decisions regarding required disclosure.

There have been no changes to our internal control over financial reporting during the quarter ended June 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

We are not currently a party, as plaintiff or defendant, to any legal proceedings that we believe to be material or which, individually or in the aggregate, would be expected to have a material effect on our business, financial condition, or results of operations if determined adversely to us. We may be subject to ongoing litigation relating to our portfolio and the properties comprising our portfolio, and we expect to otherwise be party from time to time to various lawsuits, claims, and other legal proceedings that arise in the ordinary course of our business.

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2021.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales of Equity Securities

None.

Issuer Purchases of Equity Securities

None.

Item 3. Defaults on Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Compensation of Chief Financial Officer, Treasurer and Corporate Secretary

On August 5, 2022, the Compensation Committee of our Board of Directors (the “Compensation Committee”) approved new compensatory arrangements for Matthew T. Barnes-Smith, our Chief Financial Officer, Treasurer and Corporate Secretary. As a result of the new compensatory arrangements, Mr. Barnes-Smith’s base salary is now $300,000 per year. The Compensation Committee also approved compensation arrangements for Mr. Barnes-Smith pursuant to our short-term incentive program (the “STIP”). As previously disclosed, payouts under the STIP are based on us achieving certain threshold, target and maximum levels of corporate and individual performance metrics. Under the STIP, Mr. Barnes-Smith will be entitled to receive the following cash bonus payout at threshold, target and maximum performance: (1) $65,000 (Threshold), (2) $100,000 (Target) and (3) $135,000 (Maximum). Under the STIP, Mr. Barnes-Smith will be entitled to receive the following restricted stock awards under our Amended and Restated 2013 Equity Incentive Plan at threshold, target and maximum performance: (1) $65,000 (Threshold), (2) $100,000 (Target) and (3) $135,000 (Maximum). The Compensation Committee also approved a monthly automobile allowance (including automobile insurance and gas) for Mr. Barnes-Smith in the amount of $1,950.

Executive Severance Benefit Plan

On August 5, 2022, the Compensation Committee also approved changes to our previously disclosed Executive Severance Benefit Plan (the “Severance Plan”), in which our named executive officers participate. The Severance Plan provides three levels of benefits; Tier I, Tier II and Tier III. The Compensation Committee approved the designation of Mr. Barnes-Smith as a Tier III participant under the Severance Plan and approved the designation of Shawn J. Tibbetts, our Chief Operating Officer, as a Tier II participant under the Severance Plan. Mr. Tibbetts previously was designated as Tier III participant under the Severance Plan. See “Potential Payments Upon Termination or Change in Control” in our definitive Proxy Statement, dated April 22, 2022, for further information regarding the Severance Plan.

Item 6. Exhibits

The exhibits listed in the accompanying Exhibit Index are filed, furnished or incorporated by reference (as applicable) as part of this Quarterly Report on Form 10-Q.

Exhibit No.	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 Annual Report on Form 10-K for the fiscal year ended December 31, 2021, filed on February 24, 2022).
3.3	Articles Supplementary Designating the Rights and Preferences of the 6.75% Series A Cumulative Redeemable Perpetual Preferred Stock (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on June 17, 2019).
3.4	Articles Supplementary relating to Section 3-802(c) of the Maryland General Corporation Law (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on February 24, 2020).
3.5	Articles Supplementary Designating Additional 6.75% Series A Cumulative Redeemable Perpetual Preferred Stock, dated March 6, 2020 (Incorporated by reference to Exhibit 4.10 to the Company's Form S-3, filed on March 9, 2020).
3.6	Articles Supplementary Designating Additional 6.75% Series A Cumulative Redeemable Perpetual Preferred Stock, dated July 2, 2020 (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on July 6, 2020).
3.7	Articles Supplementary Designating Additional 6.75% Series A Cumulative Redeemable Perpetual Preferred Stock, dated August 17, 2020 (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on August 20, 2020).
10.1*	Indemnification Agreement between Armada Hoffler Properties, Inc. and each of the Directors and Officers listed on Schedule A thereto.
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of 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 Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101*	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, were formatted in Inline XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Balance Sheet, (ii) Condensed Consolidated Statements of Comprehensive Income, (iii) Condensed Consolidated Statements of Equity, (iv) Condensed Consolidated Statements of Cash Flows, and (v) Notes to Condensed Consolidated Financial Statements. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
104*	Cover page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL.
*	Filed herewith
**	Furnished herewith

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	ARMADA HOFFLER PROPERTIES, INC.
Date: August 5, 2022	/s/ Louis S. Haddad
	Louis S. Haddad President and Chief Executive Officer (Principal Executive Officer)
Date: August 5, 2022	/s/ Matthew T. Barnes-Smith
	Matthew T. Barnes-Smith Chief Financial Officer, Treasurer and Corporate Secretary (Principal Accounting and Financial Officer)

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (“Agreement”) is made and entered into as of the day of , 20___by and between Armada Hoffler Properties, Inc., a Maryland corporation (the “Company”), and _______ (“Indemnitee”).

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 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 60th 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):

Morrison & Foerster LLP
2100 L Street, NW
Suite 900
Washington, DC 20037
Attention: Justin R. Salon

or to such other address as may have been furnished in writing to Indemnitee by the Company or to the Company by Indemnitee, 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 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
Dorothy McAuliffe	September 27, 2019
Dennis H. Gartman	July 13, 2022
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
Matthew T. Barnes-Smith	March 21, 2022

Exhibit 31.1

**CERTIFICATION PURSUANT
TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Louis S. Haddad, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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: August 5, 2022

/s/ Louis S. Haddad
Louis S. Haddad
President and Chief Executive Officer

CERTIFICATION PURSUANT
TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Matthew T. Barnes-Smith, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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: August 5, 2022	/s/ Matthew T. Barnes-Smith
	Matthew T. Barnes-Smith
	Chief Financial Officer, Treasurer and Corporate Secretary

Exhibit 32.1

CERTIFICATION

The undersigned, Louis S. Haddad, the President and Chief Executive Officer of Armada Hoffler Properties, Inc. (the “Company”), pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certifies that, to the best of his knowledge:

1. the Quarterly Report for the period ended June 30, 2022 of the Company (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; 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: August 5, 2022

/s/ Louis S. Haddad
Louis S. Haddad
President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION

The undersigned, Matthew T. Barnes-Smith, the Chief Financial Officer and Treasurer of Armada Hoffler Properties, Inc. (the “Company”), pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certifies that, to the best of his knowledge:

1. the Quarterly Report for the period ended June 30, 2022 of the Company (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; 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: August 5, 2022

/s/ Matthew T. Barnes-Smith
Matthew T. Barnes-Smith
Chief Financial Officer, Treasurer and Corporate Secretary