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

FORM 10-K

☒**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2021
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)**

Registrant's Telephone Number, Including Area Code: (757) 366-4000

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

Securities registered pursuant to Section 12(g) of the Act: None

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

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

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 x 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 x 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 the 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	x	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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

As of June 30, 2021, the last business day of the registrant’s most recently completed second fiscal quarter, the aggregate market value of the registrant’s common stock held by non-affiliates of the registrant was approximately $795.6 million, based on the closing sales price of $13.29 per share as reported on the New York Stock Exchange. (For purposes of this calculation all of the registrant’s directors and executive officers are deemed affiliates of the registrant.)

As of February 18, 2022, the registrant had 67,324,313 shares of common stock outstanding. In addition, as of February 18, 2022, Armada Hoffler, L.P., the registrant's operating partnership subsidiary (the "Operating Partnership"), had 20,621,336 common units of limited partnership interest ("OP Units") outstanding (other than OP Units held by the registrant). Based on the 67,324,313 shares of common stock and 20,621,336 OP Units held by limited partners other than the registrant, the registrant had a total common equity market capitalization of 1,253,225,498 as of February 18, 2022 (based on the closing sales price of $14.25 on the New York Stock Exchange on such date).

Documents Incorporated by Reference

Portions of the registrant’s Definitive Proxy Statement relating to its 2022 Annual Meeting of Stockholders are incorporated by reference into Part III of this report. The registrant expects to file its Definitive Proxy Statement with the Securities and Exchange Commission within 120 days after December 31, 2021.

Armada Hoffler Properties, Inc.

Form 10-K
For the Fiscal Year Ended December 31, 2021

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

The following discussion should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this report. This report contains forward-looking statements within the meaning of the federal securities laws. We caution investors that any forward-looking statements presented in this report, or which management may make orally or in writing from time to time, are based on 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:

- the continuing impacts of the novel coronavirus ("COVID-19") pandemic, including a possible resurgence, and measures intended to prevent or mitigate its spread, and our ability to accurately assess and predict such impacts on our results of operations, financial condition, acquisition and disposition activities, and growth opportunities;
- our ability to commence or continue construction and development projects on the timeframes and terms currently anticipated;
- our ability and the ability of our tenants to access funding under government programs designed to provide financial relief for U.S. businesses in light of the COVID-19 pandemic;
- continuing 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 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 the recent changes to the 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. For a further discussion of these and other factors that could impact our future results, performance, or transactions, see the factors discussed in Item 1A. Risk Factors and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations herein and in other documents that we file from time to time with the Securities and Exchange Commission (the "SEC").

Summary Risk Factors

Our business is subject to a number of risks, including risks that may prevent us from achieving our business objectives or may adversely affect our business, financial condition, results of operations, cash flows and prospects. These summary risks provide an overview of many of the risks we are exposed to in the normal course of our business and are discussed more fully in Item 1A. Risk Factors herein. These risks include, but are not limited to, the following:

- The ongoing COVID-19 pandemic and measures intended to prevent its spread could have a material adverse effect on our business, results of operations, cash flows, and financial condition.
- Our failure to establish new development relationships with public partners and expand our development relationships with existing public partners could have a material adverse effect on our results of operations, cash flow, and growth prospects.
- We may be unable to identify and complete development opportunities and acquisitions of properties that meet our investment criteria, which may materially and adversely affect our results of operations, cash flow, and growth prospects.
- Our real estate development activities are subject to risks particular to development, such as unanticipated expenses, delays, and other contingencies, any of which could materially and adversely affect our financial condition, results of operations, and cash flow.
- The geographic concentration of our portfolio could cause us to be more susceptible to adverse economic or regulatory developments in the markets in which our properties are located than if we owned a more geographically diverse portfolio.

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

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

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

- The short-term leases in our multifamily portfolio expose us to the effects of declining market rents, which could adversely affect our results of operations, cash flow, and cash available for distribution.

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

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

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

- There can be no assurance that all of the projects for which our construction business is engaged as general contractor will be commenced or completed in their entirety in accordance with the anticipated cost or that we will achieve the financial results we expect from the construction of such properties.

- There can be no assurance that we will be able to realize the business objectives of our real estate investments through disposition or refinancing of such at attractive prices or within certain time periods, and any related illiquidity of our real estate investments could significantly impede our ability to respond to adverse changes in the performance of our properties and harm our financial condition.

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

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

- Failure to maintain our qualification as a REIT would cause us to be taxed as a regular corporation, which would substantially reduce funds available for distribution to our stockholders.

- We may be unable to make distributions at expected levels, which could result in a decrease in the market price of our common stock and our 6.75% Series A Cumulative Redeemable Perpetual Preferred Stock, $0.01 par value per share (“Series A Preferred Stock”).

PART I

Item 1. Business.

Our Company

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

We are a full-service real estate company with extensive experience developing, building, owning, and managing high-quality, institutional-grade office, retail, and multifamily properties in attractive markets primarily throughout the Mid-Atlantic and Southeastern United States. In addition to the ownership of our operating property portfolio, we develop and build properties for our own account and through joint ventures between us and unaffiliated partners and also invest in development projects through mezzanine lending and preferred equity arrangements. We also provide general contracting services to third parties. Our construction and development experience includes mid- and high-rise office buildings, retail strip malls, retail power centers, multifamily apartment communities, hotels and conference centers, single- and multi-tenant industrial, distribution, and manufacturing facilities, educational, medical and special purpose facilities, government projects, parking garages, and mixed-use town centers. Our most recent third-party construction contracts have included the mixed-use project The Interlock in Atlanta, Georgia, Boulder Lake Apartments in Chesterfield, Virginia, and 27th Street Hotel in Virginia Beach. We also are proud to have completed numerous signature properties across the Mid-Atlantic region, such as the Exelon Building in Baltimore, Maryland, the Inner Harbor East development in Baltimore, Maryland and the Mandarin Oriental Hotel in Washington, D.C.

We were formed on October 12, 2012 under the laws of the State of Maryland and are headquartered in Virginia Beach, Virginia. We elected to be taxed as a REIT for U.S. federal income tax purposes commencing with the taxable year ended December 31, 2013. Substantially all of our assets are held by, and all of our operations are conducted through, our Operating Partnership. As of December 31, 2021, we owned, through a combination of direct and indirect interests, 75.3% of the common units of limited partnership interest in our Operating Partnership ("OP Units").

2021 and Recent Highlights

The following highlights our results of operations and significant transactions for the year ended December 31, 2021:

- Net income attributable to common stockholders and OP Unitholders of $13.9 million, or $0.17 per diluted share, compared to $29.8 million, or $0.38 per diluted share, for the year ended December 31, 2020.

- Funds from operations attributable to common stockholders and OP Unitholders ("FFO") of $85.4 million, or $1.05 per diluted share, compared to $83.0 million, or $1.06 per diluted share, for the year ended December 31, 2020.

- Normalized funds from operations attributable to common stockholders and OP Unitholders ("Normalized FFO") of $87.3 million, or $1.07 per diluted share, compared to $86.2 million, or $1.10 per diluted share, for the year ended December 31, 2020.

- Property segment net operating income ("NOI") of $123.8 million, which represents a 13.2% increase compared to $109.4 million for the year ended December 31, 2020:

  - Office NOI of $28.8 million compared to $27.6 million
  - Retail NOI of $57.6 million compared to $54.2 million
  - Multifamily NOI of $37.3 million compared to $27.6 million

- Same store NOI of $92.1 million, which represents a 2.5% increase compared to $89.9 million for the year ended December 31, 2020:

  - Office same store NOI of $26.5 million compared to $26.4 million
  - Retail same store NOI of $48.1 million compared to $47.7 million
  - Multifamily same store NOI of $17.5 million compared to $15.8 million

- Stabilized portfolio occupancy at 96.7% as of December 31, 2021 compared to 94.4% as of December 31, 2020:

  - Office occupancy at 96.8% compared to 97.0%
  - Retail occupancy at 96.0% compared to 94.7%
  - Multifamily occupancy at 97.4% compared to 92.5%

- Increased quarterly cash common stock dividends from an annualized amount of $0.44 to $0.68 per share during 2021, representing an increase of 54.5%.

- Completed the sale of Oakland Marketplace, an unencumbered Kroger-anchored center, for a sales price of $5.5 million.

- Completed the off-market acquisition of Delray Beach Plaza, a Whole Foods-anchored center in Delray Beach, FL.

- Completed the off-market acquisition of Greenbrier Square, a Kroger-anchored retail center in Chesapeake, VA.

- Completed the off-market acquisition of Overlook Village, a T.J. Maxx | Homegoods and Ross-anchored retail center in Asheville, NC.

- Commenced construction of a mixed-use development project, Southern Post in Roswell, Georgia, in the fourth quarter of 2021.

- Completed the disposition of Courthouse 7-Eleven for a sales price of $3.1 million.

- Completed the disposition of student housing asset Johns Hopkins Village for a sales price of $75.0 million.

- Completed the acquisition of the Exelon Building in Harbor Point Baltimore during the first quarter of 2022.

- Our board of directors reaffirmed the Company’s commitment to leadership in corporate governance practices by amending the Company’s bylaws to implement a “proxy access” provision that enables eligible long-term stockholders to nominate and include their own director nominees in the Company’s proxy materials, along with the candidates nominated by our board of directors.

- We have an ongoing commitment to environmental, workplace health and safety, corporate social responsibility, corporate governance, and other sustainability matters. The latest Sustainability Committee's Report can be accessed through the Sustainability page of the Company's website, ArmadaHoffler.com/Sustainability.

For definitions and discussion of FFO, Normalized FFO, NOI, and same store NOI, see the section below entitled "Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations."

Our Competitive Strengths

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

- *High-Quality, Diversified Portfolio*. Our portfolio consists of institutional-grade, premier office, retail, and multifamily properties located primarily in the Mid-Atlantic and Southeastern regions. Our properties are generally in the top tier of commercial properties in their markets, many in master planned communities, and offer Class-A amenities and finishes.

- *Seasoned, Committed, and Aligned Senior Management Team with a Proven Track Record.* Our senior management team has extensive experience developing, constructing, owning, operating, renovating, and financing institutional-grade office, retail, and multifamily properties in the Mid-Atlantic and Southeastern regions. As of December 31, 2021, our named executive officers and directors collectively owned approximately 12.9% of our company on a fully diluted basis, which we believe aligns their interests with those of our stockholders.

- *Strategic Focus on Attractive Mid-Atlantic and Southeastern Markets.* We focus our activities on our target markets in the Mid-Atlantic and Southeastern regions of the United States that demonstrate attractive fundamentals driven by favorable supply and demand characteristics and limited competition from other large, well-capitalized operators. We believe that our longstanding presence in our target markets provides us with significant advantages in sourcing and executing development opportunities, identifying and mitigating potential risks, and negotiating attractive pricing.

- *Extensive Experience with Construction and Development.* Our platform consists of development, construction, and asset management capabilities, which comprise an integrated delivery system for every project that we build for our own account or for third-party clients. This integrated approach provides a single source of accountability for design and construction, simplifies coordination and communication among the relevant stakeholders in each project, and provides us valuable insight from an operational perspective. We believe that being regularly engaged in construction and development projects provides us significant and distinct advantages, including enhanced market intelligence, greater insight into best practices, enhanced operating leverage, and "first look" access to development and ownership opportunities in our target markets. We also use mezzanine lending and preferred equity arrangements, which may enable us to acquire completed development projects at prices that are below market or at cost and may enable us to realize profit on projects we do not intend to own.

- *Longstanding Public and Private Relationships*. We have extensive experience with public/private real estate development projects dating back to 1984, having worked with the Commonwealth of Virginia, the State of Georgia, and the Kingdom of Sweden, as well as various municipalities. Through our experience and longstanding relationships with governmental entities such as these, we have learned to successfully navigate the often complex and time-consuming government approval process, which has given us the ability to capture opportunities that we believe many of our competitors are unable to pursue.

Our Business and Growth Strategies

Our primary business objectives are to: (i) continue to develop, build, and own institutional-grade office, retail, and multifamily properties in our target markets, (ii) finance and operate our portfolio in a manner that increases cash flow and property values, (iii) execute new third-party construction work with consistent operating margins, and (iv) pursue selective acquisition opportunities, particularly when the acquisition involves a significant redevelopment aspect. We will seek to achieve our objectives through the following strategies:

- *Pursue a Disciplined, Opportunistic Development and Acquisition Strategy Focused on Office, Retail, and Multifamily Properties*. We intend to continue to grow our asset base through continued strategic development of office, retail, and multifamily properties, and the selective acquisition of high-quality properties that are well-located in their submarkets. Furthermore, we believe our construction and development expertise provides a high level of quality control while ensuring that the projects we construct and develop are completed more quickly and at a lower cost than if we engaged a third-party general contractor.

- *Pursue New, and Expand Existing, Public/Private Relationships*. We intend to continue to leverage our extensive experience in completing large, complex, mixed-use, public/private projects to establish relationships with new public partners while expanding our relationships with existing public partners.

- *Leverage our Construction and Development Platform to Attract Additional Third-Party Clients*. We believe that we have a unique advantage over many of our competitors due to our integrated construction and development business that provides expertise, oversight, and a broad array of client-focused services. We intend to continue to conduct and grow our construction business and other third-party services by pursuing new clients and expanding our relationships with existing clients. We also intend to continue to use our mezzanine lending program to leverage our development and construction expertise in serving clients.

- *Engage in Disciplined Capital Recycling*. We intend to opportunistically divest properties when we believe returns have been maximized and to redeploy the capital into new development, acquisition, repositioning, or redevelopment projects that are expected to generate higher potential risk-adjusted returns.

Our Properties

The table below sets forth certain information regarding our stabilized portfolio as of December 31, 2021. 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 stabilization criteria above are again met.

Property	Location	Year Built / Renovated / Redeveloped	Ownership Interest	Net Rentable Square Feet[1]	Occupancy[2]	ABR[3]	ABR per Leased SF[3]
Retail Properties							
249 Central Park Retail	Virginia Beach, VA	2004	100 %	92,400	94.0 %	$ 2,304,127	$ 26.53
Apex Entertainment	Virginia Beach, VA	2002	100 %	103,335	100.0 %	1,492,772	14.45
Broad Creek Shopping Center[4][5]	Norfolk, VA	1997/2001	100 %	121,504	96.9 %	2,154,911	18.30
Broadmoor Plaza	South Bend, IN	1980	100 %	115,059	98.2 %	1,349,460	11.95
Brooks Crossing Retail[6]	Newport News, VA	2016	65 %	18,349	78.3 %	212,025	14.76
Columbus Village[4]	Virginia Beach, VA	1980/2013	100 %	62,207	95.0 %	1,800,205	30.47
Columbus Village II[7]	Virginia Beach, VA	1995/1996	100 %	92,061	96.7 %	867,428	9.74
Commerce Street Retail	Virginia Beach, VA	2008	100 %	19,173	100.0 %	955,820	49.85
Delray Beach Plaza[4][5]	Delray Beach, FL	2021	100 %	87,207	100.0 %	2,979,446	34.17
Dimmock Square	Colonial Heights, VA	1998	100 %	106,166	75.3 %	1,472,634	18.43
Fountain Plaza Retail	Virginia Beach, VA	2004	100 %	35,961	100.0 %	1,008,015	28.03
Greenbrier Square[4]	Chesapeake, VA	2017	100 %	260,710	95.4 %	2,428,432	9.76
Greentree Shopping Center	Chesapeake, VA	2014	100 %	15,719	92.6 %	321,936	22.12
Hanbury Village[4]	Chesapeake, VA	2006/2009	100 %	98,638	100.0 %	1,991,635	20.19
Harrisonburg Regal	Harrisonburg, VA	1999	100 %	49,000	100.0 %	717,850	14.65
Lexington Square	Lexington, SC	2017	100 %	85,440	98.3 %	1,832,577	21.81
Market at Mill Creek[4][6]	Mount Pleasant, SC	2018	70 %	80,319	97.7 %	1,825,208	23.25
Marketplace at Hilltop[4][5]	Virginia Beach, VA	2000/2001	100 %	116,953	100.0 %	2,654,334	22.70
Nexton Square	Summerville, SC	2020	100 %	133,608	100.0 %	3,469,863	25.97
North Hampton Market	Taylors, SC	2004	100 %	114,954	100.0 %	1,556,964	13.54
North Point Center[4]	Durham, NC	1998/2009	100 %	494,746	100.0 %	3,905,492	7.89
Overlook Village	Asheville, NC	1990	100 %	151,365	100.0 %	2,194,338	14.50
Parkway Centre	Moultrie, GA	2017	100 %	61,200	100.0 %	836,604	13.67
Parkway Marketplace	Virginia Beach, VA	1998	100 %	37,804	100.0 %	765,085	20.24
Patterson Place	Durham, NC	2004	100 %	160,942	95.2 %	2,370,224	15.47
Perry Hall Marketplace	Perry Hall, MD	2001	100 %	74,251	98.0 %	1,242,066	17.07
Premier Retail	Virginia Beach, VA	2018	100 %	38,715	82.0 %	1,012,014	31.87
Providence Plaza	Charlotte, NC	2007/2008	100 %	103,118	90.5 %	2,708,361	29.01
Red Mill Commons[4]	Virginia Beach, VA	2000-2005	100 %	373,808	90.7 %	6,353,714	18.74
Sandbridge Commons[4]	Virginia Beach, VA	2015	100 %	76,650	100.0 %	1,094,883	14.28
South Retail	Virginia Beach, VA	2002	100 %	38,515	100.0 %	993,449	25.79
South Square	Durham, NC	1977/2005	100 %	109,590	100.0 %	1,957,049	17.86
Southgate Square	Colonial Heights, VA	1991/2016	100 %	260,131	93.2 %	3,375,194	13.92
Southshore Shops	Chesterfield, VA	2006	100 %	40,307	78.6 %	653,369	20.63
Studio 56 Retail	Virginia Beach, VA	2007	100 %	11,594	31.0 %	94,010	26.16
Tyre Neck Harris Teeter[4][5]	Portsmouth, VA	2011	100 %	48,859	100.0 %	533,285	10.91
Wendover Village	Greensboro, NC	2004	100 %	176,997	98.8 %	3,411,446	19.52
Total / Weighted Average				**4,067,355**	**96.0 %**	**$ 66,896,225**	**$ 17.13**

	Location	Year Built / Renovated / Redeveloped	Ownership Interest	Net Rentable Square Feet [1]	Occupancy [2]	ABR [3]	ABR per Leased SF[3]
Office Properties							
4525 Main Street	Virginia Beach, VA	2014	100 %	235,088	100.0 %	$ 7,043,627	$ 29.96
Armada Hoffler Tower[8][9]	Virginia Beach, VA	2002	100 %	315,916	99.3 %	9,319,944	29.72
Brooks Crossing Office	Newport News, VA	2019	100 %	98,061	100.0 %	1,887,674	19.25
One City Center	Durham, NC	2019	100 %	151,599	87.6 %	4,258,812	32.06
One Columbus[8]	Virginia Beach, VA	1984	100 %	128,770	88.3 %	2,908,605	25.57
Thames Street Wharf[9]	Baltimore, MD	2010	100 %	263,426	100.0 %	7,493,734	28.45
Two Columbus	Virginia Beach, VA	2009	100 %	108,459	95.4 %	2,644,244	25.55
Total / Weighted Average				**1,301,319**	**96.8 %**	**$ 35,556,640**	**$ 28.21**

	Location	Year Built / Renovated / Redeveloped	Ownership Interest	Units/Beds	Occupancy[2]	AQR[10]	Monthly Rent per Occupied Unit/Bed
Multifamily Properties							
1405 Point[5][11]	Baltimore, MD	2018	100 %	289	95.8 %	$ 7,953,108	$ 2,393
Edison Apartments[11]	Richmond, VA	1919/2014	100 %	174	99.4 %	2,902,883	1,398
Encore Apartments	Virginia Beach, VA	2014	100 %	286	98.3 %	5,205,250	1,544
Greenside Apartments	Charlotte, NC	2018	100 %	225	98.2 %	4,371,398	1,648
Hoffler Place[11][12]	Charleston, SC	2019	100 %	258	96.9 %	3,818,880	1,273
Liberty Apartments[11]	Newport News, VA	2013	100 %	197	96.9 %	3,266,997	1,426
Premier Apartments	Virginia Beach, VA	2018	100 %	131	97.7 %	2,650,720	1,726
Smith's Landing[5]	Blacksburg, VA	2009	100 %	284	99.6 %	5,457,429	1,607
Summit Place[12]	Charleston, SC	2020	100 %	357	96.6 %	4,005,316	967
The Cosmopolitan[11]	Virginia Beach, VA	2006	100 %	342	96.5 %	8,253,518	2,084
The Residences at Annapolis Junction [6]	Annapolis Junction, MD	2018	79 %	416	97.1 %	10,227,750	2,110
Total / Weighted Average				**2,959**	**97.4 %**	**$ 58,113,249**	**$ 1,680**

(1) The net rentable square footage for each of our office and retail properties is the sum of (a) the square footage of existing leases, plus (b) for available space, management's estimate of net rentable square footage based, in part, on past leases. The net rentable square footage included in office leases is generally consistent with the Building Owners and Managers Association 1996 measurement guidelines.
(2) Occupancy for each of our office and retail properties is calculated as (a) square footage under executed leases as of December 31, 2021 divided by (b) net rentable square feet, expressed as a percentage. Occupancy for our multifamily properties is calculated as (a) total units/beds occupied as of December 31, 2021 divided by (b) total units/beds available, expressed as a percentage.
(3) For the properties in our office and retail portfolios, annualized base rent ("ABR") is calculated by multiplying (a) monthly base rent (defined as cash base rent, before contractual tenant concessions and abatements, and excluding tenant reimbursements for expenses paid by us) as of December 31, 2021 for in-place leases as of such date by (b) 12, and does not give effect to periodic contractual rent increases or contingent rental revenue (e.g., percentage rent based on tenant sales thresholds). ABR per leased square foot is calculated by dividing (a) ABR by (b) square footage under in-place leases as of December 31, 2021. In the case of triple net or modified gross leases, our calculation of ABR does not include tenant reimbursements for real estate taxes, insurance, common area or other operating expenses.
(4) Net rentable square feet at certain of our retail properties includes pad sites leased pursuant to ground leases.
(5) The Company leases all or a portion of the land underlying this property pursuant to a ground lease.
(6) We are entitled to a preferred return on our investment in this property.
(7) The Regal Cinemas space is shown as occupied in this data. This lease expired December 31, 2021 and is now on a month to month basis.
(8) Includes ABR pursuant to a rooftop lease.
(9) As of December 31, 2021, we occupied 55,390 square feet at these two properties at an ABR of $1.8 million, or $32.23 per leased square foot, which amounts are reflected in this table. The rent paid by us is eliminated in accordance with U.S. generally accepted accounting principles ("GAAP").
(10) For the properties in our multifamily portfolio, AQR is calculated by multiplying (a) revenue for the quarter ended December 31, 2021 by (b) 4.
(11) The AQR for Liberty, Cosmopolitan, Hoffler Place, Edison Apartments, and 1405 Point excludes approximately $0.2 million, $0.9 million, $0.3 million, $0.3 million, and $0.4 million, respectively, from ground floor retail leases.
(12) Student Housing property that is leased by bed. Monthly effective rent per occupied unit is calculated by dividing total base rental payments for the month ended December 31, 2021 by the number of occupied beds.

Lease Expirations

The following tables summarize the scheduled expirations of leases in our office and retail operating property portfolios as of December 31, 2021. The information in the following tables does not assume the exercise of any renewal options:

Office Lease Expirations

Year of Lease Expiration[1]	Number of Leases Expiring	Square Footage of Leases Expiring	% Portfolio Net Rentable Square Feet	ABR	% of Office Portfolio ABR	ABR per Leased Square Foot
Available	—	41,090	3.2 %	$ —	— %	$ —
Month-to-Month	5	2,743	0.2 %	88,399	0.2 %	32.23
2022	9	20,125	1.5 %	538,718	1.5 %	26.77
2023	15	108,764	8.4 %	2,994,826	8.4 %	27.54
2024	12	142,077	10.9 %	3,593,408	10.1 %	25.29
2025	19	143,517	11.0 %	4,335,349	12.2 %	30.21
2026	11	54,089	4.2 %	1,392,328	3.9 %	25.74
2027	9	287,267	22.1 %	8,426,765	23.7 %	29.33
2028	10	83,637	6.4 %	2,398,245	6.7 %	28.67
2029	8	245,366	18.9 %	6,471,877	18.2 %	26.38
2030	6	107,801	8.3 %	3,120,172	8.8 %	28.94
2031	1	1,317	0.1 %	37,535	0.1 %	28.50
Thereafter	2	63,526	4.8 %	2,159,018	6.2 %	33.99
Total / Weighted Average	**107**	**1,301,319**	**100.0 %**	**$ 35,556,640**	**100.0 %**	**$ 28.21**

(1) Excludes leases from development and redevelopment properties that have been delivered, but are not yet stabilized.

Retail Lease Expirations

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring	% Portfolio Net Rentable Square Feet	ABR	% of Retail Portfolio ABR	ABR per Leased Square Foot
Available	—	161,502	4.0 %	$ —	— %	$ —
Month-to-Month	2	5,900	0.1 %	138,081	0.2 %	23.40
2021[1]	1	51,545	1.3 %	267,428	0.4 %	5.19
2022	50	142,407	3.5 %	2,804,504	4.2 %	19.69
2023	67	442,307	10.9 %	6,619,706	9.9 %	14.97
2024	87	459,871	11.3 %	8,638,283	12.9 %	18.78
2025	84	635,648	15.6 %	8,933,617	13.4 %	14.05
2026	77	385,367	9.5 %	7,544,643	11.3 %	19.58
2027	47	366,768	9.0 %	6,219,838	9.3 %	16.96
2028	30	88,907	2.2 %	2,641,323	3.9 %	29.71
2029	29	113,829	2.8 %	2,419,430	3.6 %	21.25
2030	40	239,821	5.9 %	5,304,423	7.9 %	22.12
2031	29	206,988	5.1 %	3,935,595	5.9 %	19.01
Thereafter	33	766,495	18.8 %	11,429,354	17.1 %	14.91
Total / Weighted Average	**576**	**4,067,355**	**100.0 %**	**$ 66,896,225**	**100.0 %**	**$ 17.13**

(1) Lease expired on December 31, 2021 and was renewed on a month-to-month basis.

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Tenant Diversification

The following tables list the 10 largest tenants in each of our office and retail operating property portfolios, based on annualized base rent as of December 31, 2021 ($ in thousands):

Office Tenant [1]	Number of Leases	Lease Expiration	ABR	% of Office Portfolio ABR	% of Total Portfolio ABR
Morgan Stanley[2]	1	2027	$ 5,703	16.0 %	3.6 %
Clark Nexsen	1	2029	2,746	7.7 %	1.7 %
WeWork	1	2034	2,122	6.0 %	1.3 %
Duke University	1	2029	1,618	4.6 %	1.0 %
Huntington Ingalls	1	2029	1,575	4.4 %	1.0 %
Mythics	1	2030	1,235	3.5 %	0.8 %
Johns Hopkins Medicine	1	2023	1,180	3.3 %	0.7 %
Pender & Coward	1	2030	950	2.7 %	0.6 %
Kimley-Horn	1	2027	930	2.6 %	0.6 %
Troutman Pepper Hamilton Sanders	1	2025	907	2.6 %	0.6 %
Top 10 Total			**$ 18,966**	**53.4 %**	**11.9 %**

(1) Excludes leases from development and redevelopment properties that have been delivered, but are not yet stabilized.
(2) Excludes 9,300 square feet Morgan Stanley lease at Armada Hoffler Tower expiring in 2023. Inclusive of both leases, Morgan Stanley contributes $6.0 million of ABR.

Retail Tenant [1]	Number of Leases	Lease Expiration	ABR	% of Retail Portfolio ABR	% of Total Portfolio ABR
Harris Teeter/Kroger	6	2023 - 2035	$ 3,739	5.6 %	2.3 %
Lowes Foods	2	2037; 2039	1,976	3.0 %	1.2 %
Dick's Sporting Goods	1	2032	1,508	2.3 %	0.9 %
TJ Maxx/Homegoods	5	2023 - 2027	1,504	2.2 %	0.9 %
PetSmart	5	2025 - 2027	1,461	2.2 %	0.9 %
Amazon/Whole Foods	1	2040	1,144	1.7 %	0.7 %
Ross Dress For Less	3	2025 - 2027	1,122	1.7 %	0.7 %
Apex Entertainment	1	2035	1,050	1.6 %	0.7 %
Bed, Bath, & Beyond	2	2025 - 2027	1,047	1.6 %	0.7 %
Regal Cinemas	2	2021 - 2024	985	1.5 %	0.6 %
Top 10 Total			**$ 15,536**	**23.4 %**	**9.6 %**

(1) Excludes leases from development and redevelopment properties that have been delivered, but are not yet stabilized.

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Development Pipeline

In addition to the properties in our operating property portfolio as of December 31, 2021, we had the following properties in various stages of predevelopment, development, redevelopment, and stabilization. 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.

Development, Predevelopment, Not Delivered			**($ in '000s)**		**Schedule [1]**				
Property	**Location**	**Estimated Size [1]**	**Estimated Cost [1]**	**Incurred Cost**	**Start**	**Initial Occupancy**	**Stabilized Operation [2]**	**AHH Ownership %**	**Property Type**
Gainesville Apartments [3]	Gainesville, GA	223 units	$ 52,000	$ 42,000	3Q20	1Q22	2Q23	95 %	Multifamily
Chronicle Mill [3]	Belmont, NC	244 units/14,700 sf	55,000	29,000	1Q21	3Q22	4Q23	85%	Multifamily
Southern Post	Roswell, GA	137 units/137,000 sf	110,000	12,000	4Q21	4Q23	4Q24	100%	Mixed-use
Harrisonburg Apartments	Harrisonburg, VA	266 units	70,000	—	2Q22	3Q24	3Q25	100%	Multifamily
		Total Development, Pending Delivery	$ 287,000	$ 83,000					

Development/Redevelopment, Delivered Not Stabilized			**($ in '000s)**		**Schedule**				
Property	**Location**	**Estimated Size [1]**	**Estimated Cost [1]**	**Incurred Cost**	**Start**	**Initial Occupancy**	**Stabilized Operation [1][2]**	**AHH Ownership %**	**Property Type**
Wills Wharf	Baltimore, MD	328,000 sf	120,000	114,000	3Q18	2Q20	1Q23	100%	Office
Total Development/Redevelopment, Delivered Not Stabilized			120,000	114,000					
		Total	**$ 407,000**	**$ 197,000**					

(1) Represents estimates that may change as the development/stabilization process proceeds.
(2) Estimated first full quarter of stabilized operations. Estimates are inherently uncertain, and we can provide no assurance that our assumptions regarding the timing of stabilization will prove accurate.
(3) We are entitled to a preferred return on our investment in this property.

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

Gainesville Apartments is a $52.0 million 223-unit Class A multifamily property being developed in Gainesville, Georgia, with expected delivery in 2022.

Chronicle Mill is a $55.0 million 244-unit multifamily property that includes 14,700 square feet of retail space being developed in Belmont, North Carolina, with expected delivery in 2022.

Southern Post is a $110.0 million mixed-use project that includes 137 multifamily units and 137,000 square feet of retail space being developed in Roswell, Georgia, with expected delivery in 2023.

Harrisonburg Apartments is a $70.0 million 266-unit multifamily project in Harrisonburg, Virginia in the predevelopment stage with expected delivery in 2024.

Wills Wharf is a mixed-use development project in the Harbor Point area of Baltimore, Maryland. The project includes office space occupied primarily by Jellyfish, RBC, Morgan Stanley, and Transamerica and also includes a lease to the operator of a Canopy by Hilton hotel. Portions of the Wills Wharf project were completed and placed in service during the second quarter of 2020, with the remainder expected in the first quarter of 2023. As of December 31, 2021, the overall project was 70.4% leased.

Planned Equity Method Investments - Predevelopment

Planned Equity Method Investments (1) as of December 31, 2021			($ in '000s)		Schedule				
Property	Location	Estimated Size	Estimated Project Cost	Incurred Cost	Start	Initial Occupancy	Stabilized Operation	AHH Ownership %	Property Type
T. Rowe Price Global HQ	Baltimore, MD	450,000 sf	250,000	13,000	1Q22	1Q24	2Q24	50%	Office
Parcel 4 Mixed-Use	Baltimore, MD	312 units / 10,000 sf retail / 1,250 parking spaces	192,000	1,000	1Q22	1Q24	TBD	50%	Mixed-use / Garage
		Total	**$ 442,000**	**$ 14,000**					

(1) All items in the table (other than incurred cost as of December 31, 2021)are estimates based on predevelopment assumptions and are subject to change.

Other Investments

Interlock Commercial

On December 21, 2018, we entered into a mezzanine loan agreement with the developer of the office and retail components of The Interlock, a new mixed-use public-private partnership with Georgia Tech in West Midtown Atlanta. The loan has a maximum principal amount of $70.1 million and a total maximum commitment, including accrued interest reserves, of $107.0 million. The mezzanine loan bears interest at a rate of 15.0% per annum, with $3.0 million of overrun advances bearing interest at a rate of 18.0%. The loan matures on the earlier of (i) 24 months after the original maturity date or earlier termination date of the senior construction loan or (ii) any sale, transfer, or refinancing of the project. In the event that the maturity date is established as being 24 months after the original maturity date or earlier termination date of the senior construction loan, the developer will have the right to extend the maturity date for five years.

The balance on the Interlock Commercial note was $95.4 million as of December 31, 2021. During the year ended December 31, 2021, we recognized $12.8 million of interest income on the note. See Note 6 to our consolidated financial statements in Item 8 of this Annual Report on Form 10-K.

In February 2022, the borrower paid the balance down by $13.5 million.

Nexton Multifamily

On April 1, 2021, we entered into a $22.3 million preferred equity investment for the development of a multifamily property located in Summerville, South Carolina, adjacent to our Nexton Square property. The investment has economic terms consistent with a note receivable, including a mandatory redemption or maturity on October 1, 2026, and it is accounted for as a note receivable in our consolidated balance sheets. This investment bears interest at a rate of 11%, compounded annually.

The principal balance on the Nexton Multifamily note was $22.3 million as of December 31, 2021. During the year ended December 31, 2021, we recognized $1.3 million of interest income on the note, bringing the total balance on the loan to $23.6 million. See Note 6 to our consolidated financial statements in Item 8 of this Annual Report on Form 10-K.

Solis Apartments at Interlock

On December 21, 2018, we entered into a mezzanine loan agreement with Interlock Mezz Borrower, LLC ("Solis Interlock"), the developer of Solis Apartments at Interlock, which is the apartment component of The Interlock. The mezzanine loan had a maximum principal commitment of $25.2 million and a total maximum commitment, including accrued interest reserves, of $41.1 million. The mezzanine loan bore interest at a rate of 13.0% per annum.

On June 7, 2021 the borrower paid off the Solis Apartments at Interlock note receivable in full. The Company received a total of $33.0 million, which consisted of $23.2 million outstanding principal, $7.4 million of accrued interest, and a prepayment premium of $2.4 million that resulted from the early payoff of the loan. See Note 6 to our consolidated financial statements in Item 8 of this Annual Report on Form 10-K.

Unconsolidated Joint Ventures

During December 2020, we formed a 50/50 joint venture that will develop and build T. Rowe Price's new global headquarters in Baltimore's Harbor Point. Plans for this development are preliminary and will evolve during the next several quarters. T. Rowe Price agreed to a 15-year lease and plans to relocate its downtown Baltimore operations in the first half of 2024 to a facility in Harbor Point that is planned to contain at least 450,000 square feet of office space. Project costs at this time are subject to change and currently estimated at $250 million. We will be expected to provide completion guarantees to the lender for this project. We expect the construction loan, when obtained, to be cross collateralized with Harbor Point Parcel 4 (as defined below).

In conjunction with this build-to-suit project, another joint venture will develop and build a new mixed-use facility with 312 apartments units, 10,000 square feet of retail space, and 1,250 spaces of structured parking on a neighboring site ("Harbor Point Parcel 4") to accommodate T. Rowe Price's parking requirements and other parking requirements for the surrounding area. Plans for this project are also preliminary and will evolve during the next several quarters. Estimated project costs are $192 million and the terms of this joint venture are currently being negotiated. We anticipate that this will be a 50/50 joint venture. When a construction loan is obtained, we will be expected to provide completion guarantees and a partial payment guarantee to the lender for this project.

Under current plans and estimates, our equity requirement combined for the two projects would be $60 million. We anticipate breaking ground in the second quarter of 2022 for both projects.

Acquisitions

On February 26, 2021, we acquired Delray Beach Plaza, a Whole Foods-anchored retail property located in Delray Beach, Florida, for a contract price of $27.6 million plus capitalized transaction costs of $0.2 million. As a part of this transaction, the developer of this property repaid our mezzanine note receivable of $14.3 million at the time of the acquisition.

On June 28, 2021, we purchased the remaining 7.5% ownership interest in Hoffler Place for a cash payment of $0.3 million.

On June 28, 2021, we purchased the remaining 10% ownership interest in Summit Place for a cash payment of $0.5 million.

On July 28, 2021, we acquired Overlook Village, a retail center in Asheville, North Carolina, for a contract price of $28.3 million plus capitalized acquisition costs of $0.1 million.

On August 24, 2021, we acquired Greenbrier Square, a Kroger-anchored retail center in Chesapeake, Virginia, for total consideration of $36.5 million plus capitalized acquisition costs of $0.3 million. As a part of this acquisition, we assumed a note payable of $20.0 million.

Dispositions

On January 4, 2021, we completed the sale of the 7-Eleven outparcel at Hanbury Village for a sale price of $2.9 million. The gain on disposition was $2.4 million.

On January 14, 2021, we completed the sale of a land outparcel at Nexton Square for a sale price of $0.9 million. There was no gain or loss on the disposition.

On March 16, 2021, we completed the sale of Oakland Marketplace for a sale price of $5.5 million. The gain on disposition was $1.1 million.

On March 18, 2021, we completed the sale of easement rights at Courthouse 7-Eleven for a sale price of $0.3 million. The gain on disposition was $0.2 million.

On October 28, 2021, we completed the sale of Courthouse 7-Eleven for a sale price of $3.1 million. The gain on disposition was $1.1 million.

On November 16, 2021, we completed the sale of Johns Hopkins Village for a sale price of $75.0 million. The gain on disposition was $14.4 million.

On December 15, 2021, we completed the sale of a land parcel at Brooks Crossing for a sale price of $0.5 million. The loss recognized upon disposition was immaterial.

Subsequent to December 31, 2021

On January 14, 2022, we acquired a 79% membership interest and an additional 11% economic interest in the mixed-use property located in Baltimore's Harbor Point known as 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 was subject to a $156.1 million loan, which we immediately refinanced following the acquisition with a new $175.0 million loan.

Impairment and Disposal of Real Estate

During the three months ended March 31, 2021, we recognized impairment of real estate of $3.0 million related to the Socastee Commons shopping center in Myrtle Beach, South Carolina. On August 25, 2021, we completed the sale of Socastee Commons for a price of $3.8 million. The loss on disposition was $0.1 million.

During the three months ended December 31, 2021, we recognized impairment of real estate of $18.3 million related to the Hoffler Place and Summit Place student-housing properties. We reclassified the properties as real estate investments held for sale as of December 31, 2021. The properties are under contract and expected to be sold during the first half of 2022.

Impact of COVID-19 on our Business

Overview

The extent of the COVID-19 pandemic's effect on our business activity will depend on future developments, including the duration and intensity of the pandemic, the timing, administration and effectiveness of COVID-19 vaccines (including against COVID-19 variant strains), and the duration of, or the reinstatement of, government measures to mitigate the pandemic or address its effects, all of which are uncertain and difficult to predict. Due to the uncertainty surrounding the COVID-19 pandemic, we are not able at this time to estimate the full effect of these factors on our business. While the full extent of the COVID-19 pandemic's impact on the U.S. economy and the U.S. real estate industry remains to be seen, the pandemic has presented significant challenges for us and many of our tenants. In the near-term, we and many of our tenants are focusing on implementing contingency plans to manage business disruptions caused by the pandemic and related actions intended to mitigate its spread. In the long-term, we might need to re-assess and consider modifying our operating model, underwriting criteria, and liquidity position to mitigate the impacts of future economic downturns, including as a result of a future resurgence of COVID-19 cases, the timing, severity, and duration of which cannot be predicted.

We anticipate that the global health crisis caused by COVID-19 and the related responses intended to mitigate its spread will continue to adversely affect business activity, particularly relating to our retail tenants, across the markets in which we operate. We have observed the impact of COVID-19 manifest in the form of business closures or significantly limited operations for periods of time in our retail portfolio, with the exception of tenants operating in certain "essential" businesses, which has resulted, and may in the future result in, a decline in on-time rental payments, increased requests from tenants for temporary rental relief, and potentially permanent closure of certain businesses. While operations in many areas have been allowed to fully or partially re-open, no assurance can be given that restrictions will not be reinstituted in the future.

In an effort to protect the health and safety of our employees, as part of our initial response to the COVID-19 pandemic, we took proactive, aggressive actions to adopt social distancing policies at our offices, properties, and construction jobsites, including: transitioning our office employees to a remote work environment during certain periods of time, which was greatly assisted by recent enhancements to our IT systems; limiting the number of employees attending in-person meetings; implementing limitations on travel; and ensuring all construction jobsites continue to comply with state and local social distancing requirements and other health and safety protocols implemented by the Company.

From an operational perspective, we have remained in regular communication with our tenants, property managers, and vendors, and, where appropriate, have provided guidance relating to the availability of government relief programs that could support our tenants' businesses. In response to the market and industry trends, we also have pursued cost-saving initiatives to align our overall cost structure, including proactively deferring previously announced development activity at several of our projects, postponing certain acquisition activity, slowing down redevelopment activity at The Cosmopolitan, and suspending non-essential capital expenditures. Although we believe these measures and other measures we may implement in the future will help mitigate the financial impacts of the pandemic on our business, there can be no assurances that we will

accurately forecast the impact of adverse economic conditions on our business or that we will effectively align our cost structure, capital investments, and other expenditures with our revenue and spending levels in the future.

We will continue to actively monitor the implications of the COVID-19 pandemic on our and our tenants' businesses and may take further actions to alter our business practices if we determine that such changes are in the best interests of our employees, tenants, residents, stockholders, and third-party construction customers, or as required by federal, state, or local authorities. It is not clear what the potential effects of such alterations or modifications, if any, may have on our business, including the effects on our tenants and residents and the corresponding impact on our results of operations and financial condition for the fiscal 2022 and thereafter.

The Coronavirus Aid, Relief and Economic Security Act, or the CARES Act, was enacted on March 27, 2020 in the United States. We have availed ourselves of the option to defer payment of the employer share of Social Security payroll taxes totaling $0.6 million that would otherwise have been owed from the date of enactment of the CARES Act through December 31, 2020. Of the $0.6 million deferred in 2020, $0.3 million was paid in 2021 and $0.3 million will be deferred through December 31, 2022. Congress passed the Consolidated Appropriations Act, 2021 in December 2020, and the American Rescue Plan Act of 2021 in March 2021, which include the second and third economic stimulus packages, respectively, to address the impact of the COVID-19 pandemic. We continue to assess the potential impacts of the current federal stimulus and relief legislation and any subsequent legislation, including our eligibility and our tenants for funding under programs designed to provide financial assistance to U.S. businesses.

We believe the diversification of our business across multiple asset classes (i.e., office, retail and multifamily), together with our third-party construction business, will help to mitigate the impact of the pandemic on our business to a greater extent than if our business were concentrated in a single asset class. However, as discussed in greater detail below, we expect the impact of the pandemic to continue to have a particularly adverse effect on many of our retail tenants, which will continue to adversely affect our results of operations even if the performance of our office and multifamily assets and our construction business remains close to historical levels. Furthermore, if the impacts of the pandemic continue for an extended period of time, we expect that certain office tenants and multifamily residents will experience greater financial distress, which could result in late payments, requests for rental relief, business closures, decreases in occupancy, reductions in rent, or increases in rent concessions or other accommodations, as applicable.

Multifamily Portfolio Residential Eviction Restrictions

Due to actions taken by state governments and limited working capacity for government courts and agencies, certain properties in our multifamily portfolio were subject to increased restrictions that limited our ability to evict tenants or charge late fees through September 30, 2021. At this time, certain restrictions previously in place have been lifted and many government courts and agencies have re-opened; however, there may be similar restrictions and limited working capacity for government courts and agencies in the future.

On September 4, 2020, the Centers for Disease Control and Prevention (the "CDC") issued a nationwide order to temporarily halt residential evictions to prevent the further spread of COVID-19, which effectively prohibited evictions for nonpayment through June 30, 2021 for residential tenants who satisfied certain conditions. Subsequent to the initial order, the CDC extended the expiration date of the eviction moratorium from June 30, 2021 to October 3, 2021. The CDC's order did not, on its own, prevent landlords from filing suits, obtaining judgments, or filing writs; rather, the order only prevented landlords from carrying out evictions if the tenant submitted the signed declaration form to the landlord. If the tenant did not satisfy the applicable conditions, the tenant could be evicted. The order did not apply to evictions that were for reasons other than nonpayment of rent. The penalties for an organization that violated the order include fines of up to $200,000 per event ($500,000 if the eviction results in death). The order did not relieve any individual of any obligation to pay rent or comply with any other obligation under a lease, nor did it preclude the charging or collecting of fees, penalties, or interest as a result of the failure to pay rent under the terms of a lease. The order did not apply to commercial tenants.

As of the date of this filing, all residential landlords filing an eviction action in the State of North Carolina and South Carolina are no longer obligated to provide tenants a blank CDC Declaration form. The "One CDC Declaration per Household" and the requirement of the "5 day deadline to notify the Court of a CDC Declaration" rules are no longer in effect as well. If the landlord receives a completed CDC Declaration form from the tenant, the landlord may not proceed to request a writ of possession. Evictions for reasons other than nonpayment of rent are not prohibited. These conditions apply to Greenside Apartments, Hoffler Place, and Summit Place.

State and local restrictions prohibiting evictions of tenants affected by COVID-19 are no longer in place for 1405 Point, which is located in Baltimore, Maryland, or for the Residences at Annapolis Junction, which is located in Howard

County, Maryland. The governor’s state of emergency order expired August 15, 2021, and all eviction restrictions were lifted November 14, 2021 at the Residences at Annapolis Junction and 1405 Point. The restriction guideline in place that prevented landlords from not renewing a resident's lease due to his or her inability to pay rent due to COVID-19 hardship expired on February 12, 2022.

Furthermore, the restriction on evictions in the State of Maryland applies to both our commercial and residential properties located in that state.

In Virginia, residential landlord-tenant law has been changing rapidly in recent months. On June 30, 2021, Virginia’s COVID-19 state of emergency expired, lifting a set of restrictions on evictions enabling non-paying residents to continue cases for 60 days (if residents could prove non-payment was due to COVID-19) and requiring landlords to apply for rental assistance on behalf of tenants through the Virginia Rent Relief Program (RRP). Following the expiration of the Virginia state of emergency, the United States Supreme Court ruled on August 26, 2021 to end a temporary stay on a lower court ruling seeking to overturn a federal eviction moratorium issued by the CDC. In doing so, the Supreme Court’s ruling invalidated the federal eviction moratorium.

While the CDC eviction moratorium is no longer in effect, the Virginia General Assembly passed a new set of extended protections that went into effect on August 10, 2021 and will remain in effect until June 30, 2022. Before terminating the rental agreement and seeking possession of the property, the extended protections require landlords owning more than four (4) dwelling units to serve a 14-day pay or quit notice instructing the tenant to either pay in full or enter into an acceptable payment plan within the 14-day cure period. Tenants may only use the payment plan option one time during the length of a rental agreement. If a tenant defaults on a payment plan, landlords must send a subsequent 14-day notice demanding payment in full. Pay or quit notices no longer require language regarding the Virginia state of emergency, and the mandate on landlords to apply for RRP on behalf of a tenant no longer exists.

Tax Status

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

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

Insurance

We carry comprehensive liability, fire, extended coverage, business interruption, and rental loss insurance covering all of the properties in our portfolio under a blanket insurance policy in addition to other coverage that may be appropriate for certain of our properties. We believe the policy specifications and insured limits are appropriate and adequate for our properties given the relative risk of loss, the cost of the coverage, and industry practice; however, our insurance coverage may not be sufficient to fully cover our losses. We do not carry insurance for certain losses, including, but not limited to, losses caused by riots or war. Some of our policies, such as those covering losses due to terrorism and earthquakes, are insured subject to limitations involving large deductibles or co-payments and policy limits that may not be sufficient to cover losses for such events. In addition, all but two of the properties in our portfolio as of December 31, 2021 were located in Maryland, Virginia, North Carolina, South Carolina, and Georgia, which are areas subject to an increased risk of hurricanes. While we will carry

hurricane insurance on certain of our properties, the amount of our hurricane insurance coverage may not be sufficient to fully cover losses from hurricanes. We may reduce or discontinue hurricane, terrorism, or other insurance on some or all of our properties in the future if the cost of premiums for any of these policies exceeds, in our judgment, the value of the coverage discounted for the risk of loss. Also, if destroyed, we may not be able to rebuild certain of our properties due to current zoning and land use regulations. As a result, we may incur significant costs in the event of adverse weather conditions and natural disasters. In addition, our title insurance policies may not insure for the current aggregate market value of our portfolio, and we do not intend to increase our title insurance coverage as the market value of our portfolio increases. If we or one or more of our tenants experiences a loss that is uninsured or that exceeds policy limits, we could lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. In addition, if the damaged properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these properties were irreparably damaged. Furthermore, we may not be able to obtain adequate insurance coverage at reasonable costs in the future as the costs associated with property and casualty renewals may be higher than anticipated.

Regulation

General

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

Americans With Disabilities Act

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

Environmental Matters

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

Some of our properties contain, have contained, or are adjacent to or near other properties that have contained or currently contain storage tanks for the storage of petroleum products, propane, or other hazardous or toxic substances. Similarly, some of our properties were used in the past for commercial or industrial purposes, or are currently used for commercial purposes, that involve or involved the use of petroleum products or other hazardous or toxic substances, or are adjacent to or near properties that have been or are used for similar commercial or industrial purposes. As a result, some of our properties have been or may be impacted by contamination arising from the releases of such hazardous substances or petroleum products. Where we have deemed appropriate, we have taken steps to address identified contamination or mitigate risks

associated with such contamination; however, we are unable to ensure that further actions will not be necessary. As a result of the foregoing, we could potentially incur material liability.

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

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

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

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

Competition

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

We also face competition when pursuing development, acquisition, and lending opportunities. Our competitors may be able to pay higher property acquisition prices, may have private access to opportunities not available to us, may have more financial resources than we do, and may otherwise be in a better position to acquire or develop a property. Competition may

also have the effect of reducing the number of suitable development and acquisition opportunities available to us or increasing the price required to consummate a development or acquisition opportunity.

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

Human Capital

As of December 31, 2021, we had 138 employees. We operate in the highly competitive real estate industry. Attracting, developing, and retaining talented people in construction, asset management, marketing, development, and other positions is crucial to executing our strategy and our ability to compete effectively. Our ability to recruit and retain such talent depends on a number of factors, including compensation and benefits, talent development and career opportunities, and work environment. To that end, we offer a comprehensive total rewards program aimed at the varying health, home-life and financial needs of our diverse associates. Our total rewards package includes market-competitive pay, broad-based stock grants and bonuses, healthcare benefits, retirement savings plans, paid time off and family leave, flexible work schedules, and an employee assistance program and other mental health services. We are committed to paying living wages under humane conditions. We also offer, where possible, remote work flexibility for our employees.

Corporate Information

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

Available Information

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

Our Corporate Governance Guidelines, Code of Business Conduct and Ethics, and the charters of our audit committee, compensation committee and nominating and corporate governance committee are all available in the Corporate Governance section of the Investor Relations section of our website. Any amendment to or waiver of our Code of Business Conduct and Ethics will be disclosed in the Corporate Governance section of the Investor Relations section of our website within four business days of the amendment or waiver. In addition, we maintain a variety of other governance documents, including, among others, a Human Rights Policy, an Environmental Policy, a Vendor Conduct Policy, and the charter of our Sustainability Committee, all of which are available in the Corporate Governance section of the Investor Relations section of our website.

Financial Information

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

Item 1A. Risk Factors

Set forth below are the risks that we believe are material to our stockholders. You should carefully consider the following risks in evaluating our Company and our business. The occurrence of any of the following risks could materially and

adversely impact our financial condition, results of operations, cash flow, the market price of shares of our common stock, and our ability to, among other things, satisfy our debt service obligations and to make distributions to our stockholders, which in turn could cause our stockholders to lose all or a part of their investment. Some statements in this Annual Report on Form 10-K, including statements in the following risk factors constitute forward-looking statements. Please refer to the section entitled "Special Note Regarding Forward-Looking Statements" at the beginning of this Annual Report on Form 10-K.

Risks Related to Our Business

The ongoing COVID-19 pandemic and measures intended to prevent its spread could have a material adverse effect on our business, results of operations, cash flows and financial condition.

In March 2020, the World Health Organization declared COVID-19 a pandemic and the United States declared a national emergency with respect to COVID-19. The pandemic has led governments and other authorities around the world, including federal, state and local authorities in the United States, to impose measures intended to control its spread, including restrictions on freedom of movement and business operations such as travel bans, border closings, business closures, quarantines and shelter-in-place orders. All of our properties and our headquarters are located in areas that are or have been subject to shelter-in-place orders and restrictions on the types of businesses that may continue to operate.

The impact of the COVID-19 pandemic and measures to prevent its spread could materially and adversely affect our businesses in a number of ways. Our rental revenue and operating results depend significantly on the occupancy levels at our properties and the ability of our tenants to meet their rent and other obligations to us. The government-imposed measures in response to the pandemic, coupled with customers reducing their purchasing activity in light of health concerns or personal financial distress, have resulted in significant disruptions to retail businesses around the country, including in the markets in which we own retail assets, which has resulted, and may in future result in, tenants being unwilling or unable to pay rent in full on a timely basis or at all. If the impacts of the pandemic continue for an extended period of time, we expect that certain office tenants and multifamily residents will experience greater financial distress, which could result in late payments, requests for rental relief, business closures, decreases in occupancy, reductions in rent, or increases in rent concessions or other accommodations, as applicable. In some cases, we may have to restructure tenants' long-term rent obligations and may not be able to do so on terms that are as favorable to us as those currently in place. Certain of our office and retail tenants also may incur significant costs or losses responding to the COVID-19 pandemic, lose business due to any interruption in the operations of our properties or incur other losses or liabilities related to shelter-in-place orders, quarantines, infection or other related factors. In addition, numerous state, local, federal, and industry-initiated efforts may affect our ability to collect rent or enforce remedies for the failure to pay rent, particularly with respect to our multifamily properties. Our development and construction projects also could be adversely affected, including as a result of disruptions in supply chains and government restrictions on the types of projects that may continue during the pandemic. Additionally, borrowers under our mezzanine loan program may be unable to satisfy their obligations to us as a result of the deterioration of their businesses as a result of the pandemic. In addition, a significant number of our retail tenants previously were forced to close temporarily or operate on a limited basis as a result of COVID-19 and related government actions, which has resulted in, and may in the future result in, delays in rent payments, rent concessions, early lease terminations or tenant bankruptcies.

Further, our management team is focused on mitigating the impacts of COVID-19, which has required and will continue to require, a large investment of time and resources across our business. Additionally, many of our employees have worked, and may in the future work, remotely as a result of the COVID-19 pandemic. An extended period of remote work arrangements could strain our business continuity plans, introduce operational risk, including but not limited to cybersecurity risks, and impair our ability to manage our business.

The COVID-19 pandemic has also caused, and is likely to continue to cause, severe economic, market and other disruptions worldwide. We may be impacted by stock market volatility and illiquid market conditions, global economic uncertainty, and the perceived prospect for capital appreciation in real estate. We cannot assure you that conditions in the bank lending, capital and other financial markets will not continue to deteriorate as a result of the pandemic, or that our access to capital and other sources of funding will not become constrained, which could adversely affect the availability and terms of future borrowings, renewals or refinancing. In addition, the deterioration of global economic conditions as a result of the pandemic may ultimately decrease occupancy levels and rents across our portfolio as tenants and residents reduce or defer their spending, which could adversely affect the value of our properties.

The extent of the COVID-19 pandemic's effect on our operational and financial performance will depend on future developments, including the duration and intensity of the pandemic, the timing, administration and effectiveness of COVID-19 vaccines (including against COVID-19 variant strains) and other treatments, and the duration of, or the reinstatement of, government measures to mitigate the pandemic or address its effects, all of which are uncertain and difficult to predict. Due to the dynamic nature of the situation, we are not able at this time to estimate the effect of these factors on our business, but the adverse impact on our business, results of operations, financial condition and cash flows could be material.

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

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

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

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

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

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

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

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

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

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

- unsuccessful development or redevelopment opportunities could result in direct expenses to us and cause us to incur losses;
- construction or redevelopment costs of a project may exceed original estimates, possibly making the project less profitable than originally estimated, or unprofitable;
- the inability to obtain or delays in obtaining necessary governmental or quasi-governmental permits and authorizations could result in increased costs or abandonment of the project if necessary permits or authorizations are not obtained;
- delayed construction may give tenants the right to terminate pre-development leases, which may adversely impact the financial viability of the project;
- occupancy rates, rents and concessions of a completed project may fluctuate depending on a number of factors and may not be sufficient to make the project profitable; and
- the availability and pricing of financing to fund our development activities on favorable terms or at all may result in delays or even abandonment of certain development activities.

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

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

The majority of the properties in our portfolio are located in Virginia, Maryland, and North Carolina, which expose us to greater economic risks than if we owned a more geographically diverse portfolio. As of December 31, 2021, our properties in the Virginia, Maryland and North Carolina markets represented approximately 50%, 21%, and 16%, respectively, of the total net operating income of the properties in our portfolio. Furthermore, many of our properties are located in the Town Center of Virginia Beach and Harbor Point at Baltimore, and net operating income from each represented 26% and 13%, respectively, of our total net operating income for the year ended December 31, 2021. As a result of this geographic concentration, we are particularly susceptible to adverse economic, regulatory or other conditions in the Virginia, Maryland and North Carolina markets (such as periods of economic slowdown or recession, business layoffs or downsizing, industry slowdowns, relocations of businesses, increases in real estate and other taxes, and the cost of complying with governmental regulations or increased regulation), as well as to natural disasters that occur in these markets (such as hurricanes and other events). For example, the markets in Virginia, Maryland, and North Carolina in which many of the properties in our portfolio are located contain high concentrations of military personnel and operations, and a reduction of the military presence or cuts in defense spending in these markets could have a material adverse effect on us. If there is a downturn in the economy in Virginia, Maryland or North Carolina, our operations, revenue, and cash available for distribution, including cash available to pay distributions to our stockholders, could be materially and adversely affected. We cannot assure you that these markets will grow or that underlying real estate fundamentals will be favorable to owners and operators of office, retail, or multifamily properties. Our operations may also be adversely affected if competing properties are built in these markets. Moreover, submarkets within any of our target markets may be dependent upon a limited number of industries. Any adverse economic or real estate developments in our markets, or any decrease in demand for office, retail or multifamily space resulting from the regulatory environment, business climate or energy or fiscal problems, could materially and adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to satisfy our debt service obligations.

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

As of December 31, 2021, we had total debt of approximately $958.9 million, including debt related to properties held for sale. Total debt includes amounts drawn under our credit facility, a substantial portion of which is guaranteed by our Operating Partnership, and we may incur significant additional debt to finance future acquisition and development activities. Excluding unamortized fair value adjustments and debt issuance costs, the aggregate outstanding principal balance of our debt was $957.4 million as of December 31, 2021. Payments of principal and interest on borrowings may leave us with insufficient cash resources to operate our properties or to pay the dividends currently contemplated or necessary to maintain our REIT qualification. Our level of debt and the limitations imposed on us by our debt agreements could have significant adverse consequences, including the following:

- our cash flow may be insufficient to meet our required principal and interest payments;
- we may be unable to borrow additional funds as needed or on favorable terms, which could, among other things, adversely affect our ability to meet operational needs;

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

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

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

As of December 31, 2021, approximately 3.8% of the square footage of the stabilized properties in our office and retail portfolios was available. Additionally, 1.5% and 8.4% of the annualized base rent in our office portfolio was scheduled to expire in 2022 and 2023, respectively, and 4.2% and 9.9% of the annualized base rent in our retail portfolio was scheduled to expire in 2022 and 2023, respectively. We cannot assure you that new leases will be entered into, that leases will be renewed, or that our properties will be re-leased at net effective rental rates equal to or above the current average net effective rental rates or that substantial rent abatements, tenant improvements, early termination rights or below-market renewal options will not be offered to attract new tenants or retain existing tenants. In addition, our ability to lease our multifamily properties at favorable rates, or at all, may be adversely affected by the increase in supply of multifamily properties in our target markets. Our ability to lease our properties depends upon the overall level of spending in the economy, which is adversely affected by, among other things, job losses and unemployment levels, fears of a recession, personal debt levels, the housing market, stock market volatility, and uncertainty about the future. If rental rates for our properties decrease, our existing tenants do not renew their leases, or we do not re-lease a significant portion of our available space and space for which leases expire, our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations could be materially and adversely affected.

The short-term leases in our multifamily portfolio expose us to the effects of declining market rents, which could adversely affect our results of operations, cash flow and cash available for distribution.

Substantially all of the leases in our multifamily portfolio are for terms of 12 months or less. As a result, even if we are able to renew or re-lease apartment and student housing units as leases expire, our rental revenues will be impacted by declines in market rents more quickly than if all of our leases had longer terms, which could adversely affect our results of operations, cash flow, and cash available for distribution.

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

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

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

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

The failure of properties that we develop or acquire to meet our financial expectations could have a material adverse effect on us, including our financial condition, results of operations, cash flow, cash available for distribution, ability to service our debt obligations, the per share trading price of our common stock and Series A Preferred Stock, and growth prospects.

Our acquisitions, including the recent acquisition of the Exelon Building, and development projects and our ability to successfully operate these properties may be exposed to the following significant risks, among others:

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

If we cannot operate acquired or developed properties to meet our financial expectations, our financial condition, results of operations, cash flow, cash available for distribution, ability to service our debt obligations, the per share trading price of our common stock and Series A Preferred Stock, and growth prospects could be materially and adversely affected.

Failure to succeed in new markets may limit our growth.

We have acquired in the past, and we may acquire in the future if appropriate opportunities arise, properties that are outside of our primary markets. Entering into new markets exposes us to a variety of risks, including difficulty evaluating local market conditions and local economies, developing new business relationships in the area, competing with other companies that already have an established presence in the area, hiring and retaining key personnel, evaluating quality tenants in the area, and a lack of familiarity with local governmental and permitting procedures. Furthermore, expansion into new markets may divert management time and other resources away from our current primary markets. As a result, we may not be successful in expanding into new markets, which could adversely impact our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

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

We have originated, and in the future expect to originate or acquire, mezzanine or similar loans, which take the form of subordinated loans secured by second mortgages on the underlying property or loans secured by a pledge of the ownership interests of either the entity owning the property or a pledge of the ownership interests of the entity that owns the interest in the entity owning the property. As of December 31, 2021, we had approximately $118.9 million in outstanding mezzanine loans or similar investments. These types of loans involve a higher degree of risk than long-term senior mortgage loans secured by income-producing real property because the loan may become unsecured as a result of foreclosure by the senior lender. In addition, these loans may have higher loan-to-value ratios than conventional mortgage loans, with little or no equity invested by the borrower, increasing the risk of loss of principal. If a borrower defaults on our mezzanine loan or debt senior to our loan, or

in the event of a borrower bankruptcy, our mezzanine loan will be satisfied only after the senior debt is paid in full. In the event of a bankruptcy of the entity providing the pledge of its ownership interests as security, we may not have full recourse to the assets of such entity, or the assets of the entity may not be sufficient to satisfy our mezzanine loan. As a result, we may not recover some or all of our initial investment. Additionally, in conjunction with certain mezzanine loans, we issue partial payment guarantees to the senior lender for the property, which may require us to make payments to the senior lender in the event of a default on the senior note. Finally, in connection with our loan investments, we may have options to purchase all or a portion of the underlying property upon maturity of the loan; however, if a developer's costs for a project are higher than anticipated, exercising such options may not be attractive or economically feasible, or we may not have sufficient funds to exercise such options even if we desire to do so. Significant losses related to mezzanine or similar loan investments could have a material adverse effect on our financial condition and results of operations.

A bankruptcy or insolvency of any of our significant tenants in our office or retail properties could have a material adverse effect on our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

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

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

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

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

Approximately 45.2% of our net operating income for the year ended December 31, 2021 is from retail properties. As a result, we are subject to factors that affect the retail sector generally as well as the market for retail space. The retail environment and the market for retail space have been, and in the future could be, adversely affected by the COVID-19 pandemic and measures intended to mitigate its spread, weakness in the national, regional, and local economies, the level of consumer spending and consumer confidence, the adverse financial condition of some large retail companies, the ongoing consolidation in the retail sector, the excess amount of retail space in a number of markets, and increasing competition from discount retailers, outlet malls, internet retailers, and other online businesses. Increases in consumer spending via the internet may significantly affect our retail tenants' ability to generate sales in their stores. New and enhanced technologies, including new digital and web services technologies, may increase competition for certain of our retail tenants.

Any of the foregoing factors could adversely affect the financial condition of our retail tenants and the willingness of retailers to lease space in our retail properties, including the anchor stores or major tenants in our retail shopping center properties, the loss of which could result in a material impact on our retail tenants. In turn, these conditions could negatively affect market rents for retail space and could materially and adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Increases in interest rates, or failure to hedge effectively against interest rate changes, will increase our interest expense and may adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

We have incurred, and may in the future incur, additional indebtedness that bears interest at a variable rate. An increase in interest rates would increase our interest expense and increase the cost of refinancing existing debt and issuing new debt, which would adversely affect our cash flow and ability to make distributions to our stockholders. In addition, if we need to repay existing debt during periods of rising interest rates, we could be required to liquidate one or more of our investments at times that may not permit realization of the maximum return on such investments. The effect of prolonged interest rate increases could adversely impact our ability to make acquisitions and develop properties.

Subject to maintaining our qualification as a REIT, we expect to continue to enter into hedging transactions to protect us from the effects of interest rate fluctuations on floating rate debt. Our existing hedging transactions have included, and future hedging transactions may include, entering into interest rate cap agreements or interest rate swap agreements, which involve risk. Our failure to hedge effectively against interest rate changes may adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

The phase-out of LIBOR and the transition to alternative benchmark interest rates, such as SOFR and BSBY, could have adverse effects.

The interest rate on most of our variable rate debt is based on LIBOR (the London Inter-Bank Offered Rate). It is expected that no new contracts will reference LIBOR and will instead use alternative benchmark interest rates, such as the Secured Overnight Financing Rate (“SOFR”) and the Bloomberg Short-Term Bank Yield Index ("BSBY"). In 2018, the Alternative Reference Rate Committee identified SOFR as the alternative to LIBOR. SOFR is a broad measure of the cost of borrowing cash overnight collateralized by U.S. Treasury securities, published by the Federal Reserve Bank of New York. BSBY is a new series of reference rates made available by Bloomberg Index Services Limited that aims to measure the average yields at which investors are willing to invest U.S. dollar funds on a senior, unsecured basis in certain global, systemically important banks, and certain other systemically relevant banks, at various tenors. In connection with the phase-out of LIBOR, we have incurred floating-rate indebtedness that bears interest based on SOFR and BSBY. Due to the broad use of LIBOR as a reference rate, all financial market participants, including us, are impacted by the risks associated with this transition and, therefore, it could adversely affect our operations and cash flows.

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

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

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

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

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

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

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

Our business has been, and may in the future be, affected by market and economic challenges experienced by the U.S. economy or the real estate industry as a whole, including as a result of the COVID-19 pandemic and measures intended to mitigate its spread. Such conditions may materially and adversely affect us as a result of the following potential consequences, among others:

- decreased demand for office, retail and multifamily space, which would cause market rental rates and property values to be negatively impacted;
- reduced values of our properties may limit our ability to dispose of assets at attractive prices or obtain debt financing secured by our properties and may reduce the availability of unsecured loans;
- our ability to obtain financing on terms and conditions that we find acceptable, or at all, may be limited, which could reduce our ability to pursue acquisition and development opportunities and refinance existing debt, reduce our returns from our acquisition and development activities, and increase our future debt service expense; and
- one or more lenders under our credit facility could refuse to fund their financing commitment to us or could otherwise fail to do so, and we may not be able to replace the financing commitment of any such lenders on favorable terms or at all.

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

A cybersecurity incident or other technology disruptions could negatively impact our business, our relationships, and our reputation.

We use computers and computer networks in most aspects of our business operations. We also use mobile devices to communicate with our employees, suppliers, business partners, and tenants. These devices are used to transmit sensitive and confidential information including financial and strategic information about us, employees, business partners, tenants, and other individuals and organizations. Additionally, we utilize third-party service providers that host personally identifiable information and other confidential information of our employees, business partners, tenants, and others. We also maintain confidential financial and business information regarding us and persons and entities with which we do business on our information technology systems. We have in the past experienced cyberattacks on our computers and computer networks, and, while none to date have been material, we expect that additional cyberattacks will occur in the future. The theft, destruction, loss, or release of sensitive and confidential information or operational downtime of the systems used to store and transmit our or our tenants' confidential business information could result in disruptions to our business, negative publicity, brand damage, violation of privacy laws, financial liability, difficulty attracting and retaining tenants, loss of business partners, and loss of business opportunities, any of which may materially and adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Any material weakness in our internal control over financial reporting could have an adverse effect on the trading price of our common stock and Series A Preferred Stock.

Management is required to have an independent auditor assess the effectiveness of our internal control over financial reporting, pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, as amended (the "Sarbanes-Oxley Act"). We cannot give any assurances that material weaknesses will not be identified in the future in connection with our compliance with the provisions of Section 404 of the Sarbanes-Oxley Act. The existence of any material weakness described above would preclude a conclusion by management and our independent auditors that we maintained effective internal control over financial reporting. Our management may be required to devote significant time and expense to remediate any material weaknesses that may be discovered and may not be able to remediate such material weaknesses in a timely manner. The existence of any material weakness in our internal control over financial reporting could also result in errors in our financial statements that could require us to restate our financial statements, cause us to fail to meet our reporting obligations, and cause investors to lose

confidence in our reported financial information, any of which could lead to a decline in the per share trading price of our common stock and Series A Preferred Stock.

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

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

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

We have acquired, and in the future may acquire, properties or portfolios of properties through tax deferred contribution transactions in exchange for OP Units. This acquisition structure may have the effect of, among other things, reducing the amount of tax depreciation we could deduct over the tax life of the acquired properties and requiring that we agree to protect the contributors' ability to defer recognition of taxable gain through restrictions on our ability to dispose of the acquired properties or the allocation of partnership debt to the contributors to maintain their tax bases. These restrictions also could limit our ability to sell properties at a time, or on terms, that would be favorable absent such restrictions. In addition, future issuances of OP Units would reduce our ownership percentage in our Operating Partnership and affect the amount of distributions made to us by our Operating Partnership and, therefore, the amount of distributions we can make to our stockholders. To the extent that our stockholders do not directly own OP Units, our stockholders will not have any voting rights with respect to any such issuances or other partnership level activities of our Operating Partnership.

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

Our continued success and our ability to manage anticipated future growth depend, in large part, upon the efforts of key personnel who have extensive market knowledge and relationships and exercise substantial influence over our operational, financing, development, and construction activity. Individuals currently considered key personnel each has a national or regional industry reputation that attracts business and investment opportunities and assists us in negotiations with lenders, existing and potential tenants, and industry personnel, and we have not currently entered into employment agreements with any of these individuals. If we lose their services, our relationships with such industry personnel could diminish.

Many of our other senior executives also have extensive experience and strong reputations in the real estate industry, which aid us in identifying opportunities, having opportunities brought to us, and negotiating with tenants and build-to-suit prospects. The loss of services of one or more members of our senior management team, or our inability to attract and retain highly qualified personnel, could adversely affect our business, diminish our investment opportunities, and weaken our relationships with lenders, business partners, existing and prospective tenants, and industry participants, which could materially and adversely affect our financial condition, results of operations, cash flow, and the per share trading price of our common stock and Series A Preferred Stock.

We may not be able to rebuild our existing properties to their existing specifications if we experience a substantial or comprehensive loss of such properties, including as a result of hurricanes or other disasters.

In the event that we experience a substantial or comprehensive loss of one of our properties, we may not be able to rebuild such property to its existing specifications. For example, all but one of the properties in our portfolio as of December 31, 2021 are located in Maryland, Virginia, North Carolina, South Carolina, Georgia, and Florida, which are areas particularly susceptible to hurricanes. While we carry insurance on certain of our properties, the amount of our insurance coverage may not be sufficient to fully cover losses from hurricanes and will be subject to limitations involving large deductibles or co-payments. Further, reconstruction or improvement of properties would likely require significant upgrades to

meet zoning and building code requirements. Environmental and legal restrictions could also restrict the rebuilding of our properties.

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

In the past, we have, and in the future, we expect to, co-invest with third parties through partnerships, joint ventures or other entities, acquiring noncontrolling interests in or sharing responsibility for developing properties and managing the affairs of a property, partnership, joint venture, or other entity. In particular, in connection with the formation transactions related to our initial public offering, we provided certain of the prior investors with the right to co-develop certain projects with us in the future and the right to acquire a minority equity interest in certain properties that we may develop in the future, in each case under certain circumstances and subject to certain conditions set forth in the applicable agreement. Furthermore, we are often a joint venture partner in development projects. In the event that we co-develop a property together with a third party, we would be required to share a portion of the development fee. With respect to any such arrangement or any similar arrangement that we may enter into in the future, we may not be in a position to exercise sole decision-making authority regarding the development, property, partnership, joint venture, or other entity.

Investments in partnerships, joint ventures or other entities may, under certain circumstances, involve risks not present where a third party is not involved, including the possibility that partners or co-venturers might become bankrupt or fail to fund their share of required capital contributions. Partners or co-venturers may have economic or other business interests or goals which are inconsistent with our business interests or goals and may be in a position to take actions contrary to our policies or objectives, and they may have competing interests in our markets that could create conflicts of interest. Such investments may also have the potential risk of impasses on decisions, such as a sale or financing, because neither we nor the partner(s) or co-venturer(s) would have full control over the partnership or joint venture. In addition, a sale or transfer by us to a third party of our interests in the joint venture may be subject to consent rights or rights of first refusal, in favor of our joint venture partners, which would in each case restrict our ability to dispose of our interest in the joint venture.

Where we are a limited partner or non-managing member in any partnership or limited liability company, if such entity takes or expects to take actions that could jeopardize our status as a REIT or require us to pay tax, we may be forced to dispose of our interest in such entity. Disputes between us and partners or co-venturers may result in litigation or arbitration that would increase our expenses and prevent our officers and directors from focusing their time and effort on our business. Consequently, actions by or disputes with partners or co-venturers might result in subjecting properties owned by the partnership or joint venture to additional risk. In addition, we may in certain circumstances be liable for the actions of our third-party partners or co-venturers. Our joint ventures may be subject to debt and, during periods of volatile credit markets, the refinancing of such debt may require equity capital calls.

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

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

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

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

Expectations of our company relating to environmental, social and governance factors may impose additional costs and expose us to new risks.

There is an increasing focus from certain investors, tenants, employees, and other stakeholders concerning corporate responsibility, specifically related to environmental, social and governance factors. Some investors may use these factors to guide their investment strategies and, in some cases, may choose not to invest in us if they believe our policies relating to corporate responsibility are inadequate. Third-party providers of corporate responsibility ratings and reports on companies have increased to meet growing investor demand for measurement of corporate responsibility performance. In addition, the criteria by which companies' corporate responsibility practices are assessed may change, which could result in greater expectations of us and cause us to undertake costly initiatives to satisfy such new criteria. Alternatively, if we elect not to or are unable to satisfy such new criteria, investors may conclude that our policies with respect to corporate responsibility are inadequate. We may face reputational damage in the event that our corporate responsibility procedures or standards do not meet the standards set by various constituencies. Furthermore, if our competitors' corporate responsibility performance is perceived to be greater than ours, potential or current investors may elect to invest with our competitors instead. In addition, in the event that we communicate certain initiatives and goals regarding environmental, social and governance matters, we could fail, or be perceived to fail, in our achievement of such initiatives or goals, or we could be criticized for the scope of such initiatives or goals. If we fail to satisfy the expectations of investors, tenants and other stakeholders or our initiatives are not executed as planned, our reputation and financial results could be materially and adversely affected.

We may be subject to ongoing or future litigation, including existing claims relating to the entities that owned the properties prior to our initial public offering and otherwise in the ordinary course of business, which could have a material adverse effect on our financial condition, results of operations, cash flow, the per share trading price of our common stock and Series A Preferred Stock, cash available for distribution, and ability to service our debt obligations.

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

Risks Related to Our Third-Party Construction Business

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

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

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

For serving as general contractor, our construction business earns profit equal to the difference between the total construction fees that we charge and the costs that we incur to build a property. If the decision is made by a third-party client to abandon a construction project for any reason, our anticipated fee revenue from such project could be significantly lower than we expect. In addition, we defer pre-contract costs when such costs are directly associated with specific anticipated construction contracts and their recovery is deemed probable. In the event that we determine that the execution of a construction contract is no longer probable, we would be required to expense those pre-contract costs in the period in which such determination is made, which could materially and adversely affect our results of operations in such period. Our ability to complete the projects in our construction pipeline on time and on budget could be materially and adversely affected as a result of the following factors, among others:

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

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

We recognize revenue for the majority of our construction projects based on estimates; therefore, variations of actual results from our assumptions may reduce our profitability.

In accordance with GAAP, we record revenue as work on the contract progresses. The cumulative amount of revenues recorded on a contract at a specified point in time is that percentage of total estimated revenues that costs incurred to date bear to estimated total costs. Accordingly, contract revenues and total cost estimates are reviewed and revised as the work progresses. Adjustments are reflected in contract revenues in the period when such estimates are revised. Estimates are based on management’s reasonable assumptions and experience, but are only estimates. Variations of actual results from assumptions on an unusually large project or on a number of average size projects could be material. We are also required to immediately recognize the full amount of the estimated loss on a contract when estimates indicate such a loss. Such adjustments and accrued losses could result in reduced profitability, which could negatively impact our cash flow from operations.

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

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

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

Many of the costs related to our construction business, such as personnel costs, are fixed and are incurred by us irrespective of the level of activity of our construction business. The success of our construction business depends, in part, on our ability to successfully and profitably bid on construction contracts for private and public sector clients. Contract proposals

and negotiations are complex and frequently involve a lengthy bidding and selection process, which can be impacted by a number of factors, many of which are outside our control, including market conditions, financing arrangements, and required governmental approvals. If we are unable to maintain a consistent backlog of third-party construction contracts, our results of operations and cash flow could be materially and adversely affected.

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

We may contractually commit to a construction client that we will complete a construction project by a scheduled date at a fixed cost. We may also commit that a construction project, when completed, will achieve specified performance standards. If the construction project is not completed by the scheduled date or fails to meet required performance standards, we may either incur significant additional costs or be held responsible for the costs incurred by the client to rectify damages due to late completion or failure to achieve the required performance standards. In addition, completion of projects can be adversely affected by a number of factors beyond our control, including unavoidable delays from governmental inaction, public opposition, inability to obtain financing, weather conditions, unavailability of vendor materials, availabilities of subcontractors, changes in the project scope of services requested by our clients, industrial accidents, environmental hazards, labor disruptions, and other factors. In some cases, if we fail to meet required performance standards or milestone requirements, we may also be subject to agreed-upon financial damages in the form of liquidated damages, which are determined pursuant to the contract governing the construction project. To the extent that these events occur, the total costs of the project could exceed our estimates and our contracted cost and we could experience reduced profits or, in some cases, incur a loss on a project, which may materially and adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations. Failure to meet performance standards or complete performance on a timely basis could also adversely affect our reputation.

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

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

Risks Related to the Real Estate Industry

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

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

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

- civil unrest, acts of war, terrorist attacks, and natural disasters, including hurricanes, which may result in uninsured or underinsured losses;
- decreases in the underlying value of our real estate;
- changing submarket demographics; and
- changing traffic patterns.

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

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

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

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

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

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

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

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

environmental laws may impose restrictions on the manner in which the properties may be used or businesses may be operated, and these restrictions may require substantial expenditures. See "Part I—Business—Regulation."

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

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

We are subject to risks from natural disasters, such as hurricanes and flooding, and the risks associated with the physical effects of climate change.

Natural disasters and severe weather such as flooding, earthquakes, tornadoes or hurricanes may result in significant damage to our properties. Many of our properties are located in Virginia Beach, Virginia, Baltimore, Maryland, and elsewhere in the Mid-Atlantic, which historically have experienced heightened risk for natural disasters like hurricanes and flooding. The extent of our casualty losses and loss in operating income in connection with such events is a function of the severity of the event and the total amount of exposure in the affected area. When we have geographic concentration of exposures, a single catastrophe (such as an earthquake) or destructive weather event (such as a tornado or hurricane) affecting a region may have a significant negative effect on our financial condition and results of operations. Our financial results may be adversely affected by our exposure to losses arising from natural disasters or severe weather.

We also are exposed to risks associated with inclement winter weather, particularly in the Mid-Atlantic, including increased costs for the removal of snow and ice. Inclement weather also could increase the need for maintenance and repair of our properties.

Lastly, to the extent that climate change does occur, its physical effects could have a material adverse effect on our properties, operations, and business. To the extent climate change causes changes in weather patterns, our markets could experience increases in storm intensity. These conditions could result in physical damage to our properties or declining demand for space in our buildings or the inability of us to operate the buildings at all in the areas affected by these conditions. Climate change also may have indirect effects on our business by increasing the cost of (or making unavailable) property insurance on terms we find acceptable, increasing the cost of energy, and increasing the cost of snow removal or related costs at our properties. Proposed legislation and regulatory actions to address climate change could increase utility and other costs of operating our properties which, if not offset by rising rental income, would reduce our net income. Should the impact of climate change be material in nature or occur for lengthy periods of time, our properties, operations, or business would be adversely affected.

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

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

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

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

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

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

In addition, federal and state laws and regulations, including laws such as the ADA and the Fair Housing Amendment Act of 1988 ("FHAA"), impose further restrictions on our properties and operations. Under the ADA and the FHAA, all public accommodations must meet federal requirements related to access and use by disabled persons. Some of our properties may currently be in non-compliance with the ADA or the FHAA. If one or more of the properties in our portfolio is not in compliance with the ADA, the FHAA, or any other regulatory requirements, we may incur additional costs to bring the property into compliance, incur governmental fines or the award of damages to private litigants, or be unable to refinance such properties. In addition, we do not know whether existing requirements will change or whether future requirements will require us to make significant unanticipated expenditures that will adversely impact our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Risks Related to Our Organizational Structure

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

As of December 31, 2021, Daniel Hoffler, our Executive Chairman, owned approximately 6.1% and, collectively, Messrs. Hoffler, Haddad, and Kirk owned approximately 10.6% of the combined outstanding shares of our common stock and OP Units of our Operating Partnership (which OP Units may be redeemable for shares of our common stock). Consequently,

these individuals may be able to significantly influence the outcome of matters submitted for stockholder action, including the approval of significant corporate transactions, including business combinations, consolidations, and mergers.

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

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

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

Additionally, the partnership agreement provides that we will not be liable to the Operating Partnership or any partner for monetary damages for losses sustained, liabilities incurred, or benefits not derived by the Operating Partnership or any limited partner, except for liability for our intentional harm or gross negligence. Our Operating Partnership must indemnify us, our directors and officers, and our designees from and against any and all claims that relate to the operations of our Operating Partnership, unless: (i) an act or omission of the person was material to the matter giving rise to the action and either was committed in bad faith or was the result of active and deliberate dishonesty, (ii) the person actually received an improper personal benefit in violation or breach of the partnership agreement, or (iii) in the case of a criminal proceeding, the indemnified person had reasonable cause to believe that the act or omission was unlawful. Our Operating Partnership must also pay or reimburse the reasonable expenses of any such person upon its receipt of a written affirmation of the person’s good faith belief that the standard of conduct necessary for indemnification has been met and a written undertaking to repay any amounts paid or advanced if it is ultimately determined that the person did not meet the standard of conduct for indemnification. Our Operating Partnership will not indemnify or advance funds to any person with respect to any action initiated by the person seeking indemnification without our approval (except for any proceeding brought to enforce such person’s right to indemnification under the partnership agreement) or if the person is found to be liable to our Operating Partnership on any portion of any claim in the action.

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

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

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

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

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

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

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

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

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

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

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

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

- redemption rights;
- a requirement that we may not be removed as the general partner of our Operating Partnership without our consent;
- transfer restrictions on OP Units;
- our ability, as general partner, in some cases, to amend the partnership agreement and to cause the Operating Partnership to issue units with terms that could delay, defer, or prevent a merger or other change of control of us or our Operating Partnership without the consent of the limited partners; and
- the right of the limited partners to consent to direct or indirect transfers of the general partnership interest, including as a result of a merger or a sale of all or substantially all of our assets, in the event that such transfer requires approval by our common stockholders.

The limited partners in our Operating Partnership (other than us) owned approximately 24.7% of the outstanding OP Units of our Operating Partnership as of December 31, 2021.

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

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

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

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

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

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

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

As of December 31, 2021, we owned 75.3% of the outstanding OP Units in our Operating Partnership. We regularly have issued OP Units to third parties as consideration for acquisitions, and we may continue to do so in the future. Any such future issuances would reduce our ownership percentage in our Operating Partnership and could affect the amount of distributions made to us by our Operating Partnership and, therefore, the amount of distributions we can make to our stockholders. Because stockholders do not directly own OP Units, you do not have any voting rights with respect to any such issuances or other partnership level activities of our Operating Partnership.

Risks Related to Our Status as a REIT

Failure to maintain our qualification as a REIT would cause us to be taxed as a regular corporation, which would substantially reduce funds available for distribution to our stockholders.

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

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

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

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

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

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

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

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

required to liquidate otherwise attractive investments. These actions could have the effect of reducing our income and amounts available for distribution to our stockholders.

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

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

Changes to the U.S. federal income tax laws, including the enactment of certain tax reform measures, could have an adverse impact on our business and financial results.

In recent years, numerous legislative, judicial and administrative changes have been made to the U.S. federal income tax laws applicable to investments in real estate and REITs, including the passage of the Tax Cuts and Jobs Act of 2017 (the "TCJA"). Federal legislation intended to ameliorate the economic impact of the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security Act, or the CARES Act, has been enacted that makes technical corrections to, or modifies on a temporary basis, certain of the provisions of the TCJA, and it is possible that additional such legislation may be enacted in the future. The full impact of the TCJA and the CARES Act may not become evident for some period of time. In addition, there can be no assurance that future changes to the U.S. federal income tax laws or regulatory changes will not be proposed or enacted that could impact our business and financial results. The REIT rules are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department, which may result in revisions to regulations and interpretations in addition to statutory changes. If enacted, certain of such changes could have an adverse impact on our business and financial results.

We cannot predict whether, when, or to what extent any new U.S. federal tax laws, regulations, interpretations, or rulings will impact the real estate investment industry or REITs. Prospective investors are urged to consult their tax advisors regarding the effect of potential future changes to the federal tax laws on an investment in our shares.

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

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

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

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

Shareholders may be restricted from acquiring or transferring certain amounts of our capital stock.

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

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

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

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

The maximum tax rate applicable to "qualified dividend income" payable to U.S. stockholders that are taxed at individual rates is 20%. Dividends payable by REITs, however, generally are not eligible for the reduced rates on qualified dividend income. Instead, our ordinary dividends generally are taxed at the higher tax rates applicable to ordinary income, the current maximum rate of which is 37%. However, for taxable years prior to 2026, individual stockholders are generally allowed to deduct 20% of the aggregate amount of ordinary dividends distributed by us, subject to certain limitations, which would reduce the maximum marginal effective tax rate for individuals on the receipt of such ordinary dividends to 29.6%.

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

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

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

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

and adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Risks Related to Our Capital Stock

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

We intend to continue to pay regular quarterly distributions to our stockholders. All distributions will be made at the discretion of our board of directors and will be based upon, among other factors, our historical and projected results of operations, financial condition, cash flows and liquidity, maintenance of our REIT qualification and other tax considerations, capital expenditure and other expense obligations, debt covenants, contractual prohibitions or other limitations, applicable law, and such other matters as our board of directors may deem relevant from time to time. If sufficient cash is not available for distribution from our operations, we may have to fund distributions from working capital, borrow to provide funds for such distributions, or reduce the amount of such distributions. To the extent we borrow to fund distributions, our future interest costs would increase, thereby reducing our earnings and cash available for distribution from what they otherwise would have been. If cash available for distribution generated by our assets is less than our current estimate, or if such cash available for distribution decreases in future periods from expected levels, our inability to make the expected distributions could result in a decrease in the market price of our common stock and Series A Preferred Stock.

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

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

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

The market price of our common stock and Series A Preferred Stock may be volatile in the future. In addition, the trading volume in our common stock and Series A Preferred Stock may fluctuate and cause significant price variations to occur. We cannot assure stockholders that the market price of our common stock and Series A Preferred Stock will not fluctuate or decline significantly in the future, including as a result of factors unrelated to our operating performance or prospects in 2022 compared to 2021. In particular, the market price of our common stock and Series A Preferred Stock could be subject to wide fluctuations in response to a number of factors, including, among others, the following:

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

- failure to meet earnings estimates;
- failure to meet and maintain REIT qualifications;
- changes in our credit ratings;
- general market and economic conditions;
- our issuance of debt securities or additional preferred equity securities; and
- our financial condition, results of operations, and prospects.

In the past, securities class action litigation has often been instituted against companies following periods of volatility in the price of their common stock. This type of litigation could result in substantial costs and divert our management's attention and resources, which could have a material and adverse effect on our financial condition, results of operations, cash flow, cash available for distribution, ability to service our debt obligations, and the per share trading price of our common stock and Series A Preferred Stock.

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

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

Our Series A Preferred Stock is subordinate to our existing and future debt, and the interests of holders of our Series A Preferred Stock could be diluted by the issuance of additional shares of preferred stock and by other transactions.

Our Series A Preferred Stock ranks junior to all of our existing and future indebtedness, any classes and series of our capital stock expressly designated as ranking senior to our Series A Preferred Stock as to distribution rights and rights upon our liquidation, dissolution or winding up, and other non-equity claims on us and our assets available to satisfy claims against us, including claims in bankruptcy, liquidation, or similar proceedings. Subject to limitations prescribed by Maryland law and our charter, our board of directors is authorized to issue, from our authorized but unissued shares of capital stock, preferred stock in such classes or series as our board of directors may determine and to establish from time to time the number of shares of preferred stock to be included in any such class or series. The issuance of additional shares of Series A Preferred Stock or additional shares of capital stock ranking on parity with our Series A Preferred Stock would dilute the interests of the holders of our Series A Preferred Stock, and the issuance of shares of any class or series of our capital stock expressly designated as ranking senior to our Series A Preferred Stock as to distribution rights and rights upon our liquidation, dissolution or winding up, or the incurrence of additional indebtedness could adversely affect our ability to pay dividends on, redeem, or pay the liquidation preference on our Series A Preferred Stock. Other than the conversion right afforded to holders of our Series A Preferred Stock that may become exercisable in connection with a change of control (as defined in the articles supplementary designating the terms of our Series A Preferred Stock), none of the provisions relating to our Series A Preferred Stock contain any terms relating to or limiting our indebtedness or affording the holders of our Series A Preferred Stock protection in the event of a highly leveraged or other transaction, including a merger or the sale, lease, or conveyance of all or substantially all our assets, that might adversely affect the holders of our Series A Preferred Stock, so long as the rights of the holders of our Series A Preferred Stock are not materially and adversely affected.

Holders of our Series A Preferred Stock have extremely limited voting rights.

Our common stock is the only class of our securities that carry full voting rights. Voting rights for holders of our Series A Preferred Stock exist primarily with respect to the ability to elect, together with holders of our capital stock ranking on parity with our Series A Preferred Stock and having similar voting rights, two additional directors to our board of directors in the event that six quarterly dividends (whether or not consecutive) payable on our Series A Preferred Stock are in arrears, and with respect to voting on amendments to our charter or articles supplementary relating to our Series A Preferred Stock that materially and adversely affect the rights of the holders of our Series A Preferred Stock or create additional classes or series of our capital stock expressly designated as ranking senior to our Series A Preferred Stock as to distribution rights and rights upon our liquidation, dissolution, or winding up. Other than as described above and as set forth in more detail in the articles supplementary designating the terms of our Series A Preferred Stock, holders of our Series A Preferred Stock will not have any voting rights.

Holders of our Series A Preferred Stock may not be permitted to exercise conversion rights upon a change of control. If exercisable, the change of control conversion feature of our Series A Preferred Stock may not adequately compensate preferred stockholders, and the change of control conversion and redemption features of our Series A Preferred Stock may make it more difficult for a party to take over our company or discourage a party from taking over our company

Upon the occurrence of a change of control (as defined in the articles supplementary designating the terms of our Series A Preferred Stock), holders of our Series A Preferred Stock will have the right to convert some or all of their Series A Preferred Stock into shares of our common stock (or equivalent value of alternative consideration). Notwithstanding that we generally may not redeem our Series A Preferred Stock prior to June 18, 2024, we have a special optional redemption right to redeem our Series A Preferred Stock in the event of a change of control, and holders of our Series A Preferred Stock will not have the right to convert any shares of our Series A Preferred Stock that we have elected to redeem prior to the change of control conversion date. Upon such a conversion, the holders will be limited to a maximum number of shares of our common stock equal to the 2.97796 (i.e. the "Share Cap"), subject to certain adjustments, multiplied by the number of our Series A Preferred Stock converted. If the Common Stock Price (as defined in the articles supplementary designating the terms of our Series A Preferred Stock) is less than $8.395 (which is approximately 50% of the per-share closing sale price of our common stock on June 10, 2019), subject to adjustment, each holder will receive a maximum of 2.97796 shares of our common stock per share of our Series A Preferred Stock, which may result in a holder receiving value that is less than the liquidation preference of our Series A Preferred Stock. In addition, those features of our Series A Preferred Stock may have the effect of inhibiting a third party from making an acquisition proposal for our company or of delaying, deferring or preventing a change of control of our company under circumstances that otherwise could provide the holders of our common stock and Series A Preferred Stock with the opportunity to realize a premium over the then-current market price or that stockholders may otherwise believe is in their best interests.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

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

Item 3. Legal Proceedings.

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

Item 4. Mine Safety Disclosures.

Not Applicable.

PART II

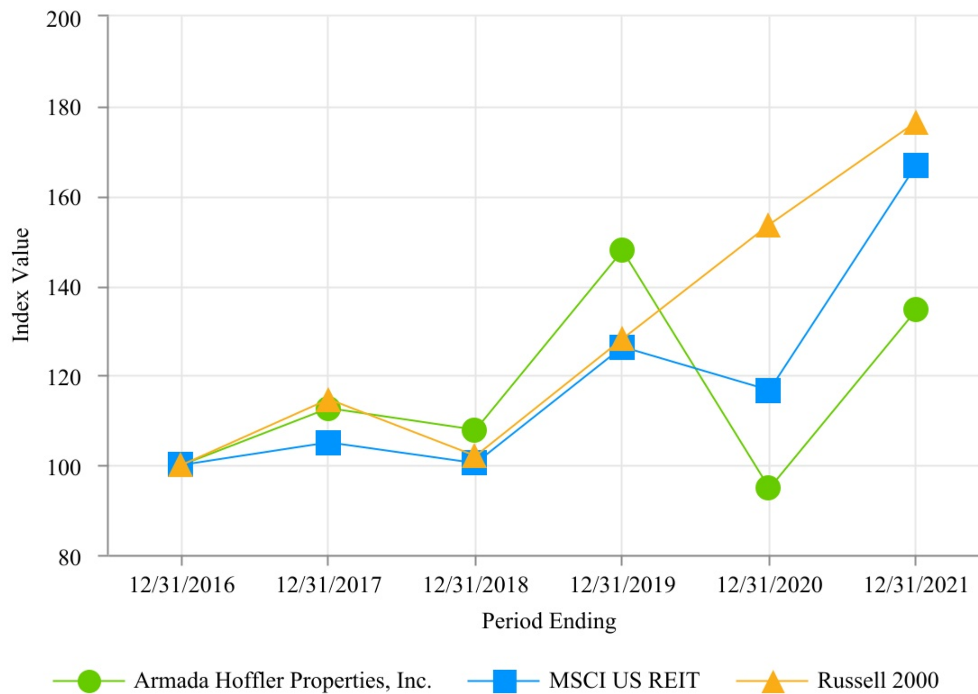
Item 5. Market For Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our common stock trades on the New York Stock Exchange under the symbol "AHH" and our Series A Preferred Stock trades on the New York Stock Exchange under the symbol "AHHPrA."

Stock Performance Graph

The following graph sets forth the cumulative total stockholder return (assuming reinvestment of dividends) to our stockholders during the period December 31, 2016 through December 31, 2021, as well as the corresponding returns on an overall stock market index (Russell 2000) and a peer group index (MSCI US REIT Index). The stock performance graph assumes that $100 was invested on December 31, 2016. Historical total stockholder return is not necessarily indicative of future results. The information in this paragraph and the following graph shall not be deemed to be "soliciting material" or to be "filed" with the SEC or subject to Regulation 14A or 14C, other than as provided in Item 201 of Regulation S-K, or to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), except to the extent we specifically request that such information be treated as soliciting material or specifically incorporate it by reference into a filing under the Securities Act of 1933, as amended, or the Exchange Act.



Index	*Period Ending* 12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021
Armada Hoffler Properties, Inc.	100.00	112.52	107.77	147.76	94.69	134.58
MSCI US REIT	100.00	105.07	100.27	126.18	116.62	166.84
Russell 2000	100.00	114.65	102.02	128.06	153.62	176.39

Distribution Information

Since our initial quarter as a publicly-traded REIT, with the exception of the second and third quarters of 2020, we have made regular quarterly distributions to our stockholders. In the second quarter of 2020, our board of directors reviewed the Company's dividend policy and determined that it would be in the best interests of the Company, its stockholders, and its OP unitholders to temporarily suspend the payment of quarterly cash dividends to common stockholders and quarterly distributions to holders of Class A common units. The temporary suspension was a measure to preserve liquidity due to the uncertainty caused by the COVID-19 pandemic, which resulted in increased cash flow pressure and government restrictions on evictions. See Part I, Item 1 "Business—Impact of COVID-19 on Our Business" for more information on the impact of COVID-19 on our company. In the third quarter of 2020, as a result of improvement in general economic conditions and our operating performance, our board of directors reinstated quarterly cash dividends on shares of our common stock and Class A common units. Declared cash dividends were $0.64 per share for the year ended December 31, 2021. We intend to continue to declare quarterly distributions. However, we cannot provide any assurance as to the amount or timing of future distributions.

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

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

Stockholder Information

As of February 18, 2022, there were approximately 109 holders of record of our common stock. However, because many shares of our common stock are held by brokers and other institutions on behalf of stockholders, we believe there are substantially more beneficial holders of our common stock than record holders. As of February 18, 2022, there were 99 holders (other than our company) of our OP units. Our OP units are redeemable for cash or, at our election, for shares of our common stock.

Unregistered Sales of Equity Securities

None.

Issuer Purchases of Equity Securities

None.

Item 6. [Reserved].

Not applicable.

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

Business Description

We are a full-service real estate company with extensive experience developing, building, owning, and managing high-quality, institutional-grade office, retail, and multifamily properties in attractive markets throughout the Mid-Atlantic and Southeastern United States. As of December 31, 2021, our stabilized operating property portfolio was comprised of 37 retail properties, 7 office properties, and 11 multifamily properties. In addition to our operating property portfolio, we had 1 mixed-use property, 1 office property, and 3 multifamily properties in various stages of predevelopment, development, redevelopment, or stabilization as of December 31, 2021. We also provide general contracting services to third parties and invest in development projects through mezzanine lending arrangements.

Substantially all of our assets are held by, and all of our operations are conducted through, our Operating Partnership. We are the sole general partner of our Operating Partnership and, as of December 31, 2021, we owned, through a combination of direct and indirect interests, 75.3% of the outstanding OP units in our Operating Partnership.

We elected to be taxed as a REIT for U.S. federal income tax purposes commencing with the taxable year ended December 31, 2013.

Our principal executive office is located at 222 Central Park Avenue, Suite 2100, Virginia Beach, Virginia 23462 in the Armada Hoffler Tower at the Virginia Beach Town Center. In addition, we have a construction office located at 1300 Thames Street, Suite 30, Baltimore, Maryland 21231 in Thames Street Wharf at Harbor Point. The telephone number for our principal executive office is (757) 366-4000. We maintain a website at ArmadaHoffler.com. The information on, or accessible through, our website is not incorporated into and does not constitute a part of this report.

COVID-19 Update

See Part I, Item 1 “Business—Impact of COVID-19 on Our Business” for more information on the impact of COVID-19 on our company.

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 Company's accounting policies are more fully described in Note 2 of our consolidated financial statements in Item 8 of this Annual Report on Form 10-K. As disclosed in Note 2, the preparation of these financial statements requires us to exercise our best judgment in making estimates that affect the reported amounts of assets, liabilities, revenues, and expenses. We base our estimates on historical experience and other assumptions that we believe to be reasonable under the circumstances. We evaluate our estimates on an ongoing basis, based upon current available information. Actual results could differ from these estimates.

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

Rental Revenues

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

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

General Contracting and Real Estate Services Revenues

We recognize general contracting revenues as a customer obtains control of promised goods or services in an amount that reflects the consideration we expect to receive in exchange for those goods or services. For each construction contract, we identify the performance obligations, which typically include the delivery of a single building constructed according to the specifications of the contract. We estimate the total transaction price, which generally includes a fixed contract price and may also include variable components such as early completion bonuses, liquidated damages, or cost savings to be shared with the customer. Variable components of the contract price are included in the transaction price to the extent that it is probable that a significant reversal of revenue will not occur. We recognize the estimated transaction price as revenue as we satisfy our performance obligations; we estimate our progress in satisfying performance obligations for each contract using the input method, based on the proportion of incurred costs relative to total estimated construction costs at completion. Construction contract costs include all direct material, direct labor, subcontract costs, and overhead costs directly related to contract performance. Changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions and final contract settlements, are all significant judgments that may result in revisions to costs and income and are recognized in the period in which they are determined. Additionally, the estimated costs at completion are affected by management's forecasts of anticipated costs to be incurred and contingency reserves for exposures related to unknown costs, such as design deficiencies and subcontractor defaults. The estimated variable consideration is also affected by claims and unapproved change orders, which may result from changes in the scope of the contract. Provisions for estimated losses on uncompleted contracts are recognized immediately in the period in which such losses are determined.

We recognize real estate services revenues from property development and management as we satisfy our performance obligations under these service arrangements.

We assess whether multiple contracts with a single counterparty may be combined into a single contract for the revenue recognition purposes based on factors such as the timing of the negotiation and execution of the contracts and whether the economic substance of the contracts was contemplated separately or in tandem.

Operating Property Acquisitions

Acquisitions of operating properties have been and will generally be accounted for as acquisitions of a group of assets, with costs incurred to effect an acquisition, including title, legal, accounting, brokerage commissions, and other related costs being capitalized as part of the cost of the assets acquired. In connection with operating property acquisitions, we identify and recognize all assets acquired and liabilities assumed at their relative fair values as of the acquisition date. The purchase price allocations to tangible assets, such as land, site improvements, and buildings and improvements, are presented within income producing property in the consolidated balance sheets and depreciated over their estimated useful lives. Acquired lease intangible assets are presented as a separate component of assets on the consolidated balance sheets. Acquired lease intangible liabilities are presented within other liabilities in the consolidated balance sheets. We amortize in-place lease assets as depreciation and amortization expense on a straight-line basis over the remaining term of the related leases. We amortize above-market lease assets as reductions to rental revenues on a straight-line basis over the remaining term of the related leases. We amortize below-market lease liabilities as increases to rental revenues on a straight-line basis over the remaining term of the related leases. We amortize below-market ground lease assets as increases to rental expenses on a straight-line basis over the remaining term of the related leases. We capitalize the costs related to operating property acquisitions that do not meet the definition of a business.

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

We value debt assumed in connection with operating property acquisitions based on a discounted cash flow analysis of the expected cash flows of the debt. Such analysis considers the contractual terms of the debt, including the period to maturity,

credit characteristics, and other terms of the arrangements, which are Level 3 inputs in the fair value hierarchy (as described in Note 12 to our consolidated financial statements in Item 8 of this Annual Report on Form 10-K).

Real Estate Project Costs

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

We capitalize direct and indirect project costs associated with the initial construction or redevelopment of a property up to the time the property is substantially complete and ready for its intended use.

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

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

Real Estate Impairment

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

Interest Income

Interest income on notes receivable is accrued based on the contractual terms of the loans and when, in the opinion of management, it is deemed collectible. Many loans provide for accrual of interest that will not be paid until maturity of the loan. Interest is recognized on these loans at the accrual rate subject to management's determination that accrued interest is ultimately collectible, based on the underlying collateral and the status of development activities, as applicable. If management cannot make this determination, recognition of interest income may be fully or partially deferred until it is ultimately paid.

Expected credit losses

We evaluate the collectability of both the interest on and principal of each of our notes receivable based primarily upon the value of the underlying development project. We consider factors such as the progress of development activities, including leasing activities, projected development costs, current and projected loan balances. We also consider historical industry data, such as loan defaults and losses experienced on loans secured by other development projects, and current economic conditions that may affect the collectability of the remaining cash flows. At the end of each reporting period, the Company measures expected credit losses to be incurred over the remaining contractual term based on the risk rating of each loan. See Note 2 to our consolidated financial statements in Item 8 of this Annual Report on Form 10-K for details on risk rating determination. If a loan is rated as substandard, we then estimate expected credit losses as the difference between the amortized cost basis of the outstanding loan and the estimated projected sales proceeds of the underlying collateral.

Recent Accounting Pronouncements

For a summary of recent accounting pronouncements and the anticipated effects on our consolidated financial statements see Note 2 to our consolidated financial statements included in Item 8 of this Form 10-K.

Segment Results of Operations

As of December 31, 2021, we operated our business in four segments: (i) office real estate, (ii) retail real estate, (iii) multifamily residential real estate, and (iv) general contracting and real estate services that are conducted through our TRSs. NOI (segment revenues minus segment expenses) is the measure used by management to assess segment performance and allocate our resources among our segments. NOI is not a measure of operating income or cash flows from operating activities as measured by GAAP and is not indicative of cash available to fund cash needs. As a result, NOI should not be considered an alternative to cash flows as a measure of liquidity. Not all companies calculate NOI in the same manner. We consider NOI to be an appropriate supplemental measure to net income because it assists both investors and management in understanding the core operations of our real estate and construction businesses. See Note 3 to our consolidated financial statements in Item 8 of this Annual Report on Form 10-K for a reconciliation of NOI to net income, the most directly comparable GAAP measure.

We define same store properties as those that we owned and operated and that were stabilized for the entirety of both periods compared. 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 substantially 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 stabilization criteria above are 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.

This section of this Form 10-K generally discusses 2021 and 2020 items and year-to-year comparisons between 2021 and 2020. Discussions of 2019 items and year-to-year comparisons between 2020 and 2019 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Office Segment Data

Office rental revenues, property expenses, and NOI for the years ended December 31, 2021, 2020 and 2019 were as follows ($ in thousands):

	Years Ended December 31,		
	2021	2020	2019
Rental revenues	$ 47,363	$ 43,494	$ 33,269
Property expenses	18,524	15,910	12,193
NOI	$ 28,839	$ 27,584	$ 21,076
Square feet[(1)]	1,301,319	1,305,933	1,307,255
Occupancy[(1)]	96.8 %	97.0 %	96.6 %

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

Rental revenues for the year ended December 31, 2021 increased $3.9 million, or 8.9%, compared to the year ended December 31, 2020. NOI for the year ended December 31, 2021 increased $1.3 million, or 4.5%, compared to the year ended December 31, 2020. The increases in rental revenues and NOI resulted primarily from the commencement of operations at Wills Wharf in June 2020.

Office Same Store Results

Office same store rental revenues, property expenses, and NOI for the comparative years ended December 31, 2021 and 2020 and December 31, 2020 and 2019 were as follows (in thousands):

	Years Ended December 31,			Years Ended December 31,		
	2021 (1)	2020(1)	Change	2020 (2)	2019 (2)	Change
Rental revenues	$ 40,965	$ 40,420	$ 545	$ 21,044	$ 21,239	$ (195)
Property expenses	14,513	14,060	453	7,771	7,735	36
Same Store NOI	$ 26,452	$ 26,360	$ 92	$ 13,273	$ 13,504	$ (231)
Non-Same Store NOI	2,387	1,224	1,163	14,311	7,572	6,739
Segment NOI	$ 28,839	$ 27,584	$ 1,255	$ 27,584	$ 21,076	$ 6,508

(1) Same store excludes Wills Wharf.
(2) Same store excludes One City Center, Brooks Crossing Office, Thames Street Wharf, and Wills Wharf.

Same store rental revenues for the year ended December 31, 2021 increased compared to the year ended December 31, 2020 due to an increase in recoverable expenses at the Thames Street Wharf. Same store NOI for the year ended December 31, 2021 was materially consistent with the year ended December 31, 2020.

Retail Segment Data

Retail rental revenues, property expenses, and NOI for the years ended December 31, 2021, 2020 and 2019 were as follows ($ in thousands):

	Years Ended December 31,		
	2021	2020	2019
Rental revenues	$ 78,572	$ 73,032	$ 77,593
Property expenses	20,928	18,813	19,572
NOI	$ 57,644	$ 54,219	$ 58,021
Square feet(1)	4,067,355	3,651,213	4,169,784
Occupancy(1)	96.0 %	94.7 %	96.9 %

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

Rental revenues for the year ended December 31, 2021 increased $5.5 million, or 7.6%, compared to the year ended December 31, 2020. NOI for the year ended December 31, 2021 increased $3.4 million, or 6.3%, compared to the year ended December 31, 2020. The increases in rental revenues and NOI resulted primarily from the acquisition of Delray Beach Plaza, Overlook Village, Greenbrier Square, Nexton Square, and the commencement of operations at Apex Entertainment after the redevelopment was completed in September 2020. These increases were partially offset by the disposition of the seven-property retail portfolio in May 2020 as well as the disposition of Oakland Marketplace and Socastee Commons.

Retail Same Store Results

Retail same store rental revenues, property expenses, and NOI for the comparative years ended December 31, 2021 and 2020 and December 31, 2020 and 2019 were as follows (in thousands):

	Years Ended December 31,			Years Ended December 31,		
	2021 [1]	2020 [1]	Change	2020 [2]	2019 [2]	Change
Rental revenues	$ 64,006	$ 63,147	$ 859	$ 49,171	$ 51,970	$ (2,799)
Property expenses	15,898	15,469	429	12,327	12,681	(354)
Same Store NOI	$ 48,108	$ 47,678	$ 430	$ 36,844	$ 39,289	$ (2,445)
Non-Same Store NOI	9,536	6,541	2,995	17,375	18,732	(1,357)
Segment NOI	$ 57,644	$ 54,219	$ 3,425	$ 54,219	$ 58,021	$ (3,802)

(1) Same store excludes Apex Entertainment, Delray Beach Plaza, Greenbrier Square, Nexton Square, Overlook Village, and Premier Retail. In addition, same store excludes the seven-property retail portfolio that was disposed in May 2020 (Alexander Pointe, Bermuda Crossroads, Gainsborough Square, Harper Hill Commons, Indian Lakes Crossing, Renaissance Square, and Stone House Square) as well as Oakland Marketplace, Socastee Commons, and Courthouse 7-Eleven, each of which were disposed in 2021.

(2) Same store excludes Apex Entertainment, Brooks Crossing Retail, Columbus Village (due to redevelopment), Lightfoot Marketplace (disposed in August 2019), Market at Mill Creek, Marketplace at Hilltop and Red Mill Commons (acquired in May 2019), Nexton Square (acquired in September 2020), Premier Retail, Waynesboro Commons (disposed in April 2019), the additional outparcel phase of Wendover Village (acquired in February 2019), and the seven-property retail portfolio that was disposed in May 2020 (Alexander Pointe, Bermuda Crossroads, Gainsborough Square, Harper Hill Commons, Indian Lakes Crossing, Renaissance Square, and Stone House Square).

Same store rental revenues and NOI for the year ended December 31, 2021 increased compared to the year ended December 31, 2020 primarily as a result of higher rental revenue received from Regal Cinemas at the Harrisonburg location as well as increased occupancy and less bad debt reserves for various properties in the same store portfolio.

Multifamily Segment Data

Multifamily rental revenues, property expenses, and NOI for the years ended December 31, 2021, 2020 and 2019 were as follows ($ in thousands):

	Years Ended December 31,		
	2021	2020	2019
Rental revenues	$ 66,205	$ 49,962	$ 40,477
Property expenses	28,894	22,373	17,528
NOI	$ 37,311	$ 27,589	$ 22,949
Apartment units/beds	2,959	3,527	2,238
Occupancy	97.4 %	92.5 %	95.6 %

Rental revenues for the year ended December 31, 2021 increased $16.2 million, or 32.5%, compared to the year ended December 31, 2020. NOI increased $9.7 million, or 35.2%, compared to the year ended December 31, 2020. The increases in rental revenues and NOI resulted primarily from the acquisition of Edison Apartments and The Residences at Annapolis Junction, the delivery of Summit Place, and higher occupancy and rental rates at multiple properties. The increases were partially offset by the disposition of Johns Hopkins Village in November 2021.

Multifamily Same Store Results

Multifamily same store rental revenues, property expenses, and NOI for the comparative years ended December 31, 2021 and 2020 and December 31, 2020 and 2019 were as follows (in thousands):

	Years Ended December 31,			Years Ended December 31,		
	2021 [1]	2020 [1]	Change	2020 [2]	2019 [2]	Change
Rental revenues	$ 28,727	$ 26,834	$ 1,893	$ 21,542	$ 21,849	$ (307)
Property expenses	11,188	11,021	167	9,157	8,666	491
Same Store NOI	$ 17,539	$ 15,813	$ 1,726	$ 12,385	$ 13,183	$ (798)
Non-Same Store NOI	19,772	11,776	7,996	15,204	9,766	5,438
Segment NOI	$ 37,311	$ 27,589	$ 9,722	$ 27,589	$ 22,949	$ 4,640

(1) Same store excludes The Residences at Annapolis Junction, Edison Apartments, Hoffler Place, Summit Place, Johns Hopkins Village, and The Cosmopolitan.

(2) Same store excludes 1405 Point, The Residences at Annapolis Junction, and Edison Apartments (acquired in October 2020), Greenside Apartments, Hoffler Place, Premier Apartments, Summit Place, and The Cosmopolitan (due to redevelopment).

Same store rental revenues and NOI for the year ended December 31, 2021 increased compared to the year ended December 31, 2020 primarily as a result of higher occupancy and rental rates at multiple properties.

General Contracting and Real Estate Services Segment Data

General contracting and real estate services revenues, expenses, and gross profit for the years ended December 31, 2021, 2020 and 2019 were as follows ($ in thousands):

	Years Ended December 31,		
	2021	2020	2019
Segment revenues	$ 91,936	$ 217,146	$ 105,859
Gross profit	$ 3,836	$ 7,674	$ 4,321
Operating margin	4.2 %	3.5 %	4.1 %
Construction backlog	$ 215,519	$ 71,258	$ 242,622

Segment revenues for the year ended December 31, 2021 decreased $125.2 million compared to the year ended December 31, 2020. Gross profit for the year ended December 31, 2021 decreased $3.8 million compared to the year ended December 31, 2020. The decrease in segment revenues resulted primarily from a lower volume of projects during the year ended December 31, 2021 due to COVID-related factors. By contrast, operating margin for the year ended December 31, 2021 increased 0.7% compared to the year ended December 31, 2020 primarily due to the recognition of project savings.

The changes in construction backlog for each of the years ended December 31, 2021, 2020 and 2019 were as follows (in thousands):

	Years Ended December 31,		
	2021	2020	2019
Beginning backlog	$ 71,258	$ 242,622	$ 165,863
New contracts/change orders	236,077	45,882	182,495
Work performed	(91,816)	(217,246)	(105,736)
Ending backlog	$ 215,519	$ 71,258	$ 242,622

During the year ended December 31, 2021, we executed new contracts for the Boulders Lakeview Apartments, Adams Hill Apartments, Fox Crossing Apartments, and Innsbrook Apartments & Townhomes projects at contract prices of $37.2 million, $52.4 million, $38.1 million and $54.0 million.

During the year ended December 31, 2020, we performed work on several significant projects, including 27th Street Apartments, Interlock Commercial, and Solis Apartments at Interlock, which used $52.2 million, $43.8 million, and $46.0 million, respectively, of the backlog as of December 31, 2020.

Consolidated Results of Operations

The following table summarizes our results of operations for the years ended December 31, 2021, 2020, and 2019 (in thousands):

	Years Ended December 31,			2021	2020
	2021	2020	2019	Change	Change
Revenues					
Rental revenues	$ 192,140	$ 166,488	$ 151,339	$ 25,652	$ 15,149
General contracting and real estate services revenues	91,936	217,146	105,859	(125,210)	111,287
Total revenues	284,076	383,634	257,198	(99,558)	126,436
Expenses					
Rental expenses	46,494	38,960	34,332	7,534	4,628
Real estate taxes	21,852	18,136	14,961	3,716	3,175
General contracting and real estate services expenses	88,100	209,472	101,538	(121,372)	107,934
Depreciation and amortization	68,853	59,972	54,564	8,881	5,408
Amortization of right-of-use assets - finance leases	1,022	586	377	436	209
General and administrative expenses	14,610	12,905	12,392	1,705	513
Acquisition, development and other pursuit costs	112	584	844	(472)	(260)
Impairment charges	21,378	666	252	20,712	414
Total expenses	262,421	341,281	219,260	(78,860)	122,021
Gain on real estate dispositions	19,040	6,388	4,699	12,652	1,689
Operating income	40,695	48,741	42,637	(8,046)	6,104
Interest income	18,457	19,841	23,215	(1,384)	(3,374)
Interest expense	(33,905)	(31,035)	(31,344)	(2,870)	309
Loss on extinguishment of debt	(3,810)	—	(30)	(3,810)	30
Equity in income of unconsolidated real estate entities	—	—	273	—	(273)
Change in fair value of derivatives and other	2,182	(1,130)	(3,599)	3,312	2,469
Unrealized credit loss release (provision)	792	(256)	—	1,048	(256)
Other income (expense), net	302	515	615	(213)	(100)
Income before taxes	24,713	36,676	31,767	(11,963)	4,909
Income tax benefit	742	283	491	459	(208)
Net income	25,455	36,959	32,258	(11,504)	4,701
Net (income) loss attributable to noncontrolling interests in investment entities	5	230	(213)	(225)	443
Preferred stock dividends	(11,548)	(7,349)	(2,455)	(4,199)	(4,894)
Net income attributable to common stockholders and OP Unitholders	$ 13,912	$ 29,840	$ 29,590	$ (15,928)	$ 250

Rental revenues. Rental revenues by segment for the years ended December 31, 2021, 2020, and 2019 were as follows (in thousands):

	Years Ended December 31,			2021	2020
	2021	2020	2019	Change	Change
Office	$ 47,363	$ 43,494	$ 33,269	$ 3,869	$ 10,225
Retail	78,572	73,032	77,593	5,540	(4,561)
Multifamily	66,205	49,962	40,477	16,243	9,485
	$ 192,140	$ 166,488	$ 151,339	$ 25,652	$ 15,149

Rental revenues increased $25.7 million during the year ended December 31, 2021 compared to the year ended December 31, 2020. The increase in office rental revenues resulted primarily from the commencement of operations at Wills Wharf in June 2020 and an increase in recoverable expenses at Thames Street Wharf. The increase in retail rental revenues resulted primarily from the acquisitions of Nexton Square, Delray Beach Plaza, Overlook Village, and Greenbrier Square along with the completion of the redevelopment at Apex Entertainment. Additionally, rental revenue has increased for Harrisonburg Regal due to higher rental revenue received from Regal Cinemas. These increases were partially offset by the disposition of the seven-property retail portfolio in May 2020 as well as the dispositions of Oakland Marketplace and Socastee Commons. The increase in multifamily rental revenues resulted primarily from the acquisition of Edison Apartments and The Residences at Annapolis Junction, the delivery of Summit Place, and higher occupancy and rental rates at multiple properties. These increases were partially offset by the disposition of Johns Hopkins Village in November 2021.

General contracting and real estate services revenues. General contracting and real estate services revenues decreased $125.2 million during the year ended December 31, 2021 compared to the year ended December 31, 2020. The decrease resulted primarily from a lower volume of projects during the year ended December 31, 2021.

Rental expenses. Rental expenses by segment for each of the three years ended December 31, 2021 were as follows (in thousands):

	Years Ended December 31,			2021	2020
	2021	2020	2019	Change	Change
Office	$ 12,412	$ 10,799	$ 8,722	$ 1,613	$ 2,077
Retail	12,512	11,029	11,656	1,483	(627)
Multifamily	21,570	17,132	13,954	4,438	3,178
	$ 46,494	$ 38,960	$ 34,332	$ 7,534	$ 4,628

Rental expenses increased $7.5 million during the year ended December 31, 2021 compared to the year ended December 31, 2020. Office rental expenses increased primarily as a result of the Wills Wharf property being placed into service beginning in June 2020 as well as higher recoverable utility costs due to tenants returning to work in their offices. Retail rental expenses increased primarily as a result of the acquisitions of Nexton Square, Delray Beach Plaza, Overlook Village, and Greenbrier Square along with the completion of the redevelopment at Apex Entertainment. These increases were partially offset by the disposition of the seven-property retail portfolio in May 2020 as well as the dispositions of Oakland Marketplace and Socastee Commons. Multifamily rental expenses increased primarily as a result of the acquisition of Edison Apartments and The Residences at Annapolis Junction as well as the delivery of Summit Place. The increase was partially offset by the disposition of Johns Hopkins Village in November 2021.

Real estate taxes. Real estate taxes by segment for the years ended December 31, 2021, 2020, and 2019 were as follows (in thousands):

	Years Ended December 31,			2021	2020
	2021	2020	2019	Change	Change
Office	$ 6,112	$ 5,111	$ 3,471	$ 1,001	$ 1,640
Retail	8,416	7,784	7,916	632	(132)
Multifamily	7,324	5,241	3,574	2,083	1,667
	$ 21,852	$ 18,136	$ 14,961	$ 3,716	$ 3,175

Real estate taxes increased $3.7 million during the year ended December 31, 2021 compared to the year ended December 31, 2020. Office real estate taxes increased primarily as a result of Wills Wharf being placed into service as well as

an increased assessment at Thames Street Wharf. Retail real estate taxes increased primarily as a result of the acquisitions of Nexton Square, Delray Beach Plaza, Overlook Village, and Greenbrier Square. These increases were partially offset by the disposition of the seven-property retail portfolio in May 2020 as well as the dispositions of Oakland Marketplace and Socastee Commons. Multifamily real estate taxes increased primarily as a result of the acquisition of Edison Apartments and The Residences at Annapolis Junction, the delivery of Summit Place, and expiring real estate tax credits at Johns Hopkins Village.

General contracting and real estate services expenses for the year ended December 31, 2021 decreased $121.4 million compared to the year ended December 31, 2020. The decrease resulted primarily from a lower volume of projects during the year ended December 31, 2021.

Depreciation and amortization for the year ended December 31, 2021 increased $8.9 million compared to the year ended December 31, 2020. The increase was attributable to property acquisitions and development deliveries. The increases were partially offset by dispositions in 2020 and 2021, and certain assets that became fully depreciated.

Amortization of right-of-use assets - finance leases for the year ended December 31, 2021 increased $0.4 million compared to the year ended December 31, 2020. The increase was primarily due to the acquisition of Delray Beach Plaza shopping center, which has a ground lease classified as a finance lease.

General and administrative expenses for the year ended December 31, 2021 increased $1.7 million compared to the year ended December 31, 2020. The increase resulted from increased business insurance expense and higher compensation cost due to increased investment in human capital and sustainability initiatives.

Acquisition, development and other pursuit costs for the year ended December 31, 2021 decreased $0.5 million compared to the year ended December 31, 2020. The decrease was due to a higher write off of costs for the year ended December 31, 2020 relating to certain development projects and acquisitions that were abandoned.

Impairment charges during the year ended December 31, 2021 totaled $21.4 million and related to impairment charges recognized on Socastee Commons, which was disposed in August 2021, and the two student housing properties in Charleston, South Carolina, which were classified as held for sale as of December 31, 2021.

Gain on real estate dispositions for the year ended December 31, 2021 totaled $19.0 million and related to the dispositions of Hanbury 7-Eleven, Oakland Marketplace, Courthouse 7-Eleven, and Johns Hopkins Village. During the year ended December 31, 2020, we recognized gains on real estate dispositions of $6.4 million, related to the sale of a portfolio of seven retail properties in May 2020 and the sale of Walgreens at Hanbury Village in August 2020.

Interest income for the year ended December 31, 2021 decreased $1.4 million compared to the year ended December 31, 2020, primarily as a result of the lower notes receivable balance in the current period due to the repayment of mezzanine loans for The Residences at Annapolis Junction, Delray Beach Plaza, and Nexton Square. As of December 31, 2021 and 2020, our outstanding mezzanine loan balances were $118.9 million and $128.6 million, respectively.

Interest expense for the year ended December 31, 2021 increased $2.9 million compared to the year ended December 31, 2020 primarily due to the loans obtained and assumed in connection with acquisitions.

Loss on extinguishment of debt increased $3.8 million compared to the year ended December 31, 2020 primarily due to the disposition of Johns Hopkins Village and the termination of the related interest rate swap.

Change in fair value of derivatives and other for the year ended December 31, 2021 was a gain of $2.2 million, which arose from fair value increases for our derivative instruments due to increases in forward LIBOR. During the year ended December 31, 2020, we recognized losses on changes in fair value of interest rate derivatives of $1.1 million due to significant decreases in forward LIBOR during 2020.

Unrealized credit loss release relates to a release in the allowance for the Interlock Commercial mezzanine loan due to the progression of the development project, which was partially offset by the reserve recorded for the Nexton Multifamily investment.

Other income (expense), net for the years ended December 31, 2021 and 2020 was materially consistent.

The income tax benefit recognized during the years ended December 31, 2021 and 2020 is 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 sale of common stock through our at-the-market continuous equity offering program (the "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, and the issuance of equity and debt securities. We also may fund property development and acquisitions and capital improvements using our credit facility pending long-term financing.

As of December 31, 2021, we had unrestricted cash and cash equivalents of $35.2 million available for both current liquidity needs as well as development activities. As of December 31, 2021, we also had restricted cash in escrow of $5.2 million, some of which is available for capital expenditures at our operating properties. As of December 31, 2021, we had $110 million available under our credit facility to meet our short-term liquidity requirements and $60.1 million available under construction loans to fund development activities.

ATM Program

On March 10, 2020, we commenced a new ATM Program through which we may, from time to time, issue and sell shares of our common stock and shares of our 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 year ended December 31, 2021, we issued and sold 3,801,731 shares of common stock at a weighted average price of $13.87 per share under the ATM Program, receiving net proceeds, after offering costs and commissions, of $51.7 million. During the year ended December 31, 2021, we did not issue any shares of Series A Preferred Stock under the ATM Program.

As of December 31, 2021, we had $212.2 million in availability under the ATM Program.

Recent Common Equity Offering

On January 11, 2022, we completed an underwritten public offering of 4,025,000 shares of common stock, which were purchased from us at a purchase price of $14.45 per share of common stock, which resulted 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, 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. We intend to use future borrowings under the credit facility for general corporate purposes, including funding acquisitions, mezzanine lending, development and redevelopment of properties in our portfolio, and for working capital. Our unencumbered borrowing pool supports revolving borrowings of up to $130 million as of December 31, 2021.

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 (the London Inter-Bank Offered Rate) 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 15 or 25 basis points on the unused portions of the commitments under the revolving credit facility, depending on the amount of borrowings under the credit facility. As of December 31, 2021, the interest rates on the revolving credit facility and the term loan facility were 1.70% and 1.65%, respectively. 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 such credit ratings. In the future, our interest will no longer be calculated based on LIBOR, and the interest to be paid on credit facility borrowings will instead use an alternative benchmark interest rate. The alternative rate we will use will most likely be SOFR, and the exact transition date is yet to be determined.

The Operating Partnership is the borrower under the credit facility, and its obligations under the credit facility are guaranteed by us 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. 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 Code. If certain defaults or events of default exist, we may pay cash dividends with respect to any 12-month period to the extent necessary to maintain our status as a REIT. The 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 OP 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 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.

On January 7, 2021, we entered into a $15.0 million standby letter of credit using the available capacity under the credit facility to guarantee the funding of our investment in the Harbor Point Parcel 3 joint venture, which is the developer of

T. Rowe Price's new global headquarters. This letter of credit was available for draw down on the revolving credit facility in the event we did not perform. This letter of credit expired on January 4, 2022 and was not required to be renewed.

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

Consolidated Indebtedness

The following table sets forth our consolidated indebtedness as of December 31, 2021 ($ in thousands):

Secured Debt	Amount Outstanding	Interest Rate [a]	Effective Rate for Variable-Rate Debt	Maturity Date	Balance at Maturity
Red Mill West	$ 10,386	4.23%		June 1, 2022	$ 10,187
Marketplace at Hilltop	9,706	4.42%		October 1, 2022	9,383
1405 Point	52,286	LIBOR+ 2.25%	2.35 %	January 1, 2023	51,532
Nexton Square	20,107	LIBOR+ 2.25%	2.50 %	February 1, 2023	20,107
Wills Wharf	64,288	LIBOR+ 2.25%	2.35 %	June 26, 2023	64,288
249 Central Park Retail[b]	16,352	LIBOR+ 1.60%	3.85 % [c]	August 10, 2023	15,935
Fountain Plaza Retail[b]	9,841	LIBOR+ 1.60%	3.85 % [c]	August 10, 2023	9,589
South Retail[b]	7,179	LIBOR+ 1.60%	3.85 % [c]	August 10, 2023	6,996
Hoffler Place[d][e]	18,400	LIBOR+ 2.60%	3.00 %	January 1, 2024	18,143
Summit Place[d][e]	23,100	LIBOR+ 2.60%	3.00 %	January 1, 2024	22,789
One City Center	24,084	LIBOR+ 1.85%	1.95 %	April 1, 2024	22,559
Chronicle Mill[f]	—	LIBOR+ 3.00%	3.25 %	May 5, 2024	—
Red Mill Central	2,188	4.80%		June 17, 2024	1,765
Gainesville Apartments	18,114	LIBOR+ 3.00%	3.75 %	August 31, 2024	18,114
Premier Apartments[g]	16,508	LIBOR+ 1.55%	1.65 %	October 31, 2024	15,848
Premier Retail[g]	8,131	LIBOR+ 1.55%	1.65 %	October 31, 2024	7,806
Red Mill South	5,518	3.57%		May 1, 2025	4,383
Brooks Crossing Office	14,882	LIBOR+ 1.60%	1.70 %	July 1, 2025	13,043
Market at Mill Creek	13,142	LIBOR+ 1.55%	1.65 %	July 12, 2025	10,876
North Point Center Note 2	1,942	7.25%		September 15, 2025	1,328
Encore Apartments[h]	24,523	2.93%		February 10, 2026	22,214
4525 Main Street[h]	31,476	2.93%		February 10, 2026	28,512
Delray Beach Plaza	14,039	LIBOR+ 3.00%	3.10 %	March 8, 2026	11,627
Thames Street Wharf	70,761	BSBY+ 1.30%	2.35 % [c]	September 30, 2026	60,839
Southgate Square	27,060	LIBOR+ 1.90%	2.10 %	December 21, 2026	22,811
Greenbrier Square	20,000	3.74%		October 10, 2027	18,049
Lexington Square	14,172	4.50%		September 1, 2028	12,044
Red Mill North	4,189	4.73%		December 31, 2028	3,295
Greenside Apartments	32,598	3.17%		December 15, 2029	26,095
The Residences at Annapolis Junction	84,375	SOFR+ 2.66%	2.71 %	November 1, 2030	71,183
Smith's Landing	16,452	4.05%		June 1, 2035	384
Liberty Apartments	13,572	5.66%		November 1, 2043	90
Edison Apartments	15,926	5.30%		December 1, 2044	100
The Cosmopolitan	42,090	3.35%		July 1, 2051	187
Total secured debt	**$ 747,387**				**$ 602,101**
Unsecured debt					
Senior unsecured revolving credit facility	$ 5,000	LIBOR+ 1.30%-1.85%	1.70 %	January 24, 2024	$ 5,000
Senior unsecured term loan	19,500	LIBOR+ 1.25%-1.80%	1.65 %	January 24, 2025	19,500
Senior unsecured term loan	185,500	LIBOR+ 1.25%-1.80%	2.05%-4.57% [c]	January 24, 2025	185,500
Total unsecured debt	**210,000**				**210,000**
Total principal balances	**957,387**				**$ 812,101**
Other notes payable[i]	10,144				
Unamortized GAAP adjustments	(8,621)				
Loans reclassified to liabilities related to assets held for sale, net	(41,354)				
Indebtedness, net	**$ 917,556**				

(a) LIBOR, SOFR, and BSBY rates are determined by individual lenders.

(b) Cross collateralized.
(c) Includes debt subject to interest rate swap agreements.
(d) Cross collateralized.
(e) Held for sale as of December 31, 2021.
(f) No funding on the construction loan as of December 31, 2021.
(g) Cross collateralized.
(h) Cross collateralized.
(i) Represents the fair value of additional ground lease payments at 1405 Point over the approximately 42-year remaining lease term and an earn-out liability for the Gainesville development project.

Certain loans require us to comply with various financial and other covenants, including the maintenance of minimum debt coverage ratios. As of December 31, 2021, we were in compliance with all loan covenants.

In September 2021, the loan covenants for the syndicated loan secured by Wills Wharf were modified to extend the deadline for the Company to meet a lease-up requirement included in the loan agreement from October 1, 2021 to February 1, 2022. At February 1, 2022, it was determined that we did not meet the lease-up requirement stipulated. The covenant requires the property to be 75% leased, and the property was 70% leased as of that date. This was not an event of default but did trigger an appraisal for the property.

As of December 31, 2021, our scheduled principal repayments and maturities during each of the next five years and thereafter were as follows ($ in thousands):

Year [1]	Amount Due	Percentage of Total
2022	$ 31,889	3 %
2023	180,595	19 %
2024	125,017	13 %
2025	247,574	26 %
2026	155,553	16 %
Thereafter	216,759	23 %
Total	**$ 957,387**	**100 %**

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

Interest Rate Derivatives

As of December 31, 2021, we were party to the following LIBOR and SOFR interest rate cap agreements ($ in thousands):

Effective Date	Maturity Date	Strike Rate	Notional Amount
5/15/2019	6/1/2022	2.50% (LIBOR)	$ 100,000
1/10/2020	2/1/2022	1.75% (LIBOR)	50,000
1/28/2020	2/1/2022	1.75% (LIBOR)	50,000
3/2/2020	3/1/2022	1.50% (LIBOR)	100,000
7/1/2020	7/1/2023	0.50% (LIBOR)	100,000
11/1/2020	11/1/2023	1.84% (SOFR) [a]	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)	50,000
5/5/2021	5/1/2023	0.50% (LIBOR)	35,100
6/16/2021	7/1/2023	0.50% (LIBOR)	100,000
Total			$ 783,954

(a) This interest rate swap is subject to SOFR, which has been identified as an alternative to LIBOR. LIBOR will be phased out beginning December 31, 2021.

As of December 31, 2021, 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	1-month LIBOR		2.78 %	4.33 %	5/1/2018	5/1/2023
Senior unsecured term loan	10,500	1-month LIBOR		3.02 %	4.57 %	10/12/2018	10/12/2023
249 Central Park Retail, South Retail, and Fountain Plaza Retail	33,372	1-month LIBOR		2.25 %	3.85 %	4/1/2019	8/10/2023
Senior unsecured term loan	50,000	1-month LIBOR		2.26 %	3.81 %	4/1/2019	10/26/2022
Senior unsecured term loan	25,000	1-month LIBOR		0.50 %	2.05 %	4/1/2020	4/1/2024
Senior unsecured term loan	25,000	1-month LIBOR		0.50 %	2.05 %	4/1/2020	4/1/2024
Senior unsecured term loan	25,000	1-month LIBOR		0.55 %	2.10 %	4/1/2020	4/1/2024
Thames Street Wharf	70,761	1-month BSBY	(a)	1.05 %	2.35 %	9/30/2021	9/30/2026
Total	$ 289,633						

(a) This interest rate is subject to BSBY, which has been identified as an alternative to LIBOR. LIBOR will be phased out beginning December 31, 2021.

Contractual Obligations

The following table summarizes the future payments for known contractual obligations as of December 31, 2021 (in thousands):

		Payments due by period			
Contractual Obligations	**Total**	**Less than 1 year**	**1 – 3 years**	**3 – 5 years**	**More than 5 years**
Principal payments and maturities of long-term indebtedness	$ 957,387	$ 31,889	$ 305,612	$ 403,127	$ 216,759
Ground and other operating leases	215,949	4,006	8,363	8,510	195,070
Interest payments on long-term debt—fixed interest	105,682	18,023	32,362	16,772	38,525
Interest payments on long-term debt—variable interest[(1)(2)]	37,303	10,193	12,823	6,201	8,086
Tenant-related and other commitments	10,898	9,740	1,158	—	—
Total [(3) (4)]	**$ 1,327,219**	**$ 73,851**	**$ 360,318**	**$ 434,610**	**$ 458,440**

(1) For long-term debt that bears interest at variable rates, we estimated future interest payments using the indexed rates as of December 31, 2021. LIBOR as of December 31, 2021 was 10 basis points. SOFR as of December 31, 2021 was 5 basis points. BSBY as of December 31, 2021 was 8 basis points.

(2) Assumes the balance outstanding of $5.0 million and the weighted average interest rate of 1.70% in effect at December 31, 2021 remain in effect until maturity of our secured revolving credit facility. Amounts also include unused credit facility fees assuming the balance outstanding at December 31, 2021 remains outstanding through maturity of our secured revolving credit facility.

(3) Contractual obligations above do not include funding obligations to non-wholly owned development projects as well as unfunded mezzanine loan commitments due to the uncertainty of the timing and amounts of certain of these obligations. Refer to "Item 1. Business" for information about our development projects and mezzanine loans.

(4) Contractual Obligations above exclude increased ground lease payments at 1405 Point and accrued earn-out payments to our joint venture partner at Gainesville, each of which is classified as notes payable in the consolidated balance sheets.

Off-Balance Sheet Arrangements

In connection with our mezzanine lending activities, we have guaranteed payment of portions of certain senior loans of third parties associated with the development projects. As of December 31, 2021, we had an outstanding payment guarantee amount on Interlock Commercial for $37.5 million. We have recorded a $1.2 million liability and corresponding addition to notes receivable relating to the value of this guarantee.

In connection with our Harbor Point Parcel 3 unconsolidated joint venture, we will be responsible for providing a completion guarantee to the lender for this project when a construction loan is obtained.

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Cash Flows

	Years Ended December 31,		
	2021	2020	Change
	($ in thousands)		
Operating Activities	$ 91,184	$ 91,179	$ 5
Investing Activities	(57,629)	(26,227)	(31,402)
Financing Activities	(43,542)	(58,101)	14,559
Net Increase/(decrease)	$ (9,987)	$ 6,851	$ (16,838)
Cash, Cash Equivalents, and Restricted Cash, Beginning of Period	$ 50,430	$ 43,579	
Cash, Cash Equivalents, and Restricted Cash, End of Period	$ 40,443	$ 50,430	

	Years Ended December 31,		
	2020	2019	Change
	($ in thousands)		
Operating Activities	$ 91,179	$ 67,729	$ 23,450
Investing Activities	(26,227)	(295,063)	268,836
Financing Activities	(58,101)	246,862	(304,963)
Net Increase	$ 6,851	$ 19,528	$ (12,677)
Cash, Cash Equivalents, and Restricted Cash, Beginning of Period	$ 43,579	$ 24,051	
Cash, Cash Equivalents, and Restricted Cash, End of Period	$ 50,430	$ 43,579	

Net cash provided by operating activities for the year ended December 31, 2021 was materially consistent with the year ended December 31, 2020.

Net cash used for investing activities for the year ended December 31, 2021 increased by $31.4 million compared to the year ended December 31, 2020 primarily due to increased acquisition activity and decreased disposition activity, offset partially by the pay-down of the Solis Apartments note receivable.

Net cash used for financing activities during the year ended December 31, 2021 decreased by $14.6 million compared to the year ended December 31, 2020 primarily as a result of a decrease in debt repayments, partially offset by a decrease in net proceeds from equity issuances and an increase in dividends and distributions paid.

Non-GAAP Financial Measures

FFO and Normalized FFO

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' calculation 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 and other instruments, 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 each of the years ended December 31, 2021, 2020 and 2019 to net income, the most directly comparable GAAP measure:

	Years Ended December 31,		
	2021	2020	2019
	(in thousands, except per share and unit amounts)		
Net income attributable to common stockholders and OP Unitholders	$ 13,912	$ 29,840	$ 29,590
Depreciation and amortization [1]	68,853	59,545	53,616
Gain on operating real estate dispositions [2]	(18,793)	(6,388)	(3,220)
Impairment of real estate assets	21,378	—	—
FFO attributable to common stockholders and OP Unitholders	85,350	82,997	79,986
Acquisition, development and other pursuit costs	112	584	844
Impairment of intangible assets and liabilities	—	666	252
Loss on extinguishment of debt	3,810	—	30
Unrealized credit loss (release) provision	(792)	256	—
Amortization of right-of-use assets - finance leases	1,022	586	377
Change in fair value of derivatives and other	(2,182)	1,130	3,599
Normalized FFO available to common stockholders and OP Unitholders	$ 87,320	$ 86,219	$ 85,088
Net income attributable to common stockholders and OP Unitholders per diluted share and unit	$ 0.17	$ 0.38	$ 0.41
FFO attributable to common stockholders and OP Unitholders per diluted share and unit	$ 1.05	$ 1.06	$ 1.10
Normalized FFO attributable to common stockholders and OP Unitholders per diluted share and unit	$ 1.07	$ 1.10	$ 1.17
Weighted-average common shares and units - diluted	81,445	78,309	72,644

(1) The adjustment for depreciation and amortization for the years ended December 31, 2020 and 2019 exclude $0.4 million and $1.2 million, respectively, of depreciation attributable to the Company's joint venture partners. Additionally, the adjustment for depreciation and amortization for the year ended December 31, 2019 includes $0.2 million of depreciation attributable to the Company's investment in One City Center, which was an unconsolidated real estate investment until March 14, 2019.

(2) The adjustment for gain on real estate dispositions for the year ended December 31, 2021 excludes the gain on sale of easement rights on a non-operating parcel and the loss on sale of a non-operating parcel. The adjustment for gain on operating real estate dispositions for the year ended December 31, 2019 excludes the portion of the gain on Lightfoot Marketplace that was allocated to our joint venture partner and excludes the gain on sale of a non-operating land parcel.

Inflation

Substantially all of our office and retail leases provide for the recovery of increases in real estate taxes and operating expenses. In addition, substantially all of the leases provide for annual rent increases. We believe that inflationary increases may be offset in part by the contractual rent increases and expense escalations previously described. In addition, our

multifamily leases generally have lease terms ranging from 7 to 15 months with a majority having 12-month lease terms allowing negotiation of rental rates at term end, which we believe reduces our exposure to the effects of inflation, although
an extreme escalation in costs could have a negative impact on our residents and their ability to absorb rent increases.

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

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

As of December 31, 2021 and excluding unamortized GAAP adjustments, approximately $534.4 million, or 55.8%, of our debt had fixed interest rates or was subject to interest rate swaps and approximately $423.0 million, or 44.2%, had variable interest rates. Considering interest rate swaps and caps, 96.0% of our debt is either fixed-rate or economically hedged. As of December 31, 2021, LIBOR was approximately 10 basis points, SOFR was approximately 5 basis points, and BSBY was approximately 8 basis points. Assuming no change in the level of our variable-rate debt or derivative instruments, if interest rates were to increase by 100 basis points, our cash flow would decrease by approximately $1.9 million per year. Assuming no change in the level of our variable-rate debt or derivative instruments, if interest rates were reduced to 0 basis points, our cash flow would increase by approximately $0.3 million per year.

Item 8. Financial Statements and Supplementary Data.

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

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

None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and 15d-15(e) under 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 December 31, 2021, 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 December 31, 2021, 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.

Management's Annual Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2021 based on the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on that evaluation, the Company's management concluded that our internal control over financial reporting was effective as of December 31, 2021.

Our internal control over financial reporting as of December 31, 2021 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report, which is included elsewhere herein.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information.

On February 23, 2022, the board of directors amended and restated the Company's bylaws (as so amended and restated, the "Bylaws") to reduce the requirements necessary for stockholders to submit binding proposals to amend the Bylaws. As amended, Article XIV of the Bylaws provides that stockholders satisfying the ownership and eligibility requirements of Rule 14a-8 under the Exchange Act the power, by the affirmative vote of a majority of all votes entitled to be cast on the matter, to alter or repeal any provision of the Bylaws and to adopt new Bylaws, except that stockholders do not have the power to alter or repeal Article XIV or Article XII (relating to indemnification and advancement of expenses) of the Bylaws or adopt any provision of the Bylaws inconsistent with Article XIV or Article XII without the approval of the Board.

The foregoing summary of the Bylaws is qualified in its entirety by reference to the full text of the Bylaws, a copy of which is filed as Exhibit 3.2 to this Annual Report on Form 10-K and is incorporated by reference herein. In addition, a marked copy of the Bylaws indicating the changes made to the Company's bylaws previously in effect is attached as Exhibit 3.3 to this Annual Report on Form 10-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

This information is incorporated by reference from the Company's Proxy Statement with respect to the 2022 Annual Meeting of Stockholders to be filed with the SEC no later than April 30, 2022.

Item 11. Executive Compensation.

This information is incorporated by reference from the Company's Proxy Statement with respect to the 2022 Annual Meeting of Stockholders to be filed with the SEC no later than April 30, 2022.

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

This information is incorporated by reference from the Company's Proxy Statement with respect to the 2022 Annual Meeting of Stockholders to be filed with the SEC no later than April 30, 2022.

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

This information is incorporated by reference from the Company's Proxy Statement with respect to the 2022 Annual Meeting of Stockholders to be filed with the SEC no later than April 30, 2022.

Item 14. Principal Accountant Fees and Services.

This information is incorporated by reference from the Company's Proxy Statement with respect to the 2022 Annual Meeting of Stockholders to be filed with the SEC no later than April 30, 2022.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

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

(1) Financial Statements

Included herein at pages F-1 through F-50.

(2) Financial Statement Schedules

The following financial statement schedule is included herein at pages F-51 through F-53:

Schedule III—Consolidated Real Estate Investments and Accumulated Depreciation

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

(3) Exhibits

The exhibits required to be filed by Item 601 of Regulation S-K are listed in the Index to Exhibits of this report and incorporated by reference herein.

Item 16. Form 10-K Summary.

None.

INDEX TO EXHIBITS

Exhibit Number	Description
3.1	Articles of Amendment and Restatement of Armada Hoffler Properties, Inc. (Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3, filed on June 2, 2014)
3.2*	Amended and Restated Bylaws of Armada Hoffler Properties, Inc.
3.3*	Amended and Restated Bylaws of Armada Hoffler Properties, Inc. (marked up copy).
3.4	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).
3.5	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).
3.6	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).
3.7	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).
3.8	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).
4.1	Form of Certificate of Common Stock of Armada Hoffler Properties, Inc. (Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
4.2	Description of Securities of Armada Hoffler Properties, Inc. (Incorporated by reference to Exhibit 4.2 to the Company's Annual Report on Form 10-K, filed on February 25, 2020)
10.1	Amended and Restated Agreement of Limited Partnership of Armada Hoffler, L.P. (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed on November 12, 2013)
10.2†	Armada Hoffler Properties, Inc. Amended and Restated 2013 Equity Incentive Plan (Incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-8, filed on June 15, 2017)
10.3†	Form of Restricted Stock Award Agreement for Executive officers (Incorporated by reference to Exhibit 10.3 to the Company's Annual Report on Form 10-K, filed on February 24, 2020)
10.4†	Indemnification Agreement between Armada Hoffler Properties, Inc. and each of the Directors and Officers listed on Schedule A thereto (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed on November 6, 2019)
10.5†	Tax Protection Agreement by and among Armada Hoffler Properties, Inc. and the person listed on the signature page thereto (Incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q, filed on November 12, 2013)
10.6†	Armada Hoffler, L.P. Amended and Restated Executive Severance Benefit Plan with the participants listed on Schedule A thereto (Incorporated by reference to Exhibit 10.6 to the Company's Annual Report on Form 10-K, filed on February 25, 2020)
10.7	Form of Restricted Stock Award Agreement for Directors (Incorporated by reference to Exhibit 10.7 to the Company's Annual Report on Form 10-K, filed on February 24, 2020)
10.8	Amendment No. 1, dated as of March 19, 2014, to the First Amended and Restated Agreement of Limited Partnership of Armada Hoffler, L.P., dated as of May 13, 2013 (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed on May 15, 2014)
10.9	Amendment No. 2, dated as of July 10, 2015, to the First Amended and Restated Agreement of Limited Partnership of Armada Hoffler, L.P., dated as of May 13, 2013 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on July 16, 2015)
10.10	Amendment No. 3 to the First Amended and Restated Agreement of Limited Partnership of Armada Hoffler, L.P., dated as of May 13, 2013 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on June 17, 2019)

Exhibit Number	Description
10.11	Amendment No. 4, dated as of March 6, 2020, to the First Amended and Restated Agreement of Limited Partnership of Armada Hoffler, L.P., dated as of May 13, 2013 (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed on November 6, 2020)
10.12	Amendment No. 5, dated as of July 2, 2020, to the First Amended and Restated Agreement of Limited Partnership of Armada Hoffler, L.P., dated as of May 13, 2013 (Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q, filed on November 6, 2020)
10.13	Amendment No. 6, dated as of August 17, 2020, to the First Amended and Restated Agreement of Limited Partnership of Armada Hoffler, L.P., dated as of May 13, 2013 (Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q, filed on November 6, 2020)
10.14†	Armada Hoffler Properties, Inc. Amended and Restated Short-Term Incentive Program (Incorporated by reference to Exhibit 10.9 to the Company's Annual Report on Form 10-K, filed on February 28, 2019)
10.15	Second Amended and Restated Credit Agreement, dated October 3, 2019, among Armada Hoffler, L.P., as Borrower, Armada Hoffler Properties, Inc., as Parent, Bank of America, N.A., as Administrative Agent, and the other agents and Lenders party thereto (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on October 9, 2019)
10.16	Second Amended and Restated Guaranty Agreement, dated October 3, 2019, among certain subsidiaries of Armada Hoffler, L.P. named therein for the benefit of the Administrative Agent and the Lenders named in the Second Amended and Restated Credit Agreement (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed on October 9, 2019)
10.17*	Membership Interest Purchase Agreement, dated December 3, 2021, by and between AHP Acquisitions, LLC, as Purchaser, and Harbor Point Parcel 2 Acquisition LLC, as Seller.
21.1*	List of Subsidiaries of Armada Hoffler Properties, Inc.
23.1*	Consent of Ernst & Young LLP, Independent Public Accounting Firm
31.1*	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of the Chief 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 Annual Report on Form 10-K for the year ended December 31, 2021, were formatted in Inline XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheet, (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Statements of Equity, (iv) Consolidated Statements of Cash Flows, and (v) Notes to 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
†	Management contract or compensatory plan or arrangement

SIGNATURES

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

Date: February 23, 2022

ARMADA HOFFLER PROPERTIES, INC.

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

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

Signature	Title	Date
/s/ Daniel A. Hoffler Daniel A. Hoffler	Executive Chairman and Director	February 23, 2022
/s/ Louis S. Haddad Louis S. Haddad	Vice Chairman, President, Chief Executive Officer and Director (principal executive officer)	February 23, 2022
/s/ Michael P. O’Hara Michael P. O’Hara	Chief Financial Officer, Treasurer, and Secretary (principal financial officer and principal accounting officer)	February 23, 2022
/s/ George F. Allen George F. Allen	Director	February 23, 2022
/s/ James A. Carroll James A. Carroll	Director	February 23, 2022
/s/ James C. Cherry James C. Cherry	Director	February 23, 2022
/s/ Eva S. Hardy Eva S. Hardy	Director	February 23, 2022
/s/ A. Russell Kirk A. Russell Kirk	Director	February 23, 2022
/s/ Dorothy S. McAuliffe Dorothy S. McAuliffe	Director	February 23, 2022
/s/ John W. Snow John W. Snow	Director	February 23, 2022

Armada Hoffler Properties, Inc.

Form 10-K
For the Fiscal Year Ended December 31, 2021

Item 8, Item 15(a)(1) and (2)

Index to Financial Statements and Schedule

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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Armada Hoffler Properties, Inc.

Opinion on Internal Control over Financial Reporting

We have audited Armada Hoffler Properties, Inc.’s internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Armada Hoffler Properties, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2021 consolidated financial statements of the Company and our report dated February 23, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Richmond, Virginia

February 23, 2022

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Armada Hoffler Properties, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Armada Hoffler Properties, Inc. (the Company) as of December 31, 2021 and 2020, the related consolidated statements of comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and Financial Statement Schedule listed in the Index at Item 15(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 23, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Allowance for Loan Losses - Notes Receivable

Description of the Matter	At December 31, 2021, the Company’s notes receivable portfolio totaled $126.4 million, net of allowances of $1 million. As discussed in Notes 2 and 6 to the consolidated financial statements, management estimates the allowance for loan losses on outstanding notes receivable based primarily upon relevant historical loan loss data sets, the forecast for macroeconomic conditions, loan-to-value of the underlying project, remaining contractual loan term, and other relevant loan-specific factors. For loans experiencing financial difficulty as of the measurement date, the Company recognizes expected credit losses calculated as the difference between the amortized cost basis of the financial asset and the estimated fair value of the collateral, which includes an estimation of the projected sales proceeds from the sale of the underlying property. Auditing management’s estimate of the allowance for loan losses was complex and highly judgmental due to the significant estimation required to determine the estimated fair value of the collateral. In particular, the estimated fair value of the collateral was highly sensitive to significant assumptions based on management’s expectations about future real estate market or economic conditions and the projected operating results of the property.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the allowance for loan losses process. For example, we tested controls over management’s review of the estimated allowance, the significant assumptions, and the data used to calculate the estimated fair value of the collateral. To test the allowance for loan losses, we performed audit procedures that included, among others, assessing methodologies used and testing the significant assumptions and underlying data used by the Company in calculating the estimated fair value of the collateral. We compared the significant assumptions used by management to external evidence, including comparable market capitalization rates and recent market activity of similar property transactions. We tested the projected operating results of properties by comparing inputs and assumptions to executed lease agreements or recent market activity and operating expenses incurred at similar operating properties owned by the Company. We performed sensitivity analyses of significant assumptions to evaluate the changes to the estimated fair value of the collateral that would result from changes in the assumptions. We also assessed the historical accuracy of management’s estimates.

Accounting for Acquisition of Operating Properties

Description of the Matter	During 2021, the Company completed three operating property acquisitions for a total purchase price of $92.9 million as described in Notes 2 and 5 to the consolidated financial statements. These transactions were accounted for as asset acquisitions. Auditing the Company's accounting for these acquisitions was challenging due to the significant estimation required by management to determine the fair values of the acquired assets used to allocate costs of the acquisitions on a relative fair value basis. The significant estimation was primarily due to the sensitivity of the respective fair values to underlying assumptions. The significant assumptions used to estimate the values of the tangible and intangible assets included the replacement cost of the properties, total lease-up time and lost rental revenues during such time, market rents, estimated future cash flows and other valuation assumptions.

How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's acquisition and purchase price allocation process, including controls over management's review of the significant assumptions described above. For example, we tested controls over management's review of the valuation methodology, the purchase price allocation, and the significant assumptions used. To test the costs allocated to the tangible and intangible assets, we involved our valuation specialists and performed audit procedures that included, among others, evaluating the Company's valuation methodologies, testing the significant assumptions described above and testing the completeness and accuracy of the underlying data. For example, we compared the significant assumptions to observable market data, including other properties within the same submarkets and to historical costs incurred by the Company in developing and constructing similar assets. We also performed sensitivity analyses of the significant assumptions to evaluate the change in fair values resulting from the changes in assumptions. In addition, we compared the Company's estimated fair values of acquired assets to independent estimates developed by our valuation specialist.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2012.

Richmond, Virginia

February 23, 2022

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

	DECEMBER 31, 2021	DECEMBER 31, 2020
ASSETS		
Real estate investments:		
Income producing property	$ 1,658,609	$ 1,680,943
Held for development	6,294	13,607
Construction in progress	72,535	63,367
	1,737,438	1,757,917
Accumulated depreciation	(285,814)	(253,965)
Net real estate investments	1,451,624	1,503,952
Real estate investments held for sale	80,751	1,165
Cash and cash equivalents	35,247	40,998
Restricted cash	5,196	9,432
Accounts receivable, net	29,576	28,259
Notes receivable, net	126,429	135,432
Construction receivables, including retentions, net	17,865	38,735
Construction contract costs and estimated earnings in excess of billings	243	138
Equity method investment	12,685	1,078
Operating lease right-of-use assets	23,493	32,760
Finance lease right-of-use assets	46,989	23,544
Acquired lease intangible assets	62,038	58,154
Other assets	45,927	43,324
Total Assets	$ 1,938,063	$ 1,916,971
LIABILITIES AND EQUITY		
Indebtedness, net	$ 917,556	$ 963,845
Liabilities related to assets held for sale	41,364	—
Accounts payable and accrued liabilities	29,589	23,900
Construction payables, including retentions	31,166	49,821
Billings in excess of construction contract costs and estimated earnings	4,881	6,088
Operating lease liabilities	31,648	41,659
Finance lease liabilities	46,160	17,954
Other liabilities	55,876	56,902
Total Liabilities	1,158,240	1,160,169
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 December 31, 2021 and 2020	171,085	171,085
Common stock, $0.01 par value, 500,000,000 shares authorized; 63,011,700 and 59,073,220 shares issued and outstanding as of December 31, 2021 and 2020, respectively	630	591
Additional paid-in capital	525,030	472,747
Distributions in excess of earnings	(141,360)	(112,356)
Accumulated other comprehensive loss	(33)	(8,868)
Total stockholders' equity	555,352	523,199
Noncontrolling interests in investment entities	629	488
Noncontrolling interests in Operating Partnership	223,842	233,115
Total Equity	779,823	756,802
Total Liabilities and Equity	$ 1,938,063	$ 1,916,971

See Notes to Consolidated Financial Statements.

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

	YEARS ENDED DECEMBER 31,		
	2021	2020	2019
Revenues			
Rental revenues	$ 192,140	$ 166,488	$ 151,339
General contracting and real estate services revenues	91,936	217,146	105,859
Total revenues	284,076	383,634	257,198
Expenses			
Rental expenses	46,494	38,960	34,332
Real estate taxes	21,852	18,136	14,961
General contracting and real estate services expenses	88,100	209,472	101,538
Depreciation and amortization	68,853	59,972	54,564
Amortization of right-of-use assets - finance leases	1,022	586	377
General and administrative expenses	14,610	12,905	12,392
Acquisition, development and other pursuit costs	112	584	844
Impairment charges	21,378	666	252
Total expenses	262,421	341,281	219,260
Gain on real estate dispositions	19,040	6,388	4,699
Operating income	40,695	48,741	42,637
Interest income	18,457	19,841	23,215
Interest expense	(33,905)	(31,035)	(31,344)
Loss on extinguishment of debt	(3,810)	—	(30)
Equity in income of unconsolidated real estate entities	—	—	273
Change in fair value of derivatives and other	2,182	(1,130)	(3,599)
Unrealized credit loss release (provision)	792	(256)	—
Other income (expense), net	302	515	615
Income before taxes	24,713	36,676	31,767
Income tax benefit	742	283	491
Net income	25,455	36,959	32,258
Net (income) loss attributable to noncontrolling interests:			
Investment entities	5	230	(213)
Operating Partnership	(3,568)	(8,037)	(7,992)
Net income attributable to Armada Hoffler Properties, Inc.	21,892	29,152	24,053
Preferred stock dividends	(11,548)	(7,349)	(2,455)
Net income attributable to common stockholders	$ 10,344	$ 21,803	$ 21,598
Net income attributable to common stockholders per share (basic and diluted)	$ 0.17	$ 0.38	$ 0.41
Weighted-average common shares outstanding (basic and diluted)	60,647	57,328	53,119
Comprehensive income:			
Net income	$ 25,455	$ 36,959	$ 32,258
Unrealized cash flow hedge gains (losses)	3,678	(9,751)	(4,504)
Realized cash flow hedge losses reclassified to net income	8,163	3,345	501
Comprehensive income	37,296	30,553	28,255
Comprehensive (income) loss attributable to noncontrolling interests:			
Investment entities	5	230	(213)
Operating Partnership	(6,573)	(6,259)	(6,946)
Comprehensive income attributable to Armada Hoffler Properties, Inc.	$ 30,728	$ 24,524	$ 21,096

See Notes to Consolidated Financial Statements.

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

	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, January 1, 2019	$ —	$ 500	$ 357,353	$ (82,699)	$ (1,283)	$ 273,871	$ —	$ 182,019	$ 455,890
Cumulative effect of accounting change [1]	—	—	—	(125)	—	(125)	—	(42)	(167)
Net income	—	—	—	24,053	—	24,053	213	7,992	32,258
Unrealized cash flow hedge losses	—	—	—	—	(3,321)	(3,321)	—	(1,183)	(4,504)
Realized cash flow hedge losses reclassified to net income	—	—	—	—	364	364	—	137	501
Net proceeds from issuance of cumulative redeemable perpetual preferred stock	63,250	—	(2,249)	—	—	61,001	—	—	61,001
Net proceeds from issuance of common stock	—	59	96,786	—	—	96,845	—	—	96,845
Restricted stock awards, net	—	2	2,022	—	—	2,024	—	—	2,024
Noncontrolling interest in acquired real estate entity	—	—	—	—	—	—	4,870	—	4,870
Issuance of operating partnership units for acquisitions	—	—	(986)	—	—	(986)	—	73,169	72,183
Redemption of operating partnership units	—	2	2,754	—	—	2,756	—	(2,756)	—
Distributions to Joint Venture Partners	—	—	—	—	—	—	(621)	—	(621)
Dividends declared on preferred stock	—	—	—	(2,455)	—	(2,455)	—	—	(2,455)
Dividends and distributions declared on common shares and units	—	—	—	(45,450)	—	(45,450)	—	(16,928)	(62,378)
Balance, December 31, 2019	63,250	563	455,680	(106,676)	(4,240)	408,577	4,462	242,408	655,447
Cumulative effect of accounting change [2]	—	—	—	(2,185)	—	(2,185)	—	(824)	(3,009)
Net income (loss)	—	—	—	29,152	—	29,152	(230)	8,037	36,959
Unrealized cash flow hedge losses	—	—	—	—	(7,082)	(7,082)	—	(2,669)	(9,751)
Realized cash flow hedge losses reclassified to net income	—	—	—	—	2,454	2,454	—	891	3,345
Net proceeds from issuance of cumulative redeemable perpetual preferred stock	107,835	—	(6,375)	—	—	101,460	—	—	101,460
Net proceeds from issuance of common stock	—	19	19,631	—	—	19,650	—	—	19,650
Restricted stock awards, net	—	2	2,340	—	—	2,342	—	—	2,342
Acquisitions of noncontrolling interests	—	—	(7,388)	—	—	(7,388)	(3,744)	6,099	(5,033)
Redemption of operating partnership units	—	7	8,859	—	—	8,866	—	(11,595)	(2,729)
Dividends declared on preferred stock	—	—	—	(7,349)	—	(7,349)	—	—	(7,349)
Dividends and distributions declared on common shares and units	—	—	—	(25,298)	—	(25,298)	—	(9,232)	(34,530)
Balance, December 31, 2020	171,085	591	472,747	(112,356)	(8,868)	523,199	488	233,115	756,802
Net income (loss)	—	—	—	21,892	—	21,892	(5)	3,568	25,455
Unrealized cash flow hedge gains	—	—	—	—	2,739	2,739	—	939	3,678
Realized cash flow hedge losses reclassified to net income	—	—	—	—	6,096	6,096	—	2,067	8,163
Net proceeds from issuance of common stock	—	38	51,639	—	—	51,677	—	—	51,677
Restricted stock awards, net	—	1	2,005	—	—	2,006	—	—	2,006
Acquisitions of noncontrolling interest in real estate entities	—	—	(950)	—	—	(950)	146	—	(804)
Redemption of operating partnership units	—	—	(411)	—	—	(411)	—	(2,538)	(2,949)
Dividends declared on preferred stock	—	—	—	(11,548)	—	(11,548)	—	—	(11,548)
Dividends and distributions declared on common shares and units	—	—	—	(39,348)	—	(39,348)	—	(13,309)	(52,657)
Balance, December 31, 2021	$ 171,085	$ 630	$ 525,030	$ (141,360)	$ (33)	$ 555,352	$ 629	$ 223,842	$ 779,823

(1) The Company recorded cumulative effect adjustments related to the new lease standard in the first quarter of 2019. See "Financial Statements — Note 2 — Significant Accounting Policies — Recent Accounting Pronouncements" for additional information.
(2) The Company recorded cumulative effect adjustments related to the new Current Expected Credit Losses ("CECL") standard in the first quarter of 2020. See "Financial Statements — Note 2 — Significant Accounting Policies — Recent Accounting Pronouncements" for additional information.

See Notes to Consolidated Financial Statements.

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

	YEARS ENDED DECEMBER 31,		
	2021	2020	2019
OPERATING ACTIVITIES			
Net income	$ 25,455	$ 36,959	$ 32,258
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation of buildings and tenant improvements	51,549	43,671	37,839
Amortization of leasing costs, in-place lease intangibles and below market ground rents - operating leases	17,304	16,301	16,725
Accrued straight-line rental revenue	(4,938)	(5,927)	(3,402)
Amortization of leasing incentives and above or below-market rents	(1,065)	(814)	(629)
Amortization of right-of-use assets - finance leases	1,022	586	377
Accrued straight-line ground rent expense	236	100	(16)
Unrealized credit loss provision (release)	(792)	256	—
Adjustment for uncollectable lease accounts	945	3,842	511
Noncash stock compensation	2,230	2,378	1,613
Impairment charges	21,378	666	252
Noncash interest expense	2,878	2,204	1,228
Noncash loss on extinguishment of debt	3,810	—	30
Gain on real estate dispositions, net	(19,040)	(6,388)	(4,699)
Adjustment for Annapolis Junction modification fee[(1)]	—	—	(4,489)
Change in the fair value of derivatives and other	(2,182)	1,130	3,599
Equity in income of unconsolidated real estate entities	—	—	(273)
Changes in operating assets and liabilities:			
Property assets	(3,721)	(5,960)	(2,499)
Property liabilities	7,175	6,677	3,936
Construction assets	19,284	(2,302)	(20,356)
Construction liabilities	(27,904)	13,708	18,671
Interest receivable	(2,440)	(15,908)	(12,947)
Net cash provided by operating activities	91,184	91,179	67,729
INVESTING ACTIVITIES			
Development of real estate investments	(48,625)	(63,485)	(133,445)
Tenant and building improvements	(15,496)	(10,077)	(19,721)
Acquisitions of real estate investments, net of cash received	(73,595)	(35,151)	(138,380)
Dispositions of real estate investments, net of selling costs	85,322	96,459	32,944
Notes receivable issuances	(30,656)	(24,484)	(54,555)
Notes receivable paydowns	42,301	16,340	22,522
Leasing costs	(4,585)	(3,425)	(3,893)
Leasing incentives	(688)	(1,326)	—
Contributions to equity method investments	(11,607)	(1,078)	(535)
Net cash used for investing activities	(57,629)	(26,227)	(295,063)
FINANCING ACTIVITIES			
Proceeds from issuance of cumulative redeemable perpetual preferred stock, net	—	101,460	61,001
Proceeds from issuance of common stock, net	51,677	19,650	96,845
Common shares tendered for tax withholding	(553)	(569)	(369)
Debt issuances, credit facility and construction loan borrowings	161,806	176,619	427,286
Debt and credit facility repayments, including principal amortization	(187,758)	(299,318)	(270,851)
Debt issuance costs	(2,831)	(609)	(5,546)
Cash paid on extinguishment of debt	(3,417)	—	—
Acquisition of NCI in consolidated RE investments	(804)	(5,002)	—
Redemption of operating partnership units	(2,949)	(2,729)	—
Dividends and distributions	(58,713)	(47,603)	(61,504)
Net cash (used for) provided by financing activities	(43,542)	(58,101)	246,862
Net (decrease) increase in cash, cash equivalents, and restricted cash	(9,987)	6,851	19,528
Cash, cash equivalents, and restricted cash, beginning of period [(2)]	50,430	43,579	24,051
Cash, cash equivalents, and restricted cash, end of period [(2)]	$ 40,443	$ 50,430	$ 43,579

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

	YEARS ENDED DECEMBER 31,		
	2021	2020	2019
Supplemental cash flow information:			
Cash paid for interest	$ 29,237	$ 28,554	$ 28,878
Cash refunded for income taxes	4	167	247
Increase (decrease) in dividends and distributions payable	5,492	(5,724)	3,950
Common shares and OP units issued for acquisitions	—	6,099	73,169
Increase (decrease) in accrued capital improvements and development costs	15,111	(14,324)	(12,666)
Operating Partnership units redeemed for common shares	411	8,866	2,756
Note payable recorded for mandatorily redeemable partnership interest	—	3,829	—
Debt assumed at fair value in conjunction with real estate purchases	19,989	122,300	101,390
Note receivable extinguished in conjunction with real estate purchase	—	42,270	31,252
Equity method investment redeemed for real estate acquisition	—	—	23,011
Noncontrolling interest in acquired real estate entity	—	—	4,870
Note payable issued in acquisition of noncontrolling interest in real estate investment	—	6,130	—
Recognition of operating lease right-of-use assets [3]	24,466	—	33,965
Recognition of operating lease liabilities [3]	27,940	—	41,631
Recognition of finance lease right-of-use assets	—	—	24,500
Recognition of finance lease liabilities	—	—	17,871
De-recognition of operating lease ROU assets - lease termination	9,037	—	440
De-recognition of operating lease liabilities - lease termination	10,143	—	440

(1) Borrower paid $5.0 million in 2018 in exchange for the Company's purchase option. This was accounted for as a loan modification fee; interest income was recognized as additional interest income on the note receivable over the one-year remaining term.

(2) The following table sets forth the items from the Company's consolidated balance sheets that are included in cash, cash equivalents, and restricted cash in the consolidated statements of cash flows:

	As of December 31,	
	2021	2020
Cash and cash equivalents	$ 35,247	$ 40,998
Restricted cash [a]	5,196	9,432
Cash, cash equivalents, and restricted cash	$ 40,443	$ 50,430

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

(3) Amounts attributable to 2019 are net of $0.4 million related to the Company's preexisting lease at the Thames Street Wharf property, which was acquired on June 26, 2019.

See Notes to Consolidated Financial Statements.

ARMADA HOFFLER PROPERTIES, INC.
Notes to Consolidated Financial Statements

1. Business and Organization

Armada Hoffler Properties, Inc. (the "Company") is a full service real estate company with extensive experience developing, building, owning, and managing high-quality, institutional-grade office, retail, and multifamily properties in attractive markets 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 December 31, 2021, owned 75.3% 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 of the Operating Partnership. Both the Company and the Operating Partnership were formed on October 12, 2012 and commenced operations upon completion of the underwritten initial public offering of shares of the Company’s common stock (the "IPO") and certain related formation transactions on May 13, 2013.

As of December 31, 2021, the Company's operating 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%	
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%	(1)
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%	
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%	(1)
Marketplace at Hilltop	Retail	Virginia Beach, Virginia	100%	
Nexton Square	Retail	Summerville, South Carolina	100%	
North Hampton Market	Retail	Taylors, South Carolina	100%	
North Point Center	Retail	Durham, North Carolina	100%	
Overlook Village	Retail	Asheville, North Carolina	100%	
Parkway Centre	Retail	Moultrie, Georgia	100%	

Property	Segment	Location	Ownership Interest	
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%	
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%	
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%	
Hoffler Place	Multifamily	Charleston, South Carolina	100%	
Liberty Apartments	Multifamily	Newport News, Virginia	100%	
Premier Apartments	Multifamily	Virginia Beach, Virginia*	100%	
Smith’s Landing	Multifamily	Blacksburg, Virginia	100%	
Summit Place	Multifamily	Charleston, South Carolina	100%	
The Cosmopolitan	Multifamily	Virginia Beach, Virginia*	100%	
The Residences at Annapolis Junction	Multifamily	Annapolis Junction, Maryland	79%	(1)

* Located in the Town Center of Virginia Beach
** Located at Harbor Point in Baltimore
(1) The Company is entitled to a preferred return on its investment in this property.

As of December 31, 2021, the following properties were under development, redevelopment 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%	(1)(2)
Southern Post	Mixed-use	Roswell, Georgia	100%	

* Located at Harbor Point in Baltimore
(1) We are entitled to a preferred return on our joint investment in this property.
(2) We are required to purchase our joint venture partner's ownership interest after completion of the project, contingent upon obtaining a certificate of occupancy and achieving certain thresholds of net operating income.

2. Significant Accounting Policies

Basis of Presentation

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

The consolidated financial statements include the financial position and results of operations of the Company, the Operating Partnership, 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.

Use of Estimates

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

Segments

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

Reclassifications

Certain amounts previously reported in the consolidated financial statements have been reclassified in the accompanying consolidated financial statements to conform to the current period's presentation. The amounts previously classified as Interest expense on indebtedness and Interest expense on finance leases for the year ended December 31, 2020 in the condensed consolidated statement of comprehensive income are now included in a single line item as Interest expense. These reclassifications had no effect on net income or stockholders' equity as previously reported.

Revenue Recognition

Rental Revenues

The Company leases its properties under operating leases and recognizes base rents when earned on a straight-line basis over the lease term. Rental revenues include $4.9 million, $5.9 million and $3.4 million of straight-line rent adjustments for the years ended December 31, 2021, 2020, and 2019, respectively. The Company begins recognizing rental revenue when the tenant has the right to take possession of or controls the physical use of the property under lease. The extended collection period for accrued straight-line rental revenue along with the Company's evaluation of tenant credit risk may result in the nonrecognition of all or a portion of straight-line rental revenue until the collection of substantially all such revenue for a tenant is probable. The Company recognizes contingent rental revenue (e.g., percentage rents based on tenant sales thresholds) when the sales thresholds are met. The Company recognizes leasing incentives as reductions to rental revenue on a straight-line basis over the lease term. Leasing incentive amortization was $0.7 million for each of the years ended December 31, 2021, 2020 and 2019. The Company recognizes fair value adjustments recorded at the time of lease assumption in rental income on a straight-line basis as a reduction to revenue over the remaining life of the lease or any renewal periods for which the Company determines have value at the time of acquisition. The Company recognizes cost reimbursement revenue for real estate taxes, operating expenses, and common area maintenance costs on an accrual basis during the periods in which the expenses are incurred. The Company recognizes lease termination fees either upon termination or amortizes them over any remaining lease term.

General Contracting and Real Estate Services Revenues

The Company recognizes general contracting revenues as a customer obtains control of promised goods or services in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. For each construction contract, the Company identifies the performance obligations, which typically include the delivery of a single building constructed according to the specifications of the contract. The Company estimates the total transaction price, which generally includes a fixed contract price and may also include variable components such as early completion bonuses, liquidated damages, or cost savings to be shared with the customer. Variable components of

the contract price are included in the transaction price to the extent that it is probable that a significant reversal of revenue will not occur. The Company recognizes the estimated transaction price as revenue as it satisfies its performance obligations; the Company estimates its progress in satisfying performance obligations for each contract using the input method, based on the proportion of incurred costs relative to total estimated construction costs at completion. Construction contract costs include all direct material, direct labor, subcontract costs, and overhead costs directly related to contract performance. Changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions and final contract settlements, are all significant judgments that may result in revisions to costs and income and are recognized in the period in which they are determined. Additionally, the estimated costs at completion are affected by management's forecasts of anticipated costs to be incurred and contingency reserves for exposures related to unknown costs, such as design deficiencies and subcontractor defaults. The estimated variable consideration is also affected by claims and unapproved change orders, which may result from changes in the scope of the contract. Provisions for estimated losses on uncompleted contracts are recognized immediately in the period in which such losses are determined. The Company defers pre-contract costs when such costs are directly associated with specific anticipated contracts and their recovery is probable.

The Company recognizes real estate services revenues from property development and management as it satisfies its performance obligations under these service arrangements.

The Company assesses whether multiple contracts with a single counterparty may be combined into a single contract for the revenue recognition purposes based on factors such as the timing of the negotiation and execution of the contracts and whether the economic substance of the contracts was contemplated separately or in tandem.

Real Estate Investments

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

The Company capitalizes direct and indirect project costs associated with the initial development of a property until the property is substantially complete and ready for its intended use. Capitalized project costs include pre-acquisition, development, and preconstruction costs including overhead, salaries, and related costs of personnel directly involved, real estate taxes, insurance, utilities, ground rent, and interest. Interest capitalized during the years ended December 31, 2021, 2020, and 2019 was $1.5 million, $3.6 million and $5.9 million, respectively. Overhead, salaries and related personnel costs capitalized during the years ended December 31, 2021, 2020, and 2019 were $2.1 million, $2.6 million and $3.1 million, respectively.

The Company capitalizes predevelopment costs directly identifiable with specific properties when the development of such properties is probable. Capitalized predevelopment costs are presented within other assets in the consolidated balance sheets. Land for which development activities have not yet commenced are presented separately as land held for development in the consolidated balance sheets. Capitalized predevelopment costs as of December 31, 2021 and 2020 were $8.3 million and $15.4 million, respectively. Costs attributable to unsuccessful projects are expensed.

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

Buildings	39 years
Capital improvements	5—20 years
Equipment	3—7 years
Tenant improvements	Term of the related lease
	(or estimated useful life, if shorter)

Operating Property Acquisitions

Acquisitions of operating properties have been and will generally be accounted for as acquisitions of a group of assets, with costs incurred to effect an acquisition, including title, legal, accounting, brokerage commissions, and other related costs, being capitalized as part of the cost of the assets acquired. In connection with such acquisitions, the Company

identifies and recognizes all assets acquired and liabilities assumed at their relative fair values as of the acquisition date. The purchase price allocations to tangible assets, such as land, site improvements, and buildings and improvements are presented within income producing property in the consolidated balance sheets and depreciated over their estimated useful lives. Acquired lease intangible assets are presented as a separate component of assets on the consolidated balance sheets. Acquired lease intangible liabilities are presented within other liabilities in the consolidated balance sheets. The Company amortizes in-place lease assets as depreciation and amortization expense on a straight-line basis over the remaining term of the related leases. The Company amortizes above-market lease assets as reductions to rental revenues on a straight-line basis over the remaining term of the related leases. The Company amortizes below-market lease liabilities as increases to rental revenues on a straight-line basis over the remaining term of the related leases. The Company amortizes below-market ground lease assets as increases to amortization of right-of-use assets - finance leases expense on a straight-line basis over the remaining term of the related leases. Conversely, the Company amortizes above-market ground lease assets as decreases to amortization of right-of-use assets - finance leases expense on a straight-line basis over the remaining term of the related leases.

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

The Company values debt assumed in connection with operating property acquisitions based on a discounted cash flow analysis of the expected cash flows of the debt. Such analysis considers the contractual terms of the debt, including the period to maturity, credit characteristics, and other terms of the arrangements, which are Level 3 inputs in the fair value hierarchy.

Real Estate Sales

The Company accounts for the sale of real estate assets and any related gain in accordance with the accounting guidance applicable to sales of real estate, which establishes standards for recognition of profit on all real estate sales transactions other than retail land sales. The Company recognizes the sale and associated gain or loss once it transfers control of the real estate asset and the Company does not have significant continuing involvement.

Real Estate Investments Held for Sale

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

As of December 31, 2021, Hoffler Place and Summit Place were classified as held for sale. As of December 31, 2020, the 7-Eleven outparcel at Hanbury Village and a land parcel adjacent to Nexton Square were classified as held for sale.

Impairment of Long Lived Assets

The Company evaluates its real estate assets for impairment on a property-by-property basis whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If such an evaluation is necessary, the Company compares the carrying amount of any such real estate asset with the undiscounted expected

future cash flows that are directly associated with, and that are expected to arise as a direct result of, its use and eventual disposition. If the carrying amount of a real estate asset exceeds the associated estimate of undiscounted expected future cash flows, an impairment loss is recognized to reduce the real estate asset's carrying value to its fair value. The impairment charges recognized during the year ended December 31, 2021 primarily relate to the $3.0 million impairment of Socastee Commons, which was sold during the year ended December 31, 2021, and the $18.3 million impairment of Hoffler Place and Summit Place, which were classified as held for sale as of December 31, 2021. The impairment charges recognized during the years ended December 31, 2020 and December 31, 2019 represent unamortized leasing or acquired intangible assets related to vacated tenants.

Interest Income

Interest income on notes receivable is accrued based on the contractual terms of the loans and when it is deemed collectible. Many loans provide for accrual of interest and fees that will not be paid until maturity of the loan. Interest is recognized on these loans at the accrual rate subject to the determination that accrued interest and fees are ultimately collectible, based on the underlying collateral and the status of development activities, as applicable. If this determination cannot be made, recognition of interest income may be fully or partially deferred until it is ultimately paid.

Cash and Cash Equivalents

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

Restricted Cash

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

Accounts Receivable, net

Accounts receivable include amounts from tenants for base rents, contingent rents, and cost reimbursements as well as accrued straight-line rental revenue. As of December 31, 2021 and 2020, accrued straight-line rental revenue presented within accounts receivable in the consolidated balance sheets was $24.7 million and $21.3 million, respectively.

The Company's evaluation of the collectability of accounts receivable and the adequacy of the allowance for doubtful accounts is based primarily upon evaluations of individual accounts receivable, current economic conditions, historical experience, and other relevant factors. The Company establishes a reserve for any receivable associated with a tenant when collection of substantially all operating lease payments for a tenant is not probable. As of both December 31, 2021 and 2020, the allowance for doubtful accounts was $0.4 million. The Company reflects these amounts as a component of rental income on the consolidated statements of comprehensive income.

Notes Receivable and Allowance for Loan Losses

Notes receivable primarily represent financing to third parties in the form of mezzanine loans or preferred equity investments for the development of new real estate. The Company's mezzanine loans are typically made to borrowers who have little or no equity in the underlying development projects. Mezzanine loans are secured, in part, by pledges of ownership interests of the entities that own the underlying real estate. The loans generally have junior liens on the respective real estate projects.

The Company's allowance for loan losses on notes receivable is evaluated using risk ratings that correspond to probabilities of default and loss given default. Risk ratings are determined for each loan after consideration of progress of development activities, including leasing activities, projected development costs, and current and projected mezzanine and senior loan balances. 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.

At the end of each reporting period, the Company measures expected credit losses to be incurred over the remaining contractual term based on the risk rating of each loan. If a loan is rated as substandard, the Company then estimates expected credit losses as the difference between the amortized cost basis of the outstanding loan and the estimated projected sales proceeds of the underlying collateral. Changes to the allowance for loan losses resulting from quarterly evaluations are recorded through provision for unrealized credit losses on the consolidated statements of comprehensive income.

The Company's loans typically include commitments to fund incremental proceeds to the borrowers over the life of the loan, which future funding commitments are also subject to the current expected credit losses model. The current expected credit losses provision related to future loan fundings is recorded as a component of Other Liabilities on the Company's consolidated balance sheet. This provision is estimated using the same process outlined above for the Company's outstanding loan balances, and changes in this component of the provision will similarly impact the Company's consolidated net income. For both the funded and unfunded portions of the Company's loans, the Company consider the risk rating of each loan as the primary credit quality indicator underlying its assessment.

The Company places loans on nonaccrual status when the loan balance, together with the balance of any senior loans, approximately equals the estimated realizable value of the underlying development project.

Guarantees

The Company measures and records a liability for the fair value of its guarantees on a nonrecurring basis upon issuance using Level 3 internally-developed inputs. These guarantees typically relate to payments that could be required of the Company to senior lenders on its mezzanine loan investments. The Company bases its estimated fair value on the market approach, which compares the guarantee terms and credit characteristics of the underlying development project to other projects for which guarantee pricing terms are available. The offsetting entry for the guarantee liability is a premium on the related loan receivable. The liability is amortized on a straight-line basis over the remaining term of the loan. On a quarterly basis, the Company assesses the likelihood of a contingent liability in connection with these guarantees and will record an additional guarantee liability if the unamortized guarantee liability is insufficient.

Leasing Costs

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

Leasing Incentives

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

Debt Issuance Costs

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

Derivative Financial Instruments

The Company may enter into interest rate derivatives to manage exposure to interest rate risks. The Company does not use derivative financial instruments for trading or speculative purposes. The Company recognizes derivative financial instruments at fair value and presents them within other assets and liabilities in the consolidated balance sheets. Gains and losses resulting from changes in the fair value of derivatives that are neither designated nor qualify as hedging

instruments are recognized within the change in fair value of derivatives and other caption in the 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.

Stock-Based Compensation

The Company measures the compensation cost of restricted stock awards based on the grant date fair value. The Company recognizes compensation cost for the vesting of restricted stock awards using the accelerated attribution method. Compensation cost associated with the vesting of restricted stock awards is presented within either general and administrative expenses or general contracting and real estate services expenses in the consolidated statements of comprehensive income. Stock-based compensation for personnel directly involved in the construction and development of a property is capitalized. The effect of forfeitures of awards is recorded as they occur.

Income Taxes

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

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

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

Discontinued Operations

Disposals representing a strategic shift that has or will have a major effect on the Company’s operations and financial results are reported as discontinued operations.

Net Income Per Share

The Company calculates net income per share based upon the weighted average shares outstanding. Diluted net income per share is calculated after giving effect to all significant potential dilutive shares outstanding during the period. Potential dilutive shares outstanding during the period include unvested restricted stock awards. However, there were no significant potential dilutive shares outstanding for each of the three years ended December 31, 2021, 2020, and 2019. As a result, basic and diluted outstanding shares were the same for each period presented.

Recent Accounting Pronouncements

Recently Issued Accounting Standards Not Yet Adopted:

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. The guidance in ASU 2020-04 is optional and may be elected over time as reference rate reform activities occur. The Company is currently evaluating the effect that adopting this standard may have on its consolidated financial statements.

Earnings Per Share

In August 2020, the FASB issued ASU 2020-06 an update to ASC Topic 470 and ASC Topic 815, which will be effective beginning 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 is currently evaluating the impact of ASU 2020-06 on its consolidated financial statements.

3. Segments

Net operating income (segment revenues minus segment expenses) is the measure used by the Company’s chief operating decision-maker to assess segment performance. Net operating income is not a measure of operating income or cash flows from operating activities as measured by GAAP and is not indicative of cash available to fund cash needs. As a result, net operating income should not be considered as 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 years ended December 31, 2021, 2020, and 2019 was as follows (in thousands):

	Years Ended December 31,		
	2021	2020	2019
Office real estate			
Rental revenues	$ 47,363	$ 43,494	$ 33,269
Rental expenses	12,412	10,799	8,722
Real estate taxes	6,112	5,111	3,471
Segment net operating income	28,839	27,584	21,076
Retail real estate			
Rental revenues	78,572	73,032	77,593
Rental expenses	12,512	11,029	11,656
Real estate taxes	8,416	7,784	7,916
Segment net operating income	57,644	54,219	58,021
Multifamily residential real estate			
Rental revenues	66,205	49,962	40,477
Rental expenses	21,570	17,132	13,954
Real estate taxes	7,324	5,241	3,574
Segment net operating income	37,311	27,589	22,949
General contracting and real estate services			
Segment revenues	91,936	217,146	105,859
Segment expenses	88,100	209,472	101,538
Segment gross profit	3,836	7,674	4,321
Net operating income	$ 127,630	$ 117,066	$ 106,367

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

General contracting and real estate services revenues for the years ended December 31, 2021, 2020, and 2019 exclude revenue related to intercompany construction contracts of $27.8 million, $26.6 million and $99.9 million, respectively, as it is eliminated in consolidation. General contracting and real estate services expenses for the years ended December 31, 2021, 2020, and 2019 exclude expenses related to intercompany construction contracts of $27.6 million, $26.3 million and $99.0 million, respectively, as it is eliminated in consolidation.

The following table reconciles net operating income to net income for the years ended December 31, 2021, 2020, and 2019 (in thousands):

	Years Ended December 31,		
	2021	2020	2019
Net operating income	$ 127,630	$ 117,066	$ 106,367
Depreciation and amortization	(68,853)	(59,972)	(54,564)
Amortization of right-of-use assets - finance leases	(1,022)	(586)	(377)
General and administrative expenses	(14,610)	(12,905)	(12,392)
Acquisition, development and other pursuit costs	(112)	(584)	(844)
Impairment charges	(21,378)	(666)	(252)
Gain on real estate dispositions	19,040	6,388	4,699
Interest income	18,457	19,841	23,215
Interest expense	(33,905)	(31,035)	(31,344)
Loss on extinguishment of debt	(3,810)	—	(30)
Equity in income of unconsolidated real estate entities	—	—	273
Change in fair value of derivatives and other	2,182	(1,130)	(3,599)
Unrealized credit loss release (provision)	792	(256)	—
Other income (expense), net	302	515	615
Income tax benefit	742	283	491
Net income	$ 25,455	$ 36,959	$ 32,258

General and administrative expenses represent costs not directly associated with the operation and management of the Company's real estate properties and general contracting and real estate services businesses. General and administrative expenses include corporate office personnel salaries 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.

The components of lease cost for the years ended December 31, 2021, 2020, and 2019 were as follows (in thousands):

	Years Ended December 31,		
	2021	2020	2019
Operating lease cost [(a)]	$ 2,448	$ 2,626	$ 2,700
Finance lease cost:			
Amortization of right-of-use assets [(a)]	1,022	586	369
Interest on lease liabilities	2,251	915	568

(a) Includes amortization of above & below-market ground lease intangible assets.

The table below presents supplemental cash flow information related to leases during the years ended December 31, 2021, 2020, and 2019 (in thousands):

	Years Ended December 31,		
	2021	2020	2019
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows from operating leases	$ 2,085	$ 2,113	$ 1,969
Operating cash flows from finance leases	1,986	864	533

Additional information related to leases as of December 31, 2021 and 2020 were as follows:

	December 31,	
	2021	2020
Weighted Average Remaining Lease Term (years)		
Operating leases	36.7	44.5
Finance leases	43.7	40.2
Weighted Average Discount Rate		
Operating leases	5.5 %	5.4 %
Finance leases	5.7 %	5.2 %

The undiscounted cash flows to be paid on an annual basis for the next five years and thereafter are presented below. The total amount of lease payments, on an undiscounted basis, are reconciled to the lease liability, on the consolidated balance sheet by considering the present value discount.

Year Ending December 31,	Operating Leases	Finance Leases
	(in thousands)	
2022	$ 1,789	$ 2,217
2023	1,845	2,311
2024	1,881	2,326
2025	1,897	2,363
2026	1,882	2,368
Thereafter	68,385	126,685
Total undiscounted cash flows	77,679	138,270
Present value discount	(46,031)	(92,110)
Discounted cash flows	$ 31,648	$ 46,160

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 15 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 certain.

Rental revenue for the years ended December 31, 2021, 2020, and 2019 comprised the following (in thousands):

	Years Ended December 31,		
	2021	2020	2019
Base rent and tenant charges	$ 186,137	$ 159,747	$ 147,309
Accrued straight-line rental adjustment	4,938	5,927	3,402
Lease incentive amortization	(660)	(693)	(739)
Below/(above) market lease amortization	1,725	1,507	1,367
Total rental revenue	$ 192,140	$ 166,488	$ 151,339

The Company's commercial tenant leases provide for minimum rental payments during each of the next five years and thereafter as follows (in thousands):

Year Ending December 31,	Operating Leases
2022	$ 104,222
2023	101,071
2024	92,780
2025	79,645
2026	71,447
Thereafter	328,359
Total	$ 777,524

5. *Real Estate Investments and Equity Method Investment*

The Company's real estate investments comprised the following as of December 31, 2021 and 2020 (in thousands):

	December 31, 2021			
	Income producing property	Held for development	Construction in progress	Total
Land	$ 256,728	$ 6,294	$ 12,513	$ 275,535
Land improvements	65,565	—	—	65,565
Buildings and improvements	1,336,316	—	—	1,336,316
Development and construction costs	—	—	60,022	60,022
Real estate investments	$ 1,658,609	$ 6,294	$ 72,535	$ 1,737,438

	December 31, 2020			
	Income producing property	Held for development	Construction in progress	Total
Land	$ 261,984	$ 13,607	$ 5,200	$ 280,791
Land improvements	61,275	—	—	61,275
Buildings and improvements	1,357,684	—	—	1,357,684
Development and construction costs	—	—	58,167	58,167
Real estate investments	$ 1,680,943	$ 13,607	$ 63,367	$ 1,757,917

2021 Operating Property Acquisitions

On February 26, 2021, the Company acquired Delray Beach Plaza, a Whole Foods-anchored retail property located in Delray Beach, Florida, for a contract price of $27.6 million plus capitalized transaction costs of $0.2 million. The developer of this property repaid the Company's mezzanine note receivable of $14.3 million at the time of the acquisition.

On June 28, 2021, the Company purchased the remaining 7.5% ownership interest in Hoffler Place for a cash payment of $0.3 million.

On June 28, 2021, the Company purchased the remaining 10% ownership interest in Summit Place for a cash payment of $0.5 million.

On July 28, 2021, the Company acquired Overlook Village, a retail center in Asheville, North Carolina, for a contract price of $28.3 million plus capitalized acquisition costs of $0.1 million.

On August 24, 2021, the Company acquired Greenbrier Square, a Kroger-anchored retail center in Chesapeake, Virginia, for total consideration of $36.5 million plus capitalized acquisition costs of $0.3 million. As a part of this acquisition, the Company assumed a note payable of $20.0 million.

The following table summarizes the purchase price allocation (including acquisition costs) based on relative fair value of the assets acquired and intangible liabilities assumed for the three operating properties purchased during the year ended December 31, 2021 (in thousands):

	Delray Beach Plaza	Overlook Village	Greenbrier Square
Land	$ —	$ 6,328	$ 8,549
Site improvements	4,607	1,727	1,974
Building and improvements	22,544	18,375	19,196
In-place leases	7,209	3,997	6,659
Above-market leases	—	81	1,753
Below-market leases	(3,121)	(2,146)	(1,365)
Finance lease liabilities	(27,940)	—	—
Finance lease right-of-use assets	24,466	—	—
Fair value adjustment on acquired debt	—	—	11
Net assets acquired	$ 27,765	$ 28,362	$ 36,777

2020 Operating Property Acquisitions

In June 2020, the Company exercised its option to purchase the remaining 21.0% ownership interest in 1405 Point in exchange for increased ground lease payments to be made over the approximately 42-year remaining lease term. The Company recorded a note payable of $6.1 million, which represents the present value of these payments. The ground lessor is an affiliate of our former joint venture partner.

On September 22, 2020, the Company exercised its option to purchase Nexton Square for $17.9 million cash and the assumption of a note payable of $22.9 million. The Company also incurred capitalized acquisition costs of $0.2 million. The developer of this property repaid the Company's mezzanine note receivable of $16.4 million at the time of the acquisition.

On October 1, 2020, the Company acquired Edison Apartments, a multifamily property located in downtown Richmond, Virginia, for consideration comprised of 633,734 Class A Units (as defined below), the assumption of a $16.4 million loan payable, and the assumption of $1.1 million in other assets and liabilities. The seller of the property was a partnership that includes several members from the Company's management team and board of directors.

On October 30, 2020, the Company acquired 79.0% of the partnership that owns The Residences at Annapolis Junction. As part of this purchase, the Company extinguished its note receivable for this project and made a cash payment of $0.2 million. The Company assumed an $83.4 million senior loan as part of this acquisition, which was immediately refinanced with a new $84.4 million loan. This refinanced loan bears interest at a rate of the Secured Overnight Financing Rate ("SOFR") plus a margin of 2.66% and matures on November 1, 2030. As part of this financing transaction, the partnership also purchased an interest rate cap for $0.1 million with a SOFR strike rate of 1.84%, which expires on November 1, 2023. Due to a preferred return that we receive on this investment, no value was assigned to our partner's investment in this property at the time of the acquisition.

The following table summarizes the purchase price allocation (including acquisition costs) based on the relative fair value of the assets acquired and intangible liabilities assumed for the three operating properties acquired during the year ended December 31, 2020 (in thousands):

	Nexton Square	Edison Apartments	The Residences at Annapolis Junction
Land	$ 9,885	$ 3,428	$ 14,774
Site improvements	3,690	—	1,786
Building and improvements	24,070	18,227	101,219
Furniture and fixtures	—	355	1,796
In-place leases	5,239	1,882	4,079
Below-market leases	(1,877)	(140)	—
Fair value adjustment on acquired debt	364	(6)	—
Net assets acquired	$ 41,371	$ 23,746	$ 123,654

2019 Operating Property Acquisitions

On February 6, 2019, the Company acquired an additional outparcel of Wendover Village in Greensboro, North Carolina for a contract price of $2.7 million plus capitalized acquisition costs of $0.1 million. This outparcel is leased to a single tenant.

On March 14, 2019, the Company acquired the office and retail portions of the One City Center project in Durham, North Carolina in exchange for a redemption of its 37% equity ownership in the joint venture with Austin Lawrence Partners, which totaled $23.0 million as of the acquisition date, and a cash payment of $23.2 million. The Company also incurred capitalized acquisition costs of $0.1 million.

On April 24, 2019, the Company exercised its option to purchase 79% of the interests in the partnership that owns 1405 Point in exchange for extinguishing the Company's $31.3 million note receivable on the project, making a cash payment of $0.3 million, and assuming a loan payable of $64.9 million, which was recorded at its fair value of $65.8 million. The Company also incurred capitalized acquisition costs of $0.1 million.

On May 23, 2019, the Company acquired Red Mill Commons and Marketplace at Hilltop from Venture Realty Group for consideration comprised of 4.1 million Class A units of limited partnership interest in the Operating Partnership ("Class A Units" or "OP Units"), the assumption of $35.7 million of mortgage debt principal, and $4.5 million in cash. The negotiated price was $105.0 million, which contemplated the price of the Company's common stock of $15.55 per share when the purchase and sale agreement was executed. The aggregate acquisition cost was $109.3 million, which consisted of 4.1 million Class A Units valued at $68.1 million (using the price of the Company's common stock of $16.50 on the date of the acquisition), mortgage debt valued at $35.6 million, cash consideration of $4.5 million, and capitalized acquisition costs of $1.1 million. In connection with the acquisition, the Company and the Operating Partnership entered into a tax protection agreement with the contributors pursuant to which the Company and the Operating Partnership agreed, subject to certain exceptions, to indemnify the contributors for up to 10 years against certain tax liabilities incurred by them, if such liabilities result from a transaction involving a direct or indirect taxable disposition of either or both of these properties or if the Operating Partnership fails to maintain and allocate to the contributors for taxation purposes minimum levels of Operating Partnership liabilities.

On June 26, 2019, the Company acquired Thames Street Wharf, a Class A office building located in the Harbor Point development of Baltimore, Maryland, for $101.0 million in cash and $0.3 million of capitalized acquisition costs.

The following table summarizes the purchase price allocation (including acquisition costs) based on the relative fair value of the assets acquired and intangible liabilities assumed for the six operating properties acquired during the year ended December 31, 2019 (in thousands):

	Wendover Village outparcel	One City Center	1405 Point	Red Mill Commons	Marketplace at Hilltop	Thames Street Wharf
Land	$ 1,633	$ 2,678	$ — [a]	$ 44,252	$ 2,023 [b]	$ 15,861
Site improvements	50	163	298	2,558	691	150
Building and improvements	888	28,039	92,866	27,790	19,195	64,539
Furniture and fixtures	—	—	2,302	—	—	—
In-place leases	101	15,140	3,371	9,973	4,565	24,385
Above-market leases	111	—	—	1,463	599	—
Below-market leases	—	—	—	(6,221)	(1,136)	(3,636)
Finance lease liabilities	—	—	(8,671)	—	(9,200)	—
Finance lease right-of-use assets	—	—	11,730 [a]	—	12,770 [b]	—
Net assets acquired	$ 2,783	$ 46,020	$ 101,896	$ 79,815	$ 29,507	$ 101,299

(a) Land is subject to a ground lease.
(b) Portion of land is subject to a ground lease.

Other 2021 Real Estate Transactions

On January 4, 2021, the Company completed the sale of the 7-Eleven outparcel at Hanbury Village for a sales price of $2.9 million. The gain on disposition was $2.4 million.

On January 14, 2021, the Company completed the sale of a land outparcel at Nexton Square for a sale price of $0.9 million. There was no gain or loss on the disposition. In conjunction with the sale, the Company paid down the Nexton Square loan by $0.8 million.

On March 16, 2021, the Company completed the sale of Oakland Marketplace for a sale price of $5.5 million. The gain on disposition was $1.1 million.

On March 18, 2021, the Company completed the sale of easement rights at Courthouse 7-Eleven for a sale price of $0.3 million. The gain on disposition was $0.2 million.

During the three months ended March 31, 2021, the Company recognized impairment of real estate of $3.0 million related to the Socastee Commons shopping center in Myrtle Beach, South Carolina. The Company anticipated a decline in cash flows due to the expiration of the anchor tenant lease. The Company had not re-leased the anchor tenant space and had determined that it was not probable that this space would be leased at rates sufficient to recover the Company's investment in the property. The Company recorded an impairment loss equal to the excess of the book value of the property's assets over the estimated fair value of the property during the first quarter of 2021. On August 25, 2021, the Company completed the sale of Socastee Commons for a price of $3.8 million. The loss on disposition was $0.1 million.

On October 28, 2021 the Company completed the sale of Courthouse 7-Eleven for a sale price of $3.1 million. The gain on disposition was $1.1 million.

On November 16, 2021 the Company completed the sale of Johns Hopkins Village for a sale price of $75.0 million. The gain on disposition was $14.4 million.

On December 15, 2021, the Company completed the sale of a land parcel at Brooks Crossing for a sale price of $0.5 million. The loss recognized upon disposition was immaterial.

During the three months ended December 31, 2021, the Company classified the Hoffler Place and Summit Place student-housing properties in real estate investments held for sale. During the three months ended December 31, 2021, the Company recognized impairment of real estate of $18.3 million related to the properties to record the properties at their fair values less costs to sell. The fair values of the properties were based on signed purchase and sale agreements.

Other 2020 Real Estate Transactions

On January 10, 2020, the Company entered into an operating agreement with a partner to develop a mixed-use property in Charlotte, North Carolina. The Company had an 80% interest in 10th and Tryon Partners, LLC (the "Tryon Partnership"). On January 10, 2020, the Tryon Partnership purchased land for a purchase price of $6.3 million for this project. The Company was responsible for funding the equity requirements of this development, including the $6.3 million purchase of the land. Management has concluded that this entity was a VIE as it lacked sufficient equity to fund its operations without additional financial support. The Company was the developer of the project and had the power to direct the activities of the project that most significantly impacted its financial performance. Therefore, the Company was the project's primary beneficiary and consolidated the Tryon Partnership in its consolidated financial statements. On January 14, 2022, the Company acquired the remaining 20% ownership interest in the partnership. See Note 19 for additional information.

On September 12, 2019, the Company entered into an operating agreement with a partner to develop a mixed-use property in Belmont, North Carolina. The Company has an 85% interest in Chronicle Holdings, LLC (the "Chronicle Partnership"). On March 20, 2020, the Chronicle Partnership purchased land for a purchase price of $2.3 million for this project. The Company is responsible for funding the equity requirements of this development, including the $2.3 million purchase of the land. Management has concluded that this entity is a VIE as it lacks sufficient equity to fund its operations without additional financial support. The Company is the developer of the project and has the power to direct the activities of the project that most significantly impact its financial performance. Therefore, the Company is the project's primary beneficiary and consolidates the Chronicle Partnership in its consolidated financial statements.

On May 29, 2020, the Company sold a portfolio of seven retail properties for $90.0 million. The portfolio consisted of Alexander Pointe, Bermuda Crossroads, Gainsborough Square, Harper Hill Commons, Indian Lakes Crossing, Renaissance Square, and Stone House Square. The gain on sale was $2.8 million. In connection with the sale of this portfolio, the Company repaid $61.9 million on the revolving credit facility, resulting in net proceeds of $25.9 million.

On August 31, 2020, the Company entered into an operating agreement with a partner to develop a mixed-use project in Gainesville, Georgia. The Company has a 95% ownership interest in Gainesville Development, LLC (the "Gainesville Partnership"). The Gainesville Partnership acquired undeveloped land on August 31, 2020 for a purchase price of $5.0 million and immediately began development of the site. The Company is responsible for funding the equity requirements of this development, which are estimated to total $17.3 million. Management has concluded that this entity is a VIE as it lacks sufficient equity to fund its operations without additional financial support. By August 31, 2023, the Company is required to acquire its partner's 5% ownership interest for up to $4.2 million, subject to the initial operating performance of the property. As the Company is required to obtain this ownership interest, the Company consolidates the project in its consolidated financial statements. The Company has recorded a note payable liability of $3.8 million, which is the fair value of the anticipated payments to be made to its partner.

On September 1, 2020, the Company completed the sale of the Walgreens outparcel at Hanbury Village. Net proceeds after the transaction costs were $7.0 million. The gain on disposition was $3.6 million.

On October 2, 2020, the Company purchased the remaining 20% noncontrolling interest in the Southern Post, a mixed-use development project in Roswell, Georgia in exchange for a cash payment of $3.5 million and future consideration of $1.5 million to be paid in cash upon satisfaction of certain conditions.

Other 2019 Real Estate Transactions

On April 1, 2019, the Company sold Waynesboro Commons for a sale price of $1.1 million. There was no gain or loss recognized on the disposition.

On August 15, 2019, the Company sold Lightfoot Marketplace for a sale price of $30.3 million. The gain on disposition was $4.5 million. In conjunction with this sale, the Company paid off the $17.9 million note payable secured by this property. The Company retained the interest rate swap associated with the note payable.

On October 15, 2019, the Company entered into an operating agreement with a partner to develop the Southern Post, a mixed-use project in Roswell, Georgia. The Company has an 80% interest in the partnership. On October 25, 2019, the partnership, 1023 Roswell, LLC, purchased land for a purchase price of $5.0 million in cash for this project. The Company is responsible for funding the equity requirements of this development, including the $5.0 million purchase

of the land. Management has concluded that this entity is a VIE as it lacks sufficient equity to fund its operations without additional financial support. The Company is the developer of the project and has the power to direct the activities of the project that most significantly impact its performance and is the party most closely associated with the project. Therefore, the Company is the project's primary beneficiary and consolidates the project in its consolidated financial statements.

Equity Method Investment

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 year ended December 31, 2021, the Company invested $11.6 million in Harbor Point Parcel 3. The Company has an estimated equity commitment of $30.0 million relating to this project. As of December 31, 2021 the carrying value of the Company's investment in Harbor Point Parcel 3 was $12.7 million. For the year ended December 31, 2021, 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 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, therefore, does not consolidate Harbor Point Parcel 3 in its consolidated financial statements. The Company has significant influence over the project due to its 50% ownership as well as certain rights and responsibilities relating to the development project. The Company's investment in the project is recorded as an equity method investment in the consolidated balance sheets.

6. *Notes Receivable and Allowance for Loan Losses*

Notes Receivable

The Company had the following loans receivable outstanding as of December 31, 2021 and December 31, 2020 ($ in thousands):

	Outstanding loan amount [(a)]				
Development Project	**December 31, 2021**	**December 31, 2020**	**Maximum loan commitment**	**Interest rate**	**Interest compounding**
Delray Beach Plaza	$ —	$ 14,289	$ 17,000	15.0 % [(b)]	Annually
Interlock Commercial	95,379	85,318	107,000	15.0 % [(c)]	None
Nexton Multifamily	23,567	—	22,315	11.0 %	Annually
Solis Apartments at Interlock	—	28,969	41,100	13.0 %	Annually
Total mezzanine	118,946	128,576	$ 187,415		
Other notes receivable	7,234	6,809			
Notes receivable guarantee premium	1,243	2,631			
Allowance for credit losses	(994)	(2,584)			
Total notes receivable	$ 126,429	$ 135,432			

(a) Outstanding loan amounts include any accrued and unpaid interest, as applicable.
(b) Loan was placed on nonaccrual status effective April 1, 2020.
(c) $3.0 million of this loan is subject to an interest rate of 18%.

Interest on the mezzanine loans and preferred equity 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 added to the loan receivable balances. The Company recognized interest income for the years ended December 31, 2021, 2020, and 2019 as follows (in thousands):

	Years Ended December 31,		
Development Project	**2021**	**2020**	**2019**
1405 Point	$ —	$ —	$ 783
The Residences at Annapolis Junction	—	2,468 (a)(b)	8,776 (b)
North Decatur Square	—	—	1,509
Delray Beach Plaza	—	489 (a)	1,622
Nexton Square	—	1,177	1,962
Interlock Commercial	12,769 (c)	12,267 (c)	6,142 (c)
Nexton Multifamily	1,252	—	—
Solis Apartments at Interlock	4,005 (d)	3,382	2,333
Total mezzanine	18,026	19,783	23,127
Other interest income	431	58	88
Total interest income	$ 18,457	$ 19,841	$ 23,215

(a) Loan was placed on nonaccrual status effective April 1, 2020.
(b) Includes amortization of the $5.0 million loan modification fee paid by the borrower in November 2018. Additionally, the 2020 and 2019 amounts include $1.5 million and $0.5 million, respectively, of interest income recognition relating to an exit fee that was due upon repayment of the loan.
(c) The amounts of 2021, 2020 and 2019 include $2.0 million, $2.3 million and $0.6 million, respectively, of interest income recognition relating to an exit fee that is due upon repayment of the loan.
(d) Includes prepayment premium of $2.4 million from early payoff of the loan.

Delray Beach Plaza

On October 27, 2017, the Company invested in the development of an estimated $20.0 million Whole Foods-anchored center located in Delray Beach, Florida. The Company's investment was in the form of a mezzanine loan of up to $13.1 million to the developer, Delray Plaza Holdings, LLC ("DPH"). The Company has agreed to guarantee payment of up to $4.8 million of the senior construction loan. On January 8, 2019, this loan was modified to increase the maximum amount of the loan to $15.0 million and the payment guarantee amount increased to $5.2 million. The mezzanine loan bears interest at a rate of 15.0% per annum.

During 2020, the Delray Beach Plaza loan was modified to (i) increase the maximum amount of the loan to $17.0 million, with $2.0 million of additional funds borrowed at an interest rate of 6% in order to fund final development activities, (ii) extend the maturity date to April 1, 2020, and (iii) require the borrower to tender 125,843 Class A Units that were pledged as collateral for this loan and establish a $2.5 million reserve account to be used for certain unpaid development project costs.

On February 26, 2021, the Company acquired Delray Beach Plaza, a Whole Foods-anchored retail property located in Delray Beach, Florida for a contract price of $27.6 million plus capitalized transaction costs of $0.2 million. The developer of this property repaid the Company's mezzanine note receivable of $14.3 million at the time of the acquisition, which consisted of $12.3 million of principal and $2.0 million of accrued interest.

Interlock Commercial

In October 2018, the Company financed a bridge loan with a maximum commitment of $4.0 million to The Interlock, LLC ("Interlock"), the developer of the office and retail components of The Interlock, a new mixed-use public-private partnership with Georgia Tech in West Midtown Atlanta. This loan was subsequently modified as described below.

On December 21, 2018, the Company entered into a mezzanine loan agreement with Interlock for a maximum principal amount of $67.0 million and a total maximum commitment, including accrued interest reserves, of $95.0

million. The previous loan was repaid from proceeds of the mezzanine loan. The mezzanine loan bears interest at a rate of 15.0% per annum and matures at the earlier of (i) 24 months after the original maturity date or earlier termination date of the senior construction loan or (ii) any sale, transfer, or refinancing of the project. In the event that the maturity date is established as being 24 months after the original maturity date or earlier termination date of the senior construction loan, Interlock will have the right to extend the maturity date for 5 years.

On April 19, 2019, the borrower executed its senior construction loan, and the Company's payment guarantee of up to $30.7 million became effective. See Note 15 for additional information. See Note 18 for additional discussion.

In May 2020, the Company modified the Interlock Commercial loan to allow for an additional $8.0 million of loan funding; this additional loan funding may be available for cost overruns as well as the building of townhome units as an additional phase of this development project. The borrower subsequently decided to forego development of these townhome units. The borrower also modified the senior construction loan on the project.

On October 2, 2020, the Interlock Commercial loan was modified to decrease the exit fee, subject to the satisfaction of certain conditions. As a result, the exit fee for this loan may range from $6.5 million to $7.5 million. The Company has reduced its estimate of exit fees to be collected to $6.5 million and prospectively adjusted the recognition of the exit fee in interest income. The Company has recognized $4.9 million of this fee as of December 31, 2021.

In March 2021, the Company loaned an additional $7.5 million as part of the Interlock Commercial loan to fund project costs due to an additional equity requirement to reduce the senior loan. In September 2021, the loan was modified to increase the maximum loan commitment to $107.0 million, including $70.1 million of principal, and to modify and clarify certain rights and responsibilities under the loan.

Management has concluded that this entity is a VIE. Because Interlock is the developer of The Interlock, the Company does not have the power to direct the activities of the project that most significantly impact its performance. Therefore, the Company is not the project's primary beneficiary and does not consolidate the project in its consolidated financial statements.

Nexton Multifamily

On April 1, 2021, the Company entered into a $22.3 million preferred equity investment for the development of a multifamily property located in Summerville, South Carolina, adjacent to the Company's Nexton Square property. The investment has economic terms consistent with a note receivable, including a mandatory redemption or maturity on October 1, 2026, and it is accounted for as a note receivable. The Company's investment bears interest at a rate of 11%, compounded annually.

Management has concluded that this entity is a VIE. Because the other investor in the project, TP Nexton LLC, is the developer of Nexton 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.

Solis Apartments at Interlock

On December 21, 2018, the Company entered into a mezzanine loan agreement with Interlock Mezz Borrower, LLC ("Solis Interlock"), the developer of Solis Apartments at Interlock, which is the apartment component of The Interlock. The mezzanine loan had a maximum principal commitment of $25.2 million and a total maximum commitment, including accrued interest reserves, of $41.1 million. The mezzanine loan bore interest at a rate of 13.0% per annum.

On June 7, 2021 the borrower paid off the Solis Apartments at Interlock note receivable in full. The Company received a total of $33.0 million, which consisted of $23.2 million outstanding principal, $7.4 million of accrued interest, and a prepayment premium of $2.4 million that resulted from the early payoff of the loan.

Guarantee liabilities

As of December 31, 2021, the Company had an outstanding payment guarantee for the senior loan on Interlock Commercial as described above. As of December 31, 2021 and 2020, the Company has recorded a guarantee liability of $1.2 million and $2.6 million, respectively, representing the unamortized fair value. This guarantee is classified as other liabilities on the Company's consolidated balance sheets, with a corresponding adjustment to the notes receivable

balance on the consolidated balance sheets. See Note 18 for additional information on the Company's outstanding guarantee.

Allowance for Loan Losses

The Company is exposed to credit losses primarily through its mezzanine lending activities. As of December 31, 2021, the Company had two mezzanine loans, both 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 updated the risk ratings for each of its notes receivable as of December 31, 2021 and obtained industry loan loss data relative to these risk ratings. Each of the outstanding loans as of December 31, 2021 was "Pass" rated. The Company’s analysis resulted in an allowance for loan losses of approximately $1.0 million as of the year ended December 31, 2021.

At December 31, 2021, the Company reported $126.4 million of notes receivable, net of allowances of $1.0 million. At December 31, 2020, the Company reported $135.4 million of notes receivable, net of allowances of $2.6 million. Changes in the allowance for the year ended December 31, 2021 and 2020 were as follows (in thousands):

	Years Ended December 31,	
	2021	2020
Beginning balance	$ 2,584	$ —
Cumulative effect of accounting change	—	2,825
Unrealized credit loss provision (release)	(802)	256
Extinguishment due to acquisition	(788)	(497)
Ending balance [(a)]	$ 994	$ 2,584

(a) The amount excludes immaterial amount of the provision (release) related to the unfunded commitments, which were recorded in Other liabilities on the consolidated balance sheet

During the year ended December 31, 2020, the Company placed the loans for Delray Beach Plaza and The Residences at Annapolis Junction on nonaccrual status with total amortized cost basis of $13.6 million. As a result, there was $5.1 million of interest income not recognized during the twelve months ended December 31, 2020. As of December 31, 2021, there were no 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 December 31, 2021 during the year ending December 31, 2022.

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 year ended December 31, 2021 and 2020 (in thousands):

	Year ended December 31, 2021		Year ended December 31, 2020	
	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	$ 138	$ 6,088	$ 249	$ 5,306
Revenue recognized that was included in the balance at the beginning of the period	—	(6,088)	—	(5,306)
Increases due to new billings, excluding amounts recognized as revenue during the period	—	6,237	—	6,244
Transferred to receivables	(714)	—	(545)	—
Construction contract costs and estimated earnings not billed during the period	243	—	138	—
Changes due to cumulative catch-up adjustment arising from changes in the estimate of the stage of completion	576	(1,356)	296	(156)
Ending balance	$ 243	$ 4,881	$ 138	$ 6,088

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 $2.2 million and $1.7 million were deferred as of December 31, 2021 and 2020, respectively. Amortization of pre-contract costs for the years ended December 31, 2021 and 2020 was $0.3 million and $0.8 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 December 31, 2021 and 2020, construction receivables included retentions of $3.1 million and $17.1 million, respectively. The Company expects to collect substantially all construction receivables as of December 31, 2021 during the year ending December 31, 2022. As of December 31, 2021 and 2020, construction payables included retentions of $4.2 million and $17.7 million, respectively. The Company expects to pay substantially all construction payables as of December 31, 2021 during the year ending December 31, 2022.

The Company's net position on uncompleted construction contracts comprised the following as of December 31, 2021 and 2020 (in thousands):

	December 31,	
	2021	2020
Costs incurred on uncompleted construction contracts	$ 379,993	$ 461,725
Estimated earnings	15,115	13,205
Billings	(399,746)	(480,880)
Net position	$ (4,638)	$ (5,950)
Construction contract costs and estimated earnings in excess of billings	$ 243	$ 138
Billings in excess of construction contract costs and estimated earnings	(4,881)	(6,088)
Net position	$ (4,638)	$ (5,950)

The Company's balances and changes in construction contract price allocated to unsatisfied performance obligations (backlog) for each of the three years ended December 31, 2021, 2020 and 2019 were as follows (in thousands):

	Years Ended December 31,		
	2021	2020	2019
Beginning backlog	$ 71,258	$ 242,622	$ 165,863
New contracts/change orders	236,077	45,882	182,495
Work performed	(91,816)	(217,246)	(105,736)
Ending backlog	$ 215,519	$ 71,258	$ 242,622

The Company expects to complete a majority of the uncompleted contracts as of December 31, 2021 during the next 12 to 18 months.

8. Indebtedness

The Company's indebtedness comprised the following as of December 31, 2021 and 2020 (dollars in thousands):

	Principal Balance		Interest Rate [a]		Maturity Date
	December 31,		December 31,		
	2021	2020	2021		
Secured Debt					
Socastee Commons[b]	$ —	$ 4,458	4.57%		January 6, 2023
Johns Hopkins Village[c]	—	50,859	LIBOR+ 1.25%		August 7, 2025
Red Mill West	10,386	10,851	4.23%		June 1, 2022
Marketplace at Hilltop	9,706	10,120	4.42%		October 1, 2022
1405 Point	52,286	53,000	LIBOR+ 2.25%		January 1, 2023
Nexton Square	20,107	22,909	LIBOR+ 2.25%		February 1, 2023
Wills Wharf	64,288	59,044	LIBOR+ 2.25%		June 26, 2023
249 Central Park Retail[d]	16,352	16,597	LIBOR+ 1.60%	[e]	August 10, 2023
Fountain Plaza Retail[d]	9,841	9,988	LIBOR+ 1.60%	[e]	August 10, 2023
South Retail[d]	7,179	7,287	LIBOR+ 1.60%	[e]	August 10, 2023
Hoffler Place[f][g]	18,400	18,400	LIBOR+ 2.60%		January 1, 2024
Summit Place[f][g]	23,100	23,100	LIBOR+ 2.60%		January 1, 2024
One City Center	24,084	24,712	LIBOR+ 1.85%		April 1, 2024
Chronicle Mill[h]	—	—	LIBOR+ 3.00%		May 5, 2024
Red Mill Central	2,188	2,363	4.80%		June 17, 2024
Gainesville Apartments	18,114	—	LIBOR+ 3.00%		August 31, 2024
Premier Apartments[i]	16,508	16,716	LIBOR+ 1.55%		October 31, 2024
Premier Retail[i]	8,131	8,241	LIBOR+ 1.55%		October 31, 2024
Red Mill South	5,518	5,833	3.57%		May 1, 2025
Brooks Crossing Office	14,882	15,393	LIBOR+ 1.60%		July 1, 2025
Market at Mill Creek	13,142	13,789	LIBOR+ 1.55%		July 12, 2025
North Point Center Note 2	1,942	2,094	7.25%		September 15, 2025
Encore Apartments[j]	24,523	24,337	2.93%		February 10, 2026
4525 Main Street[j]	31,476	31,231	2.93%		February 10, 2026
Delray Beach Plaza	14,039	—	LIBOR+ 3.00%		March 8, 2026
Thames Street Wharf	70,761	70,000	BSBY+ 1.30%	[e]	September 30, 2026
Southgate Square	27,060	19,682	LIBOR+ 1.90%		December 21, 2026
Greenbrier Square	20,000	—	3.74%		October 10, 2027
Lexington Square	14,172	14,440	4.50%		September 1, 2028
Red Mill North	4,189	4,294	4.73%		December 31, 2028
Greenside Apartments	32,598	33,310	3.17%		December 15, 2029
The Residences at Annapolis Junction	84,375	84,375	SOFR+ 2.66%		November 1, 2030
Smith's Landing	16,452	17,331	4.05%		June 1, 2035
Liberty Apartments	13,572	13,877	5.66%		November 1, 2043
Edison Apartments	15,926	16,272	5.30%		December 1, 2044
The Cosmopolitan	42,090	42,909	3.35%		July 1, 2051
Total secured debt	**$ 747,387**	**$ 747,812**			
Unsecured debt					
Senior unsecured revolving credit facility	$ 5,000	$ 10,000	LIBOR+ 1.30%-1.85%		January 24, 2024
Senior unsecured term loan	19,500	19,500	LIBOR+ 1.25%-1.80%		January 24, 2025
Senior unsecured term loan	185,500	185,500	LIBOR+ 1.25%-1.80%	[e]	January 24, 2025
Total unsecured debt	**210,000**	**215,000**			
Total principal balances	**957,387**	**962,812**			
Other notes payable[k]	10,144	10,004			
Unamortized GAAP adjustments	(8,621)	(8,971)			
Loans reclassified to liabilities related to assets held for sale, net	(41,354)	—			
Indebtedness, net	**$ 917,556**	**$ 963,845**			

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(a) LIBOR, SOFR, and Bloomberg Short-Term Bank Yield Index ("BSBY") rates are determined by individual lenders.
(b) On August 25, 2021 the Socastee Commons Note was paid off as part of the property sale.
(c) On November 16, 2021 the Johns Hopkins Village Note was paid off.
(d) Cross collateralized.
(e) Includes debt subject to interest rate swap agreements.
(f) Cross collateralized.
(g) Held for sale as of December 31, 2021.
(h) No funding on the construction loan as of December 31, 2021.
(i) Cross collateralized.
(j) Cross collateralized.
(k) Represents the fair value of additional ground lease payments at 1405 Point over the approximately 42-year remaining lease term and an earn-out liability for the Gainesville development project.

The Company's indebtedness was comprised of the following fixed and variable-rate debt as of December 31, 2021 and 2020 (in thousands):

	December 31,	
	2021	2020
Fixed-rate debt	$ 534,371	$ 573,951
Variable-rate debt	423,016	388,861
Total principal balance	$ 957,387	$ 962,812

Certain loans require the Company to comply with various financial and other covenants, including the maintenance of minimum debt coverage ratios. As of December 31, 2021, the Company was in compliance with all loan covenants. See "Other 2021 Financing Activity" section below for additional discussion.

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

Year Ending December 31,	Scheduled Principal Payments	Maturities	Total Payments
2022	$ 12,319	$ 19,570	$ 31,889
2023	12,148	168,447	180,595
2024	12,993	112,024	125,017
2025	12,944	234,630	247,574
2026	9,550	146,003	155,553
Thereafter	85,332	131,427	216,759
Total [1]	$ 145,286	$ 812,101	$ 957,387

(1) Debt principal payments and maturities exclude increased ground lease payments at 1405 Point and accrued earn-out payments to the Company's joint venture partner at Gainesville, each of which is classified as notes payable in the Company's consolidated balance sheets.

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 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 (the London Inter-Bank Offered Rate) 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 15 or 25 basis points on the unused portions of the commitments under the revolving credit facility, depending on the amount of borrowings under the credit facility. As of December 31, 2021, the interest rates on the revolving credit facility and the term loan facility were 1.70% and 1.65%, respectively. If the Company attains investment grade credit ratings from Standard and Poor's and Moody's Investor Service, the Operating Partnership may elect to have borrowings become subject to interest rates based on such credit ratings. 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 under the credit facility, 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.

On January 7, 2021, the Operating Partnership entered into a $15.0 million standby letter of credit using the available capacity under the credit facility to guarantee the funding of its investment in the Harbor Point Parcel 3 joint venture, which is the developer of T. Rowe Price's new global headquarters. This letter of credit was available for draw down on the revolving credit facility in the event the Company did not meet its equity requirement. The letter of credit
expired on January 4, 2022 and was not required to be renewed.

The Company is currently in compliance with all covenants under the credit agreement.

Other 2021 Financing Activity

On January 15, 2021, the Company refinanced the loan secured by 4525 Main Street and Encore Apartments. The Company increased the balance by $1.5 million, bringing the total balance of the loan to $57.0 million. The new loan bears interest at a rate of 2.93% and will mature on February 10, 2026.

On January 28, 2021, the Company refinanced the Nexton Square loan and paid the balance down by $2.0 million, bringing the balance to $20.1 million. The loan bears interest at a rate of LIBOR plus a spread of 2.25% (LIBOR has a 0.25% floor) and will mature on February 1, 2023.

On March 8, 2021, the Company obtained a loan secured by Delray Beach Plaza in the amount of $14.5 million. The loan bears interest at a rate of LIBOR plus a spread of 3.00% and will mature on March 8, 2026.

On May 5, 2021, the Company entered into a $35.1 million construction loan agreement for the Chronicle Mill development project. The loan bears interest at a rate of LIBOR plus a spread of 3.00% (LIBOR has a 0.25% floor). The loan matures on May 5, 2024 and has two 12-month extension options.

On August 24, 2021, as a part of the Greenbrier Square acquisition, the Company assumed a note payable of $20.0 million. The loan bears interest at a fixed rate of 3.74% and will mature on October 10, 2027.

On September 30, 2021, the Company refinanced the loan secured by Thames Street Wharf. The new $71.0 million loan bears interest at a rate of BSBY plus a spread of 1.30% and will mature on September 30, 2026. The Company simultaneously entered into an interest rate swap agreement that effectively fixes the interest rate at 2.35% for the term of the loan.

On April 15, 2021, the Company refinanced the $19.5 million Southgate Square loan. On December 21, 2021, the Company refinanced the loan with a new $27.1 million loan. The new loan bears interest at a rate of LIBOR plus a spread of 1.90% (LIBOR has a 0.20% floor) and will mature on December 21, 2026.

During the year ended December 31, 2021, the Company borrowed $23.4 million under its existing construction loans to fund new development and construction.

In September 2021, the loan covenants for the syndicated loan secured by Wills Wharf were modified to extend the deadline for the Company to meet a lease-up requirement included in the loan agreement from October 1, 2021 to February 1, 2022. At February 1, 2022, it was determined that the Company did not meet the lease-up requirement stipulated. The covenant requires the property to be 75% leased, and the property was 70% leased as of that date. This was not an event of default but did trigger an appraisal for the property.

Other 2020 Financing Activity

In June 2020, the Company exercised its option to purchase the remaining 21% ownership interest in 1405 Point in exchange for increased ground lease payments to be made over the approximately 42-year remaining lease term. The Company recorded a note payable of $6.1 million, which represents the present value of these payments. The ground lessor is an affiliate of our former joint venture partner.

On August 31, 2020, the Company entered into a $31.4 million construction loan agreement for the development project owned by the Gainesville Partnership. The loan bears interest at a rate of LIBOR plus a spread of 3.00% (LIBOR has a floor of 0.75%). The loan matures on August 31, 2024 and has one 12-month extension option. The Company's joint venture partner in the Gainesville Partnership has guaranteed payment of 55% of loan advances.

On September 22, 2020, as a part of the Nexton Square acquisition, the Company assumed a note payable of $22.9 million. The loan bears interest at a rate of LIBOR plus a spread of 2.25% and was scheduled to mature on August 8, 2021. This loan was subsequently refinanced prior to its original maturity date. See Other 2021 Financing Activity.

On September 22, 2020, the Company paid off the Hanbury Village loan in full. This property was added to the unencumbered borrowing base for the revolving credit facility.

On October 1, 2020, the Company assumed a $16.4 million loan payable with the acquisition of Edison Apartments, a multifamily property located in downtown Richmond, Virginia

On October 6, 2020, the Company paid off the Sandbridge Commons loan in full. This property was added to the unencumbered borrowing base for the revolving credit facility.

On October 30, 2020, as part of the acquisition of The Residences at Annapolis Junction, the Company assumed an $83.4 million senior loan, which was immediately refinanced with a new $84.4 million loan. This new loan bears interest at a rate of SOFR plus a spread of 2.66% and will mature on November 1, 2030.

On December 22, 2020, the Company refinanced the Summit Place loan. The Company decreased the balance to $23.1 million by paying down $11.5 million. The loan bears interest at a rate of LIBOR plus a spread of 2.60% (LIBOR has a 0.40% floor) and will mature on January 1, 2024.

On December 22, 2020, the Company refinanced the Hoffler Place loan. The Company decreased the balance to $18.4 million by paying down $12.8 million. The loan bears interest at a rate of LIBOR plus a spread of 2.60% (LIBOR has a 0.40% floor) and will mature on January 1, 2024.

In April 2020, the Company proactively obtained a waiver from the lender for the Premier Retail/Apartments property wherein it did not have to meet the minimum debt service coverage requirement for the period ended June 30, 2020. The Company also proactively obtained a waiver from the lender for the 249 Central Park, Fountain Plaza Retail, and South Retail properties wherein it did not have to meet the minimum debt service coverage requirement for the periods ended June 30, 2020 and December 31, 2020. As of December 31, 2020, the Company was in compliance with all covenants on its outstanding indebtedness after giving effect to the waivers granted.

During the year ended December 31, 2020, the Company borrowed $39.7 million under its existing construction loans to fund new development and construction.

9. *Derivative Financial Instruments*

As of December 31, 2021, the Company had the following LIBOR and SOFR interest rate caps ($ in thousands):

Effective Date	Maturity Date	Notional Amount		Strike Rate	Premium Paid
5/15/2019	6/1/2022	$ 100,000		2.50% (LIBOR)	$ 288
1/10/2020	2/1/2022	50,000	(a)	1.75% (LIBOR)	87
1/28/2020	2/1/2022	50,000	(a)	1.75% (LIBOR)	62
3/2/2020	3/1/2022	100,000	(a)	1.50% (LIBOR)	111
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) (b)	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
		$ 783,954			$ 1,170

(a) Designated as a cash flow hedge.
(b) This interest rate swap is subject to SOFR, which has been identified as an alternative to LIBOR. LIBOR will be phased out beginning December 31, 2021.

As of December 31, 2021, 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		1-month LIBOR		2.78 %	4.33 %	5/1/2018	5/1/2023
Senior unsecured term loan	10,500	(a)	1-month LIBOR		3.02 %	4.57 %	10/12/2018	10/12/2023
249 Central Park Retail, South Retail, and Fountain Plaza Retail	33,372	(a)	1-month LIBOR		2.25 %	3.85 %	4/1/2019	8/10/2023
Senior unsecured term loan	50,000	(a)	1-month LIBOR		2.26 %	3.81 %	4/1/2019	10/26/2022
Senior unsecured term loan	25,000	(a)	1-month LIBOR		0.50 %	2.05 %	4/1/2020	4/1/2024
Senior unsecured term loan	25,000	(a)	1-month LIBOR		0.50 %	2.05 %	4/1/2020	4/1/2024
Senior unsecured term loan	25,000	(a)	1-month LIBOR		0.55 %	2.10 %	4/1/2020	4/1/2024
Thames Street Wharf	70,761	(a)	1-month BSBY	(b)	1.05 %	2.35 %	9/30/2021	9/30/2026
Total	$ 289,633							

(a) Designated as a cash flow hedge.
(b) This interest rate swap is subject to BSBY, which has been identified as an alternative to LIBOR. LIBOR will be phased out beginning December 31, 2021.

For the interest rate swaps designated as cash flow hedges, realized losses are reclassified out of accumulated other comprehensive loss to interest expense in the consolidated statements of comprehensive income due to payments made to the swap counterparty. During the next 12 months, the Company anticipates reclassifying approximately $2.0 million of net hedging losses from accumulated other comprehensive loss into earnings to offset the variability of the hedged items during this period.

The Company's derivatives comprised the following as of December 31, 2021 and 2020 (in thousands):

	December 31, 2021			December 31, 2020		
		Fair Value			Fair Value	
	Notional Amount	Asset	Liability	Notional Amount	Asset	Liability
Derivatives not designated as accounting hedges						
Interest rate swaps	$ 50,000	$ —	$ (1,454)	$ 50,000	$ —	$ (3,056)
Interest rate caps	399,579	1,019	—	150,000	4	—
Total derivatives not designated as accounting hedges	449,579	1,019	(1,454)	200,000	4	(3,056)
Derivatives designated as accounting hedges						
Interest rate swaps	239,633	1,317	(2,013)	290,231	—	(11,797)
Interest rate caps	384,375	590	—	384,375	86	—
Total derivatives	$ 1,073,587	$ 2,926	$ (3,467)	$ 874,606	$ 90	$ (14,853)

The changes in the fair value of the Company's derivatives during the years ended December 31, 2021, 2020, and 2019 was as follows (in thousands):

	Years Ended December 31,		
	2021	2020	2019
Interest rate swaps	$ 4,775	$ (10,318)	$ (6,050)
Interest rate caps	1,222	(518)	(2,053)
Total change in fair value of interest rate derivatives	$ 5,997	$ (10,836)	$ (8,103)
Comprehensive income statement presentation:			
Change in fair value of derivatives and other	$ 2,319	$ (1,085)	$ (3,599)
Unrealized cash flow hedge losses	3,678	(9,751)	(4,504)
Total change in fair value of interest rate derivatives	$ 5,997	$ (10,836)	$ (8,103)

10. Equity

Stockholders' Equity

As of December 31, 2021 and 2020, the Company's authorized capital was 500 million shares of common stock and 100 million shares of preferred stock. The Company had 63.0 million and 59.1 million shares of common stock issued and outstanding as of December 31, 2021 and 2020, respectively. The Company had 6.8 million shares of its Series A Preferred Stock (as defined below) issued and outstanding as of December 31, 2021 and 2020.

Common Stock

On February 26, 2018, the Company commenced an at-the-market continuous equity offering program (the "2018 ATM Program") through which the Company may, from time to time, issue and sell shares of its common stock. Upon commencing the 2018 ATM Program, the Company simultaneously terminated the 2016 ATM Program. On August 6, 2019, the Company entered into amendments (the "Amendments") to the separate sales agreements related to the 2018 ATM Program, which, among other things, increased the aggregate offering price of shares of the Company's common stock under the ATM Program from $125.0 million to $180.7 million. During the years ended December 31, 2020 and 2019, the Company issued and sold 92,577 and 5,871,519 shares of common stock at a weighted average price of $18.23 and $16.76 per share under the 2018 ATM Program, receiving net proceeds after offering costs and commissions of $1.7 million and $97.0 million, respectively.

On March 10, 2020, the Company commenced a new 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. Upon

commencing the ATM Program, the Company simultaneously terminated the 2018 ATM Program. During the years ended December 31, 2021 and 2020, the Company issued and sold 3,801,731 and 1,783,768 shares of common stock at a weighted average price of $13.87 and $10.48 per share under the ATM Program, receiving net proceeds, after offering costs and commissions, of $51.7 million and $18.4 million, respectively. During the year ended December 31, 2021, the Company did not issue any shares of the Series A Preferred Stock under the ATM Program. During the year ended December 31, 2020, the Company issued and sold 713,418 shares of the Series A Preferred Stock at a weighted average price of $22.88 per share (inclusive of accrued dividends) under the ATM Program, receiving net proceeds, after offering costs and commissions, of $16.1 million.

Preferred Stock

On June 18, 2019, the Company issued 2,530,000 shares of its Series A Preferred Stock, with a liquidation preference of $25.00 per share, which included 330,000 shares issued upon the underwriters' full exercise of their option to purchase additional shares. Net proceeds from the offering, after the underwriting discount but before offering expenses payable by the Company, were approximately $61.3 million. The Company used the net proceeds to fund a portion of the purchase price of Thames Street Wharf, a 263,426 square foot office building located in the Harbor Point neighborhood of Baltimore, Maryland. The balance of the net proceeds was used to repay a portion of the outstanding borrowings under the Company's unsecured revolving credit facility and for general corporate purposes.

In connection with the issuance of the Series A Preferred Stock, on June 18, 2019, the Operating Partnership issued to the Company 2,530,000 6.75% Series A Cumulative Redeemable Perpetual Preferred Units (the "Series A Preferred Units"), which have economic terms that are identical to the Company's Series A Preferred Stock. The Series A Preferred Units were issued in exchange for the Company's contribution of the net proceeds from the offering of the Series A Preferred Stock to the Operating Partnership.

On August 20, 2020, the Company sold 3,600,000 shares of its Series A Preferred Stock at a public offering price of $24.75 per share (inclusive of accrued dividends), for net proceeds, after the underwriting discount and offering expenses payable by the Company, of approximately $86.1 million, pursuant to a prospectus supplement, dated August 13, 2020, and a base prospectus dated March 9, 2020. The offering was a re-opening of the Company's previous issuances of Series A Preferred Stock. The additional shares of Series A Preferred Stock sold in the offering form a single series, and are fully fungible, with the other outstanding shares of Series A Preferred Stock. The Company used the net proceeds to repay a portion of the outstanding borrowings under the Company's unsecured revolving credit facility and for general corporate purposes.

In connection with the issuance of the Series A Preferred Stock, on August 20, 2020, the Operating Partnership issued to the Company 3,600,000 Series A Preferred Units, which have economic terms that are identical to the Series A Preferred Stock. The Series A Preferred Units were issued in exchange for the Company's contribution of the net proceeds from the offering of the Series A Preferred Stock to the Operating Partnership.

Dividends on the Series A Preferred Stock are payable quarterly in arrears on or about the 15th day of each January, April, July and October. The first dividend on the Series A Preferred Stock was paid on October 15, 2019. The Series A Preferred Stock does not have a stated maturity date and is not subject to any sinking fund or mandatory redemption provisions. Upon liquidation, dissolution or winding up, the Series A Preferred Stock will rank senior to the Company's common stock with respect to the payment of distributions and other amounts. Except in instances relating to preservation of the Company's qualification as a REIT or pursuant to the Company's special optional redemption right, the Series A Preferred Stock is not redeemable prior to June 18, 2024. On and after June 18, 2024, the Company may, at its option, redeem the Series A Preferred Stock, in whole, at any time, or in part, from time to time, for cash at a redemption price of $25.00 per share, plus any accrued and unpaid dividends (whether or not declared) to, but excluding, the redemption date.

Upon the occurrence of a change of control (as defined in the articles supplementary designating the terms of the Series A Preferred Stock), the Company has a special optional redemption right that enables it to redeem the Series A Preferred Stock, in whole or in part and within 120 days after the first date on which a change of control has occurred resulting in neither the Company nor the surviving entity having a class of common stock listed on the New York Stock Exchange, NYSE American, or NASDAQ or the acquisition of beneficial ownership of its stock entitling a person to exercise more than 50% of the total voting power of all our stock entitled to vote generally in election of directors. The special optional redemption price is $25.00 per share, plus any accrued and unpaid dividends (whether or not declared) to, but excluding, the date of redemption.

Upon the occurrence of a change of control, holders will have the right (unless the Company has elected to exercise its special optional redemption right to redeem their Series A Preferred Stock) to convert some or all of such holder's Series A Preferred Stock into a number of shares of the Company's common stock equal to the lesser of:

- the quotient obtained by dividing (i) the sum of the $25.00 liquidation preference plus the amount of any accrued and unpaid distributions to, but not including, the change of control conversion date (unless the change of control conversion date is after a record date for a Series A Preferred Stock distribution payment and prior to the corresponding Series A Preferred Stock distribution payment date, in which case no additional amount for such accrued and unpaid distribution will be included in this sum) by (ii) the Common Stock Price (as defined in the articles supplementary designating the terms of the Series A Preferred Stock); and

- 2.97796 (i.e., the Share Cap), subject to certain adjustments;

subject, in each case, to certain adjustments and provisions for the receipt of alternative consideration of equivalent value as described in the articles supplementary designating the terms of the Series A Preferred Stock.

Noncontrolling Interests

As of December 31, 2021 and 2020, the Company held a 75.3% and 73.9% common interest in the Operating Partnership, respectively. As of December 31, 2021, 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 75.3% 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 Company represent units of limited partnership interest in the Operating Partnership not held by the Company. As of December 31, 2021, there were 20,633,485 Class A Units of limited partnership interest in the Operating partnership 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 $0.6 million relates to the minority partners' interest in certain joint venture entities as of December 31, 2021. The noncontrolling interest for consolidated real estate entities was $0.5 million as of December 31, 2020.

On January 4, 2021, a holder of Class A Units tendered 12,000 Class A Units for redemption by the Operating Partnership, which the Company elected to satisfy by issuing an equal number of shares of common stock.

On October 1, a holder of Class A Units tendered 220,000 Class A Units for redemption by the Operating Partnership, which the Company elected to satisfy by making a cash payment of $2.9 million.

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

Dividends and Class A Unit Distributions

During the years ended December 31, 2021, 2020, and 2019, the Company declared dividends per common share and distributions per unit of $0.64, $0.44, and $0.84, respectively. During the years ended December 31, 2021, 2020, and 2019, these common stock dividends totaled $39.3 million, $25.3 million, and $45.4 million, respectively, and these Operating Partnership distributions totaled $13.3 million, $9.2 million, and $16.9 million, respectively.

The tax treatment of dividends paid to common stockholders during the years ended December 31, 2021, 2020, and 2019 was as follows (unaudited):

	Years ended December 31,		
	2021	2020	2019
Capital gains	8.98 %	— %	10.62 %
Ordinary income	66.71 %	59.09 %	68.83 %
Return of capital	24.31 %	40.91 %	20.55 %
Total	100.00 %	100.00 %	100.00 %

During both years ended December 31, 2021 and 2020, the Company declared dividends of $1.687500 per share to holders of Series A Preferred Stock. During the year ended December 31, 2019, the Company declared dividends of $0.970315 per share to holders of Series A Preferred Stock. During the years ended December 31, 2021, 2020, and 2019, these preferred stock dividends totaled $11.5 million, $7.3 million, and $2.5 million, respectively.

The tax treatment of dividends paid to preferred stockholders during the years ended December 31, 2021, 2020, and 2019 was as follows (unaudited):

	Years ended December 31,		
	2021	2020	2019
gains	11.96 %	— %	— %
ry income	88.04 %	100.00 %	100.00 %
	100.00 %	100.00 %	100.00 %

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 December 31, 2021, the Company had 604,041 shares of common stock available for issuance under the Equity Plan.

During the years ended December 31, 2021, 2020, and 2019, the Company granted an aggregate of 166,768, 176,382 and 154,030 shares of restricted stock to employees and nonemployee directors, respectively. The grant date fair value of the restricted stock awards granted during the years ended December 31, 2021, 2020, and 2019 was $2.1 million, $2.8 million and $2.4 million, respectively. Employee restricted stock awards generally vest over a period of two years: one-third immediately on the grant date and the remaining two-thirds in equal amounts on the first two anniversaries following the grant date, subject to continued service to the Company. 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 years ended December 31, 2021 and 2020, the Company issued performance-based awards in the form of restricted stock units to certain employees. The performance period for these awards is three years, with a required two-year service period immediately following the expiration of the performance period in order to fully vest. The compensation expense and the effect on the Company’s weighted average diluted shares calculation were immaterial. During the three months ended December 31, 2021, 5,760 shares were issued with a grant date fair value of $15.19 per share due to the partial vesting of performance units awarded to certain employees in 2017. Of those shares, 1,926 were surrendered by the employees for income tax withholdings. During the three months ended March 31, 2020, 10,600 shares were issued with a grant date fair value of $18.08 per share due to the partial vesting of performance units awarded to certain employees in 2017. Of those shares, 3,677 were surrendered by the employees for income tax withholdings. During the three months ended December 31, 2020, 10,842 shares were issued with a grant date fair value of $11.11 per share due to the partial vesting of performance units awarded to certain employees in 2016 and 2017. Of those shares, 3,165 were surrendered by the employees for income tax withholdings.

During the years ended December 31, 2021, 2020, and 2019, the Company recognized $2.6 million, $2.9 million and $2.4 million of stock-based compensation, respectively. As of December 31, 2021, the total unrecognized compensation cost related to unvested restricted shares was $0.7 million, substantially all of which the Company expects to recognize over the next 27 months.

Compensation cost relating to stock-based compensation for the years ended December 31, 2021, 2020, and 2019 was recorded as follows (in thousands):

	Years Ended December 31,		
	2021	2020	2019
General and administrative expense	$ 1,505	$ 1,615	$ 1,211
General contracting and real estate services expenses	738	763	402
Capitalized in conjunction with development projects	329	483	746
Total stock-based compensation cost	$ 2,572	$ 2,861	$ 2,359

The following table summarizes the changes in the Company's unvested restricted stock awards during the year ended December 31, 2021:

	Restricted Stock Awards	Weighted Average Grant Date Fair Value Per Share
Unvested as of January 1, 2021	167,578	$ 15.31
Granted	166,768	12.88
Vested	(180,327)	13.98
Forfeited	(2,207)	13.88
Unvested as of December 31, 2021	151,812	$ 14.24

Restricted stock awards granted and vested during the year ended December 31, 2021 include 43,646 shares tendered by employees to satisfy minimum statutory tax withholding obligations.

12. *Fair Value of Financial Instruments*

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

Level 1 Inputs — quoted prices in active markets for identical assets or liabilities
Level 2 Inputs — observable inputs other than quoted prices in active markets for identical assets and liabilities
Level 3 Inputs — unobservable inputs

Except as disclosed below, the carrying amounts of the Company's financial instruments approximate their fair 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 measure fair value may fall into different levels of the fair value hierarchy. For disclosure purposes, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

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 December 31, 2021 and 2020 were as follows (in thousands):

	December 31,			
	2021		2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Indebtedness, net	$ 958,910	$ 976,520	$ 963,845	$ 980,714
Notes receivable	126,429	126,429	135,432	135,223
Interest rate swap liabilities	3,467	3,467	14,853	14,853
Interest rate swap and cap assets	2,926	2,926	90	90

13. *Income Taxes*

The income tax benefit (provision) for the years ended December 31, 2021, 2020, and 2019 comprised the following (in thousands):

	Years Ended December 31,		
	2021	2020	2019
Federal income taxes:			
Current	$ 722	$ 290	$ 430
Deferred	(100)	(18)	(20)
State income taxes:			
Current	139	14	85
Deferred	(19)	(3)	(4)
Income tax benefit	$ 742	$ 283	$ 491

As of December 31, 2021 and 2020, the Company had $1.3 million and $0.5 million, respectively, of net deferred tax assets representing net operating losses of the TRS that are being carried forward and basis differences in the assets of the TRS. The deferred tax assets are presented within other assets in the consolidated balance sheets.

Management has evaluated the Company's income tax positions and concluded that the Company has no uncertain income tax positions as of December 31, 2021 and 2020. The Company is generally subject to examination by the applicable taxing authorities for the tax years 2018 through 2021. The Company does not currently have any ongoing tax examinations by taxing authorities.

14. *Other Assets*

Other assets were comprised of the following as of December 31, 2021 and 2020 (in thousands):

	December 31,	
	2021	2020
Leasing costs, net	$ 13,043	$ 13,007
Leasing incentives, net	3,330	3,303
Interest rate swaps and caps	2,926	90
Prepaid expenses and other	18,345	11,542
Pre-acquisition and pre-development costs	8,283	15,382
Other assets	$ 45,927	$ 43,324

15. *Other Liabilities*

Other liabilities were comprised of the following as of December 31, 2021 and 2020 (in thousands):

	December 31,	
	2021	2020
Dividends and distributions payable	$ 17,245	$ 11,753
Acquired lease intangibles, net	19,256	15,621
Prepaid rent and other	11,294	9,068
Security deposits	3,371	2,976
Interest rate swaps	3,467	14,853
Guarantee liability	1,243	2,631
Other liabilities	$ 55,876	$ 56,902

16. *Acquired Lease Intangibles*

The following table summarizes the Company's acquired lease intangibles as of December 31, 2021 (in thousands):

	December 31, 2021		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
In-place lease assets	$ 126,528	$ 67,486	$ 59,042
Above-market lease assets	7,442	4,446	2,996
Above/Below-market ground lease assets	5,075	810	4,265
Below-market lease liabilities	30,798	11,542	19,256

The following table summarizes the Company's acquired lease intangibles as of December 31, 2020 (in thousands):

	December 31, 2020		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
In-place lease assets	$ 110,643	$ 54,276	$ 56,367
Above-market lease assets	5,638	3,851	1,787
Below-market ground lease assets	8,549	667	7,882
Below-market lease liabilities	25,015	9,394	15,621

During the years ended December 31, 2021, 2020, and 2019, the Company recognized the following amortization of intangible lease assets and liabilities (in thousands):

	Years Ended December 31,		
	2021	2020	2019
Intangible lease assets			
In-place lease assets	$ 13,210	$ 6,935	$ 14,971
Above-market lease assets	595	300	875
Above/Below-market ground lease assets	144	213	155
Intangible lease liabilities			
Below-market lease liabilities	2,148	1,119	2,261

As of December 31, 2021, the weighted-average remaining lives of in-place lease assets, above-market lease assets, above/below-market ground lease assets, and below-market lease liabilities were 7.9 years, 5.8 years, 43.2 years and

12.4 years, respectively. As of December 31, 2021, the weighted-average remaining life of below-market lease renewal options was 9.4 years.

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

	Rental Revenues	Depreciation and Amortization
Year ending December 31,		
2022	$ 1,766	$ 10,833
2023	1,568	8,895
2024	1,579	7,157
2025	1,505	6,145
2026	1,516	5,870

17. Related Party Transactions

The Company provides general contracting and real estate services to certain related party entities that are included in these consolidated financial statements. Revenue from construction contracts with related party entities of the Company was $23.6 million, $52.2 million and $5.7 million for the years ended December 31, 2021, 2020, and 2019, respectively. Gross profits from such contracts were $1.7 million, $2.0 million and $0.2 million for the years ended December 31, 2021, 2020, and 2019, respectively. As of December 31, 2021 and 2020, there was $4.1 million and $8.6 million, respectively, outstanding from related parties of the Company included in net construction receivables. Real estate services fees from affiliated entities of the Company were not material for any of the years ended December 31, 2021, 2020, and 2019. In addition, affiliated entities also reimburse the Company for monthly maintenance and facilities management services provided to the properties. Cost reimbursements earned by the Company from affiliated entities were not material for any of the years ended December 31, 2021, 2020, and 2019.

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 executives and nonindependent directors of the Company, not including the Chief Executive Officer and Chief Financial Officer. These contracts were executed in October and December 2019 and are projected to result in aggregate gross profit of $3.9 million to the Company, representing a gross profit margin of 5.05%. 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, which remains outstanding as of December 31, 2021.

On October 1, 2020, the Company acquired Edison Apartments, a multifamily property located in downtown Richmond, Virginia, for consideration comprised of 633,734 Class A Units, the assumption of a $16.4 million loan payable, and the assumption of $1.1 million in other assets and liabilities. The seller of the project is comprised in part by members of the Company's management and board of directors. Additionally, a development fee of $1.8 million, which was included in the assumed assets and liabilities, was paid to the development group partially owned by members of the Company's management and board of directors.

18. Commitments and Contingencies

Legal Proceedings

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

The Company currently is a party to various legal proceedings, none of which management expects will have a material adverse effect on the Company’s financial position, results of operations, or liquidity. Management accrues a liability for litigation if an unfavorable outcome is determined to be probable and the amount of loss can be reasonably estimated. If an unfavorable outcome is determined by management to be probable and a range of loss can be reasonably estimated, management accrues the best estimate within the range; however, if no amount within the range

is a better estimate than any other, the minimum amount within the range is accrued. Legal fees related to litigation are expensed as incurred. Management does not believe that the ultimate outcome of these matters, either individually or in the aggregate, could have a material adverse effect on the Company’s financial position or results of operations; however, litigation is subject to inherent uncertainties.

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

Guarantees

In connection with the Company's mezzanine lending activities, the Company has made guarantees to pay portions of certain senior loans of third parties associated with the development projects. As of December 31, 2021, the Company had an outstanding payment guarantee for the senior loan on Interlock Commercial for $37.5 million. The Company has recorded a $1.2 million liability and corresponding addition to notes receivable relating to this guarantee.

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 $2.1 million and $2.4 million as of December 31, 2021 and 2020, respectively. In addition, during the year ended December 31, 2019, the Company issued a letter of credit for $9.5 million to secure certain performances of the Company's subsidiary construction company under a related party project, which was still in effect at December 31, 2021.

On January 7, 2021, the Operating Partnership entered into a $15.0 million standby letter of credit using the available capacity under the credit facility to guarantee the funding of its investment in the Harbor Point Parcel 3 joint venture, which is the developer of T. Rowe Price's new global headquarters. This letter of credit was available for draw down on the revolving credit facility in the event the Company did not meet its equity requirement. The letter of credit expired on January 4, 2022 and was not required to be renewed.

The Operating Partnership has entered into standby letters of credit related to the guarantee of future performance on certain of the Company’s construction contracts. Letters of credit generally are available for draw down in the event the Company does not perform. As of both December 31, 2021 and 2020, the Operating Partnership had outstanding letters of credit totaling $9.5 million, as noted above.

Concentrations of Credit Risk

The majority of the Company’s properties are located in Hampton Roads, Virginia. For the years ended December 31, 2021, 2020, and 2019, rental revenues from Hampton Roads properties represented 40%, 44% and 48%, respectively, of the Company’s rental revenues. Many of the Company’s Hampton Roads properties are located in the Town Center of Virginia Beach. For the years ended December 31, 2021, 2020, and 2019, rental revenues from Town Center properties represented 26%, 27% and 31%, respectively, of the Company’s rental revenues.

A group of three construction customers comprised 58%, 65%, and 67% of the Company’s general contracting and real estate services revenues for the years ended December 31, 2021, 2020, and 2019, respectively.

19. Subsequent Events

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

Real Estate

On January 14, 2022, the Company acquired a 79% membership interest and an additional 11% economic interest in the mixed-use property known as 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 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 14, 2022, the Company acquired 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 February 17, 2022 the due diligence period associated with a purchase and sale agreement for Hoffler Place expired, and the buyer's deposit became non-refundable.

Notes Receivable

During February 2022, the Company received $13.5 million as a partial repayment for the Interlock Commercial mezzanine loan.

Indebtedness

On January 4, 2022, the Company borrowed $25.0 million under the revolving credit facility.

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 the $15.0 million standby letter of credit expired on January 4, 2022.

On January 14, 2022, the Company borrowed $50.0 million under the revolving credit facility to fund the acquisition of the Exelon Building.

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

In January 2022, the Company borrowed $8.6 million on its construction loans to fund development activities.

On February 18, the Company paid down the revolving credit facility by $22.0 million.

Borrowings under the revolving credit facility were $58.0 million on February 18, 2022.

Derivative Financial Instruments

On January 11, 2022, the Company entered in to a BSBY interest rate cap agreement on a notional amount of $175.0 million at a strike rate of 4.00% for a premium of $0.2 million. The interest rate cap will expire on February 1, 2024.

Equity

On January 1, 2022, due to the 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.

On January 6, 2022, the Company paid cash dividends of $10.7 million to common stockholders and the Operating Partnership paid cash distributions of $3.5 million to holders of Class A Units. These dividends and distributions were declared and accrued as of December 31, 2021.

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

On January 14, 2022, the Company paid cash dividends of $2.9 million to the holders of the Series A Preferred Stock. These dividends were declared and accrued as of December 31, 2021.

On February 23, 2022, the Company announced that its board of directors declared a cash dividend of $0.17 per common share for the first quarter of 2022. The first quarter dividend will be payable in cash on April 7, 2022 to stockholders of record on March 30, 2022.

On February 23, 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 first quarter of 2022. The dividend will be payable in cash on April 15, 2022 to stockholders of record on April 1, 2022.

SCHEDULE III—Consolidated Real Estate Investments and Accumulated Depreciation
December 31, 2021

		Initial Cost		Cost Capitalized	Gross Carrying Amount					
	Encumbrances	Land	Building and Improvements	Subsequent to Acquisition	Land	Building and Improvements	Total	Accumulated Depreciation	Net Carrying Amount [1]	Year of Construction/ Acquisition
Office										
4525 Main Street	$ 31,476	$ 982	$ —	$ 46,703	$ 982	$ 46,703	$ 47,685	$ 11,903	$ 35,782	2014
Armada Hoffler Tower	— [2]	1,976	—	68,938	1,976	68,938	70,914	40,667	30,247	2002
Brooks Crossing Office	14,882	295	—	19,509	295	19,509	19,804	1,789	18,015	2016/2019
One City Center	24,084	2,911	28,202	6,291	2,911	34,493	37,404	2,742	34,662	2019
One Columbus	— [2]	960	10,269	13,707	960	23,976	24,936	13,880	11,056	1984
Thames Street Wharf	70,761	15,861	64,689	353	15,861	65,042	80,903	4,237	76,666	2010/2019
Two Columbus	— [2]	53	—	21,321	53	21,321	21,374	10,206	11,168	2009
Wills Wharf	64,288	—	—	107,664	—	107,664	107,664	4,214	103,450	2020
Total office	**$ 205,491**	**$ 23,038**	**$ 103,160**	**$ 284,486**	**$ 23,038**	**$ 387,646**	**$ 410,684**	**$ 89,638**	**$ 321,046**	
Retail										
249 Central Park Retail	$ 16,352	$ 713	$ —	$ 16,795	$ 713	$ 16,795	$ 17,508	$ 9,367	$ 8,141	2004
Apex Entertainment	— [2]	67	—	17,893	67	17,893	17,960	6,404	11,556	2002
Broad Creek Shopping Center	— [2]	—	—	9,423	—	9,423	9,423	4,854	4,569	1997-2001
Broadmoor Plaza	— [2]	2,410	9,010	1,072	2,410	10,082	12,492	2,828	9,664	1980/2016
Brooks Crossing Retail	—	117	—	2,364	117	2,364	2,481	376	2,105	2016
Columbus Village	— [2]	7,631	10,135	8,259	7,631	18,394	26,025	4,208	21,817	1980/2015
Columbus Village II	— [2]	14,536	10,922	89	14,536	11,011	25,547	2,216	23,331	1995/2016
Commerce Street Retail	— [2]	118	—	3,318	118	3,318	3,436	1,980	1,456	2008
Delray Beach Plaza	14,039	—	27,151	134	—	27,285	27,285	833	26,452	2021
Dimmock Square	— [2]	5,100	13,126	677	5,100	13,803	18,903	2,860	16,043	1998/2014
Fountain Plaza Retail	9,841	425	—	7,519	425	7,519	7,944	4,023	3,921	2004
Greenbrier Square	20,000	8,549	21,170	14	8,549	21,184	29,733	288	29,445	2017/2021
Greentree Shopping Center	— [2]	1,103	—	4,147	1,103	4,147	5,250	1,287	3,963	2014
Hanbury Village	— [2]	2,566	—	16,312	2,566	16,312	18,878	7,549	11,329	2006
Harrisonburg Regal	—	1,554	—	4,148	1,554	4,148	5,702	2,415	3,287	1999
Lexington Square	14,172	3,035	20,581	298	3,035	20,879	23,914	2,420	21,494	2017/2018
Market at Mill Creek	13,142	2,261	—	21,007	2,261	21,007	23,268	1,910	21,358	2018
Marketplace at Hilltop	9,706	2,023	19,886	201	2,023	20,087	22,110	1,530	20,580	2000/2019
Nexton Square	20,107	9,086	27,760	3,413	9,086	31,173	40,259	1,407	38,852	2020
North Hampton Market	— [2]	7,250	10,210	947	7,250	11,157	18,407	2,576	15,831	2004/2016
North Point Center	1,942 [3]	1,936	—	28,859	1,936	28,859	30,795	15,767	15,028	1998
Overlook Village	— [2]	6,328	20,101	112	6,328	20,213	26,541	342	26,199	1990/2021
Parkway Centre	— [2]	1,372	7,864	114	1,372	7,978	9,350	966	8,384	2017/2018
Parkway Marketplace	— [2]	1,150	—	3,894	1,150	3,894	5,044	2,250	2,794	1998
Patterson Place	— [2]	15,060	20,180	865	15,060	21,045	36,105	3,856	32,249	2004/2016
Perry Hall Marketplace	— [2]	3,240	8,316	505	3,240	8,821	12,061	2,254	9,807	2001/2015

Premier Retail	8,131	318	—	15,318	318	15,318	15,636	1,551	14,085	2018
Providence Plaza	— [2]	9,950	12,369	1,818	9,950	14,187	24,137	3,038	21,099	2007/2015
Red Mill Commons	22,281 [3]	44,252	30,348	1,991	44,252	32,339	76,591	4,425	72,166	2000/2019
Sandbridge Commons	— [2]	4,825	—	7,458	4,825	7,458	12,283	2,170	10,113	2015
South Retail	7,179	190	—	8,279	190	8,279	8,469	5,090	3,379	2002
South Square	— [2]	14,130	12,670	1,099	14,130	13,769	27,899	2,837	25,062	1977/2016
Southgate Square	27,060	10,238	25,950	5,152	10,238	31,102	41,340	5,476	35,864	1991/2016
Southshore Shops	— [2]	1,770	6,509	285	1,770	6,794	8,564	1,178	7,386	2006/2016
Studio 56 Retail	— [2]	76	—	2,596	76	2,596	2,672	1,172	1,500	2007
Tyre Neck Harris Teeter	— [2]	—	—	3,306	—	3,306	3,306	1,588	1,718	2011
Wendover Village	— [2]	19,893	22,638	808	19,893	23,446	43,339	3,799	39,540	2004/2016-2019
Total retail	**$ 183,952**	**$ 203,272**	**$ 336,896**	**$ 200,489**	**$ 203,272**	**$ 537,385**	**$ 740,657**	**$ 119,090**	**$ 621,567**	
Multifamily										
1405 Point	$ 52,286	$ —	$ 95,466	$ 3,146	$ —	$ 98,612	$ 98,612	$ 8,487	$ 90,125	2018/2019
Chronicle Mill	—	2,313	—	25,879	2,313	25,879	28,192	—	28,192	2021 [4]
Edison Apartments	15,926	3,428	18,582	1,281	3,428	19,863	23,291	1,019	22,272	1919 & 2014/2020
Encore Apartments	24,523	1,293	—	30,855	1,293	30,855	32,148	7,028	25,120	2014
Gainesville Apartments	18,114	5,200	—	37,204	5,200	37,204	42,404	—	42,404	2020 [4]
Greenside Apartments	32,598	5,711	—	45,350	5,711	45,350	51,061	4,855	46,206	2018
Liberty Apartments	13,572	3,580	23,494	2,299	3,580	25,793	29,373	6,782	22,591	2013/2014
Premier Apartments	16,508	647	—	29,218	647	29,218	29,865	2,963	26,902	2018
Smith's Landing	16,452	—	35,105	3,395	—	38,500	38,500	10,342	28,158	2009/2013
Southern Post	—	5,000	—	6,480	5,000	6,480	11,480	—	11,480	2021 [4]
The Cosmopolitan	42,090	985	—	73,932	985	73,932	74,917	31,836	43,081	2006
The Residences at Annapolis Junction	84,375	14,774	104,801	385	14,774	105,186	119,960	3,774	116,186	2018/2020
Total multifamily	**$ 316,444**	**$ 42,931**	**$ 277,448**	**$ 259,424**	**$ 42,931**	**$ 536,872**	**$ 579,803**	**$ 77,086**	**$ 502,717**	
Held for development	**$ —**	**$ 6,294**	**$ —**	**$ —**	**$ 6,294**	**$ —**	**$ 6,294**	**$ —**	**$ 6,294**	
Real estate investments	**$ 705,887**	**$ 275,535**	**$ 717,504**	**$ 744,399**	**$ 275,535**	**$ 1,461,903**	**$ 1,737,438**	**$ 285,814**	**$ 1,451,624**	

(1) The net carrying amount of real estate for federal income tax purposes was $1,329.6 million as of December 31, 2021.
(2) Borrowing base collateral for the credit facility as of December 31, 2021.
(3) A portion of this property is borrowing base collateral for the credit facility as of December 31, 2021.
(4) Construction in progress as of December 31, 2021.

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

Buildings	39 years
Capital improvements	5—20 years
Equipment	3—7 years
Tenant improvements	Term of the related lease
	(or estimated useful life, if shorter)

	Real Estate Investments		Accumulated Depreciation	
	December 31,			
	2021	2020	2021	2020
Balance at beginning of the year	$ 1,757,917	$ 1,606,324	$ 253,965	$ 224,738
Construction costs and improvements	86,325	58,039	—	—
Acquisitions	83,723	196,214	—	—
Dispositions	(83,848)	(101,768)	(14,809)	(14,444)
Reclassifications	(106,679)	(892)	(5,010)	—
Depreciation	—	—	51,668	43,671
Balance at end of the year	$ 1,737,438	$ 1,757,917	$ 285,814	$ 253,965

Exhibit 3.2

ARMADA HOFFLER PROPERTIES, INC.
AMENDED AND RESTATED BYLAWS

ARTICLE I
OFFICES

Section 1. Principal Office.

The principal office of Armada Hoffler Properties, Inc. (the "Corporation") in the State of Maryland shall be located at such place as the Board of Directors of the Corporation (the "Board of Directors") may designate from time to time.

Section 2. Additional Offices.

The Corporation may have additional offices, including a principal executive office, at such places as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II
MEETINGS OF STOCKHOLDERS

Section 1. Place.

All meetings of stockholders shall be held at the principal executive office of the Corporation or at such other place as shall be set in accordance with these Bylaws and stated in the notice of the meeting.

Section 2. Annual Meeting.

An annual meeting of stockholders for the election of directors and the transaction of any business as may properly be brought before the meeting and within the powers of the Corporation shall be held on the date and at the time and place set by the Board of Directors.

Section 3. Special Meetings.

(a) *General*. Each of the Chairman of the Board of Directors, the Chief Executive Officer, the President and the Board of Directors may call a special meeting of stockholders. Except as provided in Section 3(b)(4), a special meeting of stockholders shall be held on the date and at the time and place set by whoever has called the meeting. Subject to Section 3(b), a special meeting of stockholders shall also be called by the Secretary of the Corporation to act on any matter that may properly be considered at a special meeting of stockholders upon the written request of stockholders entitled to cast not less than a majority of all the votes entitled to be cast on such matter at such meeting.

(b) Stockholder-Requested Special Meetings.

(1) Any stockholder of record seeking to have stockholders request a special meeting shall, by sending written notice in proper form to the Secretary of the Corporation (the "Record Date Request Notice") at the principal executive office of the Corporation by registered mail, return receipt requested, request the Board of Directors to fix a record date to determine the stockholders entitled to request a special meeting (the "Request Record Date"). To be in proper form, the Record Date Request Notice shall (i) set forth the purpose of the meeting and the matters proposed to be acted on at it, (ii) be signed by one or more stockholders of record as of the date of signature (or their agents duly authorized in a writing accompanying the Record Date Request Notice), (iii) bear the date of signature of each such stockholder (or such agent) and (iv) set forth all information relating to each such stockholder and each matter proposed to be acted on at the special meeting that would be required to be disclosed in connection with the solicitation of proxies for the election of directors in an election contest (even if an election contest is not involved), or would otherwise be required in connection with such a solicitation, in each case pursuant to Regulation l4A (or any successor provision) under the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "Exchange Act"). Upon receiving the Record Date Request Notice, the Board of Directors may fix a Request Record Date. The Request Record Date shall not precede and shall not be more than ten (10) days after the close of business on the date on which the resolution fixing the Request Record Date is adopted by the Board of Directors. If the Board of Directors, within ten (10) days after the date on which a valid Record Date Request Notice is received, fails to adopt a resolution fixing the Request Record Date, the Request Record Date shall be the close of business on the tenth (10th) day after the first date on which such Record Date Request Notice is received by the Secretary.

(2) In order for any stockholder to request a special meeting to act on any matter that may properly be considered at a special meeting of stockholders, one or more written requests for a special meeting (collectively, the "Special Meeting Request") in proper form and signed by stockholders of record (or their agents duly authorized in a writing accompanying the request) as of the Request Record Date entitled to cast not less than a majority of all of the votes entitled to be cast on such matter at such meeting (the "Special Meeting Percentage") shall be delivered to the Secretary at the principal executive office of the Corporation. To be in proper form, the Special Meeting Request shall (a) set forth the purpose of the meeting and the matters proposed to be acted on at it (which shall be limited to those lawful matters set forth in the Record Date Request Notice received by the Secretary), including the text of the proposal or business (including the text of any resolutions proposed for consideration), (b) bear the date of signature of each such stockholder (or such agent) signing the Special Meeting Request, (c) set forth (i) the name and address, as they appear in the Corporation's books, of each stockholder signing such request (or on whose behalf the Special Meeting Request is signed), (ii) the class, series and number of all shares of stock of the Corporation which are owned (beneficially or of record) by each such stockholder and (iii) the nominee holder for, and number of, shares of stock of the Corporation owned beneficially but not of record by such stockholder, (d) be sent to the Secretary by registered mail, return receipt requested, and (e) be received by the Secretary within sixty (60) days after the Request Record Date. Any requesting stockholder (or agent duly authorized in a writing accompanying the revocation of the Special Meeting Request) may revoke his, her or its request for a special meeting at any time by written revocation delivered to the Secretary.

(3) The Secretary shall inform the requesting stockholders of the reasonably estimated cost of preparing and mailing or delivering the notice of the special meeting (including the Corporation's proxy materials). The Secretary shall not be required to call a special meeting upon stockholder request and such meeting shall not be held unless, in addition to the documents required by Section 3(b)(2), the Secretary receives payment of such reasonably estimated cost prior to the preparation and mailing or delivery of such notice of the meeting.

(4) In the case of any special meeting called by the Secretary upon the request of stockholders (a "Stockholder-Requested Meeting"), such meeting shall be held at such place, date and time as may be designated by the Board of Directors; *provided*, *however*, that the date of any Stockholder-Requested Meeting shall be not more than ninety (90) days after the record date for such meeting (the "Meeting Record Date"); and *provided further* that if the Board of Directors fails to designate, within ten (10) days after the date that a valid Special Meeting Request is actually received by the Secretary (the "Delivery Date"), a date and time for a Stockholder-Requested Meeting, then such meeting shall be held at 2:00 p.m., local time, on the ninetieth (90th) day after the Meeting Record Date or, if such ninetieth (90th) day is not a Business Day (as defined below), on the first preceding Business Day; and *provided further* that in the event that the Board of Directors fails to designate a place for a Stockholder-Requested Meeting within ten (10) days after the Delivery Date, then such meeting shall be held at the principal executive office of the Corporation. In fixing a date for a Stockholder-Requested Meeting, the Board of Directors may consider such factors as it deems relevant, including, without limitation, the nature of the matters to be considered, the facts and circumstances surrounding any request for the meeting and any plan of the Board of Directors to call an annual meeting or a special meeting. In the case of any Stockholder-Requested Meeting, if the Board of Directors fails to fix a Meeting Record Date that is a date within thirty (30) days after the Delivery Date, then the close of business on the thirtieth day after the Delivery Date shall be the Meeting Record Date. The Board of Directors may revoke the notice for any Stockholder-Requested Meeting in the event that the requesting stockholders fail to comply with the provisions of Section 3(b)(3). Notwithstanding anything to the contrary in these Bylaws, the Board of Directors may submit its own proposal or proposals for consideration at any such special meeting.

(5) If written revocations of the Special Meeting Request have been delivered to the Secretary and the result is that stockholders of record (or their agents duly authorized in writing), as of the Request Record Date, entitled to cast less than the Special Meeting Percentage have delivered, and not revoked, requests for a special meeting on the matter to the Secretary: (i) if the notice of meeting has not already been sent to the stockholders of the Corporation, the Secretary shall refrain from sending the notice of the meeting and send to all requesting stockholders who have not revoked such requests written notice of any revocation of a request for a special meeting on the matter, or (ii) if the notice of meeting has been sent to the stockholders of the Corporation and if the Secretary first sends to all requesting stockholders who have not revoked requests for a special meeting on the matter written notice of any revocation of a request for the special meeting and written notice of the Corporation's intention to revoke the notice of and to cancel the meeting or for the chairman of the meeting to adjourn the meeting without action on the matter, (A) the Secretary may revoke the notice of and cancel the meeting at any time before ten (10) days before the commencement of the meeting or (B) the chairman of the meeting may call the meeting to order and adjourn the meeting without acting on

the matter. Any request for a special meeting received after a revocation by the Secretary of a notice of a meeting shall be considered a request for a new special meeting.

(6) The Chairman of the Board of Directors, the Chief Executive Officer, the President or the Board of Directors may appoint independent inspectors of elections to act as the agent of the Corporation for the purpose of promptly performing a ministerial review of the validity of any purported Special Meeting Request received by the Secretary. For the purpose of permitting the inspectors to perform such review, no such purported Special Meeting Request shall be deemed to have been received by the Secretary until the earlier of (i) five (5) Business Days after actual receipt by the Secretary of such purported request and (ii) such date as the independent inspectors certify to the Corporation that the valid requests received by the Secretary represent, as of the Request Record Date, stockholders of record entitled to cast not less than the Special Meeting Percentage. Nothing contained in this paragraph (6) shall in any way be construed to suggest or imply that the Corporation or any stockholder shall not be entitled to contest the validity of any request, whether during or after such five (5) Business Day period, or to take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation).

(7) The Secretary shall not accept, and the Secretary and the Corporation shall consider ineffective, any request from any stockholder to hold a special meeting or to establish a Request Record Date or Meeting Record Date that (a) does not comply with this Section 3 or (b) proposes or includes an item of business to be transacted at such special meeting that is not a proper subject for stockholder action under the charter of the Corporation (the “Charter”), these Bylaws or applicable law.

(8) For purposes of these Bylaws, “Business Day” shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the State of New York or the State of Maryland are authorized or obligated by law or executive order to close.

Section 4. Notice.

Not less than ten (10) nor more than ninety (90) days before each meeting of stockholders, the Secretary shall give to each stockholder entitled to vote at such meeting and to each stockholder not entitled to vote who is entitled to notice of the meeting notice in writing or by electronic transmission stating the date, time and place of the meeting and, in the case of a special meeting or as otherwise may be required by any statute, the purpose for which the meeting is called, by mail, by presenting it to such stockholder personally, by leaving it at the stockholder’s residence or usual place of business or by any other means permitted by applicable law. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the stockholder at the stockholder’s address as it appears on the records of the Corporation, with postage thereon prepaid. If transmitted electronically, such notice shall be deemed to be given when transmitted to the stockholder by an electronic transmission to any address or number of the stockholder at which the stockholder receives electronic transmissions. The Corporation may give a single notice to all stockholders who share an address, which single notice shall be effective as to any stockholder at such address, unless a stockholder at such address objects to receiving such single notice or revokes a prior consent to receiving such single notice. Failure to give notice of any meeting to one or more stockholders, or any irregularity in

such notice, shall not affect the validity of any meeting fixed in accordance with this Article II or the validity of any proceedings at any such meeting.

Subject to Section 11(a) of this Article II, any business of the Corporation may be transacted at an annual meeting of stockholders without being specifically designated in the notice, except such business as is required by any statute to be stated in such notice. No business shall be transacted at a special meeting of stockholders except as specifically designated in the notice of such special meeting. The Corporation may postpone or cancel a meeting of stockholders by making a public announcement (as defined in Section 11(c)(3) of this Article II) of such postponement or cancellation prior to the meeting. Notice of the date, time and place to which the meeting is postponed shall be given not less than ten (10) days prior to such date and otherwise in the manner set forth in this section.

Section 5. Organization and Conduct.

Every meeting of stockholders shall be conducted by an individual appointed by the Board of Directors to be chairman of the meeting or, in the absence of such appointment or appointed individual, by the Chairman of the Board of Directors or, in the case of a vacancy in the office or absence of the Chairman of the Board of Directors, by one of the following officers present at the meeting in the following order: the Executive Chairman of the Board of Directors, if there is one, the Chief Executive Officer, the President, the Vice Presidents in their order of rank and seniority, the Secretary, or, in the absence of such officers, a chairman chosen by the stockholders by the vote of a majority of the votes cast by stockholders present in person or by proxy at such meeting. The Secretary, or, in the Secretary's absence, an Assistant Secretary, or, in the absence of both the Secretary and Assistant Secretaries, an individual appointed by the Board of Directors or, in the absence of such appointment, an individual appointed by the chairman of the meeting shall act as secretary of the meeting. In the event that the Secretary presides at a meeting of stockholders, an Assistant Secretary, or, in the absence of all Assistant Secretaries, an individual appointed by the Board of Directors or the chairman of the meeting, shall record the minutes of the meeting.

The Board of Directors may adopt by resolution such rules, regulations and procedures for the conduct of any meeting of stockholders as the Board of Directors deems appropriate. Except to the extent not prohibited by any such rules, regulations and procedures adopted by the Board of Directors, the chairman of the meeting shall determine the order of business and all other matters of procedure at any meeting of stockholders and shall have the authority to adopt rules, regulations and procedures and take such other actions as, in the discretion of the chairman and without any action by the stockholders, are appropriate for the proper conduct of the meeting, including, without limitation, (a) restricting admission to the time set for the commencement of the meeting; (b) limiting attendance at the meeting to stockholders of record of the Corporation, their duly authorized proxies and such other individuals as the chairman of the meeting may determine; (c) limiting participation at the meeting on any matter to stockholders of record of the Corporation entitled to vote on such matter, their duly authorized proxies and such other individuals as the chairman of the meeting may determine; (d) limiting the time allotted to questions or comments by participants; (e) determining when and for how long the polls should be opened and when the polls should be closed; (f) maintaining order and security at the meeting; (g) removing any stockholder or any other individual who refuses to comply with meeting procedures, rules or guidelines as set forth by the chairman of the meeting;

(h) concluding a meeting or recessing or adjourning the meeting to a later date and time and at a place announced at the meeting; and (i) complying with any state and local laws and regulations concerning safety and security. Unless otherwise determined by the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 6. Quorum.

At any meeting of stockholders, the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting on any matter shall constitute a quorum; but this section shall not affect any requirement under any statute or the Charter for the vote necessary for the approval of any matter. If, however, such quorum is not established at any meeting of the stockholders, the chairman of the meeting may adjourn the meeting *sine die* or from time to time to a date not more than one hundred and twenty (120) days after the original record date without notice other than announcement at the meeting. At such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified. The stockholders present either in person or by proxy, at a meeting which has been duly called and at which a quorum has been established, may continue to transact business until adjournment, notwithstanding the withdrawal from the meeting of enough stockholders to leave fewer than would be required to establish a quorum.

Section 7. Voting.

A nominee for election as a director shall be elected as a director only if such nominee receives the affirmative vote of a majority of the total votes cast "for," "against" or affirmatively withheld as to such nominee at a meeting of stockholders duly called and at which a quorum is present. However, directors shall be elected by a plurality of the votes cast at a meeting of stockholders duly called and at which a quorum is present for which (i) the secretary of the Corporation receives notice that a stockholder has nominated an individual for election as a director in compliance with the requirements for advance notice of stockholder nominees set forth in Article II, Section 11 of these Bylaws and (ii) such nomination has not been withdrawn by such stockholder on or before the close of business on the tenth day before the date of filing of the definitive proxy statement of the Corporation with the United States Securities and Exchange Commission (the "SEC"), and, as a result of which, the number of nominees is greater than the number of directors to be elected at the meeting.

Each share may be voted for as many individuals as there are directors to be elected and for whose election the share is entitled to be voted. A majority of the votes cast in favor of a matter (other than the election of directors) at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to approve any such matter which may properly come before the meeting, unless more than a majority of the votes cast is required by statute, by the Charter or by these Bylaws. Unless otherwise provided by statute or by the Charter, each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders. Unless otherwise determined by the chairman of the meeting, voting on any question or in any election may be *viva voce* rather than by ballot.

Section 8. Proxies.

A holder of record of shares of stock of the Corporation may cast votes in person or by proxy executed or authorized by the stockholder or by the stockholder's duly authorized agent in any manner permitted by law. Such proxy or evidence of authorization of such proxy shall be filed with the Secretary of the Corporation before or at the meeting. No proxy shall be valid more than eleven (11) months after its date, unless otherwise provided in the proxy.

Section 9. Voting of Stock by Certain Holders.

Stock of the Corporation registered in the name of a corporation, partnership, limited liability company, trust or other entity, if entitled to be voted, may be voted by the president or a vice president, general partner, trustee or managing member thereof, as the case may be, or a proxy appointed by any of the foregoing individuals, unless some other person who has been appointed to vote such stock pursuant to a bylaw or a resolution of the governing body of such corporation or other entity or agreement of the partners of a partnership presents a certified copy of such bylaw, resolution or agreement, in which case such person may vote such stock. Any director or fiduciary may vote stock registered in the name of such person in the capacity of such director or fiduciary, either in person or by proxy.

Shares of stock of the Corporation directly or indirectly owned by it shall not be voted at any meeting and shall not be counted in determining the total number of outstanding shares entitled to be voted at any given time, unless they are held by it in a fiduciary capacity, in which case they may be voted and shall be counted in determining the total number of outstanding shares at any given time.

The Board of Directors may adopt by resolution a procedure by which a stockholder may certify in writing to the Corporation that any shares of stock registered in the name of the stockholder are held for the account of a specified person other than the stockholder. The resolution shall set forth the class of stockholders who may make the certification, the purpose for which the certification may be made, the form of certification and the information to be contained in it; if the certification is with respect to a record date, the time after the record date within which the certification must be received by the Corporation; and any other provisions with respect to the procedure which the Board of Directors considers necessary or desirable. On receipt by the Corporation of such certification, the person specified in the certification shall be regarded as, for the purposes set forth in the certification, the holder of record of the specified stock in place of the stockholder who makes the certification.

Section 10. Inspectors.

The Board of Directors or the chairman of the meeting may appoint, before or at the meeting, one or more inspectors for the meeting and any successor to the inspector. Except as otherwise provided by the chairman of the meeting, the inspectors, if any, shall (i) determine the number of shares of stock represented at the meeting, in person or by proxy, and the validity and effect of proxies, (ii) receive and tabulate all votes, ballots or consents, (iii) report such tabulation to the chairman of the meeting, (iv) hear and determine all challenges and questions arising in connection with the validity of any proxies of ballots, (v) perform such tasks as may be required by applicable law and (vi) do such acts as are proper to fairly conduct the election or vote. Each such report shall be in writing and signed by the inspector or by a majority of them if

there is more than one inspector acting at such meeting. If there is more than one inspector, the report of a majority shall be the report of the inspectors. The report of the inspector or inspectors on the number of shares represented at the meeting and the results of the voting shall be prima facie evidence thereof.

Section 11. Advance Notice of Nominees for Director and Other Stockholder Proposals.

(a) Annual Meetings of Stockholders.

(1) Nominations of individuals for election to the Board of Directors and the proposal of other business to be considered by the stockholders may only be made at an annual meeting of stockholders (i) pursuant to the Corporation's notice of meeting (or any supplement thereto), (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of the Corporation who was a stockholder of record both at the time of giving of notice by the stockholder as provided for in this Section 11(a) and at the time of the annual meeting, who is entitled to vote at the meeting in the election of each individual so nominated or on any such other business and who has complied with this Section 11(a). Clause (iii) of the immediately preceding sentence shall be the sole and exclusive means for a stockholder to make nominations or other business proposals before an annual meeting of stockholders (other than matters properly brought under, and to the extent required by, Rule 14a-8 under the Exchange Act and included in the Corporation's notice of meeting).

(2) Without qualification or limitation, subject to Section 11(c)(4), for any nomination or other business to be properly brought before an annual meeting of stockholders by a stockholder pursuant to Section 11(a)(1)(iii), the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and any such other business must otherwise be a proper matter for action by the stockholders. To be timely, a stockholder's notice shall set forth all information required under this Section 11 and shall be delivered to the Secretary at the principal executive office of the Corporation not earlier than the one hundred and fiftieth (150th) day nor later than 5:00 p.m., Eastern Time, on the one hundred and twentieth (120th) day prior to the first anniversary of the date of the proxy statement (as defined in Section 11(c)(3) of this Article II) for the preceding year's annual meeting; *provided*, *however*, that in connection with the Corporation's first (1st) annual meeting occurring after the initial underwritten public offering of the common stock of the Corporation or in the event that the date of the annual meeting is advanced or delayed by more than thirty (30) days from the first (1st) anniversary of the date of the preceding year's annual meeting, in order for notice by the stockholder to be timely, such notice must be so delivered not earlier than the one hundred and fiftieth (150th) day prior to the date of such annual meeting and not later than 5:00 p.m., Eastern Time, on the later of the one hundred and twentieth (120th) day prior to the date of such annual meeting, as originally convened, or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made. The public announcement of a postponement or adjournment of an annual meeting shall not commence a new time period for the giving of a stockholder's notice as described above.

(3) A stockholder's notice described in Section 11(a)(2) shall set forth:

(i) as to each individual whom the stockholder proposes to nominate for election or reelection as a director (each, a "Proposed Nominee"), all information relating to

the Proposed Nominee that would be required to be disclosed in connection with the solicitation of proxies for the election of the Proposed Nominee as a director in an election contest (even if an election contest is not involved), or would otherwise be required in connection with such solicitation, in each case pursuant to Regulation 14A (or any successor provision) under the Exchange Act;

(ii) as to any other business that the stockholder proposes to bring before the meeting, a description of such business, the stockholder's reasons for proposing such business at the meeting and any material interest in such business of such stockholder or any Stockholder Associated Person (as defined below), individually or in the aggregate, including any anticipated benefit to the stockholder or the Stockholder Associated Person therefrom;

(iii) as to the stockholder giving the notice, any Proposed Nominee and any Stockholder Associated Person:

(A) the class, series and number of all shares of stock or other securities of the Corporation or any affiliate thereof (collectively, the "Company Securities"), if any, which are owned (beneficially or of record) by such stockholder, Proposed Nominee or Stockholder Associated Person, the date on which each such Company Security was acquired and the investment intent of such acquisition, and any short interest (including any opportunity to profit or share in any benefit from any decrease in the price of such stock or other security) in any Company Securities of any such person;

(B) any derivative, swap or other transaction or series of transactions engaged in, directly or indirectly, by such stockholder, Proposed Nominee or Stockholder Associated Person, the purpose or effect of which is to give such stockholder, Proposed Nominee or Stockholder Associated Person economic risk similar to ownership of shares of any class or series of the Corporation, including due to the fact that the value of such derivative, swap, or other transactions are determined by reference to the price, value or volatility of any shares of any class or series of the Corporation, or which derivative, swap or other transactions provide, directly or indirectly, the opportunity to profit from any increase in the price or value of shares of any class or series of the Corporation ("Synthetic Equity Interests"), which Synthetic Equity Interests shall be disclosed without regard to whether (x) the derivative, swap or other transactions convey any voting rights in such shares to such stockholder, Proposed Nominee or Stockholder Associated Person, (y) the derivative, swap or other transactions are required to be, or are capable of being, settled through delivery of such shares or (z) such stockholder, Proposed Nominee or Stockholder Associated Person may have entered into other transactions that hedge or mitigate the economic effect of such derivative, swap or other transactions,

(C) any proxy, contract, arrangement, understanding or other relationship pursuant to which such stockholder, Proposed Nominee or Stockholder Associated Person has a right to vote any shares of any security of the Corporation,

(D) any short interest in any security of the Corporation (for purposes of these Bylaws, a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or

otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security),

(E) any rights to dividends on the shares of the Corporation owned beneficially by such stockholder, Proposed Nominee or Stockholder Associated Person that are separated or separable from the underlying shares of the Corporation,

(F) any proportionate interest in shares of the Corporation or Synthetic Equity Interests held, directly or indirectly, by a general or limited partnership in which such stockholder, Proposed Nominee or Stockholder Associated Person is a general partner or, directly or indirectly, beneficially owns an interest in a general partner,

(G) any performance-related fees (other than an asset-based fee) that such stockholder, Proposed Nominee or Stockholder Associated Person is entitled to based on any increase or decrease in the value of shares of the Corporation, if any, as of the date of such notice, including without limitation any such interests held by members of such stockholder's, Proposed Nominee's or Stockholder Associated Person's immediate family sharing the same household (which information required by this subsection (iii) shall be supplemented by such stockholder, Proposed Nominee or Stockholder Associated Person and beneficial owner, if any, not later than ten (10) days after the record date for the meeting to disclose such ownership as of the record date),

(H) any substantial interest, direct or indirect (including, without limitation, any existing or prospective commercial, business or contractual relationship with the Corporation), by security holdings or otherwise, of such stockholder, Proposed Nominee or Stockholder Associated Person, in the Corporation or any affiliate thereof, other than an interest arising from the ownership of Company Securities where such stockholder, Proposed Nominee or Stockholder Associated Person receives no extra or special benefit not shared on a *pro rata* basis by all other holders of the same class or series; and

(I) any other information relating to such stockholder, Proposed Nominee or Stockholder Associated Person and beneficial owner, if any, that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitation of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Regulation 14A (or any successor provision) of the Exchange Act;

(iv) as to the stockholder giving the notice, any Stockholder Associated Person with an interest or ownership referred to in clauses (ii) or (iii) of this Section 11(a)(3) and any Proposed Nominee: (A) the name and address of such stockholder, as they appear on the Corporation's stock ledger, and the current name and business address, if different, of each such Stockholder Associated Person and any Proposed Nominee; and (B) the investment strategy or objective, if any, of such stockholder and each such Stockholder Associated Person who is not an individual and a copy of the prospectus, offering memorandum or similar document, if any, provided to investors or potential investors in such stockholder and each such Stockholder Associated Person;

(v) the name and address of any person who contacted or was contacted by the stockholder giving the notice or any Stockholder Associated Person about the Proposed Nominee or other business proposal prior to the date of such stockholder's notice; and

(vi) to the extent known by the stockholder giving the notice, the name and address of any other stockholder supporting the nominee for election or reelection as a director or the proposal of other business on the date of such stockholder's notice.

(4) A stockholder's notice described in Section 11(a)(2) or Section 11(b), as the case may be, shall, with respect to any Proposed Nominee, be accompanied by a certificate executed by the Proposed Nominee (i) certifying that such Proposed Nominee (a) is not, and will not become a party to, any agreement, arrangement or understanding with any person or entity other than the Corporation in connection with service or action as a director of the Corporation that has not been disclosed to the Corporation and (b) will serve as a director of the Corporation if elected; and (ii) attaching a completed Proposed Nominee questionnaire (which questionnaire shall be provided by the Corporation, upon request, to the stockholder providing the notice and shall include all information relating to the Proposed Nominee that would be required to be disclosed in connection with the solicitation of proxies for the election of the Proposed Nominee as a director in an election contest (even if an election contest is not involved), or would otherwise be required in connection with such solicitation, in each case pursuant to Regulation 14A (or any successor provision) under the Exchange Act and the rules thereunder, or would be required pursuant to the rules of any national securities exchange on which any securities of the Corporation are listed or over-the-counter market on which any securities of the Corporation are traded).

(5) Notwithstanding anything in this Section 11(a) to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased, and there is no public announcement of such action at least one hundred and thirty (130) days prior to the first (1st) anniversary of the date of the proxy statement (as defined in Section 11(c)(3) of this Article II) for the preceding year's annual meeting, a stockholder's notice required by this Section 11(a) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive office of the Corporation not later than 5:00 p.m., Eastern Time, on the tenth day following the day on which such public announcement is first made by the Corporation.

(6) For purposes of these Bylaws, "Stockholder Associated Person" of any stockholder shall mean (i) any person acting in concert with such stockholder, (ii) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder (other than a stockholder that is a depositary) and (iii) any person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such stockholder or such Stockholder Associated Person.

(b) *Special Meetings of Stockholders*. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of individuals for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected only (i) by or at the direction of the Board of Directors or (ii) provided that the special meeting has been called in accordance with Section 3 of this Article II for the purpose of electing directors, by any stockholder of the Corporation who is a stockholder of record both at the time of giving of notice provided for in this Section 11 and at the time of the special meeting, who is entitled to vote at the meeting in the election of each individual so nominated and who has

complied with the notice procedures set forth in this Section 11. Section 11(a)(1)(iii) above shall be the exclusive means for a stockholder to propose business to be brought before a special meeting of the stockholders. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more individuals to the Board of Directors, any stockholder may nominate an individual or individuals (as the case may be) for election as a director as specified in the Corporation's notice of meeting, if the stockholder's notice, containing the information required by Section 11(a)(3) and (4), is delivered to the Secretary at the principal executive office of the Corporation not earlier than the one hundred and twentieth (120th) day prior to such special meeting and not later than 5:00 p.m., Eastern Time, on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. The public announcement of a postponement or adjournment of a special meeting shall not commence a new time period for the giving of a stockholder's notice as described above.

(c) *General*. (1) If information submitted pursuant to this Section 11 by any stockholder proposing a nominee for election as a director or any proposal for other business at a meeting of stockholders shall be inaccurate in any material respect, such information may be deemed not to have been provided in accordance with this Section 11. Any such stockholder shall (A) notify the Corporation of any inaccuracy or change (within two (2) Business Days of becoming aware of such inaccuracy or change) in any such information and (B) promptly update and supplement the information previously provided to the Corporation pursuant to this Section 11, if necessary, so that the information provided or required to be provided shall be true and correct as of the record date for the meeting and as of the date that is ten (10) Business Days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to the Secretary at the principal executive office of the Corporation. Without limiting the foregoing, upon written request by the Secretary or the Board of Directors, any such stockholder shall provide, within five (5) Business Days of delivery of such request (or such other period as may be specified in such request), (x) written verification, satisfactory, in the discretion of the Board of Directors or any authorized officer of the Corporation, to demonstrate the accuracy of any information submitted by the stockholder pursuant to this Section 11, (y) a written update of any information (including, if requested by the Corporation, written confirmation by such stockholder that it continues to intend to bring such nomination or other business proposal before the meeting) submitted by the stockholder pursuant to this Section 11 as of an earlier date and (z) any other information requested by the Corporation as may reasonably be required to determined the eligibility of any Proposed Nominee to serve as an independent director of the Corporation or that would be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such Proposed Nominee. If a stockholder fails to provide such written verification or written update within such period, the information as to which written verification or a written update was requested may be deemed not to have been provided in accordance with this Section 11.

(2) Only such individuals who are nominated in accordance with this Section 11 shall be eligible for election by stockholders as directors, and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with this Section 11 except as required pursuant to Rule 14a-8 under the Exchange Act or such similar rule promulgated by the SEC that governs the inclusion of stockholder proposals in proxy materials or consideration at a stockholders meeting. The chairman of the

meeting shall have the power to determine whether a nomination or any other business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with these Bylaws and, if any proposed nomination or other business is not in compliance with these Bylaws, to declare that no action shall be taken on such nomination or other proposal, and such nomination or other proposal shall be disregarded.

(3) For purposes of this Section 11: (i) “the date of the proxy statement” shall have the same meaning as “the date of the company’s proxy statement released to shareholders” as used in Rule 14a-8(e) promulgated under the Exchange Act, as interpreted by the SEC from time to time; and (ii) “public announcement” shall mean disclosure (A) in a press release reported by the Dow Jones News Service, Associated Press, Business Wire, PR Newswire or other widely circulated news or wire service or (B) in a document publicly filed by the Corporation with the SEC pursuant to the Exchange Act.

(4) Notwithstanding the foregoing provisions of this Section 11, a stockholder shall also comply with all applicable requirements of state law and of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 11. Nothing in this Section 11 shall be deemed to affect any right of a stockholder to request inclusion of a proposal in, or the right of the Corporation to omit a proposal from, the Corporation’s proxy statement pursuant to Rule 14a-8 (or any successor provision) under the Exchange Act. Nothing in this Section 11 shall require disclosure of revocable proxies received by the stockholder or Stockholder Associated Person pursuant to a solicitation of proxies after the filing of an effective Schedule 14A by such stockholder or Stockholder Associated Person under Section 14(a) of the Exchange Act.

Section 12. Control Share Acquisition Act.

Notwithstanding any other provision of the Charter or these Bylaws, Title 3, Subtitle 7 of the Maryland General Corporation Law (or any successor statute) (the “MGCL”) shall not apply to any acquisition by any person of shares of stock of the Corporation. This section may be repealed, in whole or in part, at any time, whether before or after an acquisition of control shares and, upon such repeal, may, to the extent provided by any successor bylaw, apply to any prior or subsequent control share acquisition.

Section 13. Telephone Meetings.

The Board of Directors or chairman of the meeting may permit one or more stockholders to participate by means of a conference telephone or other communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means constitutes presence in person at the meeting.

Section 14. Stockholders’ Consent in Lieu of Meeting.

Any action required or permitted to be taken at any meeting of stockholders may be taken without a meeting if a unanimous consent setting forth the action is given in writing or by electronic transmission by each stockholder entitled to vote on the matter and filed with the minutes of proceeds of the stockholders.

Section 15. Proxy Access.

(a) Notwithstanding anything to the contrary in these Bylaws, whenever the Board of Directors solicits proxies with respect to the election of directors at an annual meeting of stockholders, subject to the provisions of this Section 15, the Corporation shall include in its proxy statement and other applicable filings pursuant to Section 14(a) of the Exchange Act (the "Company Proxy Materials"), in addition to any individuals nominated for election by or at the direction of the Board of Directors, the name, together with the Required Information (as defined below), of any individual nominated for election to the Board of Directors (each such individual being hereinafter referred to as a "Stockholder Nominee") by a stockholder or group of no more than twenty (20) stockholders that satisfies the requirements of this Section 15 (such individual or group, including as the context requires each member thereof, being hereinafter referred to as the "Eligible Stockholder"). For purposes of this Section 15, the "Required Information" that the Corporation shall include in the Company Proxy Materials is (A) the information provided to the Secretary of the Corporation concerning the Stockholder Nominee and the Eligible Stockholder that is required to be disclosed in the Company Proxy Materials by the rules and regulations promulgated under the Exchange Act and (B) if the Eligible Stockholder so elects, a written statement in support of the Stockholder Nominee's candidacy, not to exceed 500 words, delivered to the Secretary of the Corporation at the time the Notice of Proxy Access Nomination (as defined below) required by this Section 15 is provided (the "Statement"). Notwithstanding anything to the contrary contained in this Section 15, the Corporation may omit from the Company Proxy Materials any information or Statement (or portion thereof) that the Board of Directors, in its sole discretion, determines is materially false or misleading, omits to state any material fact necessary in order to make such information or Statement, in light of the circumstances under which it was provided or made, not misleading, or would violate any applicable law or regulation.

(b) To be eligible to require the Corporation to include a Stockholder Nominee in the Company Proxy Materials pursuant to this Section 15, an Eligible Stockholder must have Owned (as defined in Article XIV of the Bylaws) at least three percent (3%) or more of the shares of common stock, par value $0.01 per share (the "Common Stock"), of the Corporation outstanding from time to time (the "Required Shares") continuously for at least three (3) years (the "Minimum Holding Period") as of both the date the Notice of Proxy Access Nomination is delivered or mailed to and received by the Secretary of the Corporation in accordance with this Section 15 and the close of business on the record date for determining the stockholders entitled to vote at the annual meeting of stockholders, and must continuously Own the Required Shares through the date of such annual meeting (and any postponement or adjournment thereof). Whether outstanding shares of Common Stock are "Owned" for these purposes shall be determined by the Board of Directors, in its sole discretion. In addition, the term "Affiliate" or "Affiliates" shall have the meaning ascribed thereto under the Exchange Act.

(c) To be eligible to require the Corporation to include a Stockholder Nominee in the Company Proxy Materials pursuant to this Section 15, an Eligible Stockholder must provide to the Secretary of the Corporation, in proper form and within the times specified below, (i) a written notice expressly electing to have such Stockholder Nominee included in the Company Proxy Materials pursuant to this Section 15 (a "Notice of Proxy Access Nomination") and (ii) any updates or supplements to such Notice of Proxy Access Nomination. To be timely, the Notice of Proxy Access Nomination must be delivered or mailed to and received by the secretary

at the principal executive office of the Corporation not earlier than the one hundred and fiftieth (150th) day nor later than 5:00 p.m., Eastern Time, on the one hundred and twentieth (120th) day prior to the first anniversary of the date of the proxy statement (as defined in Section 11(c)(3) of this Article II) for the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting of stockholders is advanced or delayed by more than thirty (30) days from the first anniversary of the date of the preceding year's annual meeting, the Notice of Proxy Access Nomination to be timely must be so delivered or mailed to and received by the secretary not earlier than the one hundred and fiftieth (150th) day prior to the date of such annual meeting and not later than 5:00 p.m., Eastern Time, on the later of the one hundred and twentieth (120th) day prior to the date of such annual meeting, as originally convened, or the tenth (10th) day following the day on which public announcement of the date of such annual meeting is first made. The public announcement of a postponement or an adjournment of an annual meeting shall not commence a new time for the giving of a Notice of Proxy Access Nomination as described above.

(d) To be in proper form for purposes of this Section 15, the Notice of Proxy Access Nomination delivered or mailed to and received by the secretary shall include the following information:

(i) one or more written statements from the record holder of the Required Shares (or from each intermediary through which the Required Shares are or have been held during the Minimum Holding Period and, if applicable, each participant in the Depository Trust Company ("DTC") or affiliate of a DTC participant through which the Required Shares are or have been held by such intermediary during the Minimum Holding Period if the intermediary is not a DTC participant or affiliate of a DTC participant) verifying that, as of a date within seven (7) Business Days prior to the date the Notice of Proxy Access Nomination is delivered to or mailed to and received by the Secretary of the Corporation, the Eligible Stockholder Owns, and has Owned continuously for the Minimum Holding Period, the Required Shares, and the Eligible Stockholder's agreement to provide (A) within five (5) Business Days after the record date for the annual meeting of stockholders, written statements from the record holder or intermediaries between the record holder and the Eligible Stockholder verifying the Eligible Stockholder's continuous Ownership of the Required Shares through the close of business on the record date, together with a written statement by the Eligible Stockholder that such Eligible Stockholder will continue to Own the Required Shares through the date of such annual meeting (and any postponement or adjournment thereof), and (B) the updates and supplements to the Notice of Proxy Access Nomination at the times and in the forms required by this Section 15;

(ii) a copy of the Schedule 14N filed or to be filed with the Securities and Exchange Commission as required by Rule 14a-18 under the Exchange Act;

(iii) information that is the same as would be required to be set forth in a stockholder's notice of nomination pursuant to Section 11(a)(3) of Article II of these Bylaws, including the written consent of the Stockholder Nominee to being named in the Company Proxy Materials as a nominee and to serving as a director if elected;

(iv) the written agreement of the Stockholder Nominee, upon such Stockholder Nominee's election, to make such acknowledgments, enter into such agreements and provide such information as the Board of Directors requires of all directors at such time,

including, without limitation, agreeing to be bound by the Corporation’s code of conduct, insider trading policy and other similar policies and procedures;

(v) a representation that the Eligible Stockholder (A) acquired the Required Shares in the ordinary course of business and not with the intent to change or influence control of the Corporation, and that neither the Eligible Stockholder nor any Stockholder Nominee being nominated thereby presently has such intent, (B) has not nominated and will not nominate for election to the Board of Directors at the annual meeting of stockholders (or any postponement or adjournment thereof) any individual other than the Stockholder Nominee(s) included in the Company Proxy Materials pursuant to this Section 15, (C) has not engaged and will not engage in, and has not been and will not be a “participant” in another person’s, “solicitation,” each within the meaning of Rule 14a-1(l) under the Exchange Act, in support of the election of any individual as a director at the annual meeting (or any postponement or adjournment thereof) other than such Stockholder Nominee(s) or a nominee of the Board of Directors, (D) has complied, and will comply, with all applicable laws and regulations applicable to solicitations and the use, if any, of soliciting material in connection with the annual meeting, including, without limitation, Rule 14a-9 under the Exchange Act, (E) will not distribute to any stockholder any form of proxy for the annual meeting other than the form distributed by the Corporation and (F) has not provided and will not provide facts, statements or information in its communications with the Corporation and the stockholders that were not or will not be true, correct and complete in all material respects or which omitted or will omit to state a material fact necessary in order to make such facts, statements or information, in light of the circumstances under which they were or will be provided, not misleading;

(vi) a written undertaking that the Eligible Stockholder (A) assumes all liability stemming from any legal or regulatory violation arising out of communications with the stockholders by the Eligible Stockholder, its Affiliates and associates or their respective agents or representatives, either before or after providing a Notice of Proxy Access Nomination pursuant to this Section 15, or out of the facts, statements or information that the Eligible Stockholder or its Stockholder Nominee(s) provided to the Corporation pursuant to this Section 15 or otherwise in connection with the inclusion of such Stockholder Nominee(s) in the Company Proxy Materials pursuant to this Section 15, and (B) indemnifies and holds harmless the Corporation and each of its directors, officers and employees against any liability, loss or damages in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the Corporation or any of its directors, officers or employees arising out of any nomination of a Stockholder Nominee or inclusion of such Stockholder Nominee in the Company Proxy Materials pursuant to this Section 15;

(vii) a written description of any compensatory, payment or other agreement, arrangement or understanding with any person or entity other than the Corporation under which the Stockholder Nominee is receiving or will receive compensation or payments directly related to service on the Board of Directors, together with a copy of any such agreement, arrangement or understanding if written; and

(viii) in the case of a nomination by a group, the designation by all group members of one group member that is authorized to act on behalf of all group members with respect to matters relating to the nomination, including withdrawal of the nomination.

The Corporation may also require each Stockholder Nominee and the Eligible Stockholder to furnish such other information (A) as may reasonably be required by the Corporation to determine the eligibility of such Stockholder Nominee to qualify as independent (as determined under the rules and listing standards of any national securities exchange on which any securities of the Corporation are listed), (B) that could be material to a stockholder's understanding of the independence or lack of independence of such Stockholder Nominee or (C) as may reasonably be required by the Corporation to determine that the Eligible Stockholder meets the criteria for qualification as an Eligible Stockholder.

(e) To be eligible to require the Corporation to include a Stockholder Nominee in the Company Proxy Materials pursuant to this Section 15, an Eligible Stockholder must further update and supplement the Notice of Proxy Access Nomination, if necessary, so that the information provided or required to be provided in such Notice of Proxy Access Nomination pursuant to this Section 15 shall be true and correct as of the record date for the annual meeting of stockholders and as of the date that is ten (10) Business Days prior to such annual meeting or any postponement or adjournment thereof, and such update and supplement (or a written notice stating that there is no such update or supplement) shall be delivered or mailed to and received by the Secretary of the Corporation at the principal executive office of the Corporation not later than 5:00 p.m., Eastern Time, on the fifth (5th) Business Day after the record date for the meeting (in the case of the update and supplement required to be made as of the record date) and not later than 5:00 p.m., Eastern Time, on the eighth (8th) Business Day prior to the date of the meeting, if practicable, or, if not practicable, on the first practicable date prior to the meeting or any postponement or adjournment thereof (in the case of the update and supplement required to be made as of ten (10) Business Days prior to the meeting or any postponement or adjournment thereof).

(f) In the event that any facts, statements or information provided by the Eligible Stockholder or a Stockholder Nominee to the Corporation or the stockholders ceases to be true, correct and complete in all material respects or omits a material fact necessary to make such facts, statements or information, in light of the circumstances under which they were provided, not misleading, the Eligible Stockholder or Stockholder Nominee, as the case may be, shall promptly notify the Secretary of the Corporation of any defect in such previously provided facts, statements or information and of the facts, statements or information required to correct any such defect, not later than two (2) Business Days after becoming aware of the defect.

(g) Whenever an Eligible Stockholder consists of a group of more than one stockholder, each provision in this Section 15 that requires the Eligible Stockholder to provide any written statements, representations, undertakings, agreements or other instruments or to comply with any other conditions shall be deemed to require each stockholder that is a member of such group to provide such statements, representations, undertakings, agreements or other instruments and to meet such other conditions (which, if applicable, shall apply with respect to the portion of the Required Shares Owned by such stockholder). When an Eligible Stockholder is comprised of a group, a violation of any provision of these Bylaws by any member of the group shall be deemed a violation by the entire group. No person may be a member of more than one group of persons constituting an Eligible Stockholder with respect to any annual meeting of Stockholders. In determining the aggregate number of stockholders in a group, two or more funds that are part of the same family of funds under common management and investment control (a "Qualifying Fund Family") shall be treated as one stockholder. Not later than the

deadline for delivery of the Notice of Proxy Access Nomination pursuant to this Section 15, a Qualifying Fund Family whose stock Ownership is counted for purposes of determining whether a stockholder or group of stockholders qualifies as an Eligible Stockholder shall provide to the Secretary of the Corporation such documentation as is reasonably satisfactory to the Board of Directors, in its sole discretion, that demonstrates that the funds comprising the Qualifying Fund Family satisfy the definition thereof.

(h) The maximum number of Stockholder Nominees nominated by all Eligible Stockholders and entitled to be included in the Company Proxy Materials with respect to an annual meeting of stockholders shall be the greater of (i) twenty percent (20%) of the number of directors up for election as of the last day on which a Notice of Proxy Access Nomination may be timely delivered pursuant to and in accordance with this Section 15 (the "Final Proxy Access Nomination Date") or, if such percentage is not a whole number, the closest whole number below such percentage or (ii) two (2); provided that the maximum number of Stockholder Nominees entitled to be included in the Company Proxy Materials with respect to a forthcoming annual meeting of stockholders shall be reduced by the number of individuals who were elected as directors at the immediately preceding or second preceding annual meeting of stockholders after inclusion in the Company Proxy Materials pursuant to this Section 15 and whom the Board of Directors nominates for re-election at such forthcoming annual meeting of stockholders. In the event that one or more vacancies for any reason occur on the Board of Directors after the Final Proxy Access Nomination Date but before the date of the annual meeting of stockholders and the Board of Directors elects to reduce the size of the Board of Directors in connection therewith, the maximum number of Stockholder Nominees eligible for inclusion in the Company Proxy Materials pursuant to this Section 15 shall be calculated based on the number of directors serving as so reduced. Any individual nominated by an Eligible Stockholder for inclusion in the Company Proxy Materials pursuant to this Section 15 whose nomination is subsequently withdrawn or whom the Board of Directors decides to nominate for election to the Board of Directors shall be counted as one of the Stockholder Nominees for purposes of determining when the maximum number of Stockholder Nominees eligible for inclusion in the Company Proxy Materials pursuant to this Section 15 has been reached. Any Eligible Stockholder submitting more than one Stockholder Nominee for inclusion in the Company Proxy Materials pursuant to this Section 15 shall rank such Stockholder Nominees based on the order that the Eligible Stockholder desires such Stockholder Nominees be selected for inclusion in the Company Proxy Materials in the event that the total number of Stockholder Nominees submitted by Eligible Stockholders pursuant to this Section 15 exceeds the maximum number of Stockholder Nominees eligible for inclusion in the Company Proxy Materials pursuant to this Section 15(h). In the event the number of Stockholder Nominees submitted by Eligible Stockholders pursuant to this Section 15 exceeds the maximum number of nominees eligible for inclusion in the Company Proxy Materials pursuant to this Section 15(h), the highest-ranking Stockholder Nominee from each Eligible Stockholder pursuant to the preceding sentence shall be selected for inclusion in the Company Proxy Materials until the maximum number is reached, proceeding in order of the number of shares of Common Stock (largest to smallest) disclosed as Owned by each Eligible Stockholder in the Notice of Proxy Access Nomination submitted to the Secretary of the Corporation. If the maximum number is not reached after the highest-ranking Stockholder Nominee from each Eligible Stockholder has been selected, this selection process shall continue as many times as necessary, following the same order each time, until the maximum number is reached. The Stockholder Nominees so selected in accordance with this Section 15(h) shall be the only Stockholder Nominees entitled to be included in the Company Proxy Materials and,

following such selection, if the Stockholder Nominees so selected are not included in the Company Proxy Materials or are not submitted for election for any reason (other than the failure of the Corporation to comply with this Section 15), no other Stockholder Nominees shall be included in the Company Proxy Materials pursuant to this Section 15.

(i) The Corporation shall not be required to include, pursuant to this Section 15, a Stockholder Nominee in the Company Proxy Materials for any annual meeting of stockholders (i) for which meeting the Secretary of the Corporation receives a notice that the Eligible Stockholder or any other Stockholder has nominated one or more individuals for election to the Board of Directors pursuant to the advance notice requirements for stockholder nominees for director set forth in Section 11 of Article II of these Bylaws, (ii) if the Eligible Stockholder who has nominated such Stockholder Nominee has engaged in or is currently engaged in, or has been or is a "participant" in another person's, "solicitation," each within the meaning of Rule 14a-1(l) under the Exchange Act, in support of the election of any individual as a director at the annual meeting other than its Stockholder Nominee(s) or a nominee of the Board of Directors, (iii) if such Stockholder Nominee would not qualify as independent (as determined under the rules and listing standards of any national securities exchange on which any securities of the Company are listed), (iv) if such Stockholder Nominee is or becomes a party to any agreement by which the Stockholder Nominee agrees or commits to vote a certain way on certain matters, (v) if the election of such Stockholder Nominee as a director would cause the Corporation to fail to comply with these Bylaws, the Charter, the rules and listing standards of any national securities exchange on which any securities of the Corporation are listed or over-the-counter market on which any securities of the Corporation are traded, or any applicable state or federal law, rule or regulation, (vi) if such Stockholder Nominee is or has been, within the past three (3) years, an officer or director of a competitor, as defined in Section 8 of the Clayton Antitrust Act of 1914, (vii) if such Stockholder Nominee is a defendant in or named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses) or has been convicted or has pleaded *nolo contendere* in such a criminal proceeding within the past ten (10) years, (viii) if such Stockholder Nominee is subject to any order of the type specified in Rule 506(d) of Regulation D promulgated under the Securities Act of 1933, as amended, (ix) if the Eligible Stockholder who has nominated such Stockholder Nominee or such Stockholder Nominee provides any facts, statements or information to the Corporation or the stockholders required or requested pursuant to this Section 15 that is not true, correct and complete in all material respects or that omits a material fact necessary to make such facts, statements or information, in light of the circumstances in which they were provided, not misleading, or that otherwise contravenes any of the agreements, representations or undertakings made by such Eligible Stockholder or Stockholder Nominee pursuant to this Section 15 or (x) if the Eligible Stockholder who has nominated such Stockholder Nominee or such Stockholder Nominee fails to comply with any of its obligations pursuant to this Section 15, in each instance as determined by the Board of Directors, in its sole discretion.

(j) Notwithstanding anything to the contrary set forth herein, the Board of Directors or the or the chairman of the meeting shall declare a nomination by an Eligible Stockholder to be invalid, and such nomination shall be disregarded notwithstanding that proxies in respect of such vote may have been received by the Corporation, if (i) the Stockholder Nominee(s) and/or the applicable Eligible Stockholder shall have failed to comply with its or their obligations under this Section 15, as determined by the Board of Directors or the chairman of the meeting, or (ii) the Eligible Stockholder, or a qualified representative thereof, does not appear at the annual meeting

of stockholders to present the nomination of the Stockholder Nominee(s) included in the Company Proxy Materials pursuant to this Section 15. For purposes of this Section 15(j), to be considered a qualified representative of a stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as its proxy at the annual meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction thereof, at such annual meeting.

(k) Any Stockholder Nominee who is included in the Company Proxy Materials for an annual meeting of stockholders but withdraws from or becomes ineligible or unavailable for election to the Board of Directors or received the affirmative vote of less than 25% of the votes entitled to be cast in the election of directors at such annual meeting, will be ineligible for inclusion in the Company Proxy Materials as a Stockholder Nominee pursuant to this Section 15 for the next two annual meetings of stockholders. For the avoidance of doubt, this Section 15(k) shall not prevent any stockholder from nominating any individual to the Board of Directors pursuant to and in accordance with Section 11 of Article II of these Bylaws.

(l) This Section 15 provides the exclusive method for a stockholder to require the Corporation to include nominee(s) for election to the Board of Directors in the Company Proxy Materials.

ARTICLE III
DIRECTORS

Section 1. General Powers.

The business and affairs of the Corporation shall be managed under the direction of its Board of Directors.

Section 2. Number, Tenure and Resignation.

At any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for that purpose, a majority of the entire Board of Directors may establish, increase or decrease the number of directors, *provided* that the number thereof shall never be less than the minimum number required by the MGCL nor more than fifteen (15), and *further provided* that the tenure of office of a director shall not be affected by any decrease in the number of directors. Directors shall be elected at the annual meeting of stockholders, and each director shall be elected to serve until the next annual meeting of stockholders and until his or her successor is duly elected and qualifies. Any director of the Corporation may resign at any time by delivering his or her resignation in writing to the Board of Directors, the Chairman of the Board of Directors or the Secretary. Any resignation shall take effect immediately upon its receipt or at such later time specified in the resignation. The acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the resignation.
Section 3. Annual and Regular Meetings.

An annual meeting of the Board of Directors shall be held immediately after and at the same place as the annual meeting of stockholders, with no notice other than this Bylaw being

necessary, or at such other date, time and place as may be determined by the Board of Directors and specified in a notice given as hereinafter provided for special meetings of the Board of Directors. The Board of Directors may provide, by resolution, the date, time and place for the holding of regular meetings of the Board of Directors without other notice than such resolution.
Section 4. Special Meetings.

Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board of Directors, the Chief Executive Officer, the President or a majority of the directors then in office. The person or persons authorized to call special meetings of the Board of Directors may fix the date, time and place for holding any special meeting of the Board of Directors called by them. The Board of Directors may provide, by resolution, the time and place for the holding of special meetings of the Board of Directors without other notice than such resolution.

Section 5. Notice.

Notice of any special meeting of the Board of Directors shall be delivered personally or by telephone, electronic mail, facsimile transmission, courier or United States mail to each director at his or her business or residence address. Notice by personal delivery, telephone, electronic mail or facsimile transmission shall be given at least twenty-four (24) hours prior to the meeting. Notice by United States mail shall be given at least three (3) days prior to the meeting. Notice by courier shall be given at least two (2) days prior to the meeting. Telephone notice shall be deemed to be given when the director or his or her agent is personally given such notice in a telephone call to which the director or his or her agent is a party. Electronic mail notice shall be deemed to be given upon transmission of the message to the electronic mail address given to the Corporation by the director. Facsimile transmission notice shall be deemed to be given upon completion of the transmission of the message to the number given to the Corporation by the director and receipt of a completed answer-back indicating receipt. Notice by United States mail shall be deemed to be given when deposited in the United States mail properly addressed, with postage thereon prepaid. Notice by courier shall be deemed to be given when deposited with or delivered to a courier properly addressed. Neither the business to be transacted at, nor the purpose of, any annual, regular or special meeting of the Board of Directors need be stated in the notice, unless specifically required by statute or these Bylaws.

Section 6. Quorum.

A majority of the directors shall constitute a quorum for transaction of business at any meeting of the Board of Directors, *provided* that, if less than a majority of such directors is present at such meeting, a majority of the directors present may adjourn the meeting from time to time without further notice, and *provided further* that if, pursuant to applicable law, the Charter or these Bylaws, the vote of a majority or other percentage of a particular group of directors is required for action, a quorum must also include a majority or such other percentage of such group.

The directors present at a meeting which has been duly called and at which a quorum has been established may continue to transact business until adjournment, notwithstanding the withdrawal from the meeting of enough directors to leave fewer than required to establish a quorum.

Section 7. Voting.

The action of a majority of the directors present at a meeting at which a quorum is present shall be the action of the Board of Directors, unless the concurrence of a greater proportion is required for such action by applicable law, the Charter or these Bylaws. If enough directors have withdrawn from a meeting to leave fewer than required to establish a quorum, but the meeting is not adjourned, the action of the majority of that number of directors necessary to constitute a quorum at such meeting shall be the action of the Board of Directors, unless the concurrence of a greater proportion is required for such action by applicable law, the Charter or these Bylaws.

Section 8. Organization.

At each meeting of the Board of Directors, the Chairman of the Board of Directors shall act as chairman of the meeting. In the absence of the Chairman of the Board of Directors, the Chief Executive Officer, if a director, or, in the absence of the Chief Executive Officer, the President, if a director, or, in the absence of the President, a director chosen by a majority of the directors present, shall act as chairman of the meeting. The Secretary or, in his or her absence, an Assistant Secretary of the Corporation, or, in the absence of the Secretary and all Assistant Secretaries, an individual appointed by the chairman of the meeting, shall act as secretary of the meeting.

Section 9. Telephone Meetings.

Directors may participate in a meeting by means of a conference telephone or other communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 10. Consent by Directors Without a Meeting.

Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting, if a consent in writing or by electronic transmission to such action is given by each director and is filed with the minutes of proceedings of the Board of Directors.

Section 11. Vacancies.

If for any reason any or all of the directors cease to be directors, such event shall not terminate the existence of the Corporation or affect these Bylaws or the powers of the remaining directors hereunder. Except as may be provided by the Board of Directors in setting the terms of any class or series of preferred stock, any vacancy on the Board of Directors may be filled only by a majority of the remaining directors, even if the remaining directors do not constitute a quorum. Any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which the vacancy occurred and until a successor is elected and qualifies.

Section 12. Chairman of the Board of Directors.

The Board of Directors shall designate a Chairman of the Board of Directors. The Board of Directors may designate the Chairman of the Board of Directors as an executive or non-executive chairman. The Chairman of the Board of Directors shall preside over the meetings of the Board of Directors. The Chairman of the Board of Directors shall perform such other duties as may be assigned to him by these Bylaws or the Board of Directors.

Section 13. Compensation.

Directors shall not receive any stated salary for their services as directors but, by resolution of the Board of Directors, may receive compensation per year and/or per meeting and/or per visit to real property or other facilities owned or leased by the Corporation and for any service or activity they performed or engaged in as directors. Directors may be reimbursed for expenses of attendance, if any, at each annual, regular or special meeting of the Board of Directors or of any committee thereof and for their expenses, if any, in connection with each property visit and any other service or activity they perform or engage in as directors; but nothing herein contained shall be construed to preclude any directors from serving the Corporation in any other capacity and receiving compensation therefor.

Section 14. Reliance.

Each director and officer of the Corporation shall, in the performance of his or her duties with respect to the Corporation, be entitled to rely on any information, opinion, report or statement, including any financial statement or other financial data, prepared or presented by an officer or employee of the Corporation whom the director or officer reasonably believes to be reliable and competent in the matters presented, by a lawyer, certified public accountant or other person, as to a matter which the director or officer reasonably believes to be within the person’s professional or expert competence, or, with respect to a director, by a committee of the Board of Directors on which the director does not serve, as to a matter within its designated authority, if the director reasonably believes the committee to merit confidence.

Section 15. Certain Rights of Directors and Officers.

A director who is not also an officer of the Corporation shall have no responsibility to devote his or her full time to the affairs of the Corporation. Any director or officer, in his or her personal capacity or in a capacity as an affiliate, employee, or agent of any other person, or otherwise, may have business interests and engage in business activities similar to, in addition to or in competition with those of or relating to the Corporation.

Section 16. Ratification.

The Board of Directors or the stockholders may ratify and make binding on the Corporation any action or inaction by the Corporation or its officers to the extent that the Board of Directors or the stockholders could have originally authorized the matter. Moreover, any action or inaction questioned in any stockholders’ derivative proceeding or any other proceeding on the ground of lack of authority, defective or irregular execution, adverse interest of a director, officer or stockholder, non-disclosure, miscomputation, the application of improper principles or practices of accounting or otherwise, may be ratified, before or after judgment, by the Board of Directors or by the stockholders, and if so ratified, shall have the same force and effect as if the

questioned action or inaction had been originally duly authorized, and such ratification shall be binding upon the Corporation and its stockholders and shall constitute a bar to any claim or execution of any judgment in respect of such questioned action or inaction.

Section 17. Emergency Provisions.

Notwithstanding any other provision in the Charter or these Bylaws, this Section 17 shall apply during the existence of any catastrophe, or other similar emergency condition, as a result of which a quorum of the Board of Directors under Article III of these Bylaws cannot readily be obtained (an "Emergency"). During any Emergency, unless otherwise provided by the Board of Directors, (i) a meeting of the Board of Directors or a committee thereof may be called by any director or officer by any means feasible under the circumstances; (ii) notice of any meeting of the Board of Directors during such an Emergency may be given less than twenty-four (24) hours prior to the meeting to as many directors and by such means as may be feasible at the time, including publication, television or radio, and (iii) the number of directors necessary to constitute a quorum shall be one-third (1/3) of the entire Board of Directors.

ARTICLE IV
COMMITTEES

Section 1. Number, Tenure and Qualifications.

The Board of Directors may appoint from among its members an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee and other committees, composed of one or more directors, to serve at the pleasure of the Board of Directors. The exact composition of each committee, including the total number of directors and the number of independent directors on each such committee, shall at all times comply with any applicable listing requirements and rules and regulations of the New York Stock Exchange or any other national securities exchange on which the Corporation's common stock is then listed, as such rules and regulations may be modified or amended from time to time, and any applicable rules and regulations of the SEC, as such rules and regulations may be modified or amended from time to time.

Section 2. Powers.

The Board of Directors may delegate to committees appointed under Section 1 of this Article IV any of the powers of the Board of Directors, except as prohibited by law.

Section 3. Meetings.

Notice of committee meetings shall be given in the same manner as notice for special meetings of the Board of Directors. A majority of the members of the committee shall constitute a quorum for the transaction of business at any meeting of the committee. The act of a majority of the committee members present at a meeting shall be the act of such committee. The Board of Directors may designate a chairman of any committee, and such chairman or, in the absence of a chairman, any two (2) members of any committee (if there are at least two members of the committee) may fix the time and place of its meeting unless the Board of Directors shall otherwise provide. In the absence of any member of any such committee, the members thereof

present at any meeting, whether or not they constitute a quorum, may appoint another director to act in the place of such absent member.

Section 4. Telephone Meetings.

Members of a committee of the Board of Directors may participate in a meeting by means of a conference telephone or other communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 5. Consent by Committees Without a Meeting.

Any action required or permitted to be taken at any meeting of a committee of the Board of Directors may be taken without a meeting, if a consent in writing or by electronic transmission to such action is given by each member of the committee and is filed with the minutes of proceedings of such committee.

Section 6. Removal and Vacancies.

Subject to the provisions hereof, the Board of Directors shall have the power at any time to change the membership or size of any committee (including the removal of any member of such committee), to fill any vacancy, to designate an alternate member to replace any absent or disqualified member or to dissolve any such committee.

ARTICLE V
OFFICERS

Section 1. General Provisions.

The officers of the Corporation shall include a President, a Secretary and a Treasurer and may include a Chairman of the Board of Directors, a Vice Chairman of the Board of Directors, a Chief Executive Officer, a Chief Operating Officer, a Chief Financial Officer, one (1) or more Assistant Secretaries and one (1) or more Assistant Treasurers. In addition, the Board of Directors may from time to time elect such other officers with such powers and duties as it shall deem necessary or desirable. The officers of the Corporation shall be elected annually by the Board of Directors, except that the Chief Executive Officer or President may from time to time appoint one (1) or more Vice Presidents, Assistant Secretaries, and Assistant Treasurers or other officers. Each officer shall serve until his or her successor is elected and qualifies or until his or her death, or his or her resignation or removal in the manner hereinafter provided. Any two (2) or more offices except President and Vice President may be held by the same person. Election of an officer or agent shall not of itself create contract rights between the Corporation and such officer or agent.

Section 2. Removal and Resignation.

Any officer or agent of the Corporation may be removed, with or without cause, by the Board of Directors if in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person

so removed. Any officer of the Corporation may resign at any time by delivering his or her resignation in writing to the Board of Directors, the Chairman of the Board of Directors, the Chief Executive Officer, the President or the Secretary. Any resignation shall take effect immediately upon its receipt or at such later time specified in the resignation. The acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the resignation. Such resignation shall be without prejudice to the contract rights, if any, of the Corporation.

Section 3. Vacancies.

A vacancy in any office may be filled by the Board of Directors for the balance of the term.

Section 4. Chief Executive Officer.

The Board of Directors may designate a Chief Executive Officer. In the absence of such designation, the Chairman of the Board of Directors shall be the Chief Executive Officer of the Corporation. The Chief Executive Officer shall have general responsibility for implementation of the policies of the Corporation, as determined by the Board of Directors, and for the management of the business and affairs of the Corporation. He or she may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise executed, and in general shall perform all duties incident to the office of Chief Executive Officer and such other duties as may be prescribed the Board of Directors from time to time.

Section 5. Chief Operating Officer.

The Board of Directors may designate a Chief Operating Officer. The Chief Operating Officer shall have the responsibilities and duties as prescribed by the Board of Directors or the Chief Executive Officer.

Section 6. Chief Financial Officer.

The Board of Directors may designate a Chief Financial Officer. The Chief Financial Officer shall have the responsibilities and duties prescribed by the Board of Directors or the Chief Executive Officer.

Section 7. President.

In the absence of a Chief Executive Officer, the President shall in general supervise and control all of the business and affairs of the Corporation. In the absence of a designation of a Chief Operating Officer by the Board of Directors, the President shall be the Chief Operating Officer. He or she may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise executed, and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 8. Vice Presidents.

In the absence of the President or in the event of a vacancy in such office, the Vice President (or in the event there be more than one Vice President, Vice Presidents in the order designated at the time of their election or, in the absence of any designation, then in the order of their election) shall perform the duties of the President and when so acting shall have all the powers of and be subject to all the restrictions upon the President, and shall perform such other duties as from time to time may be assigned to such Vice President by the Board of Directors or Chief Executive Officer. The Board of Directors may designate one or more Vice Presidents as Executive Vice President, Senior Vice President or as Vice President for particular areas of responsibility.

Section 9. Secretary.

The Secretary shall (a) keep the minutes of the proceedings of the stockholders, the Board of Directors and committees of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Corporation; (d) keep a register of the post office address of each stockholder which shall be furnished to the Secretary by such stockholder; (e) have general charge of the stock transfer books of the Corporation; and (f) in general perform such other duties as from time to time may be assigned to him or her by the Chief Executive Officer, the President or the Board of Directors.

Section 10. Treasurer.

The Treasurer shall (a) have the custody of the funds and securities of the Corporation, (b) keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation, (c) deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors and (d) in general perform such other duties as from time to time may be assigned to him or her by the Chief Executive Officer, the President or the Board of Directors. In the absence of a designation of a Chief Financial Officer by the Board of Directors, the Treasurer shall be the Chief Financial Officer of the Corporation.

The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and Board of Directors, at the regular meetings of the Board of Directors or whenever it may so require, an account of all his or her transactions as Treasurer and of the financial condition of the Corporation.

Section 11. Assistant Secretaries; Assistant Treasurers.

The Assistant Secretaries and Assistant Treasurers, in general, shall perform such duties as shall be assigned to them by the Secretary or Treasurer, respectively, or by the Chief Executive Officer, the President or the Board of Directors.

Section 12. Compensation.

The compensation of the officers shall be fixed from time to time by or under the authority of the Board of Directors. No officer shall be prevented from receiving such compensation by reason of the fact that he or she is also a director.

ARTICLE VI
CONTRACTS, CHECKS AND DEPOSITS

Section 1. Contracts.

The Board of Directors or a committee of the Board of Directors acting within the scope of its delegated authority may authorize any officer or agent to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Corporation and such authority may be general or confined to specific instances. Any agreement, deed, mortgage, lease or other document shall be valid and binding upon the Corporation when duly authorized or ratified by action of the Board of Directors or such other committee and executed by an authorized person.

Section 2. Checks and Drafts.

All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or agent of the Corporation in such manner as shall from time to time be determined by the Board of Directors.

Section 3. Deposits.

All funds of the Corporation not otherwise employed shall be deposited or invested from time to time to the credit of the Corporation as the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, or any other officer designated by the Board of Directors may determine.

ARTICLE VII
STOCK

Section 1. Certificates.

Except as may be otherwise provided by the Board of Directors, stockholders of the Corporation are not entitled to certificates representing the shares of stock held by them. In the event that the Corporation issues shares of stock represented by certificates, such certificates shall be in such form as prescribed by the Board of Directors or a duly authorized officer, shall contain the statements and information required by the MGCL and shall be signed by the officers of the Corporation in the manner required by the MGCL. In the event that the Corporation issues shares of stock without certificates, to the extent then required by the MGCL, the Corporation shall provide to the record holders of such shares a written statement of the information required by the MGCL to be included on stock certificates. There shall be no differences in the rights and obligations of stockholders based on whether or not their shares are represented by certificates.

Section 2. Transfers.

All transfers of shares of stock shall be made on the books of the Corporation and the books of the transfer agent of the Corporation, if applicable, by the holder of the shares, in person or by his or her attorney, in such manner as the Board of Directors or any officer of the Corporation may prescribe and, if such shares are certificated, upon surrender to the Corporation or, if authorized by the Corporation, the transfer agent of the Corporation of certificates duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, the Corporation, or, if authorized by the Corporation, the transfer agent of the Corporation, shall issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction on its books. The issuance of a new certificate upon the transfer of certificated shares is subject to the determination of the Board of Directors that such shares shall no longer be represented by certificates. Upon the transfer of any uncertificated shares, to the extent then required by the MGCL, the Corporation shall provide to the record holders of such shares a written statement of the information required by the MGCL to be included on stock certificates.

The Corporation shall be entitled to treat the holder of record of any share of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise expressly provided by the laws of the State of Maryland. Notwithstanding the foregoing, transfers of shares of any class or series of stock will be subject in all respects to the Charter and all of the terms and conditions contained therein.
Section 3. Replacement Certificate.

Any officer of the Corporation may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, destroyed, stolen or mutilated upon the making of an affidavit of that fact by the person claiming the certificate to be lost, destroyed, stolen or mutilated; provided, however, if such shares have ceased to be certificated, no new certificate shall be issued unless requested in writing by such stockholder and the Board of Directors has determined that such certificates may be issued. Unless otherwise determined by an officer of the Corporation, the owner of such lost, destroyed, stolen or mutilated certificate or certificates, or his or her legal representative, shall be required, as a condition precedent to the issuance of a new certificate or certificates, to give the Corporation a bond in such sums as it may direct as indemnity against any claim that may be made against the Corporation.

Section 4. Fixing of Record Date.

Subject to the provisions of Article II, Section 3, the Board of Directors may set, in advance, a record date for the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or determining stockholders entitled to receive payment of any dividend or the allotment of any other rights, or in order to make a determination of stockholders for any other proper purpose. Such date, in any case, shall not be prior to the close of business on the day the record date is fixed and shall be not more than ninety (90) days and, in the case of a meeting of stockholders, not less than ten (10) days, before the date on which the meeting or particular action requiring such determination of stockholders of record is to be held or taken.

When a record date for the determination of stockholders entitled to notice of and to vote at any meeting of stockholders has been set as provided in this section, such record date shall

continue to apply to the meeting if adjourned or postponed, except if the meeting is adjourned or postponed to a date more than one hundred and twenty (120) days after the record date originally fixed for the meeting, in which case a new record date for such meeting may be determined as set forth herein.

Section 5. Stock Ledger.

The Corporation shall maintain at its principal office or at the office of its counsel, accountants or transfer agent, an original or duplicate stock ledger containing the name and address of each stockholder and the number of shares of each class held by such stockholder.
Section 6. Fractional Stock; Issuance of Units.

The Board of Directors may authorize the Corporation to issue fractional stock or authorize the issuance of scrip, all on such terms and under such conditions as it may determine. Notwithstanding any other provision of the Charter or these Bylaws, the Board of Directors may issue units consisting of different securities of the Corporation. Any security issued in a unit shall have the same characteristics as any identical securities issued by the Corporation, except that the Board of Directors may provide that for a specified period securities of the Corporation issued in such unit may be transferred on the books of the Corporation only in such unit.

ARTICLE VIII
MISCELLANEOUS

Section 1. Fiscal Year.

The Board of Directors shall have the power, from time to time, to fix the fiscal year of the Corporation by a duly adopted resolution.

Section 2. Severability.

If any provision of these Bylaws shall be held invalid or unenforceable in any respect, such holding shall apply only to the extent of any such invalidity or unenforceability and shall not in any manner affect, impair or render invalid or unenforceable any other provision of the Bylaws in any jurisdiction.

ARTICLE IX
DISTRIBUTIONS

Section 1. Authorization.

Dividends and other distributions upon the stock of the Corporation may be authorized by the Board of Directors, subject to the provisions of law and the Charter. Dividends and other distributions may be paid in cash, property or stock of the Corporation, subject to the provisions of law and the Charter.

Section 2. Contingencies.

Before payment of any dividends or other distributions, there may be set aside out of any assets of the Corporation available for dividends or other distributions such sum or sums as the Board of Directors may from time to time, in its absolute discretion, think proper as a reserve fund for contingencies, for equalizing dividends, for repairing or maintaining any property of the Corporation or for such other purpose as the Board of Directors shall determine, and the Board of Directors may modify or abolish any such reserve.

ARTICLE X
INVESTMENT POLICIES

Subject to the provisions of the Charter, the Board of Directors may from time to time adopt, amend, revise or terminate any policy or policies with respect to investments by the Corporation as it shall deem appropriate in its sole discretion.

ARTICLE XI
SEAL

Section 1. Seal.

The Board of Directors may authorize the adoption of a seal by the Corporation. The seal shall contain the name of the Corporation and the year of its incorporation, and the words “Incorporated Maryland.” The Board of Directors may authorize one or more duplicate seals and provide for the custody thereof.

Section 2. Affixing Seal.

Whenever the Corporation is permitted or required to affix its seal to a document, it shall be sufficient to meet the requirements of any law, rule or regulation relating to a seal to place the word “(SEAL)” adjacent to the signature of the person authorized to execute the document on behalf of the Corporation.

ARTICLE XII
INDEMNIFICATION AND ADVANCE OF EXPENSES

To the maximum extent permitted by Maryland law in effect from time to time, the Corporation shall indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, shall pay or reimburse all reasonable costs, fees and expenses (including attorneys’ fees, costs and expenses) in advance of final disposition of any Proceeding (as defined below) to (a) any individual who is a present or former director or officer of the Corporation and who was or is made or threatened to be made a party to any pending or contemplated action, suit or proceeding, whether civil, criminal, administrative or investigative (a “Proceeding”), by reason of his or her service in that capacity or (b) any individual who, while a director or officer of the Corporation and at the request of the Corporation, serves or has served as a director, officer, partner, trustee, member or manager of another corporation, real estate investment trust, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise and who was or is made or threatened to be made a party to any Proceeding by reason of his or her service in that capacity. The rights to indemnification and to

be paid or reimbursed expenses in advance of a final disposition of any Proceeding provided by the Charter and these Bylaws shall vest immediately upon election of a director or officer.

The Corporation may, with the approval of its Board of Directors, provide such indemnification and payment or reimbursement of expenses in advance to (i) an individual who served a predecessor of the Corporation in any of the capacities described in (a) or (b) above and (ii) any employee or agent of the Corporation or a predecessor of the Corporation.

Subject to the terms of any agreement between the Corporation and any present and future directors and officers of the Corporation, if a claim under this Article is not paid in full by the Corporation within 60 days after a written claim has been received by the Corporation from a present or former director or officer of the Corporation, except in the case of a claim for payment or reimbursement of expenses in advance of the final disposition of a Proceeding, in which case the applicable period shall be 20 days, the present or former director or officer making such claim may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, to the extent successful in whole or in part, the claimant shall be entitled to be indemnified for the costs, fees and expenses (including attorneys' fees, costs and expenses) actually and reasonably incurred by such person in prosecuting such suit.

The indemnification and payment or reimbursement of expenses in advance provided in these Bylaws shall not be deemed exclusive of or limit in any way any other rights to which any person seeking indemnification or payment or reimbursement of expenses may be or may become entitled under any bylaw, charter, resolution, insurance, agreement, vote of directors or stockholders, or otherwise, it being the policy of the Corporation that indemnification of and payment and reimbursement of expenses in advance to all present and former directors and officers of the Corporation shall be made to the fullest extent permitted by applicable law.

Neither the amendment nor repeal of this Article XII, nor the adoption or amendment of any other provision of the Charter or these Bylaws inconsistent with this Article XII, shall apply to or affect in any respect the applicability of the preceding paragraph with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

ARTICLE XIII
WAIVER OF NOTICE

Whenever any notice of a meeting is required to be given pursuant to the Charter or these Bylaws or pursuant to applicable law, a waiver thereof in writing or by electronic transmission, given by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at nor the purpose of any meeting need be set forth in the waiver of notice of such meeting, unless specifically required by statute. The attendance of any person at any meeting shall constitute a waiver of notice of such meeting, except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

ARTICLE XIV
AMENDMENT OF BYLAWS

The Board of Directors shall have the power to adopt, alter or repeal any provision of these Bylaws and to make new Bylaws; provided, however, that stockholders that satisfy the ownership and eligibility requirements of Rule 14a-8 under the Exchange Act for the periods and as of the dates specified therein shall have the power, by the affirmative vote of a majority of all votes entitled to be cast on the matter, to alter or repeal any provision of these Bylaws and to adopt new Bylaws, except that the stockholders shall not have the power to alter or repeal this Article XIV or Article XII or adopt any provision of these Bylaws inconsistent with this Article XIV or Article XII without the approval of the Board of Directors. Any stockholder proposal that is submitted to the stockholders for approval at a duly called annual meeting or special meeting of stockholders must satisfy the notice procedures and all other relevant provisions of Section 3 or Section 11 of Article II of these Bylaws and such proposal shall otherwise be permitted by applicable law.

Exhibit 3.3

ARMADA HOFFLER PROPERTIES, INC.
AMENDED AND RESTATED BYLAWS

ARTICLE I
OFFICES

Section 1. Principal Office.

The principal office of Armada Hoffler Properties, Inc. (the “Corporation”) in the State of Maryland shall be located at such place as the Board of Directors of the Corporation (the “Board of Directors”) may designate from time to time.

Section 2. Additional Offices.

The Corporation may have additional offices, including a principal executive office, at such places as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II
MEETINGS OF STOCKHOLDERS

Section 1. Place.

All meetings of stockholders shall be held at the principal executive office of the Corporation or at such other place as shall be set in accordance with these Bylaws and stated in the notice of the meeting.

Section 2. Annual Meeting.

An annual meeting of stockholders for the election of directors and the transaction of any business as may properly be brought before the meeting and within the powers of the Corporation shall be held on the date and at the time and place set by the Board of Directors.

Section 3. Special Meetings.

(a) *General*. Each of the Chairman of the Board of Directors, the Chief Executive Officer, the President and the Board of Directors may call a special meeting of stockholders. Except as provided in Section 3(b)(4), a special meeting of stockholders shall be held on the date and at the time and place set by whoever has called the meeting. Subject to Section 3(b), a special meeting of stockholders shall also be called by the Secretary of the Corporation to act on any matter that may properly be considered at a special meeting of stockholders upon the written request of stockholders entitled to cast not less than a majority of all the votes entitled to be cast on such matter at such meeting.

(b) Stockholder-Requested Special Meetings.

(1) Any stockholder of record seeking to have stockholders request a special meeting shall, by sending written notice in proper form to the Secretary of the Corporation (the “Record Date Request Notice”) at the principal executive office of the Corporation by registered mail, return receipt requested, request the Board of Directors to fix a record date to determine the stockholders entitled to request a special meeting (the “Request Record Date”). To be in proper form, the Record Date Request Notice shall (i) set forth the purpose of the meeting and the matters proposed to be acted on at it, (ii) be signed by one or more stockholders of record as of

the date of signature (or their agents duly authorized in a writing accompanying the Record Date Request Notice), (iii) bear the date of signature of each such stockholder (or such agent) and (iv) set forth all information relating to each such stockholder and each matter proposed to be acted on at the special meeting that would be required to be disclosed in connection with the solicitation of proxies for the election of directors in an election contest (even if an election contest is not involved), or would otherwise be required in connection with such a solicitation, in each case pursuant to Regulation l4A (or any successor provision) under the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "Exchange Act"). Upon receiving the Record Date Request Notice, the Board of Directors may fix a Request Record Date. The Request Record Date shall not precede and shall not be more than ten (10) days after the close of business on the date on which the resolution fixing the Request Record Date is adopted by the Board of Directors. If the Board of Directors, within ten (10) days after the date on which a valid Record Date Request Notice is received, fails to adopt a resolution fixing the Request Record Date, the Request Record Date shall be the close of business on the tenth (10th) day after the first date on which such Record Date Request Notice is received by the Secretary.

(2) In order for any stockholder to request a special meeting to act on any matter that may properly be considered at a special meeting of stockholders, one or more written requests for a special meeting (collectively, the "Special Meeting Request") in proper form and signed by stockholders of record (or their agents duly authorized in a writing accompanying the request) as of the Request Record Date entitled to cast not less than a majority of all of the votes entitled to be cast on such matter at such meeting (the "Special Meeting Percentage") shall be delivered to the Secretary at the principal executive office of the Corporation. To be in proper form, the Special Meeting Request shall (a) set forth the purpose of the meeting and the matters proposed to be acted on at it (which shall be limited to those lawful matters set forth in the Record Date Request Notice received by the Secretary), including the text of the proposal or business (including the text of any resolutions proposed for consideration), (b) bear the date of signature of each such stockholder (or such agent) signing the Special Meeting Request, (c) set forth (i) the name and address, as they appear in the Corporation's books, of each stockholder signing such request (or on whose behalf the Special Meeting Request is signed), (ii) the class, series and number of all shares of stock of the Corporation which are owned (beneficially or of record) by each such stockholder and (iii) the nominee holder for, and number of, shares of stock of the Corporation owned beneficially but not of record by such stockholder, (d) be sent to the Secretary by registered mail, return receipt requested, and (e) be received by the Secretary within sixty (60) days after the Request Record Date. Any requesting stockholder (or agent duly authorized in a writing accompanying the revocation of the Special Meeting Request) may revoke his, her or its request for a special meeting at any time by written revocation delivered to the Secretary.

(3) The Secretary shall inform the requesting stockholders of the reasonably estimated cost of preparing and mailing or delivering the notice of the special meeting (including the Corporation's proxy materials). The Secretary shall not be required to call a special meeting upon stockholder request and such meeting shall not be held unless, in addition to the documents required by Section 3(b)(2), the Secretary receives payment of such reasonably estimated cost prior to the preparation and mailing or delivery of such notice of the meeting.

(4) In the case of any special meeting called by the Secretary upon the request of stockholders (a "Stockholder-Requested Meeting"), such meeting shall be held at such place, date and time as may be designated by the Board of Directors; *provided, however*, that the date of any Stockholder-Requested Meeting shall be not more than ninety (90) days after the record date for such meeting (the "Meeting Record Date"); and *provided further* that if the Board of Directors fails to designate, within ten (10) days after the date that a valid Special Meeting Request is actually received by the Secretary (the "Delivery Date"), a date and time for a

Stockholder-Requested Meeting, then such meeting shall be held at 2:00 p.m., local time, on the ninetieth (90th) day after the Meeting Record Date or, if such ninetieth (90th) day is not a Business Day (as defined below), on the first preceding Business Day; and *provided further* that in the event that the Board of Directors fails to designate a place for a Stockholder-Requested Meeting within ten (10) days after the Delivery Date, then such meeting shall be held at the principal executive office of the Corporation. In fixing a date for a Stockholder-Requested Meeting, the Board of Directors may consider such factors as it deems relevant, including, without limitation, the nature of the matters to be considered, the facts and circumstances surrounding any request for the meeting and any plan of the Board of Directors to call an annual meeting or a special meeting. In the case of any Stockholder-Requested Meeting, if the Board of Directors fails to fix a Meeting Record Date that is a date within thirty (30) days after the Delivery Date, then the close of business on the thirtieth day after the Delivery Date shall be the Meeting Record Date. The Board of Directors may revoke the notice for any Stockholder-Requested Meeting in the event that the requesting stockholders fail to comply with the provisions of Section 3(b)(3). Notwithstanding anything to the contrary in these Bylaws, the Board of Directors may submit its own proposal or proposals for consideration at any such special meeting.

(5) If written revocations of the Special Meeting Request have been delivered to the Secretary and the result is that stockholders of record (or their agents duly authorized in writing), as of the Request Record Date, entitled to cast less than the Special Meeting Percentage have delivered, and not revoked, requests for a special meeting on the matter to the Secretary: (i) if the notice of meeting has not already been sent to the stockholders of the Corporation, the Secretary shall refrain from sending the notice of the meeting and send to all requesting stockholders who have not revoked such requests written notice of any revocation of a request for a special meeting on the matter, or (ii) if the notice of meeting has been sent to the stockholders of the Corporation and if the Secretary first sends to all requesting stockholders who have not revoked requests for a special meeting on the matter written notice of any revocation of a request for the special meeting and written notice of the Corporation's intention to revoke the notice of and to cancel the meeting or for the chairman of the meeting to adjourn the meeting without action on the matter, (A) the Secretary may revoke the notice of and cancel the meeting at any time before ten (10) days before the commencement of the meeting or (B) the chairman of the meeting may call the meeting to order and adjourn the meeting without acting on the matter. Any request for a special meeting received after a revocation by the Secretary of a notice of a meeting shall be considered a request for a new special meeting.

(6) The Chairman of the Board of Directors, the Chief Executive Officer, the President or the Board of Directors may appoint independent inspectors of elections to act as the agent of the Corporation for the purpose of promptly performing a ministerial review of the validity of any purported Special Meeting Request received by the Secretary. For the purpose of permitting the inspectors to perform such review, no such purported Special Meeting Request shall be deemed to have been received by the Secretary until the earlier of (i) five (5) Business Days after actual receipt by the Secretary of such purported request and (ii) such date as the independent inspectors certify to the Corporation that the valid requests received by the Secretary represent, as of the Request Record Date, stockholders of record entitled to cast not less than the Special Meeting Percentage. Nothing contained in this paragraph (6) shall in any way be construed to suggest or imply that the Corporation or any stockholder shall not be entitled to contest the validity of any request, whether during or after such five (5) Business Day period, or to take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation).

(7) The Secretary shall not accept, and the Secretary and the Corporation shall consider ineffective, any request from any stockholder to hold a special meeting or to establish a

Request Record Date or Meeting Record Date that (a) does not comply with this Section 3 or (b) proposes or includes an item of business to be transacted at such special meeting that is not a proper subject for stockholder action under the charter of the Corporation (the "Charter"), these Bylaws or applicable law.

(8) For purposes of these Bylaws, "Business Day" shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the State of New York or the State of Maryland are authorized or obligated by law or executive order to close.

Section 4. Notice.

Not less than ten (10) nor more than ninety (90) days before each meeting of stockholders, the Secretary shall give to each stockholder entitled to vote at such meeting and to each stockholder not entitled to vote who is entitled to notice of the meeting notice in writing or by electronic transmission stating the date, time and place of the meeting and, in the case of a special meeting or as otherwise may be required by any statute, the purpose for which the meeting is called, by mail, by presenting it to such stockholder personally, by leaving it at the stockholder's residence or usual place of business or by any other means permitted by applicable law. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the stockholder at the stockholder's address as it appears on the records of the Corporation, with postage thereon prepaid. If transmitted electronically, such notice shall be deemed to be given when transmitted to the stockholder by an electronic transmission to any address or number of the stockholder at which the stockholder receives electronic transmissions. The Corporation may give a single notice to all stockholders who share an address, which single notice shall be effective as to any stockholder at such address, unless a stockholder at such address objects to receiving such single notice or revokes a prior consent to receiving such single notice. Failure to give notice of any meeting to one or more stockholders, or any irregularity in such notice, shall not affect the validity of any meeting fixed in accordance with this Article II or the validity of any proceedings at any such meeting.

Subject to Section 11(a) of this Article II, any business of the Corporation may be transacted at an annual meeting of stockholders without being specifically designated in the notice, except such business as is required by any statute to be stated in such notice. No business shall be transacted at a special meeting of stockholders except as specifically designated in the notice of such special meeting. The Corporation may postpone or cancel a meeting of stockholders by making a public announcement (as defined in Section 11(c)(3) of this Article II) of such postponement or cancellation prior to the meeting. Notice of the date, time and place to which the meeting is postponed shall be given not less than ten (10) days prior to such date and otherwise in the manner set forth in this section.

Section 5. Organization and Conduct.

Every meeting of stockholders shall be conducted by an individual appointed by the Board of Directors to be chairman of the meeting or, in the absence of such appointment or appointed individual, by the Chairman of the Board of Directors or, in the case of a vacancy in the office or absence of the Chairman of the Board of Directors, by one of the following officers present at the meeting in the following order: the Executive Chairman of the Board of Directors, if there is one, the Chief Executive Officer, the President, the Vice Presidents in their order of rank and seniority, the Secretary, or, in the absence of such officers, a chairman chosen by the stockholders by the vote of a majority of the votes cast by stockholders present in person or by proxy at such meeting. The Secretary, or, in the Secretary's absence, an Assistant Secretary, or, in the absence of both the Secretary and Assistant Secretaries, an individual appointed by the Board of Directors or, in the absence of such appointment, an individual appointed by the chairman of the meeting shall act as secretary of the meeting. In the event that the Secretary

presides at a meeting of stockholders, an Assistant Secretary, or, in the absence of all Assistant Secretaries, an individual appointed by the Board of Directors or the chairman of the meeting, shall record the minutes of the meeting.

The Board of Directors may adopt by resolution such rules, regulations and procedures for the conduct of any meeting of stockholders as the Board of Directors deems appropriate. Except to the extent not prohibited by any such rules, regulations and procedures adopted by the Board of Directors, the chairman of the meeting shall determine the order of business and all other matters of procedure at any meeting of stockholders and shall have the authority to adopt rules, regulations and procedures and take such other actions as, in the discretion of the chairman and without any action by the stockholders, are appropriate for the proper conduct of the meeting, including, without limitation, (a) restricting admission to the time set for the commencement of the meeting; (b) limiting attendance at the meeting to stockholders of record of the Corporation, their duly authorized proxies and such other individuals as the chairman of the meeting may determine; (c) limiting participation at the meeting on any matter to stockholders of record of the Corporation entitled to vote on such matter, their duly authorized proxies and such other individuals as the chairman of the meeting may determine; (d) limiting the time allotted to questions or comments by participants; (e) determining when and for how long the polls should be opened and when the polls should be closed; (f) maintaining order and security at the meeting; (g) removing any stockholder or any other individual who refuses to comply with meeting procedures, rules or guidelines as set forth by the chairman of the meeting; (h) concluding a meeting or recessing or adjourning the meeting to a later date and time and at a place announced at the meeting; and (i) complying with any state and local laws and regulations concerning safety and security. Unless otherwise determined by the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 6. Quorum.

At any meeting of stockholders, the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting on any matter shall constitute a quorum; but this section shall not affect any requirement under any statute or the Charter for the vote necessary for the approval of any matter. If, however, such quorum is not established at any meeting of the stockholders, the chairman of the meeting may adjourn the meeting *sine die* or from time to time to a date not more than one hundred and twenty (120) days after the original record date without notice other than announcement at the meeting. At such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified. The stockholders present either in person or by proxy, at a meeting which has been duly called and at which a quorum has been established, may continue to transact business until adjournment, notwithstanding the withdrawal from the meeting of enough stockholders to leave fewer than would be required to establish a quorum.

Section 7. Voting.

A nominee for election as a director shall be elected as a director only if such nominee receives the affirmative vote of a majority of the total votes cast “for,” “against” or affirmatively withheld as to such nominee at a meeting of stockholders duly called and at which a quorum is present. However, directors shall be elected by a plurality of the votes cast at a meeting of stockholders duly called and at which a quorum is present for which (i) the secretary of the Corporation receives notice that a stockholder has nominated an individual for election as a director in compliance with the requirements for advance notice of stockholder nominees set forth in Article II, Section 11 of these Bylaws and (ii) such nomination has not been withdrawn by such stockholder on or before the close of business on the tenth day before the date of filing

of the definitive proxy statement of the Corporation with the United States Securities and Exchange Commission (the "SEC"), and, as a result of which, the number of nominees is greater than the number of directors to be elected at the meeting.

Each share may be voted for as many individuals as there are directors to be elected and for whose election the share is entitled to be voted. A majority of the votes cast in favor of a matter (other than the election of directors) at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to approve any such matter which may properly come before the meeting, unless more than a majority of the votes cast is required by statute, by the Charter or by these Bylaws. Unless otherwise provided by statute or by the Charter, each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders. Unless otherwise determined by the chairman of the meeting, voting on any question or in any election may be *viva voce* rather than by ballot.

Section 8. Proxies.

A holder of record of shares of stock of the Corporation may cast votes in person or by proxy executed or authorized by the stockholder or by the stockholder's duly authorized agent in any manner permitted by law. Such proxy or evidence of authorization of such proxy shall be filed with the Secretary of the Corporation before or at the meeting. No proxy shall be valid more than eleven (11) months after its date, unless otherwise provided in the proxy.

Section 9. Voting of Stock by Certain Holders.

Stock of the Corporation registered in the name of a corporation, partnership, limited liability company, trust or other entity, if entitled to be voted, may be voted by the president or a vice president, general partner, trustee or managing member thereof, as the case may be, or a proxy appointed by any of the foregoing individuals, unless some other person who has been appointed to vote such stock pursuant to a bylaw or a resolution of the governing body of such corporation or other entity or agreement of the partners of a partnership presents a certified copy of such bylaw, resolution or agreement, in which case such person may vote such stock. Any director or fiduciary may vote stock registered in the name of such person in the capacity of such director or fiduciary, either in person or by proxy.

Shares of stock of the Corporation directly or indirectly owned by it shall not be voted at any meeting and shall not be counted in determining the total number of outstanding shares entitled to be voted at any given time, unless they are held by it in a fiduciary capacity, in which case they may be voted and shall be counted in determining the total number of outstanding shares at any given time.

The Board of Directors may adopt by resolution a procedure by which a stockholder may certify in writing to the Corporation that any shares of stock registered in the name of the stockholder are held for the account of a specified person other than the stockholder. The resolution shall set forth the class of stockholders who may make the certification, the purpose for which the certification may be made, the form of certification and the information to be contained in it; if the certification is with respect to a record date, the time after the record date within which the certification must be received by the Corporation; and any other provisions with respect to the procedure which the Board of Directors considers necessary or desirable. On receipt by the Corporation of such certification, the person specified in the certification shall be regarded as, for the purposes set forth in the certification, the holder of record of the specified stock in place of the stockholder who makes the certification.

Section 10. Inspectors.

The Board of Directors or the chairman of the meeting may appoint, before or at the meeting, one or more inspectors for the meeting and any successor to the inspector. Except as otherwise provided by the chairman of the meeting, the inspectors, if any, shall (i) determine the number of shares of stock represented at the meeting, in person or by proxy, and the validity and effect of proxies, (ii) receive and tabulate all votes, ballots or consents, (iii) report such tabulation to the chairman of the meeting, (iv) hear and determine all challenges and questions arising in connection with the validity of any proxies of ballots, (v) perform such tasks as may be required by applicable law and (vi) do such acts as are proper to fairly conduct the election or vote. Each such report shall be in writing and signed by the inspector or by a majority of them if there is more than one inspector acting at such meeting. If there is more than one inspector, the report of a majority shall be the report of the inspectors. The report of the inspector or inspectors on the number of shares represented at the meeting and the results of the voting shall be prima facie evidence thereof.

Section 11. Advance Notice of Nominees for Director and Other Stockholder Proposals.

(a) Annual Meetings of Stockholders.

(1) Nominations of individuals for election to the Board of Directors and the proposal of other business to be considered by the stockholders may only be made at an annual meeting of stockholders (i) pursuant to the Corporation's notice of meeting (or any supplement thereto), (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of the Corporation who was a stockholder of record both at the time of giving of notice by the stockholder as provided for in this Section 11(a) and at the time of the annual meeting, who is entitled to vote at the meeting in the election of each individual so nominated or on any such other business and who has complied with this Section 11(a). Clause (iii) of the immediately preceding sentence shall be the sole and exclusive means for a stockholder to make nominations or other business proposals before an annual meeting of stockholders (other than matters properly brought under, and to the extent required by, Rule 14a-8 under the Exchange Act and included in the Corporation's notice of meeting).

(2) Without qualification or limitation, subject to Section 11(c)(4), for any nomination or other business to be properly brought before an annual meeting of stockholders by a stockholder pursuant to Section 11(a)(1)(iii), the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and any such other business must otherwise be a proper matter for action by the stockholders. To be timely, a stockholder's notice shall set forth all information required under this Section 11 and shall be delivered to the Secretary at the principal executive office of the Corporation not earlier than the one hundred and fiftieth (150th) day nor later than 5:00 p.m., Eastern Time, on the one hundred and twentieth (120th) day prior to the first anniversary of the date of the proxy statement (as defined in Section 11(c)(3) of this Article II) for the preceding year's annual meeting; *provided*, *however*, that in connection with the Corporation's first (1st) annual meeting occurring after the initial underwritten public offering of the common stock of the Corporation or in the event that the date of the annual meeting is advanced or delayed by more than thirty (30) days from the first (1st) anniversary of the date of the preceding year's annual meeting, in order for notice by the stockholder to be timely, such notice must be so delivered not earlier than the one hundred and fiftieth (150th) day prior to the date of such annual meeting and not later than 5:00 p.m., Eastern Time, on the later of the one hundred and twentieth (120th) day prior to the date of such annual meeting, as originally convened, or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made. The public announcement of a postponement or

adjournment of an annual meeting shall not commence a new time period for the giving of a stockholder's notice as described above.

(3) A stockholder's notice described in Section 11(a)(2) shall set forth:

(i) as to each individual whom the stockholder proposes to nominate for election or reelection as a director (each, a "Proposed Nominee"), all information relating to the Proposed Nominee that would be required to be disclosed in connection with the solicitation of proxies for the election of the Proposed Nominee as a director in an election contest (even if an election contest is not involved), or would otherwise be required in connection with such solicitation, in each case pursuant to Regulation 14A (or any successor provision) under the Exchange Act;

(ii) as to any other business that the stockholder proposes to bring before the meeting, a description of such business, the stockholder's reasons for proposing such business at the meeting and any material interest in such business of such stockholder or any Stockholder Associated Person (as defined below), individually or in the aggregate, including any anticipated benefit to the stockholder or the Stockholder Associated Person therefrom;

(iii) as to the stockholder giving the notice, any Proposed Nominee and any Stockholder Associated Person:

(A) the class, series and number of all shares of stock or other securities of the Corporation or any affiliate thereof (collectively, the "Company Securities"), if any, which are owned (beneficially or of record) by such stockholder, Proposed Nominee or Stockholder Associated Person, the date on which each such Company Security was acquired and the investment intent of such acquisition, and any short interest (including any opportunity to profit or share in any benefit from any decrease in the price of such stock or other security) in any Company Securities of any such person;

(B) any derivative, swap or other transaction or series of transactions engaged in, directly or indirectly, by such stockholder, Proposed Nominee or Stockholder Associated Person, the purpose or effect of which is to give such stockholder, Proposed Nominee or Stockholder Associated Person economic risk similar to ownership of shares of any class or series of the Corporation, including due to the fact that the value of such derivative, swap, or other transactions are determined by reference to the price, value or volatility of any shares of any class or series of the Corporation, or which derivative, swap or other transactions provide, directly or indirectly, the opportunity to profit from any increase in the price or value of shares of any class or series of the Corporation ("Synthetic Equity Interests"), which Synthetic Equity Interests shall be disclosed without regard to whether (x) the derivative, swap or other transactions convey any voting rights in such shares to such stockholder, Proposed Nominee or Stockholder Associated Person, (y) the derivative, swap or other transactions are required to be, or are capable of being, settled through delivery of such shares or (z) such stockholder, Proposed Nominee or Stockholder Associated Person may have entered into other transactions that hedge or mitigate the economic effect of such derivative, swap or other transactions,

(C) any proxy, contract, arrangement, understanding or other relationship pursuant to which such stockholder, Proposed Nominee or Stockholder Associated Person has a right to vote any shares of any security of the Corporation,

(D) any short interest in any security of the Corporation (for purposes of these Bylaws, a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or

otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security),

(E) any rights to dividends on the shares of the Corporation owned beneficially by such stockholder, Proposed Nominee or Stockholder Associated Person that are separated or separable from the underlying shares of the Corporation,

(F) any proportionate interest in shares of the Corporation or Synthetic Equity Interests held, directly or indirectly, by a general or limited partnership in which such stockholder, Proposed Nominee or Stockholder Associated Person is a general partner or, directly or indirectly, beneficially owns an interest in a general partner,

(G) any performance-related fees (other than an asset-based fee) that such stockholder, Proposed Nominee or Stockholder Associated Person is entitled to based on any increase or decrease in the value of shares of the Corporation, if any, as of the date of such notice, including without limitation any such interests held by members of such stockholder's, Proposed Nominee's or Stockholder Associated Person's immediate family sharing the same household (which information required by this subsection (iii) shall be supplemented by such stockholder, Proposed Nominee or Stockholder Associated Person and beneficial owner, if any, not later than ten (10) days after the record date for the meeting to disclose such ownership as of the record date),

(H) any substantial interest, direct or indirect (including, without limitation, any existing or prospective commercial, business or contractual relationship with the Corporation), by security holdings or otherwise, of such stockholder, Proposed Nominee or Stockholder Associated Person, in the Corporation or any affiliate thereof, other than an interest arising from the ownership of Company Securities where such stockholder, Proposed Nominee or Stockholder Associated Person receives no extra or special benefit not shared on a *pro rata* basis by all other holders of the same class or series; and

(I) any other information relating to such stockholder, Proposed Nominee or Stockholder Associated Person and beneficial owner, if any, that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitation of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Regulation 14A (or any successor provision) of the Exchange Act;

(iv) as to the stockholder giving the notice, any Stockholder Associated Person with an interest or ownership referred to in clauses (ii) or (iii) of this Section 11(a)(3) and any Proposed Nominee: (A) the name and address of such stockholder, as they appear on the Corporation's stock ledger, and the current name and business address, if different, of each such Stockholder Associated Person and any Proposed Nominee; and (B) the investment strategy or objective, if any, of such stockholder and each such Stockholder Associated Person who is not an individual and a copy of the prospectus, offering memorandum or similar document, if any, provided to investors or potential investors in such stockholder and each such Stockholder Associated Person;

(v) the name and address of any person who contacted or was contacted by the stockholder giving the notice or any Stockholder Associated Person about the Proposed Nominee or other business proposal prior to the date of such stockholder's notice; and

(vi) to the extent known by the stockholder giving the notice, the name and address of any other stockholder supporting the nominee for election or reelection as a director or the proposal of other business on the date of such stockholder's notice.

(4) A stockholder's notice described in Section 11(a)(2) or Section 11(b), as the case may be, shall, with respect to any Proposed Nominee, be accompanied by a certificate executed by the Proposed Nominee (i) certifying that such Proposed Nominee (a) is not, and will not become a party to, any agreement, arrangement or understanding with any person or entity other than the Corporation in connection with service or action as a director of the Corporation that has not been disclosed to the Corporation and (b) will serve as a director of the Corporation if elected; and (ii) attaching a completed Proposed Nominee questionnaire (which questionnaire shall be provided by the Corporation, upon request, to the stockholder providing the notice and shall include all information relating to the Proposed Nominee that would be required to be disclosed in connection with the solicitation of proxies for the election of the Proposed Nominee as a director in an election contest (even if an election contest is not involved), or would otherwise be required in connection with such solicitation, in each case pursuant to Regulation 14A (or any successor provision) under the Exchange Act and the rules thereunder, or would be required pursuant to the rules of any national securities exchange on which any securities of the Corporation are listed or over-the-counter market on which any securities of the Corporation are traded).

(5) Notwithstanding anything in this Section 11(a) to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased, and there is no public announcement of such action at least one hundred and thirty (130) days prior to the first (1st) anniversary of the date of the proxy statement (as defined in Section 11(c)(3) of this Article II) for the preceding year's annual meeting, a stockholder's notice required by this Section 11(a) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive office of the Corporation not later than 5:00 p.m., Eastern Time, on the tenth day following the day on which such public announcement is first made by the Corporation.

(6) For purposes of these Bylaws, "Stockholder Associated Person" of any stockholder shall mean (i) any person acting in concert with such stockholder, (ii) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder (other than a stockholder that is a depositary) and (iii) any person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such stockholder or such Stockholder Associated Person.

(b) *Special Meetings of Stockholders*. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of individuals for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected only (i) by or at the direction of the Board of Directors or (ii) provided that the special meeting has been called in accordance with Section 3 of this Article II for the purpose of electing directors, by any stockholder of the Corporation who is a stockholder of record both at the time of giving of notice provided for in this Section 11 and at the time of the special meeting, who is entitled to vote at the meeting in the election of each individual so nominated and who has complied with the notice procedures set forth in this Section 11. Section 11(a)(1)(iii) above shall be the exclusive means for a stockholder to propose business to be brought before a special meeting of the stockholders. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more individuals to the Board of Directors, any stockholder may nominate an individual or individuals (as the case may be) for election as a director as specified in the Corporation's notice of meeting, if the stockholder's notice, containing the information required by Section 11(a)(3) and (4), is delivered to the Secretary at the principal executive office of the Corporation not earlier than the one hundred and twentieth (120th) day prior to such special meeting and not later than 5:00 p.m., Eastern Time, on the later of the

ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. The public announcement of a postponement or adjournment of a special meeting shall not commence a new time period for the giving of a stockholder's notice as described above.

(c) *General*. (1) If information submitted pursuant to this Section 11 by any stockholder proposing a nominee for election as a director or any proposal for other business at a meeting of stockholders shall be inaccurate in any material respect, such information may be deemed not to have been provided in accordance with this Section 11. Any such stockholder shall (A) notify the Corporation of any inaccuracy or change (within two (2) Business Days of becoming aware of such inaccuracy or change) in any such information and (B) promptly update and supplement the information previously provided to the Corporation pursuant to this Section 11, if necessary, so that the information provided or required to be provided shall be true and correct as of the record date for the meeting and as of the date that is ten (10) Business Days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to the Secretary at the principal executive office of the Corporation. Without limiting the foregoing, upon written request by the Secretary or the Board of Directors, any such stockholder shall provide, within five (5) Business Days of delivery of such request (or such other period as may be specified in such request), (x) written verification, satisfactory, in the discretion of the Board of Directors or any authorized officer of the Corporation, to demonstrate the accuracy of any information submitted by the stockholder pursuant to this Section 11, (y) a written update of any information (including, if requested by the Corporation, written confirmation by such stockholder that it continues to intend to bring such nomination or other business proposal before the meeting) submitted by the stockholder pursuant to this Section 11 as of an earlier date and (z) any other information requested by the Corporation as may reasonably be required to determined the eligibility of any Proposed Nominee to serve as an independent director of the Corporation or that would be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such Proposed Nominee. If a stockholder fails to provide such written verification or written update within such period, the information as to which written verification or a written update was requested may be deemed not to have been provided in accordance with this Section 11.

(2) Only such individuals who are nominated in accordance with this Section 11 shall be eligible for election by stockholders as directors, and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with this Section 11 except as required pursuant to Rule 14a-8 under the Exchange Act or such similar rule promulgated by the SEC that governs the inclusion of stockholder proposals in proxy materials or consideration at a stockholders meeting. The chairman of the meeting shall have the power to determine whether a nomination or any other business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with these Bylaws and, if any proposed nomination or other business is not in compliance with these Bylaws, to declare that no action shall be taken on such nomination or other proposal, and such nomination or other proposal shall be disregarded.

(3) For purposes of this Section 11: (i) "the date of the proxy statement" shall have the same meaning as "the date of the company's proxy statement released to shareholders" as used in Rule 14a-8(e) promulgated under the Exchange Act, as interpreted by the SEC from time to time; and (ii) "public announcement" shall mean disclosure (A) in a press release reported by the Dow Jones News Service, Associated Press, Business Wire, PR Newswire or

other widely circulated news or wire service or (B) in a document publicly filed by the Corporation with the SEC pursuant to the Exchange Act.

(4) Notwithstanding the foregoing provisions of this Section 11, a stockholder shall also comply with all applicable requirements of state law and of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 11. Nothing in this Section 11 shall be deemed to affect any right of a stockholder to request inclusion of a proposal in, or the right of the Corporation to omit a proposal from, the Corporation's proxy statement pursuant to Rule 14a-8 (or any successor provision) under the Exchange Act. Nothing in this Section 11 shall require disclosure of revocable proxies received by the stockholder or Stockholder Associated Person pursuant to a solicitation of proxies after the filing of an effective Schedule 14A by such stockholder or Stockholder Associated Person under Section 14(a) of the Exchange Act.

Section 12. Control Share Acquisition Act.

Notwithstanding any other provision of the Charter or these Bylaws, Title 3, Subtitle 7 of the Maryland General Corporation Law (or any successor statute) (the "MGCL") shall not apply to any acquisition by any person of shares of stock of the Corporation. This section may be repealed, in whole or in part, at any time, whether before or after an acquisition of control shares and, upon such repeal, may, to the extent provided by any successor bylaw, apply to any prior or subsequent control share acquisition.

Section 13. Telephone Meetings.

The Board of Directors or chairman of the meeting may permit one or more stockholders to participate by means of a conference telephone or other communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means constitutes presence in person at the meeting.

Section 14. Stockholders' Consent in Lieu of Meeting.

Any action required or permitted to be taken at any meeting of stockholders may be taken without a meeting if a unanimous consent setting forth the action is given in writing or by electronic transmission by each stockholder entitled to vote on the matter and filed with the minutes of proceeds of the stockholders.

Section 15. Proxy Access.

(a) Notwithstanding anything to the contrary in these Bylaws, whenever the Board of Directors solicits proxies with respect to the election of directors at an annual meeting of stockholders, subject to the provisions of this Section 15, the Corporation shall include in its proxy statement and other applicable filings pursuant to Section 14(a) of the Exchange Act (the "Company Proxy Materials"), in addition to any individuals nominated for election by or at the direction of the Board of Directors, the name, together with the Required Information (as defined below), of any individual nominated for election to the Board of Directors (each such individual being hereinafter referred to as a "Stockholder Nominee") by a stockholder or group of no more than twenty (20) stockholders that satisfies the requirements of this Section 15 (such individual or group, including as the context requires each member thereof, being hereinafter referred to as the "Eligible Stockholder"). For purposes of this Section 15, the "Required Information" that the Corporation shall include in the Company Proxy Materials is (A) the information provided to the Secretary of the Corporation concerning the Stockholder Nominee and the Eligible Stockholder that is required to be disclosed in the Company Proxy Materials by the rules and regulations promulgated under the Exchange Act and (B) if the Eligible Stockholder so elects, a written

statement in support of the Stockholder Nominee's candidacy, not to exceed 500 words, delivered to the Secretary of the Corporation at the time the Notice of Proxy Access Nomination (as defined below) required by this Section 15 is provided (the "Statement"). Notwithstanding anything to the contrary contained in this Section 15, the Corporation may omit from the Company Proxy Materials any information or Statement (or portion thereof) that the Board of Directors, in its sole discretion, determines is materially false or misleading, omits to state any material fact necessary in order to make such information or Statement, in light of the circumstances under which it was provided or made, not misleading, or would violate any applicable law or regulation.

(b) To be eligible to require the Corporation to include a Stockholder Nominee in the Company Proxy Materials pursuant to this Section 15, an Eligible Stockholder must have Owned (as defined in Article XIV of the Bylaws) at least three percent (3%) or more of the shares of common stock, par value $0.01 per share (the "Common Stock"), of the Corporation outstanding from time to time (the "Required Shares") continuously for at least three (3) years (the "Minimum Holding Period") as of both the date the Notice of Proxy Access Nomination is delivered or mailed to and received by the Secretary of the Corporation in accordance with this Section 15 and the close of business on the record date for determining the stockholders entitled to vote at the annual meeting of stockholders, and must continuously Own the Required Shares through the date of such annual meeting (and any postponement or adjournment thereof). Whether outstanding shares of Common Stock are "Owned" for these purposes shall be determined by the Board of Directors, in its sole discretion. In addition, the term "Affiliate" or "Affiliates" shall have the meaning ascribed thereto under the Exchange Act.

(c) To be eligible to require the Corporation to include a Stockholder Nominee in the Company Proxy Materials pursuant to this Section 15, an Eligible Stockholder must provide to the Secretary of the Corporation, in proper form and within the times specified below, (i) a written notice expressly electing to have such Stockholder Nominee included in the Company Proxy Materials pursuant to this Section 15 (a "Notice of Proxy Access Nomination") and (ii) any updates or supplements to such Notice of Proxy Access Nomination. To be timely, the Notice of Proxy Access Nomination must be delivered or mailed to and received by the secretary at the principal executive office of the Corporation not earlier than the one hundred and fiftieth (150th) day nor later than 5:00 p.m., Eastern Time, on the one hundred and twentieth (120th) day prior to the first anniversary of the date of the proxy statement (as defined in Section 11(c)(3) of this Article II) for the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting of stockholders is advanced or delayed by more than thirty (30) days from the first anniversary of the date of the preceding year's annual meeting, the Notice of Proxy Access Nomination to be timely must be so delivered or mailed to and received by the secretary not earlier than the one hundred and fiftieth (150th) day prior to the date of such annual meeting and not later than 5:00 p.m., Eastern Time, on the later of the one hundred and twentieth (120th) day prior to the date of such annual meeting, as originally convened, or the tenth (10th) day following the day on which public announcement of the date of such annual meeting is first made. The public announcement of a postponement or an adjournment of an annual meeting shall not commence a new time for the giving of a Notice of Proxy Access Nomination as described above.

(d) To be in proper form for purposes of this Section 15, the Notice of Proxy Access Nomination delivered or mailed to and received by the secretary shall include the following information:

(i) one or more written statements from the record holder of the Required Shares (or from each intermediary through which the Required Shares are or have been held during the Minimum Holding Period and, if applicable, each participant in the Depository Trust

Company ("DTC") or affiliate of a DTC participant through which the Required Shares are or have been held by such intermediary during the Minimum Holding Period if the intermediary is not a DTC participant or affiliate of a DTC participant) verifying that, as of a date within seven (7) Business Days prior to the date the Notice of Proxy Access Nomination is delivered to or mailed to and received by the Secretary of the Corporation, the Eligible Stockholder Owns, and has Owned continuously for the Minimum Holding Period, the Required Shares, and the Eligible Stockholder's agreement to provide (A) within five (5) Business Days after the record date for the annual meeting of stockholders, written statements from the record holder or intermediaries between the record holder and the Eligible Stockholder verifying the Eligible Stockholder's continuous Ownership of the Required Shares through the close of business on the record date, together with a written statement by the Eligible Stockholder that such Eligible Stockholder will continue to Own the Required Shares through the date of such annual meeting (and any postponement or adjournment thereof), and (B) the updates and supplements to the Notice of Proxy Access Nomination at the times and in the forms required by this Section 15;

(ii) a copy of the Schedule 14N filed or to be filed with the Securities and Exchange Commission as required by Rule 14a-18 under the Exchange Act;

(iii) information that is the same as would be required to be set forth in a stockholder's notice of nomination pursuant to Section 11(a)(3) of Article II of these Bylaws, including the written consent of the Stockholder Nominee to being named in the Company Proxy Materials as a nominee and to serving as a director if elected;

(iv) the written agreement of the Stockholder Nominee, upon such Stockholder Nominee's election, to make such acknowledgments, enter into such agreements and provide such information as the Board of Directors requires of all directors at such time, including, without limitation, agreeing to be bound by the Corporation's code of conduct, insider trading policy and other similar policies and procedures;

(v) a representation that the Eligible Stockholder (A) acquired the Required Shares in the ordinary course of business and not with the intent to change or influence control of the Corporation, and that neither the Eligible Stockholder nor any Stockholder Nominee being nominated thereby presently has such intent, (B) has not nominated and will not nominate for election to the Board of Directors at the annual meeting of stockholders (or any postponement or adjournment thereof) any individual other than the Stockholder Nominee(s) included in the Company Proxy Materials pursuant to this Section 15, (C) has not engaged and will not engage in, and has not been and will not be a "participant" in another person's, "solicitation," each within the meaning of Rule 14a-1(l) under the Exchange Act, in support of the election of any individual as a director at the annual meeting (or any postponement or adjournment thereof) other than such Stockholder Nominee(s) or a nominee of the Board of Directors, (D) has complied, and will comply, with all applicable laws and regulations applicable to solicitations and the use, if any, of soliciting material in connection with the annual meeting, including, without limitation, Rule 14a-9 under the Exchange Act, (E) will not distribute to any stockholder any form of proxy for the annual meeting other than the form distributed by the Corporation and (F) has not provided and will not provide facts, statements or information in its communications with the Corporation and the stockholders that were not or will not be true, correct and complete in all material respects or which omitted or will omit to state a material fact necessary in order to make such facts, statements or information, in light of the circumstances under which they were or will be provided, not misleading;

(vi) a written undertaking that the Eligible Stockholder (A) assumes all liability stemming from any legal or regulatory violation arising out of communications with the stockholders by the Eligible Stockholder, its Affiliates and associates or their respective agents or representatives, either before or after providing a Notice of Proxy Access Nomination

pursuant to this Section 15, or out of the facts, statements or information that the Eligible Stockholder or its Stockholder Nominee(s) provided to the Corporation pursuant to this Section 15 or otherwise in connection with the inclusion of such Stockholder Nominee(s) in the Company Proxy Materials pursuant to this Section 15, and (B) indemnifies and holds harmless the Corporation and each of its directors, officers and employees against any liability, loss or damages in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the Corporation or any of its directors, officers or employees arising out of any nomination of a Stockholder Nominee or inclusion of such Stockholder Nominee in the Company Proxy Materials pursuant to this Section 15;

(vii) a written description of any compensatory, payment or other agreement, arrangement or understanding with any person or entity other than the Corporation under which the Stockholder Nominee is receiving or will receive compensation or payments directly related to service on the Board of Directors, together with a copy of any such agreement, arrangement or understanding if written; and

(viii) in the case of a nomination by a group, the designation by all group members of one group member that is authorized to act on behalf of all group members with respect to matters relating to the nomination, including withdrawal of the nomination.

The Corporation may also require each Stockholder Nominee and the Eligible Stockholder to furnish such other information (A) as may reasonably be required by the Corporation to determine the eligibility of such Stockholder Nominee to qualify as independent (as determined under the rules and listing standards of any national securities exchange on which any securities of the Corporation are listed), (B) that could be material to a stockholder's understanding of the independence or lack of independence of such Stockholder Nominee or (C) as may reasonably be required by the Corporation to determine that the Eligible Stockholder meets the criteria for qualification as an Eligible Stockholder.

(e) To be eligible to require the Corporation to include a Stockholder Nominee in the Company Proxy Materials pursuant to this Section 15, an Eligible Stockholder must further update and supplement the Notice of Proxy Access Nomination, if necessary, so that the information provided or required to be provided in such Notice of Proxy Access Nomination pursuant to this Section 15 shall be true and correct as of the record date for the annual meeting of stockholders and as of the date that is ten (10) Business Days prior to such annual meeting or any postponement or adjournment thereof, and such update and supplement (or a written notice stating that there is no such update or supplement) shall be delivered or mailed to and received by the Secretary of the Corporation at the principal executive office of the Corporation not later than 5:00 p.m., Eastern Time, on the fifth (5th) Business Day after the record date for the meeting (in the case of the update and supplement required to be made as of the record date) and not later than 5:00 p.m., Eastern Time, on the eighth (8th) Business Day prior to the date of the meeting, if practicable, or, if not practicable, on the first practicable date prior to the meeting or any postponement or adjournment thereof (in the case of the update and supplement required to be made as of ten (10) Business Days prior to the meeting or any postponement or adjournment thereof).

(f) In the event that any facts, statements or information provided by the Eligible Stockholder or a Stockholder Nominee to the Corporation or the stockholders ceases to be true, correct and complete in all material respects or omits a material fact necessary to make such facts, statements or information, in light of the circumstances under which they were provided, not misleading, the Eligible Stockholder or Stockholder Nominee, as the case may be, shall promptly notify the Secretary of the Corporation of any defect in such previously provided facts, statements or information and of the facts, statements or information required to correct any such defect, not later than two (2) Business Days after becoming aware of the defect.

(g) Whenever an Eligible Stockholder consists of a group of more than one stockholder, each provision in this Section 15 that requires the Eligible Stockholder to provide any written statements, representations, undertakings, agreements or other instruments or to comply with any other conditions shall be deemed to require each stockholder that is a member of such group to provide such statements, representations, undertakings, agreements or other instruments and to meet such other conditions (which, if applicable, shall apply with respect to the portion of the Required Shares Owned by such stockholder). When an Eligible Stockholder is comprised of a group, a violation of any provision of these Bylaws by any member of the group shall be deemed a violation by the entire group. No person may be a member of more than one group of persons constituting an Eligible Stockholder with respect to any annual meeting of Stockholders. In determining the aggregate number of stockholders in a group, two or more funds that are part of the same family of funds under common management and investment control (a "Qualifying Fund Family") shall be treated as one stockholder. Not later than the deadline for delivery of the Notice of Proxy Access Nomination pursuant to this Section 15, a Qualifying Fund Family whose stock Ownership is counted for purposes of determining whether a stockholder or group of stockholders qualifies as an Eligible Stockholder shall provide to the Secretary of the Corporation such documentation as is reasonably satisfactory to the Board of Directors, in its sole discretion, that demonstrates that the funds comprising the Qualifying Fund Family satisfy the definition thereof.

(h) The maximum number of Stockholder Nominees nominated by all Eligible Stockholders and entitled to be included in the Company Proxy Materials with respect to an annual meeting of stockholders shall be the greater of (i) twenty percent (20%) of the number of directors up for election as of the last day on which a Notice of Proxy Access Nomination may be timely delivered pursuant to and in accordance with this Section 15 (the "Final Proxy Access Nomination Date") or, if such percentage is not a whole number, the closest whole number below such percentage or (ii) two (2); provided that the maximum number of Stockholder Nominees entitled to be included in the Company Proxy Materials with respect to a forthcoming annual meeting of stockholders shall be reduced by the number of individuals who were elected as directors at the immediately preceding or second preceding annual meeting of stockholders after inclusion in the Company Proxy Materials pursuant to this Section 15 and whom the Board of Directors nominates for re-election at such forthcoming annual meeting of stockholders. In the event that one or more vacancies for any reason occur on the Board of Directors after the Final Proxy Access Nomination Date but before the date of the annual meeting of stockholders and the Board of Directors elects to reduce the size of the Board of Directors in connection therewith, the maximum number of Stockholder Nominees eligible for inclusion in the Company Proxy Materials pursuant to this Section 15 shall be calculated based on the number of directors serving as so reduced. Any individual nominated by an Eligible Stockholder for inclusion in the Company Proxy Materials pursuant to this Section 15 whose nomination is subsequently withdrawn or whom the Board of Directors decides to nominate for election to the Board of Directors shall be counted as one of the Stockholder Nominees for purposes of determining when the maximum number of Stockholder Nominees eligible for inclusion in the Company Proxy Materials pursuant to this Section 15 has been reached. Any Eligible Stockholder submitting more than one Stockholder Nominee for inclusion in the Company Proxy Materials pursuant to this Section 15 shall rank such Stockholder Nominees based on the order that the Eligible Stockholder desires such Stockholder Nominees be selected for inclusion in the Company Proxy Materials in the event that the total number of Stockholder Nominees submitted by Eligible Stockholders pursuant to this Section 15 exceeds the maximum number of Stockholder Nominees eligible for inclusion in the Company Proxy Materials pursuant to this Section 15(h). In the event the number of Stockholder Nominees submitted by Eligible Stockholders pursuant to this Section 15 exceeds the maximum number of nominees eligible for inclusion in the Company Proxy Materials pursuant to this Section 15(h), the highest-ranking Stockholder Nominee from each Eligible Stockholder pursuant to the preceding sentence shall be selected for inclusion in the Company Proxy Materials until the maximum number is reached, proceeding in order of the

number of shares of Common Stock (largest to smallest) disclosed as Owned by each Eligible Stockholder in the Notice of Proxy Access Nomination submitted to the Secretary of the Corporation. If the maximum number is not reached after the highest-ranking Stockholder Nominee from each Eligible Stockholder has been selected, this selection process shall continue as many times as necessary, following the same order each time, until the maximum number is reached. The Stockholder Nominees so selected in accordance with this Section 15(h) shall be the only Stockholder Nominees entitled to be included in the Company Proxy Materials and, following such selection, if the Stockholder Nominees so selected are not included in the Company Proxy Materials or are not submitted for election for any reason (other than the failure of the Corporation to comply with this Section 15), no other Stockholder Nominees shall be included in the Company Proxy Materials pursuant to this Section 15.

(i) The Corporation shall not be required to include, pursuant to this Section 15, a Stockholder Nominee in the Company Proxy Materials for any annual meeting of stockholders (i) for which meeting the Secretary of the Corporation receives a notice that the Eligible Stockholder or any other Stockholder has nominated one or more individuals for election to the Board of Directors pursuant to the advance notice requirements for stockholder nominees for director set forth in Section 11 of Article II of these Bylaws, (ii) if the Eligible Stockholder who has nominated such Stockholder Nominee has engaged in or is currently engaged in, or has been or is a “participant” in another person’s, “solicitation,” each within the meaning of Rule 14a-1(l) under the Exchange Act, in support of the election of any individual as a director at the annual meeting other than its Stockholder Nominee(s) or a nominee of the Board of Directors, (iii) if such Stockholder Nominee would not qualify as independent (as determined under the rules and listing standards of any national securities exchange on which any securities of the Company are listed), (iv) if such Stockholder Nominee is or becomes a party to any agreement by which the Stockholder Nominee agrees or commits to vote a certain way on certain matters, (v) if the election of such Stockholder Nominee as a director would cause the Corporation to fail to comply with these Bylaws, the Charter, the rules and listing standards of any national securities exchange on which any securities of the Corporation are listed or over-the-counter market on which any securities of the Corporation are traded, or any applicable state or federal law, rule or regulation, (vi) if such Stockholder Nominee is or has been, within the past three (3) years, an officer or director of a competitor, as defined in Section 8 of the Clayton Antitrust Act of 1914, (vii) if such Stockholder Nominee is a defendant in or named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses) or has been convicted or has pleaded *nolo contendere* in such a criminal proceeding within the past ten (10) years, (viii) if such Stockholder Nominee is subject to any order of the type specified in Rule 506(d) of Regulation D promulgated under the Securities Act of 1933, as amended, (ix) if the Eligible Stockholder who has nominated such Stockholder Nominee or such Stockholder Nominee provides any facts, statements or information to the Corporation or the stockholders required or requested pursuant to this Section 15 that is not true, correct and complete in all material respects or that omits a material fact necessary to make such facts, statements or information, in light of the circumstances in which they were provided, not misleading, or that otherwise contravenes any of the agreements, representations or undertakings made by such Eligible Stockholder or Stockholder Nominee pursuant to this Section 15 or (x) if the Eligible Stockholder who has nominated such Stockholder Nominee or such Stockholder Nominee fails to comply with any of its obligations pursuant to this Section 15, in each instance as determined by the Board of Directors, in its sole discretion.

(j) Notwithstanding anything to the contrary set forth herein, the Board of Directors or the or the chairman of the meeting shall declare a nomination by an Eligible Stockholder to be invalid, and such nomination shall be disregarded notwithstanding that proxies in respect of such vote may have been received by the Corporation, if (i) the Stockholder Nominee(s) and/or the applicable Eligible Stockholder shall have failed to comply with its or their obligations under this Section 15, as determined by the Board of Directors or the chairman of the meeting, or (ii) the

Eligible Stockholder, or a qualified representative thereof, does not appear at the annual meeting of stockholders to present the nomination of the Stockholder Nominee(s) included in the Company Proxy Materials pursuant to this Section 15. For purposes of this Section 15(j), to be considered a qualified representative of a stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as its proxy at the annual meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction thereof, at such annual meeting.

(k) Any Stockholder Nominee who is included in the Company Proxy Materials for an annual meeting of stockholders but withdraws from or becomes ineligible or unavailable for election to the Board of Directors or received the affirmative vote of less than 25% of the votes entitled to be cast in the election of directors at such annual meeting, will be ineligible for inclusion in the Company Proxy Materials as a Stockholder Nominee pursuant to this Section 15 for the next two annual meetings of stockholders. For the avoidance of doubt, this Section 15(k) shall not prevent any stockholder from nominating any individual to the Board of Directors pursuant to and in accordance with Section 11 of Article II of these Bylaws.

(l) This Section 15 provides the exclusive method for a stockholder to require the Corporation to include nominee(s) for election to the Board of Directors in the Company Proxy Materials.

ARTICLE III
DIRECTORS

Section 1. General Powers.

The business and affairs of the Corporation shall be managed under the direction of its Board of Directors.

Section 2. Number, Tenure and Resignation.

At any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for that purpose, a majority of the entire Board of Directors may establish, increase or decrease the number of directors, *provided* that the number thereof shall never be less than the minimum number required by the MGCL nor more than fifteen (15), and *further provided* that the tenure of office of a director shall not be affected by any decrease in the number of directors. Directors shall be elected at the annual meeting of stockholders, and each director shall be elected to serve until the next annual meeting of stockholders and until his or her successor is duly elected and qualifies. Any director of the Corporation may resign at any time by delivering his or her resignation in writing to the Board of Directors, the Chairman of the Board of Directors or the Secretary. Any resignation shall take effect immediately upon its receipt or at such later time specified in the resignation. The acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the resignation.

Section 3. Annual and Regular Meetings.

An annual meeting of the Board of Directors shall be held immediately after and at the same place as the annual meeting of stockholders, with no notice other than this Bylaw being necessary, or at such other date, time and place as may be determined by the Board of Directors and specified in a notice given as hereinafter provided for special meetings of the Board of Directors. The Board of Directors may provide, by resolution, the date, time and place for the holding of regular meetings of the Board of Directors without other notice than such resolution.

Section 4. Special Meetings.

Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board of Directors, the Chief Executive Officer, the President or a majority of the directors then in office. The person or persons authorized to call special meetings of the Board of Directors may fix the date, time and place for holding any special meeting of the Board of Directors called by them. The Board of Directors may provide, by resolution, the time and place for the holding of special meetings of the Board of Directors without other notice than such resolution.

Section 5. Notice.

Notice of any special meeting of the Board of Directors shall be delivered personally or by telephone, electronic mail, facsimile transmission, courier or United States mail to each director at his or her business or residence address. Notice by personal delivery, telephone, electronic mail or facsimile transmission shall be given at least twenty-four (24) hours prior to the meeting. Notice by United States mail shall be given at least three (3) days prior to the meeting. Notice by courier shall be given at least two (2) days prior to the meeting. Telephone notice shall be deemed to be given when the director or his or her agent is personally given such notice in a telephone call to which the director or his or her agent is a party. Electronic mail notice shall be deemed to be given upon transmission of the message to the electronic mail address given to the Corporation by the director. Facsimile transmission notice shall be deemed to be given upon completion of the transmission of the message to the number given to the Corporation by the director and receipt of a completed answer-back indicating receipt. Notice by United States mail shall be deemed to be given when deposited in the United States mail properly addressed, with postage thereon prepaid. Notice by courier shall be deemed to be given when deposited with or delivered to a courier properly addressed. Neither the business to be transacted at, nor the purpose of, any annual, regular or special meeting of the Board of Directors need be stated in the notice, unless specifically required by statute or these Bylaws.

Section 6. Quorum.

A majority of the directors shall constitute a quorum for transaction of business at any meeting of the Board of Directors, *provided* that, if less than a majority of such directors is present at such meeting, a majority of the directors present may adjourn the meeting from time to time without further notice, and *provided further* that if, pursuant to applicable law, the Charter or these Bylaws, the vote of a majority or other percentage of a particular group of directors is required for action, a quorum must also include a majority or such other percentage of such group.

The directors present at a meeting which has been duly called and at which a quorum has been established may continue to transact business until adjournment, notwithstanding the withdrawal from the meeting of enough directors to leave fewer than required to establish a quorum.

Section 7. Voting.

The action of a majority of the directors present at a meeting at which a quorum is present shall be the action of the Board of Directors, unless the concurrence of a greater proportion is required for such action by applicable law, the Charter or these Bylaws. If enough directors have withdrawn from a meeting to leave fewer than required to establish a quorum, but the meeting is not adjourned, the action of the majority of that number of directors necessary to constitute a quorum at such meeting shall be the action of the Board of Directors, unless the concurrence of a greater proportion is required for such action by applicable law, the Charter or these Bylaws.

Section 8. Organization.

At each meeting of the Board of Directors, the Chairman of the Board of Directors shall act as chairman of the meeting. In the absence of the Chairman of the Board of Directors, the Chief Executive Officer, if a director, or, in the absence of the Chief Executive Officer, the President, if a director, or, in the absence of the President, a director chosen by a majority of the directors present, shall act as chairman of the meeting. The Secretary or, in his or her absence, an Assistant Secretary of the Corporation, or, in the absence of the Secretary and all Assistant Secretaries, an individual appointed by the chairman of the meeting, shall act as secretary of the meeting.

Section 9. Telephone Meetings.

Directors may participate in a meeting by means of a conference telephone or other communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 10. Consent by Directors Without a Meeting.

Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting, if a consent in writing or by electronic transmission to such action is given by each director and is filed with the minutes of proceedings of the Board of Directors.

Section 11. Vacancies.

If for any reason any or all of the directors cease to be directors, such event shall not terminate the existence of the Corporation or affect these Bylaws or the powers of the remaining directors hereunder. Except as may be provided by the Board of Directors in setting the terms of any class or series of preferred stock, any vacancy on the Board of Directors may be filled only by a majority of the remaining directors, even if the remaining directors do not constitute a quorum. Any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which the vacancy occurred and until a successor is elected and qualifies.

Section 12. Chairman of the Board of Directors.

The Board of Directors shall designate a Chairman of the Board of Directors. The Board of Directors may designate the Chairman of the Board of Directors as an executive or non-executive chairman. The Chairman of the Board of Directors shall preside over the meetings of the Board of Directors. The Chairman of the Board of Directors shall perform such other duties as may be assigned to him by these Bylaws or the Board of Directors.

Section 13. Compensation.

Directors shall not receive any stated salary for their services as directors but, by resolution of the Board of Directors, may receive compensation per year and/or per meeting and/or per visit to real property or other facilities owned or leased by the Corporation and for any service or activity they performed or engaged in as directors. Directors may be reimbursed for expenses of attendance, if any, at each annual, regular or special meeting of the Board of Directors or of any committee thereof and for their expenses, if any, in connection with each property visit and any other service or activity they perform or engage in as directors; but nothing herein contained shall be construed to preclude any directors from serving the Corporation in any other capacity and receiving compensation therefor.

Section 14. Reliance.

Each director and officer of the Corporation shall, in the performance of his or her duties with respect to the Corporation, be entitled to rely on any information, opinion, report or statement, including any financial statement or other financial data, prepared or presented by an officer or employee of the Corporation whom the director or officer reasonably believes to be reliable and competent in the matters presented, by a lawyer, certified public accountant or other person, as to a matter which the director or officer reasonably believes to be within the person's professional or expert competence, or, with respect to a director, by a committee of the Board of Directors on which the director does not serve, as to a matter within its designated authority, if the director reasonably believes the committee to merit confidence.

Section 15. Certain Rights of Directors and Officers.

A director who is not also an officer of the Corporation shall have no responsibility to devote his or her full time to the affairs of the Corporation. Any director or officer, in his or her personal capacity or in a capacity as an affiliate, employee, or agent of any other person, or otherwise, may have business interests and engage in business activities similar to, in addition to or in competition with those of or relating to the Corporation.

Section 16. Ratification.

The Board of Directors or the stockholders may ratify and make binding on the Corporation any action or inaction by the Corporation or its officers to the extent that the Board of Directors or the stockholders could have originally authorized the matter. Moreover, any action or inaction questioned in any stockholders' derivative proceeding or any other proceeding on the ground of lack of authority, defective or irregular execution, adverse interest of a director, officer or stockholder, non-disclosure, miscomputation, the application of improper principles or practices of accounting or otherwise, may be ratified, before or after judgment, by the Board of Directors or by the stockholders, and if so ratified, shall have the same force and effect as if the questioned action or inaction had been originally duly authorized, and such ratification shall be binding upon the Corporation and its stockholders and shall constitute a bar to any claim or execution of any judgment in respect of such questioned action or inaction.

Section 17. Emergency Provisions.

Notwithstanding any other provision in the Charter or these Bylaws, this Section 17 shall apply during the existence of any catastrophe, or other similar emergency condition, as a result of which a quorum of the Board of Directors under Article III of these Bylaws cannot readily be obtained (an "Emergency"). During any Emergency, unless otherwise provided by the Board of Directors, (i) a meeting of the Board of Directors or a committee thereof may be called by any director or officer by any means feasible under the circumstances; (ii) notice of any meeting of the Board of Directors during such an Emergency may be given less than twenty-four (24) hours prior to the meeting to as many directors and by such means as may be feasible at the time, including publication, television or radio, and (iii) the number of directors necessary to constitute a quorum shall be one-third (1/3) of the entire Board of Directors.

ARTICLE IV
COMMITTEES

Section 1. Number, Tenure and Qualifications.

The Board of Directors may appoint from among its members an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee and other

committees, composed of one or more directors, to serve at the pleasure of the Board of Directors. The exact composition of each committee, including the total number of directors and the number of independent directors on each such committee, shall at all times comply with any applicable listing requirements and rules and regulations of the New York Stock Exchange or any other national securities exchange on which the Corporation's common stock is then listed, as such rules and regulations may be modified or amended from time to time, and any applicable rules and regulations of the SEC, as such rules and regulations may be modified or amended from time to time.

Section 2. Powers.

The Board of Directors may delegate to committees appointed under Section 1 of this Article IV any of the powers of the Board of Directors, except as prohibited by law.

Section 3. Meetings.

Notice of committee meetings shall be given in the same manner as notice for special meetings of the Board of Directors. A majority of the members of the committee shall constitute a quorum for the transaction of business at any meeting of the committee. The act of a majority of the committee members present at a meeting shall be the act of such committee. The Board of Directors may designate a chairman of any committee, and such chairman or, in the absence of a chairman, any two (2) members of any committee (if there are at least two members of the committee) may fix the time and place of its meeting unless the Board of Directors shall otherwise provide. In the absence of any member of any such committee, the members thereof present at any meeting, whether or not they constitute a quorum, may appoint another director to act in the place of such absent member.

Section 4. Telephone Meetings.

Members of a committee of the Board of Directors may participate in a meeting by means of a conference telephone or other communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 5. Consent by Committees Without a Meeting.

Any action required or permitted to be taken at any meeting of a committee of the Board of Directors may be taken without a meeting, if a consent in writing or by electronic transmission to such action is given by each member of the committee and is filed with the minutes of proceedings of such committee.

Section 6. Removal and Vacancies.

Subject to the provisions hereof, the Board of Directors shall have the power at any time to change the membership or size of any committee (including the removal of any member of such committee), to fill any vacancy, to designate an alternate member to replace any absent or disqualified member or to dissolve any such committee.

ARTICLE V
OFFICERS

Section 1. General Provisions.

The officers of the Corporation shall include a President, a Secretary and a Treasurer and may include a Chairman of the Board of Directors, a Vice Chairman of the Board of Directors, a Chief Executive Officer, a Chief Operating Officer, a Chief Financial Officer, one (1) or more Assistant Secretaries and one (1) or more Assistant Treasurers. In addition, the Board of Directors may from time to time elect such other officers with such powers and duties as it shall deem necessary or desirable. The officers of the Corporation shall be elected annually by the Board of Directors, except that the Chief Executive Officer or President may from time to time appoint one (1) or more Vice Presidents, Assistant Secretaries, and Assistant Treasurers or other officers. Each officer shall serve until his or her successor is elected and qualifies or until his or her death, or his or her resignation or removal in the manner hereinafter provided. Any two (2) or more offices except President and Vice President may be held by the same person. Election of an officer or agent shall not of itself create contract rights between the Corporation and such officer or agent.

Section 2. Removal and Resignation.

Any officer or agent of the Corporation may be removed, with or without cause, by the Board of Directors if in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any officer of the Corporation may resign at any time by delivering his or her resignation in writing to the Board of Directors, the Chairman of the Board of Directors, the Chief Executive Officer, the President or the Secretary. Any resignation shall take effect immediately upon its receipt or at such later time specified in the resignation. The acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the resignation. Such resignation shall be without prejudice to the contract rights, if any, of the Corporation.

Section 3. Vacancies.

A vacancy in any office may be filled by the Board of Directors for the balance of the term.

Section 4. Chief Executive Officer.

The Board of Directors may designate a Chief Executive Officer. In the absence of such designation, the Chairman of the Board of Directors shall be the Chief Executive Officer of the Corporation. The Chief Executive Officer shall have general responsibility for implementation of the policies of the Corporation, as determined by the Board of Directors, and for the management of the business and affairs of the Corporation. He or she may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise executed, and in general shall perform all duties incident to the office of Chief Executive Officer and such other duties as may be prescribed the Board of Directors from time to time.

Section 5. Chief Operating Officer.

The Board of Directors may designate a Chief Operating Officer. The Chief Operating Officer shall have the responsibilities and duties as prescribed by the Board of Directors or the Chief Executive Officer.

Section 6. Chief Financial Officer.

The Board of Directors may designate a Chief Financial Officer. The Chief Financial Officer shall have the responsibilities and duties prescribed by the Board of Directors or the Chief Executive Officer.

Section 7. President.

In the absence of a Chief Executive Officer, the President shall in general supervise and control all of the business and affairs of the Corporation. In the absence of a designation of a Chief Operating Officer by the Board of Directors, the President shall be the Chief Operating Officer. He or she may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise executed, and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 8. Vice Presidents.

In the absence of the President or in the event of a vacancy in such office, the Vice President (or in the event there be more than one Vice President, Vice Presidents in the order designated at the time of their election or, in the absence of any designation, then in the order of their election) shall perform the duties of the President and when so acting shall have all the powers of and be subject to all the restrictions upon the President, and shall perform such other duties as from time to time may be assigned to such Vice President by the Board of Directors or Chief Executive Officer. The Board of Directors may designate one or more Vice Presidents as Executive Vice President, Senior Vice President or as Vice President for particular areas of responsibility.

Section 9. Secretary.

The Secretary shall (a) keep the minutes of the proceedings of the stockholders, the Board of Directors and committees of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Corporation; (d) keep a register of the post office address of each stockholder which shall be furnished to the Secretary by such stockholder; (e) have general charge of the stock transfer books of the Corporation; and (f) in general perform such other duties as from time to time may be assigned to him or her by the Chief Executive Officer, the President or the Board of Directors.

Section 10. Treasurer.

The Treasurer shall (a) have the custody of the funds and securities of the Corporation, (b) keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation, (c) deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors and (d) in general perform such other duties as from time to time may be assigned to him or her by the Chief Executive Officer, the President or the Board of Directors. In the absence of a designation

of a Chief Financial Officer by the Board of Directors, the Treasurer shall be the Chief Financial Officer of the Corporation.

The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and Board of Directors, at the regular meetings of the Board of Directors or whenever it may so require, an account of all his or her transactions as Treasurer and of the financial condition of the Corporation.

Section 11. Assistant Secretaries; Assistant Treasurers.

The Assistant Secretaries and Assistant Treasurers, in general, shall perform such duties as shall be assigned to them by the Secretary or Treasurer, respectively, or by the Chief Executive Officer, the President or the Board of Directors.

Section 12. Compensation.

The compensation of the officers shall be fixed from time to time by or under the authority of the Board of Directors. No officer shall be prevented from receiving such compensation by reason of the fact that he or she is also a director.

ARTICLE VI
CONTRACTS, CHECKS AND DEPOSITS

Section 1. Contracts.

The Board of Directors or a committee of the Board of Directors acting within the scope of its delegated authority may authorize any officer or agent to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Corporation and such authority may be general or confined to specific instances. Any agreement, deed, mortgage, lease or other document shall be valid and binding upon the Corporation when duly authorized or ratified by action of the Board of Directors or such other committee and executed by an authorized person.

Section 2. Checks and Drafts.

All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or agent of the Corporation in such manner as shall from time to time be determined by the Board of Directors.

Section 3. Deposits.

All funds of the Corporation not otherwise employed shall be deposited or invested from time to time to the credit of the Corporation as the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, or any other officer designated by the Board of Directors may determine.

ARTICLE VII
STOCK

Section 1. Certificates.

Except as may be otherwise provided by the Board of Directors, stockholders of the Corporation are not entitled to certificates representing the shares of stock held by them. In the

event that the Corporation issues shares of stock represented by certificates, such certificates shall be in such form as prescribed by the Board of Directors or a duly authorized officer, shall contain the statements and information required by the MGCL and shall be signed by the officers of the Corporation in the manner required by the MGCL. In the event that the Corporation issues shares of stock without certificates, to the extent then required by the MGCL, the Corporation shall provide to the record holders of such shares a written statement of the information required by the MGCL to be included on stock certificates. There shall be no differences in the rights and obligations of stockholders based on whether or not their shares are represented by certificates.

Section 2. Transfers.

All transfers of shares of stock shall be made on the books of the Corporation and the books of the transfer agent of the Corporation, if applicable, by the holder of the shares, in person or by his or her attorney, in such manner as the Board of Directors or any officer of the Corporation may prescribe and, if such shares are certificated, upon surrender to the Corporation or, if authorized by the Corporation, the transfer agent of the Corporation of certificates duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, the Corporation, or, if authorized by the Corporation, the transfer agent of the Corporation, shall issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction on its books. The issuance of a new certificate upon the transfer of certificated shares is subject to the determination of the Board of Directors that such shares shall no longer be represented by certificates. Upon the transfer of any uncertificated shares, to the extent then required by the MGCL, the Corporation shall provide to the record holders of such shares a written statement of the information required by the MGCL to be included on stock certificates.

The Corporation shall be entitled to treat the holder of record of any share of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise expressly provided by the laws of the State of Maryland. Notwithstanding the foregoing, transfers of shares of any class or series of stock will be subject in all respects to the Charter and all of the terms and conditions contained therein.

Section 3. Replacement Certificate.

Any officer of the Corporation may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, destroyed, stolen or mutilated upon the making of an affidavit of that fact by the person claiming the certificate to be lost, destroyed, stolen or mutilated; provided, however, if such shares have ceased to be certificated, no new certificate shall be issued unless requested in writing by such stockholder and the Board of Directors has determined that such certificates may be issued. Unless otherwise determined by an officer of the Corporation, the owner of such lost, destroyed, stolen or mutilated certificate or certificates, or his or her legal representative, shall be required, as a condition precedent to the issuance of a new certificate or certificates, to give the Corporation a bond in such sums as it may direct as indemnity against any claim that may be made against the Corporation.

Section 4. Fixing of Record Date.

Subject to the provisions of Article II, Section 3, the Board of Directors may set, in advance, a record date for the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or determining stockholders entitled to receive payment of any dividend or the allotment of any other rights, or in order to make a determination of stockholders for any other proper purpose. Such date, in any case, shall not be prior to the close of business on the day the record date is fixed and shall be not more than ninety (90) days and, in the case of a

meeting of stockholders, not less than ten (10) days, before the date on which the meeting or particular action requiring such determination of stockholders of record is to be held or taken.

When a record date for the determination of stockholders entitled to notice of and to vote at any meeting of stockholders has been set as provided in this section, such record date shall continue to apply to the meeting if adjourned or postponed, except if the meeting is adjourned or postponed to a date more than one hundred and twenty (120) days after the record date originally fixed for the meeting, in which case a new record date for such meeting may be determined as set forth herein.

Section 5. Stock Ledger.

The Corporation shall maintain at its principal office or at the office of its counsel, accountants or transfer agent, an original or duplicate stock ledger containing the name and address of each stockholder and the number of shares of each class held by such stockholder.

Section 6. Fractional Stock; Issuance of Units.

The Board of Directors may authorize the Corporation to issue fractional stock or authorize the issuance of scrip, all on such terms and under such conditions as it may determine. Notwithstanding any other provision of the Charter or these Bylaws, the Board of Directors may issue units consisting of different securities of the Corporation. Any security issued in a unit shall have the same characteristics as any identical securities issued by the Corporation, except that the Board of Directors may provide that for a specified period securities of the Corporation issued in such unit may be transferred on the books of the Corporation only in such unit.

ARTICLE VIII
MISCELLANEOUS

Section 1. Fiscal Year.

The Board of Directors shall have the power, from time to time, to fix the fiscal year of the Corporation by a duly adopted resolution.

Section 2. Severability.

If any provision of these Bylaws shall be held invalid or unenforceable in any respect, such holding shall apply only to the extent of any such invalidity or unenforceability and shall not in any manner affect, impair or render invalid or unenforceable any other provision of the Bylaws in any jurisdiction.

ARTICLE IX
DISTRIBUTIONS

Section 1. Authorization.

Dividends and other distributions upon the stock of the Corporation may be authorized by the Board of Directors, subject to the provisions of law and the Charter. Dividends and other distributions may be paid in cash, property or stock of the Corporation, subject to the provisions of law and the Charter.

Section 2. Contingencies.

Before payment of any dividends or other distributions, there may be set aside out of any assets of the Corporation available for dividends or other distributions such sum or sums as the Board of Directors may from time to time, in its absolute discretion, think proper as a reserve fund for contingencies, for equalizing dividends, for repairing or maintaining any property of the Corporation or for such other purpose as the Board of Directors shall determine, and the Board of Directors may modify or abolish any such reserve.

ARTICLE X
INVESTMENT POLICIES

Subject to the provisions of the Charter, the Board of Directors may from time to time adopt, amend, revise or terminate any policy or policies with respect to investments by the Corporation as it shall deem appropriate in its sole discretion.

ARTICLE XI
SEAL

Section 1. Seal.

The Board of Directors may authorize the adoption of a seal by the Corporation. The seal shall contain the name of the Corporation and the year of its incorporation, and the words “Incorporated Maryland.” The Board of Directors may authorize one or more duplicate seals and provide for the custody thereof.

Section 2. Affixing Seal.

Whenever the Corporation is permitted or required to affix its seal to a document, it shall be sufficient to meet the requirements of any law, rule or regulation relating to a seal to place the word “(SEAL)” adjacent to the signature of the person authorized to execute the document on behalf of the Corporation.

ARTICLE XII
INDEMNIFICATION AND ADVANCE OF EXPENSES

To the maximum extent permitted by Maryland law in effect from time to time, the Corporation shall indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, shall pay or reimburse all reasonable costs, fees and expenses (including attorneys’ fees, costs and expenses) in advance of final disposition of any Proceeding (as defined below) to (a) any individual who is a present or former director or officer of the Corporation and who was or is made or threatened to be made a party to any pending or contemplated action, suit or proceeding, whether civil, criminal, administrative or investigative (a “Proceeding”), by reason of his or her service in that capacity or (b) any individual who, while a director or officer of the Corporation and at the request of the Corporation, serves or has served as a director, officer, partner, trustee, member or manager of another corporation, real estate investment trust, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise and who was or is made or threatened to be made a party to any Proceeding by reason of his or her service in that capacity. The rights to indemnification and to be paid or reimbursed expenses in advance of a final disposition of any Proceeding provided by the Charter and these Bylaws shall vest immediately upon election of a director or officer.

The Corporation may, with the approval of its Board of Directors, provide such indemnification and payment or reimbursement of expenses in advance to (i) an individual who

served a predecessor of the Corporation in any of the capacities described in (a) or (b) above and (ii) any employee or agent of the Corporation or a predecessor of the Corporation.

Subject to the terms of any agreement between the Corporation and any present and future directors and officers of the Corporation, if a claim under this Article is not paid in full by the Corporation within 60 days after a written claim has been received by the Corporation from a present or former director or officer of the Corporation, except in the case of a claim for payment or reimbursement of expenses in advance of the final disposition of a Proceeding, in which case the applicable period shall be 20 days, the present or former director or officer making such claim may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, to the extent successful in whole or in part, the claimant shall be entitled to be indemnified for the costs, fees and expenses (including attorneys' fees, costs and expenses) actually and reasonably incurred by such person in prosecuting such suit.

The indemnification and payment or reimbursement of expenses in advance provided in these Bylaws shall not be deemed exclusive of or limit in any way any other rights to which any person seeking indemnification or payment or reimbursement of expenses may be or may become entitled under any bylaw, charter, resolution, insurance, agreement, vote of directors or stockholders, or otherwise, it being the policy of the Corporation that indemnification of and payment and reimbursement of expenses in advance to all present and former directors and officers of the Corporation shall be made to the fullest extent permitted by applicable law.

Neither the amendment nor repeal of this Article XII, nor the adoption or amendment of any other provision of the Charter or these Bylaws inconsistent with this Article XII, shall apply to or affect in any respect the applicability of the preceding paragraph with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

ARTICLE XIII
WAIVER OF NOTICE

Whenever any notice of a meeting is required to be given pursuant to the Charter or these Bylaws or pursuant to applicable law, a waiver thereof in writing or by electronic transmission, given by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at nor the purpose of any meeting need be set forth in the waiver of notice of such meeting, unless specifically required by statute. The attendance of any person at any meeting shall constitute a waiver of notice of such meeting, except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

ARTICLE XIV
AMENDMENT OF BYLAWS

The Board of Directors shall have the power to adopt, alter or repeal any provision of these Bylaws and to make new Bylaws; provided, however, that~~, pursuant to a binding proposal that is submitted to the stockholders for approval at a duly called annual meeting or special meeting of stockholders by a stockholder or group of no more than six stockholders:~~

~~(a) each of which provides to the Secretary of the Corporation a timely notice of such proposal which satisfies the notice procedures and all other relevant provisions of Section 3 or Section 11 of Article II of these Bylaws and is otherwise permitted by applicable law (the "Notice of Bylaw Amendment Proposal"),~~

~~(b) that Owned at least one percent or more of the Common Stock, $0.01 par value per share, of the Corporation (the "Common Stock") outstanding from time to time continuously for at least one year as of both the date the Notice of Bylaw Amendment Proposal is delivered or mailed to and received by the Secretary of the Corporation in accordance with Section 11 of Article II of these Bylaws and the close of business on the record date for determining the stockholders entitled to vote at such annual meeting or special meeting of stockholders and~~

~~(c) that continuously Owns such shares of Common Stock through the date of such annual meeting or special meeting of stockholders (and any postponement or adjournment thereof),~~ <u>stockholders that satisfy the ownership and eligibility requirements of Rule 14a-8 under the Exchange Act for the periods and as of the dates specified therein</u> shall have the power, by the affirmative vote of a majority of all votes entitled to be cast on the matter, to alter or repeal any provision of these Bylaws and to adopt new Bylaws, except that the stockholders shall not have the power to alter or <u>repeal</u> this Article XIV or Article XII or adopt any provision of these Bylaws inconsistent with this Article XIV or Article XII without the approval of the Board of Directors. <u>Any stockholder proposal that is submitted to the stockholders for approval at a duly called annual meeting or special meeting of stockholders must satisfy the notice procedures and all other relevant provisions of Section 3 or Section 11 of Article II of these Bylaws and such proposal shall otherwise be permitted by applicable law.</u>

~~For purposes of this Article XIV, a stockholder shall be deemed to "Own" only those outstanding shares of Common Stock as to which such stockholder possesses both (i) the full voting and investment rights pertaining to the shares and (ii) the full economic interest in (including the opportunity for profit from and risk of loss on) such shares; provided that the number of shares calculated in accordance with clauses (i) and (ii) shall not include any shares (A) sold by such stockholder or any of its Affiliates (as defined below) in any transaction that has not been settled or closed, including short sales, (B) borrowed by such stockholder or any of its Affiliates for any purpose or purchased by such stockholder or any of its Affiliates pursuant to an agreement to resell, (C) that are subject to any option, warrant, forward contract, swap, contract of sale, other derivative or similar instrument, agreement, arrangement or understanding entered into by such stockholder or any of its Affiliates, whether any such instrument, agreement, arrangement or understanding is to be settled with shares or with cash based on the notional amount or value of shares of outstanding Common Stock, in any such case which instrument, agreement, arrangement or understanding has, or is intended to have, the purpose or effect of (1) reducing in any manner, to any extent or at any time in the future, such stockholder's or its Affiliate's full right to vote or direct the voting of any such shares and/or (2) hedging, offsetting or altering to any degree any gain or loss arising from the full economic ownership of such shares by such stockholder or its Affiliate or (D) for which the stockholder has transferred the right to vote the shares other than by means of a proxy, power of attorney or other instrument or arrangement that is unconditionally revocable at any time by the stockholder and that expressly directs the proxy holder to vote at the direction of the stockholder. In addition, a stockholder shall be deemed to "Own" shares of Common Stock held in the name of a nominee or other intermediary so long as the stockholder retains the full right to instruct how the shares are voted with respect to the election of directors and possesses the full economic interest in the shares of Common Stock. A stockholder's Ownership of shares of Common Stock shall be deemed to continue during any period in which the stockholder has loaned such shares provided that the stockholder has the power to recall such loaned shares on five Business Days' notice and has in fact recalled such loaned shares as of the time the Notice of Bylaw Amendment Proposal is provided and through the date of the relevant annual meeting or special meeting of stockholders. For purposes of this Article XIV, the terms "Owned," "Owning" and other variations of the word "Own" shall have correlative meanings. Whether outstanding shares of Common Stock are "Owned" for these purposes shall be determined by the Board of Directors, in its sole discretion. In addition, the term "Affiliate" or "Affiliates" shall have the meaning ascribed thereto under the Exchange Act.~~

Exhibit 10.17

MEMBERSHIP INTEREST PURCHASE AGREEMENT

BETWEEN

AHP ACQUISITIONS, LLC, PURCHASER

AND

HARBOR POINT PARCEL 2 ACQUISITION LLC, SELLER

December 3, 2021

NY 78810025v8

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EXHIBITS

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Exhibit C	-	Assignment and Assumption of Company Interest
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Schedule 3.4 - Loan Invoice

MEMBERSHIP INTEREST PURCHASE AGREEMENT

THIS MEMBERSHIP INTEREST PURCHASE AGREEMENT (this "**Agreement**") is made and entered into as of the 3rd day of December, 2021 (the "**Effective Date**"), by and between **HARBOR POINT PARCEL 2 ACQUISITION LLC**, a Delaware limited liability company, having an address c/o JPMorgan Investment Management Inc., 383 Madison, New York, New York 10179 ("**Seller**"), **AHP ACQUISITIONS, LLC**, a Virginia limited liability company, having an address at 222 Central Park Avenue, Suite 2100, Virginia Beach, Virginia 23462 ("**Purchaser**").

W I T N E S S E T H:

A. Seller is the owner of a ninety percent (90%) ("**Seller's Percentage Interest**") limited liability company interest in Harbor Point Parcel 2 Holdings, LLC, a Delaware limited liability company (the "**Venture**"); Seller desires to sell to Purchaser, and Purchaser desires to purchase from Seller, a seventy nine percent (79%) limited liability company interest in the Venture (the "**Company Interest**");

B. The Venture is governed by the Amended and Restated Limited Liability Company Agreement of the Venture dated March 21, 2014 made by and between Seller and MSB Harbor Point Parcel 2, LLC, a Maryland limited liability company ("**Beatty**"), as amended by that certain First Amendment to the Amended and Restated Limited Liability Company Agreement of Harbor Point Parcel 2 Holdings, LLC, dated October 30, 2014, by and between Seller and Beatty ("**LLC Agreement**");

C. Beatty is the owner of the interests in the Venture that are not owned by Seller and is the managing member of the Venture.

D. The Venture is the sole owner of (i) Harbor Point Parcel 2-Residential, LLC, a Delaware limited liability company ("**Residential")**, (ii) Harbor Point Parcel 2-Retail, LLC, a Delaware limited liability company ("**Retail**"), (iii) Harbor Point Parcel 2-Transfer Station, LLC, a Delaware limited liability company (**"Transfer Station**"), and (iv) Harbor Point Parcel 2-Office, LLC, a Delaware limited liability company ("**Office**"; and, together with Residential, Retail, Transfer Station and Office, collectively, the "**Unit Owners**"). The Venture and the Unit Owners will be referred to collectively as the "**Venture Group**" and, individually, as a "**Venture Group Member**."

E. Unit Owners, collectively, own that certain parcel of real property located in Baltimore City, Maryland, constituting all of the units (the "**Units**") of Harbor Point Parcel 2 Commercial Condominium (the "**Condominium**"), as more particularly described on Exhibit A attached hereto and in the Declaration of Condominium for Harbor Point Parcel 2 Commercial Condominium (the "**Condominium Declaration**") made by Harbor Point Parcel 2 Holdings, LLC dated as of October 21, 2019 and recorded on October 29, 2019 among the Land Records of Baltimore City, Maryland in Book MB No. 21538 page 280, together with an undivided interest in the general common elements of Harbor Point Parcel 2 Commercial Condominium; and as shown on a plat entitled "Harbor Point Parcel 2 Commercial Condominium 1000 Wills Street, Baltimore, MD 21231", dated December 2018 and recorded among the Plat Records of Baltimore City, Maryland in Condominium Book MB No. 854 consisting of seventeen (17) pages (the "**Condominium Plats**").

The land and improvements which comprise the Condominium are hereinafter referred to collectively, as the "**Property**").

F. Seller shall sell to Purchaser, and Purchaser shall purchase from Seller, at the price and on the terms and conditions set forth in this Agreement, the Company Interest.

NOW, THEREFORE, for $10.00 in hand paid and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Purchase and Sale. Upon the terms and conditions hereinafter set forth, Seller shall sell to Purchaser, and Purchaser shall purchase from Seller, the Company Interest.

2. Purchase Price. The purchase price (the "**Purchase Price**") for the Company Interest shall be the sum of Ninety Two Million One Hundred Sixty Six Thousand Dollars ($92,166,000), subject to adjustment as provided in this Agreement.

3. Payment of Purchase Price. The Purchase Price shall be paid to Seller by Purchaser as follows:

3.1 Initial Deposit. Within three (3) Business Days (as hereinafter defined) after the Effective Date, Purchaser shall deposit with Stewart Title Insurance Company ("**Escrowee**"), by wire transfer of immediately available federal funds to an account designated by Escrowee (the "**Escrow Account**"), the sum of Two Million Five Hundred Thousand Dollars ($2,500,000) (together with all interest thereon, but excluding the Independent Consideration (as hereinafter defined), the "**Initial Deposit**"), which Initial Deposit shall be held by Escrowee pursuant to an escrow agreement (the "**Escrow Agreement**") in the form attached hereto as Exhibit G and hereby made a part hereof. If Purchaser fails to deposit the Initial Deposit with Escrowee within three (3) Business Days after the Effective Date, then at Seller's election, this Agreement shall be null, void *ab initio* and of no force or effect.

3.2 Additional Deposit. Prior to the expiration of the Due Diligence Period (as hereinafter defined), Purchaser shall deposit with Escrowee, by wire transfer of immediately available federal funds to the Escrow Account, an additional sum of Two Million Five Hundred Thousand Dollars ($2,500,000) (together with all interest thereon, the "**Additional Deposit**"; the Initial Deposit (less the Independent Consideration), the Additional Deposit and any Extension Deposit (defined below), collectively, the "**Deposit**"), which Additional Deposit shall be held by Escrowee in accordance with the terms and conditions of the Escrow Agreement. If Purchaser does not timely deliver a Termination Notice (as hereinafter defined) but fails to deposit the Additional Deposit prior to the expiration of the Due Diligence Period, Escrowee shall promptly pay the Initial Deposit to Seller, and this Agreement shall be automatically deemed terminated and Seller and Purchaser shall be released from further obligation or liability hereunder (except for the Surviving Obligations (as hereinafter defined)).

3.3 Independent Consideration. A portion of the amount deposited by Purchaser pursuant to Section 3.1, in the amount of One Hundred Dollars ($100.00) (the "**Independent Consideration**") shall be earned by Seller upon execution and delivery of this Agreement by Seller and Purchaser.

Seller and Purchaser hereby mutually acknowledge and agree that the Independent Consideration represents adequate bargained for consideration for Seller's execution and delivery of this Agreement and Purchaser's right to have inspected the Company Interest and the Property pursuant to the terms of this Agreement. The Independent Consideration is in addition to and independent of any other consideration or payment provided for in this Agreement and is nonrefundable in all events. Upon the Closing (as hereinafter defined) or the termination of this Agreement, the Independent Consideration shall be paid to Seller.

3.4 Loan Repayment. At Closing, Purchaser shall cause that certain loan made by Manufacturers and Traders Trust Company, as Administrative Agent for the lenders, to the Pre-Closing Venture (the "**Loan**") to be paid in full by, and at the sole cost and expense of, the Post-Closing Venture. The most recent invoice for the Loan is attached hereto as Schedule 3.4.

3.5 Closing Payment. The Purchase Price, as adjusted by the application of the Deposit and by the prorations and credits specified herein, shall be paid by Purchaser, by wire transfer of immediately available federal funds to an account or accounts designated in writing by Seller on the Closing Date (as hereinafter defined) (the amount being paid under this Section 3.5 being herein called the "**Closing Payment**").

3.6 Post-Closing Venture LLC Agreement. At Closing, Purchaser, Seller and Beatty shall enter into an Amended and Restated LLC Agreement (the "**A/R LLC Agreement**") for the Post-Closing Venture which shall be satisfactory to all parties (acting in good faith) and shall include the following terms: (i) an obligation of the Venture to indemnify, defend and hold Seller harmless from all liabilities and obligations of each of the Venture Group members first arising or accruing after the Closing Date and for taxes assessed against the Venture for periods after the Closing, (ii) ERISA provisions consistent with those set forth in the LLC Agreement, (iii) provisions reflecting that Seller will not share in distributions or profits and losses and will not be responsible to fund capital, (iv) Seller's approval rights with respect to elements of tax returns (including amendments) affecting Seller for years in which Seller was a member of the Venture, provided that such approval rights shall permit Purchaser and its affiliates to comply with REIT tax laws, (v) an acknowledgement that all indemnities benefitting Seller survive Seller's exit from the Venture for a period of time and cannot be eroded following exit, (vi) Seller's right to consent to any settlement of any matter for which Seller has a financial obligation under this Agreement following Closing (which obligation shall survive Seller's exit from the Venture), (vii) no further transfers of the Company Interest or the Property prior to one year and one day which could trigger transfer taxes unless the transferor pays the entire transfer tax liability triggered by such transfer, and (viii) Seller's right to approve amendments to the A/R LLC Agreement. On or before December 10, 2021 Purchaser shall provide a draft of the A/R LLC Agreement that includes the foregoing provisions to Seller for Seller's review and on or before December 17, 2021 Purchaser shall provide a revised comprehensive draft of the A/R LLC Agreement reflecting all proposed provisions. If Seller, Purchaser and Beatty have not approved the form of A/R LLC Agreement by the end of the Due Diligence Period, this Agreement shall be automatically deemed terminated, the Initial Deposit shall be returned to Purchaser, and Seller and Purchaser shall be released from further obligation or liability hereunder (except for the Surviving Obligations).

3.7 Loan. At Closing, Purchaser shall provide a loan to Seller in the amount of Twelve Million Eight Hundred Thirty Four Thousand Dollars ($12,834,000). The loan will be evidenced by a promissory note (the "**Note**") and secured by a (i) pledge (the "**Pledge**") of Seller's remaining limited liability company interest in the Company ("**Seller's Retained Interest**") and (ii) a conditional assignment of the limited liability company interest (the "**Assignment**"; and together with the Note and the Pledge, the "**Loan Documents**"). Purchaser shall provide drafts of the Loan Documents to Seller for review by Seller promptly after the Effective Date. The form of the Loan Documents shall be satisfactory to Seller and Purchaser (acting in good faith). If the Loan Documents have not been agreed upon by the end of the Due Diligence Period, this Agreement shall be automatically deemed terminated, the Initial Deposit shall be returned to Purchaser, and Seller and Purchaser shall have no further obligation or liability hereunder (except for the Surviving Liabilities).

4. Title Matters; Due Diligence Review; Estoppel Certificates; Conditions Precedent.

4.1 Title Matters.

4.1.1 Title to the Property.

(a) Purchaser acknowledges receipt, prior to the Effective Date, of (x) the existing survey of the Property prepared by a surveyor registered in the State of Maryland (the "**Existing Survey**") and (y) the existing title policies with respect to the Property. Purchaser shall have the right to order, at its sole cost and expense, (i) a commitment for an owner's title insurance policy or policies with respect to the Property (the "**Title Commitment**") from a nationally recognized title insurance company (the "**Title Company**") together with copies of each of the title exceptions noted therein, and (ii) a survey of the Property prepared by a surveyor registered in the State of Maryland, certified by said surveyor to Purchaser, Seller and the Venture as having been prepared in accordance with the minimum detail requirements of the ALTA land survey requirements (the "**Survey**"), and, if Purchaser elects to order a Title Commitment and/or Survey, Purchaser shall cause the Title Commitment, together with copies of all instruments giving rise to any defects or exceptions to title to the Property that Purchaser receives in connection with the Title Commitment, and the Survey, to be delivered to Seller's attorneys promptly after the delivery thereof to Purchaser or Purchaser's attorneys. Purchaser shall satisfy itself as to the condition of title to the Property prior to the expiration of the Due Diligence Period. Purchaser shall have the right to object to any matters appearing on the Title Commitment or the Survey to which Purchaser objects to, in Purchaser's sole and absolute discretion, (such objection(s) being herein called, collectively, the "**Unpermitted Exceptions**") by providing Seller with written notice of such objection(s) at least ten (10) days prior to the expiration of the Due Diligence Period (each such notice, a "**Title Objection Notice**"). Purchaser hereby waives any right Purchaser may have to advance, as objections to title or as grounds for Purchaser's refusal to close the transactions contemplated by this Agreement (the "**Transaction**"), any Unpermitted Exception of which Purchaser does not timely notify Seller in the Title Objection Notice. Seller shall notify Purchaser, in writing, within seven (7) days after receipt by Seller of the applicable Title Objection Notice, whether or not it will endeavor to cause the Venture to cause such Unpermitted Exceptions to be eliminated ("**Seller's Title Response**"), and if Seller fails to deliver Seller's Title Response on or before such date, Seller shall be deemed to have delivered a Seller's Title Response electing not to endeavor to cause the Venture to eliminate any such Unpermitted Exceptions. Notwithstanding the foregoing or anything to the contrary set forth in this Agreement, Seller shall not under any circumstance be required or obligated to eliminate any Unpermitted Exception including to bring any action or proceeding, to make any payments or

otherwise to incur any expense in order to eliminate any Unpermitted Exception or to arrange for title insurance insuring against enforcement of such Unpermitted Exception against, or collection of the same out of, the Property, notwithstanding that Seller may have attempted to do so; provided, however, notwithstanding the foregoing, Seller shall satisfy any monetary lien granted or caused by Seller encumbering the Company Interest ("**Mandatory Objections**").

(b) Except as to Mandatory Objections (which Seller will be obligated to eliminate), if Seller elects in Seller's Title Response not, or is deemed to elect not, to eliminate all Unpermitted Exceptions noted in the Title Objection Notice, Purchaser shall have the right, as its sole remedy by delivery of written notice to Seller within five (5) Business Days following delivery or deemed delivery of Seller's Title Response, to either (i) terminate this Agreement by written notice delivered to Seller and Escrowee or (ii) accept title to the Company Interest, and indirectly, to its interest in the Property subject to such Unpermitted Exception(s) without a reduction in, abatement of, or credit against, the Purchase Price. Except as to Mandatory Objections (which Seller will be obligated to eliminate), if Seller shall fail to cause to be eliminated all Unpermitted Exceptions that Seller elected in Seller's Title Response to cause to be eliminated or endeavor to cause to be eliminated, then Seller shall notify Purchaser, in writing, of such failure on or before the Scheduled Closing Date and Purchaser shall have the right, as its sole remedy by delivery of written notice to Seller within five (5) Business Days following receipt of Seller's notice of such failure, to either (i) terminate this Agreement by written notice delivered to Seller and Escrowee or (ii) accept title to the Company Interest, and, indirectly, its interest in the Property, with the Property being subject to such Unpermitted Exception(s) without a reduction in, abatement of, or credit against, the Purchase Price. If Purchaser elects to terminate this Agreement pursuant to this Section 4.1.1(b), (1) Escrowee shall return the Deposit to Purchaser, and (2) no party hereto shall have any further obligation under this Agreement except under those obligations, liabilities and provisions that expressly survive the termination of this Agreement (collectively, the "**Surviving Obligations**"). The failure of Purchaser to deliver timely any written notice of election to terminate this Agreement under this Section 4.1.1(b) shall be conclusively deemed to be an election under the applicable clause (ii) above.

(c) If there are any Unpermitted Exceptions noted in the Title Objection Notice or other liens or encumbrances that Seller is obligated or elects to cause to be eliminated under this Agreement, then Seller shall have the right (but not the obligation) to use any portion of the Purchase Price to pay and discharge the same, either by way of payment or by alternative manner reasonably satisfactory to the Title Company, and the same shall not be deemed to be Unpermitted Exceptions.

(d) Notwithstanding any provision to the contrary in this Section 4.1, including without limitation, Purchaser's obligation to provide its Title Objection Notice prior to the expiration of the Due Diligence Period, Purchaser reserves the right to object to any new title matters that either (i) were not shown on the original Title Commitment, (ii) were not of record as of the date of the original Title Commitment, or (iii) were put to record after the expiration of the Due Diligence Period. Purchaser may provide an additional Title Objection Notice regarding such new title matters within five (5) Business Days after receiving any new Title Commitment showing such additional matters, and Seller and Purchaser shall have the same response times as specified in paragraphs (a) and (b) above. If Purchaser shall fail to provide an additional Title Objection Notice within such five

(5) Business Day period, then each such new title matters shall be deemed to be a Permitted Exception.

4.1.2 Permitted Exceptions to Title. The Company Interest shall be sold, and, indirectly, an interest in the Property, with the Property being subject to the following exceptions to title (the "**Permitted Exceptions**"):

(a) any state of facts that an accurate survey may show, except for item on the Survey that constitute Unpermitted Exceptions;

(b) those matters specifically set forth on Exhibit B attached hereto;

(c) all laws, ordinances, rules and regulations of the United States, the State of Maryland, or any agency, department, commission, bureau or instrumentality of any of the foregoing having jurisdiction over the Property (each, a "**Governmental Authority**"), as the same may now exist or may be hereafter modified, supplemented or promulgated;

(d) all presently existing and future liens of real estate taxes or assessments and water rates, water meter charges, water frontage charges and sewer taxes, rents and charges, if any, provided that such items are not yet due and payable and are apportioned as provided in this Agreement;

(e) any other matter or thing affecting title to the Property that Purchaser shall have agreed or be deemed to have agreed to waive as an Unpermitted Exception;

(f) rights of the tenants under leases existing on the Effective Date or entered into after the Effective Date in accordance with the terms of this Agreement;

(g) [reserved];

(h) all utility easements of record that do not interfere with the present use of the Property;

(i) liens that are the responsibility of any tenant at the Property to cure, correct or remove; and

(j) the printed exceptions which appear in the standard form owner's policy of the title insurance issued by the Title Company in the State of Maryland and which the Title Company will not delete notwithstanding Seller's delivery of the Title Affidavit (as hereinafter defined).

Under no circumstance will Mandatory Objections constitute Permitted Exceptions.

4.2 Due Diligence Reviews.

4.2.1 Purchaser and the Venture Group entered into that certain Access and Indemnity Agreement, dated October 26, 2021, as amended by a First Amendment to Access and Indemnity Agreement, dated as of November 22, 2021 ("**Access Agreement**"). Purchaser

acknowledges that, prior to the Effective Date, Purchaser received electronic copies of the Property Documents (as defined in the Access Agreement). As of the Effective Date, the Access Agreement is terminated and of no further force and effect (other than with respect to the provisions thereof expressly surviving a termination of the Access Agreement). All of the rights and obligations set forth in the Access Agreement are amended, restated and set forth in this Section 4.2.

4.2.2 Purchaser has until 5:00 p.m. (Eastern Time) on January 17, 2022, TIME BEING OF THE ESSENCE (the period of time commencing on the Effective Date and continuing through and including such time on such date being herein called the "**Due Diligence Period**"), within which to perform and complete all Purchaser's due diligence examinations, interviews, tests, reviews and inspections (collectively, "**Investigations**"). Purchaser is permitted to conduct Investigations to (i) assess all matters pertaining to the purchase of the Company Interest and the physical condition, environmental, engineering, leasing, operations and financial aspects of the Property and (ii) decide, in Purchaser's sole and absolute discretion, whether the Property and the Company Interest are satisfactory and whether to consummate the purchase of the Company Interest, which Investigations shall at all times be subject to Purchaser's compliance with the provisions of this Section 4.2. Subject to the terms of this Section 4.2, Purchaser and its employees, and Purchaser's agents, engineers, surveyors, consultants, appraisers, contractors, other representatives and third party experts (collectively, "**Purchaser's Consultants**"), may at the sole risk and expense of Purchaser enter onto the Property and conduct such Investigations as Purchaser may elect in its sole judgement. The Investigations may include, without limitation:

(i) Analysis of all Property Documents;

(ii) Property condition tests or customary inspections of the Property reasonably desired by Purchaser, including, without limitation, customary testing or inspecting of the architectural, mechanical, electrical, plumbing, engineering, structural and roofing systems of the buildings located on the Property and obtaining a Phase I Environmental Site Assessment and standard property condition report; and

(iii) Preparation of an ALTA/NPSM Land Title Survey of the Property which may include a title and zoning review of the Property; provided, that if Purchaser decides to contact any government agency or office, such contact will be limited to seeking a zoning compliance letter, certificates of occupancy or copies of code violations.

Notwithstanding the foregoing, in connection with the Investigations:

(a) The Investigations on the Property only may be done during normal business hours for the operation of the Property, unless otherwise approved in writing by Beatty. All Investigations will be subject to the rights of all tenants and occupants of the Property and will be conducted at a time and in a manner so as to not interfere with or disturb any Unit Owner, its tenants or their respective employees and invitees use, access or operations on the Property. Purchaser shall promptly commence, and shall diligently and in good faith pursue, its Investigations and shall promptly repair any damage to the Property resulting from any such Investigations and replace, refill and regrade any holes made in, or excavations of, any portion of the Property used for such Investigations so that the Property shall be in the same condition that it existed in prior to such

Investigations. Purchaser shall be subject in all respects to any and all limitations imposed on the Property or the Unit Owners by the Condominium Declaration, the Bylaws (as such term is defined in the Condominium Declaration) and REA (as such term is defined below), applicable laws, rules or regulations, including any Special Measures. For purposes of this Agreement, "**Special Measures**" means compliance with any quarantine, "shelter in place", "stay at home", workforce reduction mandates, social distancing, shutdown, closure, sequester or any other law, order, directive, guidelines or recommendations issued or promulgated by any Governmental Authority in connection with or, in response to, any global, national or local pandemic, epidemic or other public health emergency.

(b) Purchaser will provide Beatty with reasonable prior written notice (which in no event will be less than two (2) Business Days) before conducting the Investigations, which notice will include the time and locations at which such Investigations will take place.

(c) If Purchaser brings equipment on the Property to perform any of its Investigations, then such equipment will be the sole responsibility of Purchaser. Neither Seller nor the Venture Group will be responsible for any damage to such equipment or theft of such equipment. Purchaser will maintain all equipment and other materials in an orderly manner while they are located on the Property and will maintain them in locations specified by Beatty. Purchaser will remove all waste, debris and trash resulting from the Investigations on a daily basis and will remove all improvements, equipment and other materials used by Purchaser's Consultants as soon as the activity for which such equipment and other materials are used is completed.

4.2.3 Seller hereby authorizes Beatty and the Venture Group, during the Due Diligence Period, to provide Purchaser and Purchaser's Consultants with reasonable access to the Property on reasonable advance notice and also will make available to Purchaser, via electronic delivery or an electronic data room, the Property Documents and access to such other leases, service contracts, and other contracts and agreements with respect to the Property in Beatty's possession as Purchaser shall reasonably request, all on reasonable advance written notice; provided, however, in no event shall Beatty be permitted or obligated to make available (1) any document or correspondence which would be subject to the attorney-client privilege; (2) any document or item which the Venture or any Unit Owner is contractually or otherwise bound to keep confidential; (3) any documents pertaining to the marketing of the Property or the Company Interest for sale to prospective purchasers; or (4) any internal memoranda, reports or assessments relating to the Property; (5) appraisals of the Property whether prepared internally by Beatty or Seller or their respective affiliates or externally. Purchaser shall:

(a) take all reasonable actions and implement all reasonable protections necessary to ensure that the Investigations and the equipment, materials, and substances generated, used or brought onto the Property in connection with the Investigations, pose no threat to the safety or health of Persons or the environment, and cause no damage to the Property or other property of the Unit Owners, the Venture, Beatty, Seller or other Persons;

(b) furnish to Seller, at no cost or expense to Seller, copies of all surveys, soil test results, engineering, asbestos, environmental and other studies and reports (other than

internal analysis and proprietary information of Purchaser) relating to the Investigations which Purchaser obtains with respect to the Property promptly after Purchaser's receipt of same;

(c) maintain or cause to be maintained, at Purchaser's expense, (A) a policy of commercial general liability insurance, with a broad form contractual liability endorsement and with a combined single limit of not less than Two Million Dollars ($2,000,000.00) per occurrence for bodily injury and property damage, automobile liability coverage including owned and hired vehicles with a combined single limit of Two Million Dollars ($2,000,000.00) per occurrence for bodily injury and property damage, and an excess umbrella liability policy for bodily injury and property damage in the amount of Five Million Dollars ($5,000,000.00), worker's compensation insurance subject to the statutory limits required by the state in which the Property is located and employer's liability insurance with a minimum limit of One Million Dollars ($1,000,000.00), and (B) if performing environmental testing, if permitted and subject to the terms of this Agreement, contractors' pollution liability insurance in an amount of not less than of One Million Dollars ($1,000,000.00) per occurrence and Two Million Dollars ($2,000,000.00) in the aggregate. All policies maintained as required pursuant to this subsection 4.2.3(c) insuring Purchaser shall name Beatty, Beatty Management Group, LLC, each member of the Venture Group, Seller, J.P. Morgan Investment Management Inc. and JPMorgan Chase Bank, N.A. as additional insureds, against any injuries or damages to persons or property that may result from or are related to (i) Purchaser's or any of the Purchaser's Representatives (as hereinafter defined) entry on the Property, (ii) any Investigations or other activities conducted thereon or (iii) any and all other activities undertaken by Purchaser or any of the Purchaser's Representatives on the Property, all of which insurance shall be on an "occurrence form" and otherwise in such forms acceptable to Venture and Seller with an insurance company acceptable to Venture and Seller having an A.M. best rating and financial size category of no less than A-:VIII or better, shall be primary and non-contributory to any insurance policy maintained by Seller or any member of the Venture Group and shall provide that no cancellation or reduction thereof shall be effective until at least thirty (30) days after receipt by Venture and Seller of written notice thereof, and deliver a copy of such insurance policy to Seller prior to the first entry on the Property. Seller acknowledges that the conditions and requirements of this Section 4.2 were satisfied by Purchaser prior to the Effective Date;

(d) not permit the Investigations or any other activities undertaken by Purchaser or any of the Purchaser's Representatives to result in any liens, judgments or other encumbrances being filed or recorded against the Property, and Purchaser shall, at its sole cost and expense, immediately discharge of record any such liens or encumbrances that are so filed or recorded (including liens for services, labor or materials furnished); and

(e) indemnify, defend and hold harmless Seller, the Venture Group, Beatty, and any agent, advisor, representative, affiliate, employee, director, officer, partner, member, shareholder, trustee or other person or entity (each, a "**Person**") acting on Beatty's or Seller's behalf or otherwise related to or affiliated with Beatty or Seller (including the Venture Group, Seller and Beatty, collectively, the "**Seller Related Parties**") from and against any and all claims, demands, causes of action, losses, damages, liabilities, costs and expenses (including reasonable attorneys' fees and disbursements) (collectively, "**Claims**"), suffered or incurred by any of the Seller Related Parties to the extent arising out of or caused by, whether prior to or following the Effective Date, (i) entry on the Property by Purchaser or any of the Purchaser's Representatives, (ii) any Investigations or other

activities conducted thereon by Purchaser or any of the Purchaser's Representatives, (iii) any liens or encumbrances filed or recorded against the Property as a consequence of the Investigations or (iv) any and all other activities undertaken by Purchaser or any of the Purchaser's Representatives on or with respect to the Property. The foregoing indemnity shall not include any Claims that result solely from the mere discovery, by Purchaser or any of the Purchaser's Representatives, of pre-existing conditions on the Property during Investigations conducted pursuant to, and in accordance with, the terms of this Agreement and which are not exacerbated by the activities of any such Person.

Without limiting the foregoing, in no event shall Purchaser or any of the Purchaser's Representatives, without the prior written consent of Seller and Beatty: (x) make any intrusive physical testing (environmental, structural or otherwise) at the Property (such as soil borings, water samplings or the like), (y) contact any of the tenants at the Property, except for confirmatory tenant interviews; provided, however, that (i) Purchaser shall notify Seller and Beatty of those tenants which Purchaser desires to interview (Purchaser acknowledges that Purchaser shall have no right to directly notify any of the tenants of an interview request, and that such interview requests shall be directed to Beatty, who shall, or shall direct its agent(s) to, schedule such confirmatory tenant interviews), (ii) Beatty or Beatty's agent(s) shall schedule such confirmatory tenant interviews, and (iii) Seller and Beatty or their respective agent(s) shall have the right to be present at the confirmatory tenant interview, and/or (z) contact any Governmental Authority with respect to matters concerning the Property, except with respect to obtaining a zoning compliance letter, certificates of occupancy and a record of any code violations.

Purchaser's obligations under this Section 4.2.1 shall survive the Closing or a termination of this Agreement.

4.2.4 Property Information and Confidentiality. All Information (as hereinafter defined) provided to or obtained by Purchaser, whether prior to or after the date hereof, shall be subject to the following terms and conditions:

(a) Any Information provided or to be provided with respect to the Company Interest or the Property is solely for the convenience of Purchaser and was or will be obtained from a variety of sources. None of the Seller Related Parties has made any independent investigation or verification of such information and, except as expressly set forth in this Agreement, (i) makes no (and expressly disclaims all) representations and warranties as to the truth, accuracy or completeness of the Information, or any other studies, documents, reports or other information provided to Purchaser hereunder and (ii) expressly disclaims any implied representations as to any matter disclosed or omitted. Purchaser acknowledges and agrees that (i) contemporaneously with the Closing, it intends to amend and restate the LLC Agreement, (ii) the Closing is not conditioned upon the amendment or restatement of the LLC Agreement, and (iii) none of the Seller Related Parties shall be responsible or liable or in breach under this Agreement on account of any act or omission, or statement made, by Beatty (or any Affiliate thereof) or any member of the Venture Group, including any representation or warranty contained in any amendment or restatement of the LLC Agreement.

(b) Purchaser agrees that neither Purchaser nor any of the Purchaser's Representatives shall, at any time or in any manner, either directly or indirectly, divulge, disclose or communicate to any Person, the Information, or any other knowledge or information acquired by

Purchaser or any of the Purchaser's Representatives from any of the Seller Related Parties or by Purchaser's own inspections and investigations, other than matters that were in the public domain at the time of receipt by such Person. Without Seller's prior written consent, Purchaser shall not disclose, and Purchaser shall direct each of the Purchaser's Representatives not to disclose to any Person, any of the terms, conditions or other facts concerning a potential purchase of the Company Interest by Purchaser, including the status of negotiations; provided, however, that Seller acknowledges and agrees that immediately following the execution of this Agreement by the parties, AHP (as defined in Section 10.22.3 below) shall make a filing with the U.S. Securities and Exchange Commission and issue a press release regarding the Transaction. Purchaser shall provide Seller with a reasonable opportunity to review the press release prior to release of the press release; provided, however, that Purchaser shall have the right in any event to (i) include in such press release all matters required by applicable law and (ii) make changes that are not material following Seller's approval but prior to issuance. Notwithstanding the foregoing, Purchaser may disclose such of the Information and its other reports, studies, documents and other matters generated by it and the terms of this Agreement (i) as required by law or court order (provided prior written notice of such disclosure shall be provided to Seller and Beatty) and (ii) as Purchaser deems necessary or desirable to the lender providing the Loan, any lender that may refinance the Loan and any of the Purchaser's Representatives in connection with the Investigations and the Transaction, provided that those to whom such Information is disclosed are informed of the confidential nature thereof and agree(s) to keep the same confidential in accordance with the terms and conditions hereof. If Purchaser believes in good faith that it is required by any legal requirement to disclose any Information, then Purchaser will immediately notify Seller in writing of such belief and the reasons for such belief. If Seller, within ten (10) days after receipt of such notice, advises Purchaser that Seller will itself disclose the information, then Purchaser will not make such disclosure unless Purchaser reasonably believes that it must disclose such information in accordance with applicable law. If Purchaser reasonably believes that such disclosure is required to be made in less than the 10-day period, then the notice to Seller will so state, and Seller's time to respond will be reduced accordingly. Purchaser will provide this Section of this Agreement to Purchaser's Representatives and advise Purchaser's Representatives that Purchaser is bound by the terms of this Section. Purchaser will be responsible for any actual damage incurred by any Seller Related Parties as a result of any disclosure or publication of Information by Purchaser's Representatives in violation of the terms of this Agreement

(c) Purchaser shall, and shall cause each of the Purchaser's Representatives to, use reasonable care to maintain in good condition all of the Information furnished or made available to such Person in accordance with this Section 4.2.4. If this Agreement is terminated, other than as a result of a breach by Seller, then Purchaser shall, and shall cause each of the Purchaser's Representatives to, promptly deliver to Seller and Beatty all originals and copies of the Information in the possession of such Person, and to expunge and delete any of the Information maintained on any word processing or computer system or in any other electronic form to the extent practicable; provided, however, notwithstanding the forgoing, Purchaser may retain copies of any Information that pertains or is related to any of the Surviving Obligations.

(d) As used in this Agreement, the term "**Information**" shall mean any of the following: (i) all information and documents in any way relating to the Company Interest, the Venture Group or the Property, the operation thereof or the sale thereof, including this Agreement (including all exhibits and schedules attached hereto), the Property Documents, and all leases and contracts furnished to, or otherwise made available (including in any electronic data room established

by or on behalf of Seller or Beatty) for review by, Purchaser or its directors, officers, employees, affiliates, partners, members, brokers, agents or other representatives, including attorneys, accountants, contractors, consultants, engineers and financial advisors (collectively with Purchaser's Consultants, "**Purchaser's Representatives**"), by any of the Seller Related Parties or any of their agents or representatives, including their contractors, engineers, attorneys, accountants, consultants, brokers or advisors, and (ii) all analyses, compilations, data, studies, reports or other information or documents prepared or obtained by Purchaser or any of the Purchaser's Representatives containing or based on, in whole or in part, the information or documents described in the preceding clause (i), the Investigations, or otherwise reflecting their review or investigation of the Property.

(e) Purchaser shall indemnify and hold harmless each of the Seller Related Parties from and against any and all Claims suffered or incurred by any of the Seller Related Parties and arising out of or in connection with a breach by Purchaser or any of the Purchaser's Representatives of the provisions of this Section 4.2.4.

(f) In addition to any other remedies available to Seller, Seller shall have the right to seek equitable relief, including injunctive relief and/or specific performance, against Purchaser or any of the Purchaser's Representatives in order to enforce the provisions of this Section 4.2.4.

(g) The provisions of this Section 4.2.4 shall survive a termination of this Agreement.

4.2.5 Termination Right. Purchaser shall, prior to the expiration of the Due Diligence Period, have the right, for any reason or no reason, to terminate this Agreement, effective only on delivery to Seller, at any time prior to the expiration of the Due Diligence Period, of a notice electing to terminate this Agreement (a "**Termination Notice**"), whereupon, provided that Purchaser shall not be in default under this Agreement, the Initial Deposit shall be promptly returned to Purchaser, and this Agreement and the obligations of the parties hereunder shall terminate (and no party hereto shall have any further obligation under this Agreement except for the Surviving Obligations). If Purchaser shall fail to deliver the Termination Notice to Seller before the expiration of the Due Diligence Period, TIME BEING OF THE ESSENCE, then Purchaser shall be deemed to have agreed that the Company Interest is acceptable to Purchaser and that it intends to proceed with the acquisition of the Company Interest without a reduction in or any abatement of or credit against, the Purchase Price (but subject to application of the Deposit and other pro-rations as provided in this Agreement) and, thereafter, Purchaser shall have no further right to terminate this Agreement pursuant to this Section 4.2.5 and, except in the event of a default by Seller or as otherwise expressly provided to the contrary in this Agreement, the Deposit shall be nonrefundable to Purchaser.

5. Closing. The closing (the "**Closing**") of the Transaction shall occur at 10:00 a.m. (Eastern Time) on or before March 3, 2022 (the "**Scheduled Closing Date**") (as the same may be extended as expressly provided herein), **TIME BEING OF THE ESSENCE** with respect to Purchaser's obligation to close on such date, at the offices of Escrowee through an escrow and pursuant to escrow instructions consistent with the terms of this Agreement and otherwise mutually satisfactory to Seller and Purchaser (the date on which the Closing shall occur being herein referred to as the "**Closing Date**"). Notwithstanding the foregoing, Purchaser shall have the right to extend the Scheduled

Closing Date for a period of up to thirty (30) days in the aggregate by providing written notice of its election to so extend the Scheduled Closing Date, and by making an additional deposit of One Million Dollars ($1,000,000.00) (the "**Extension Deposit**") to Escrowee no later than two (2) Business Days before the original Scheduled Closing Date forth above. Upon the funding of the Extension Deposit with the Escrowee, it will be held in accordance with the terms of the Escrow Agreement and will be deemed part of the Deposit for all purposes hereunder. It is contemplated that the Transaction shall be closed by means of a so called "New York Style Closing", with the concurrent delivery of the documents and the payment of the Purchase Price. Notwithstanding the foregoing, there shall be no requirement that Seller and Purchaser physically meet for the Closing, and all documents and funds to be delivered at the Closing shall be delivered to Escrowee unless the parties hereto mutually agree otherwise. Seller and Purchaser also agree that disbursement of the Purchase Price, as adjusted by the prorations, shall not be conditioned upon the recording of any document, but rather, upon the satisfaction or waiver of all conditions precedent to the Closing. The Closing shall constitute approval by Seller and Purchaser of all matters to which such party has a right of approval and a waiver of all conditions precedent.

5.1 Purchaser's Conditions to Closing and Seller's Deliveries. Purchaser's obligation to purchase the Company Interest is expressly conditioned on each of the following, any of which may be waived by Purchaser in its sole discretion:

5.1.1 Seller's performance in all material respects of the obligations, covenants and deliveries required of Seller under this Agreement.

5.1.2 At or prior to the Closing, delivery to Purchaser or to the Escrowee, as the case may be, at Seller's sole cost and expense, the following items executed, witnessed, notarized and acknowledged by Seller or other applicable Person, as appropriate:

(a) An assignment and assumption of the Company Interest (the "**Assignment and Assumption**"), in the form attached hereto as Exhibit C.

(b) A certification of non-foreign status in the form attached hereto as Exhibit D, and any required state certificate that is sufficient to exempt Seller from any state withholding requirement with respect to the Transaction.

(c) All applicable transfer tax forms, if any.

(d) A settlement statement consistent with the provisions of this Agreement prepared by Escrowee and reasonably approved by Seller and Purchaser (the "**Settlement Statement**"), which Settlement Statement may be in .pdf format and transmitted via email.

(e) Evidence reasonably satisfactory to Purchaser respecting the due organization of Seller and the due authorization and execution by Seller of this Agreement and the documents required to be delivered by Seller hereunder.

(f) An estoppel certificate (a "**Tenant Estoppel Certificate**") from Exelon Generation Company, LLC ("**Exelon**") substantially in the form (or containing substantially similar certifications as contained in the form) attached hereto as Exhibit H (or if Seller, after attempting to

obtain the certificate in such form, is unable to obtain the same, then in the form, if any, prescribed in the Exelon Lease or other operative document) or, on Exelon's standard form, but in each case, the form shall be modified to make the statements contained therein factually correct. For the purposes of this Agreement, the term "**Estoppel Requirements**" shall mean, with respect to the Tenant Estoppel Certificate, that the Tenant Estoppel Certificate: (a) is in the form required above; (b) is dated prior to the Closing Date; (c) does not set forth any fact or statement materially inconsistent with the Exelon Lease (as hereinafter defined), (d) does not indicate any alleged material default on the part of Exelon under the Exelon Lease and (e) does not indicate the existence of any material default by Office. Except as set forth in subclause (e) in the preceding sentence, modifications by Exelon to the form of Tenant Estoppel Certificate shall nevertheless be deemed to meet the Estoppel Requirements if such modifications (i) are non-material, (ii) note items which constitute Permitted Exceptions, items which Seller agrees to discharge before the Closing at Seller's cost or items which Seller agrees to give a credit to Purchaser at the Closing, (iii) conform such certificate to the Exelon Lease or other information delivered to Purchaser prior to the expiration of the Due Diligence Period, (iv) reference a general condition statement such as "we reserve all rights" (or words of similar import), (v) limit Exelon's statements "to Exelon's knowledge" (or words of similar import) or (vi) reference the Window Condition. As used herein, (i) "**Exelon Lease**" means that certain lease between Exelon and Office more particularly described in the form of Tenant Estoppel Certificate attached hereto as Exhibit H and (ii) "**Window Condition**" means the spontaneous fracturing of insulated glass units on the curtain wall of the building(s) located on the Property. Seller must deliver to Purchaser, for its review and approval, a copy of the Tenant Estoppel Certificate, on the form required hereunder, with all blank spaces completed prior to the delivery to Exelon. Unless Purchaser objects in writing to the completed Tenant Estoppel Certificate within five (5) Business Days after receipt thereof (including delivery by email to mbeatty@beatty development.com and rgentry@beattydevelopment.com), Purchaser shall be deemed to have approved the completed Tenant Estoppel Certificate.

(g) An Owner's Title Insurance Affidavit and a Non-Imputation Affidavit, each executed by Seller in the form attached as Exhibit I (the "**Title Affidavit**").

(h) Evidence of Seller's organization and its authority to enter into the Transaction and the incumbency of any individuals to execute any instruments executed and delivered by Seller at Closing, together with a certificate of good standing of Seller from the jurisdiction in which Seller was formed and such additional commercially reasonable assignments, instruments and documents appropriate to be executed and delivered by Purchaser as may be reasonably necessary to complete the Transaction and to carry out the intent and purposes of this Agreement, provided that any such assignments, instruments and documents do not increase Seller's obligations or decrease Seller's rights (in each case other than to a de minimis extent) and do not require disclosure of proprietary information.

(i) A Joinder Agreement (the "**Joinder**") from an entity approved by Purchaser prior to the Effective Date in a form approved by Seller and Purchaser prior to the Effective Date.

(j) The A/R LLC Agreement.

(k) The Loan Documents.

5.1.3 Other than the representations of Seller in Sections 7.1.1(a) and (d), each of Seller's representations and warranties will be true and correct in all respects (in the case of any representation or warranty qualified by materiality, material adverse effect or similar terms) or in all material respects (in the case of any representation or warranty not qualified by materiality, material adverse effect or similar terms) on and as of the Effective Date and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which will be determined as of that specified date in all respects). The representations and warranties of Seller contained in Sections 7.1.1(a) and (d) will be true and correct in all respects on and as of the Effective Date and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which will be determined as of that specified date in all respects).

5.1.4 No event shall have occurred that would give Purchaser a right to terminate this Agreement under Section 6 for which the time for Purchaser to provide notice to Seller of such termination has not lapsed.

5.2 Seller's Conditions to Closing and Purchaser's Deliveries. Seller's obligation to sell the Company Interest is expressly conditioned on each of the following, any of which may be waived by Seller in its sole discretion:

5.2.1 Purchaser's performance in all material respects of the obligations, covenants and deliveries required of Purchaser under this Agreement.

5.2.2 At or prior to the Closing, delivery to Seller or to the Escrowee, as the case may be, at Purchaser's sole cost and expense, the following items executed, witnessed, notarized and acknowledged by Purchaser or other applicable Person, as appropriate:

(a) The Closing Payment required to be paid in accordance with Section 3.5.

(b) The Assignment and Assumption.

(c) All applicable transfer tax forms, if any.

(d) The Settlement Statement.

(e) Evidence of Purchaser's organization and its authority to enter into the Transaction and the incumbency of any individuals to execute any instruments executed and delivered by Purchaser at Closing, together with a certificate of fact of Purchaser from the jurisdiction in which Purchaser was formed, and such additional commercially reasonable assignments, instruments and documents appropriate to be executed and delivered by Purchaser as may be reasonably necessary to complete the Transaction and to carry out the intent and purposes of this Agreement, provided that any such assignments, instruments and documents do not increase

Purchaser's obligations or decrease Purchaser's rights (in each case other than to a de minimis extent) and do not require disclosure of proprietary information.

(f) Evidence of Permitted Assignee's organization and its authority to enter into the Transaction and the incumbency of any individuals to execute any instruments executed and delivered by Permitted Assignee at Closing, together with a certificate of fact of Purchaser from the jurisdiction in which Permitted Assignee was formed.

(g) The A/R LLC Agreement.

(h) The Loan Documents and loan proceeds in cash in the amount of $12,834,000.

5.3 Closing Costs. Seller shall pay fifty percent (50%) of all Transfer Taxes (as defined below), if any. Purchaser shall pay (a) fifty percent (50%) of all Transfer Taxes, if any (b) the title insurance premium and the cost of any title endorsements and affirmative insurance required by Purchaser, (c) the cost of the Survey (or any update thereto), if any, (d) the cost of Escrowee and (e) all fees, costs or expenses in connection with Purchaser's due diligence reviews hereunder. Any other closing costs shall be allocated in accordance with local custom. Except as expressly provided otherwise in this Agreement, Seller and Purchaser shall pay their respective legal, consulting and other professional fees and expenses incurred in connection with this Agreement and the Transaction and their respective shares of prorations as hereinafter provided. As used in this Agreement, the term "**Transfer Taxes**" means all state and city transfer taxes, including any transfer taxes of the State of Maryland and of the City of Baltimore, and recordation taxes payable in connection with the Transaction. In the event of an audit or proceeding relating to Transfer Taxes following Closing, each of Seller and Purchaser agrees to (i) cooperate with each other and governmental authorities in connection therewith, (ii) keep the other party reasonably informed with respect to any proceedings and/or settlement discussions and permit the other party to participate in any proceedings and/or settlement discussions, (iii) cooperate with each other in good faith in presenting any settlement offers to, or responding to any settlement offers from, the appropriate governmental authorities, and (iv) pay its fifty percent (50%) share of any Transfer Taxes imposed as provided in this Section 5.3. The provisions of this Section 5.3 shall survive the Closing or a termination of this Agreement until sixty (60) days after the end of any applicable statute of limitations period.

5.4 Prorations.

5.4.1 For purposes of this Section 5.4, the following terms shall have their indicated meanings:

"Adjustment Time" means as of 11:59 P.M. (Eastern Time) on the night immediately preceding the Closing Date.

"Cash" shall include (i) the amounts on deposit as of the Adjustment Time in the operating accounts of the Venture and any of the Unit Owners, (ii) any reserves or deposits of the Venture or any of the Unit Owners, including reserves with the current mortgagee of the Property, and (iii) all other cash balances of, or available to, the Venture or the Unit Owners. For avoidance of doubt, in no event shall "Cash" include any cash security deposits of tenants, unless the applicable

Unit Owner as of the Adjustment Time is entitled to apply the same and the tenant in question has not asserted a defense to such application or the grounds therefor, and no adjustment between Seller and Purchaser shall be made on account thereof. "Cash" shall exclude, if necessary, in order to avoid double counting, any cash attributable to items prorated for which Seller receives a credit in accordance with Section 5.4.2(a).

"Post-Closing Venture" means the Venture, as it is composed and with the constituent members, existing immediately following the consummation of the Transaction.

"Pre-Closing Venture" means the Venture, as it is composed and with the constituent members, existing immediately prior to the consummation of the Transaction.

"Straddle Period" means any taxable period that includes (but does not end on) the Closing Date.

5.4.2 Prorated Items.

(a) All items of operating revenue and operating expenses of the Property, the Venture and/or the Unit Owners, customarily apportioned between buyers and sellers of direct or indirect interests in real estate of a type similar to the Property and located in the same geographic area as the Property, will be adjusted as between Seller and Purchaser using Seller's Percentage Interest. All such items with respect to the period on or prior to the Adjustment Time shall be for the account of the Pre-Closing Venture and all such items with respect to the period from and after the Adjustment Time, shall be for the account of Post-Closing Venture.

Such items shall include, by way of example:

(i) fixed, additional, percentage and base rents;

(ii) all real estate taxes, water charges, sewer rents, vault charges and assessments on the Property on the basis of the fiscal year for which assessed. In no event shall Seller or the Pre-Closing Venture be charged with or be responsible for any increase in the taxes on the Property resulting from the sale of the Property or from any improvements made or leases entered into on or after the Closing Date. If any assessments on the Property are payable in installments, then the installment for the current period shall be prorated (with Post-Closing Venture being obligated to pay any installments due after the Closing Date);

(iii) charges and payments under service and maintenance contracts;

(iv) any prepaid items;

(v) utilities, on the basis of the most recently issued bills therefor, subject to adjustment after the Closing when the next bills are available, or if current meter readings are available, on the basis of such readings;

(vi) deposits with utility companies and any other persons or entities who supply goods or services in connection with the Property;

(vii) personal property taxes, if any, on the basis of the fiscal year for which assessed;

(viii) taxes payable by Seller relating to operations of the Property, including, without limitation, business and occupancy taxes and sales taxes, if any; and

(ix) condominium charges and expenses.

(b) Further to Section 5.4.2(a), fixed and additional rent (less any reasonable out-of-pocket costs of collection (including reasonable counsel fees)) shall be adjusted and prorated on an if-, as- and when-collected basis. Any rent collected by any Unit Owner after the Closing from any tenant owing rent for any period prior to the Closing shall be applied

(i) first, in payment of rents owed by such tenant for the month in which the Closing occurs,

(ii) second, in payment of rent owed by such tenant for any period after the month in which the Closing occurs, and

(iii) third, in payment of rent owed by such tenant for any period prior to the month in which the Closing occurs.

(c) If a tenant is required to pay additional rent on an estimated basis for an annual or other period, such payment shall be prorated at the Closing in accordance with the above terms of this Section 5.4.2. As part of the proration and re-proration pursuant to Section 5.4.5, the parties shall recalculate the amounts actually due and collected from (or to be refunded to) such tenant for the portion of such annual or other period through (and including) the month in which the Closing occurs and re-prorate the same. If, with respect to any such tenant, the recalculated additional rent collected from such tenant for such portion of such annual or other period is different than the estimated additional rent paid by such tenant for such portion of such annual or other period, then the resulting excess or shortfall, as applicable, shall be apportioned between the Pre-Closing Venture and Post-Closing Venture as of the Adjustment Time.

(d) If any tenant of the Property is obligated to pay percentage rent based upon the calendar year or lease year in which the Closing Date occurs ("**Percentage Rent Year**"), the Pre-Closing Venture shall be entitled to that portion which is equal to the number of days which elapsed between the commencement date of the Percentage Rent Year for each such tenant, and the Closing Date, and the total number of days in such Percentage Rent Year, and the Post-Closing Venture shall be entitled to the balance of such percentage rent.

(e) If the net amount of adjustments considered in the aggregate (x) benefit the Post-Closing Venture, the Purchase Price will be decreased by an amount equal to Seller's Percentage Interest thereof, or (y) benefits the Pre-Closing Venture, the Purchase Price will be increased by an amount equal to Seller's Percentage Interest thereof (the "**Prorations**").

(f) All brokerage and leasing commissions, tenant improvement costs, other out-of-pocket tenant inducements and attorneys' fees for the current term of any leases or

amendments entered into prior to the Adjustment Time (collectively, "**Pre-Closing Leasing Costs**") shall be for the account of the Pre-Closing Venture. All brokerage and leasing commissions, tenant improvement costs and other out-of-pocket tenant inducements, and attorneys' fees for the initial term of any new Leases, and for any extension, renewal or expansion of any lease, in each case where executed on or after the Adjustment Time (collectively, "**Post-Closing Leasing Costs**") shall be for the account of the Post-Closing Venture. If, prior to the Closing, Seller has paid any Post-Closing Leasing Costs, the prorations at the Closing shall include a credit to Seller in an amount equal to ninety percent (90%) of the Post-Closing Leasing Costs paid by Seller. If, as of the Closing, there remain unpaid Pre-Closing Leasing Costs, the prorations at the Closing shall include a credit to Purchaser in an amount equal to ninety percent (90%) of such unpaid Pre-Closing Leasing Costs.

(g) In the case of any Straddle Period, the amount of any Taxes other than real and personal property Taxes (and similar Taxes imposed solely on a periodic basis) of the Venture for the portion of the Straddle Period ending as of the end of the day on the Closing Date (the "**Pre-Closing Straddle Period Taxes**") shall be determined based on an interim closing of the books as of the time of the Closing on the Closing Date. Seller shall be responsible for any Pre-Closing Straddle Period Taxes attributable to the Company Interest and the Retained Interest and shall timely pay such amounts to the relevant taxing authority. For clarification, amounts due from Seller under this Section 5.4.2(g) shall not be treated as part of the Prorations under Section 5.4.2(e) above.

5.4.3 Seller Cash. Seller shall request the Venture to make a distribution of Cash to Seller and Beatty immediately prior to Closing and shall request Beatty to furnish Purchaser with an interim balance sheet prior to Closing reflecting such distributions. Subject to reconciliation in accordance with Section 5.4.4, at Closing, the Purchase Price shall be increased by Seller's Percentage Interest of any remaining Cash held by or for benefit of any member of the Venture Group.

5.4.4 Post-Closing Reconciliation. For a period of six (6) months following the Closing, Purchaser and Seller shall act in good faith and make prompt and appropriate reconciliation for (i) any of the items described in Section 5.4.2 or Section 5.4.3 that could not be apportioned at the Closing because of the unavailability of information, (ii) any of the items described in Section 5.4.2 or Section 5.4.3 that were incorrectly apportioned at Closing and (iii) upon the finalization of the same, the proper party shall be promptly reimbursed; provided, however, if Purchaser and Seller cannot agree to such reconciliation, such dispute will be resolved pursuant to arbitration as provided in Section 10.23. The provisions of this Section 5.4.4 shall survive the Closing.

6. Condemnation or Destruction of the Property. If, after the Effective Date but prior to the Closing Date, Seller becomes aware that either any portion of the Property is taken pursuant to eminent domain proceedings or condemnation or the Units damaged or destroyed by fire or other casualty, then Seller shall promptly deliver, or cause to be delivered, to Purchaser, notice of any such eminent domain proceedings or casualty. Seller shall have no obligation to cause to be restored, repaired or replaced any portion of the Property or any such damage or destruction. Seller shall at the Closing, assign to Purchaser all of Seller's interest in all Awards. For purposes of this Agreement, "**Awards**" shall mean all awards or other proceeds for any taking by eminent domain or condemnation related to the Property or the proceeds of any insurance (collected or uncollected) for any damage or destruction to the Property (unless such damage or destruction shall have been

repaired prior to the Closing and except to the extent any such awards, proceeds or insurance are attributable to lost rents or items applicable to any period prior to the Closing), less the amount of all costs incurred in connection with the repair of such damage or destruction or collection costs respecting any awards or other proceeds for such taking by eminent domain or condemnation or any uncollected insurance proceeds which Seller may be entitled to receive from such damage or destruction, as applicable. In connection with any assignment of any Awards, Purchaser will receive a credit towards the Purchase Price in an amount equal to Seller's Percentage Interest of the applicable deductible amount under the applicable Venture Group Member's insurance (but not more than the amount by which Seller's Percentage Interest in the cost, as of the Closing Date, to repair the damage is greater than the amount of insurance proceeds paid to the applicable Venture Group Member). Notwithstanding anything in this Section 6 to the contrary, if the eminent domain, condemnation or casualty event constitutes a Major Loss (as defined below), then Purchaser shall have the right to terminate this Agreement by notice to Seller given within ten (10) days after notification to Purchaser of the estimated amount of the damages or the value of the taking. For purposes of this Agreement, a "**Major Loss**" means an eminent domain or condemnation proceeding or casualty event that: (i) causes diminution in the value of the Property in excess of Five Million Dollars ($5,000,000.00), (ii) causes loss or damage to the Property such that the cost of repairing and restoring such Property to substantially the same condition that existed prior to such event would, in the good faith opinion of an unaffiliated third party architect or engineer selected by Purchaser and reasonably approved by Seller, be in excess of Five Million Dollars ($5,000,000.00), or (iii) is of a nature that permits Exelon to terminate the Exelon Lease in accordance with the provisions of the Exelon Lease. In any instance where this Agreement is terminated pursuant to this Section 6, the Initial Deposit and the Additional Deposit, to the extent deposited with Escrowee, shall, provided that Purchaser is not otherwise in default of its obligations pursuant to this Agreement, be promptly returned to Purchaser, and this Agreement and the obligations of the parties hereunder shall terminate (and no party hereto shall have any further obligation under this Agreement except for the Surviving Obligations). The parties hereby waive the provisions of any statute which provides for a different outcome or treatment in the event of a casualty or a condemnation or eminent domain proceeding. The provisions of this Section 6 shall survive the Closing or a termination of this Agreement.

7. Representations, Warranties and Covenants.

7.1 Representations, Warranties and Covenants of Seller.

7.1.1 Representations and Warranties of Seller. Seller represents and warrants to Purchaser that the statements contained in this Section 7.1 are true and correct as of the Effective Date; provided, however, other than the representations and warranties in Sections 7.1.1(a) and (d), each of the following representations and warranties are made to Seller's knowledge:

(a) Due Authority of Seller. This Agreement has been duly authorized, executed, and delivered by, and is binding upon, Seller, and each agreement, instrument and document herein provided to be executed by Seller on the Closing Date will be duly authorized, executed, and delivered by, and be binding upon, Seller, and enforceable against Seller in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws of general application affecting the rights and remedies of creditors.

Seller is a limited liability company, duly organized and validly existing and in good standing under the laws of the State of Delaware, and is, or on the Closing Date will be, duly authorized and qualified to do all things required of it under this Agreement. No authorizations, consents or approvals of or filing with any governmental authority or other Person is required (that has not been or will not be obtained, as applicable) with respect to Seller for the execution and delivery of this Agreement and performance of Seller's obligations hereunder.

(b) [Reserved]

(c) Organizational Documents. Exhibit E contains a list that is true, correct and complete in all material respects of the Organizational Documents for all Venture Group Members. Such Organizational Documents are in full force and effect and have not been modified, supplemented or amended. True and complete copies (in all material respects) of the Organizational Documents of the Venture Group, have been delivered to Purchaser. For purposes of this Agreement, "**Organizational Documents**" shall mean, with respect to the Venture and each Unit Owner, all certificates of formation and limited liability company agreements or similar agreements relating to the ownership or governance of such entity.

(d) Capitalization. The Company Interest, together with Seller's Retained Interest, constitutes all of the interests in the Venture owned by Seller. Other than Purchaser, and except for the rights provided for in the LLC Agreement, no Person owns any options to purchase such rights to subscribe for or otherwise acquire, directly or indirectly, any of the Company Interest or the Retained Interest or has any other interest in or voting rights with respect to the Company Interest or the Retained Interest. Seller is the lawful record and legal and beneficial owner of the Company Interest and the Retained Interest free and clear of liens and encumbrances. Such limited liability company interests were duly authorized and validly issued in compliance with all applicable laws and the Organizational Documents of the Venture. None of the limited liability company interests in the Venture are evidenced by a limited liability company or membership interest certificate, including but not limited to the Company Interest and the Retained Interest. The LLC Agreement has not been modified, supplemented or amended since October 30, 2014.

(e) Financial Statements. Complete copies of the audited financial statements consisting of the consolidated balance sheet of the Venture Group as at December 31 in each of 2018, 2019 and 2020 and the related consolidated statements of income and retained earnings, members' equity and cash flow for the years then ended (the "**Audited Financial Statements**"), and consolidated unaudited financial statements consisting of the balance sheet of the Venture Group as at October 31, 2021 and the related consolidated statements of income and retained earnings, members' equity and cash flow for the nine-month period then ended (the "**Interim Financial Statements**" and together with the Audited Financial Statements, the "**Financial Statements**") have been delivered or made available to Purchaser. December 31, 2020 is referred to in this Agreement as the "**Balance Sheet Date**" and the balance sheet of the Venture Group as of October 31, 2021 (the "**Interim Balance Sheet Date**") is referred to in this Agreement as the "**Interim Balance Sheet**."

(f) Undisclosed Liabilities. The Venture Group has no current material liabilities except (a) those which are adequately reflected or reserved against in the Interim Balance Sheet as of the Interim Balance Sheet Date, and (b) those which have been incurred in the ordinary course of business consistent with past practice.

(g) Operation in the Ordinary Course of Business. Since the Balance Sheet Date, the Venture has operated in the ordinary course of business consistent with past practice.

(h) Employment Matters. No Venture Group Member has ever had any employee benefit plans of any kind or nature and has never contributed to any multiemployer plan within the meaning of Section 3(37) of ERISA.

(i) Taxes.

(i) (A) Each Venture Group Member has duly and timely filed with the appropriate federal, state and local taxing authorities all Tax Returns required to be filed by or with respect to it, and all such income and other material Tax Returns are complete and accurate in all material respects, (B) all material Taxes due and owing by any Venture Group Member (regardless of whether shown or required to be shown on any Tax Return) have been timely paid in full, and (C) each Venture Group Member has withheld and timely paid over to the appropriate taxing authority all material Taxes that it was required to withhold from amounts paid or owing to any Person and has complied with associated reporting and recordkeeping requirements in all material respects;

(ii) no Venture Group Member has requested, been granted, or become the beneficiary of an extension of time for filing any Tax Return that has not yet been filed;

(iii) no Venture Group Member has consented to extend to a date after the Effective Date the time in which any Tax may be assessed or collected by any taxing authority or otherwise waived any statute of limitations in respect of Taxes and no such request to waive or extend is outstanding;

(iv) no deficiencies for any Taxes have been proposed or asserted in writing or assessed against any Venture Group Member that are still pending or otherwise threatened;

(v) there are no liens for material Taxes (other than for current Taxes not yet due and payable) on the assets of the Venture Group, including, without limitation, the Property;

(vi) no Venture Group Member has been a party to any “listed transaction,” as defined in Code Section 6707A(c)(2);

(vii) there are no Tax audits or administrative or judicial examinations, suits, investigations, or other proceedings that are pending or, to Seller’s knowledge, threatened with respect to any Venture Group Member; and

(viii) (A) the Venture is and always has been taxable as a partnership for federal (and applicable state and local) income Tax purposes, and each Unit Owner is and has been disregarded as separate and apart from the Venture for federal (and applicable state and local) income Tax purposes, and (B) no Venture Group Member holds an equity interest in any other entity that is not wholly owned by it.

For purposes of this Agreement, "**Tax**" means any federal, state, local or non U.S. taxes, charges, fees, imposts, levies or other assessments by any taxing authority, including all income, gross income, gross receipts, franchise, profits, escheat, abandoned, unclaimed property, estimated, alternative minimum, add-on minimum, sales, use, transfer, registration, value added, excise, natural resources, severance, stamp, occupation, premium, windfall profit, environmental, customers, duties, real property, personal property, capital stock, social security, employment, unemployment, disability, payroll, license, employee or other withholding, privilege, duty, ad valorem or other tax, of any kind whatsoever, however denominated, including any interest, penalties or additions to tax or additional amounts in respect of the foregoing, regardless of whether disputed, but excludes Transfer Taxes. "**Tax Return**" means all returns, declarations, reports, claims for refund, estimates, elections, information returns, forms, or other documents (including any related or supporting schedules, statements or attachments or information) filed or required to be filed with any taxing authority in connection with the determination, assessment or collection of any Taxes of any Person or the administration of any law relating to Taxes, and including any amendments thereof. The qualifying term "material" as used in this Section 7.1.1(i) means any Tax Return or any Tax liability, as the context requires, involving $10,000 or more in Taxes.

(j) Litigation. As of the Effective Date, there is no material litigation, demand, complaint, action, suit, arbitration, condemnation or similar action pending or, to Seller's knowledge threatened, against Seller, the Venture, the Unit Owners, or the Property, other than with respect to claims that are covered by insurance (subject to any deductible) and/or listed on Exhibit F.

(k) No Insolvency. No bankruptcy, insolvency, rearrangement or similar action involving any of Seller, the Venture, the Unit Owners or any tenant under any Lease is a debtor in any state or federal insolvency, bankruptcy or receivership proceeding.

(l) OFAC, PATRIOT Act, and Anti-Money Laundering Compliance. None of (A) Seller; (B) any Person controlling or controlled by Seller, directly or indirectly, including but not limited to any Person or Persons owning, in the aggregate, a fifty percent (50%) or greater direct or indirect ownership interest in Seller; (C) to the knowledge of Seller, any Person having a legal or beneficial interest in Seller; or (D) any Officer or Director or (to the knowledge of Seller) any employee, agent, or representative of Seller (including any Person acting in such capacity for or on behalf of Seller); or (E) any Person for whom Seller is acting as agent or nominee or otherwise in connection with the Transaction; is: (1) a country, territory, government, government instrumentality, individual or entity subject to sanctions under any U.S. federal, state, or local law or regulation, or non-U.S. law or regulation, including but not limited to any Executive Order issued by the President of the United States or any regulation administered by the Office of Foreign Assets Control of the United States Department of the Treasury, including but not limited to identification as a Specially Designated National or blocked person, or identification on the Denied Persons List, the Entity List, or the Unverified List maintained by the Bureau of Industry & Security, U.S. Department of

Commerce, or under any order or regulation of (a) the United Nations; (b) the European Union or any of its member states; (c) Her Majesty's Treasury of the United Kingdom; or (d) any other governmental authority; (2) a Foreign Terrorist Organization designated by the United States Department of State, or (3) an individual or entity who the Seller knows, or reasonably should know, has engaged in or engages in terrorist activity, or has provided or provides material support or resources for terrorist activities or terrorist organizations, as prohibited by U.S. law, including but not limited to the USA PATRIOT Act, P.L. 107-56.

Notwithstanding anything contained in this Agreement to the contrary, (i) if any of the representations or warranties of Seller contained in this Agreement or in any document or instrument delivered in connection herewith are false or inaccurate and on or prior to the expiration of the Due Diligence Period Michael P. O'Hara shall have had actual knowledge of the false or inaccurate representations or warranties, then Seller shall have no liability or obligation respecting such representations or warranties that are false or inaccurate (and Purchaser shall have no cause of action or right to terminate this Agreement with respect thereto), and the representations and warranties of Seller shall be deemed modified to the extent necessary to eliminate such false and inaccurate information and to make such representations and warranties true and accurate in all respects; and (ii) if any of the representations or warranties of Seller that survive Closing contained in this Agreement or in any document or instrument delivered in connection herewith are false or inaccurate, and following the expiration of the Due Diligence Period but prior to Closing, Michael P. O'Hara shall obtain actual knowledge of such false or inaccurate representations or warranties and the Transaction closes, then Purchaser shall be deemed to have waived such breach, Seller shall have no liability or obligation respecting such false or inaccurate representations or warranties, and Purchaser shall have no cause of action with respect thereto. For purposes of this paragraph, Purchaser agrees that Michael P. O'Hara shall be deemed to have actual knowledge of the title, survey and Condominium documents relating to the Property and furnished to Purchaser by the Venture Group in a secure data link or referenced in the Title Commitment, all matters set forth in the Survey, 2018-2020 federal and state partnership tax returns, 2018-2020 fixed asset schedules, 2018-2021 personal property tax returns, the Financial Statements and the Interim Balance Sheet, the Exelon Lease, the Window Condition and the schedules to this Agreement and the documents referenced in such schedules. The provisions of this paragraph shall survive the Closing.

7.1.2 GENERAL DISCLAIMER. EXCEPT AS SPECIFICALLY SET FORTH IN SECTIONS 7.1.1 AND 10.1.1 OF THIS AGREEMENT OR ANY DOCUMENT EXECUTED BY SELLER AT THE CLOSING, SELLER MAKES NO REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE PROPERTY OR THE COMPANY INTEREST OR THE VENTURE GROUP AND PURCHASER ACKNOWLEDGES AND AGREES THAT THE COMPANY INTEREST AND INDIRECTLY SELLER'S INTEREST IN THE VENTURE GROUP AND THE PROPERTY IS BEING TRANSFERRED ON AN "AS IS", "WHERE IS," AND "WITH ALL FAULTS" BASIS, WITHOUT REPRESENTATIONS AND WARRANTIES OF ANY KIND OR NATURE, EXPRESS, IMPLIED OR OTHERWISE, INCLUDING ANY REPRESENTATION OR WARRANTY CONCERNING THE COMPANY INTERESTS OR PROPERTY OR THE VENTURE GROUP AND THE DIRECT OR INDIRECT TITLE TO THE UNITS OR THE PROPERTY, THE PHYSICAL CONDITION OF THE PROPERTY (INCLUDING THE WINDOW CONDITION (AS HEREINAFTER DEFINED), THE CONDITION OF THE SOIL, AIR, WATER OR THE UNITS), THE ENVIRONMENTAL CONDITION OF THE PROPERTY (INCLUDING

THE PRESENCE OR ABSENCE OF HAZARDOUS SUBSTANCES ON OR AFFECTING THE PROPERTY), THE COMPLIANCE OF THE COMPANY INTERESTS OR THE VENTURE GROUP OR THE PROPERTY WITH APPLICABLE LAWS AND REGULATIONS (INCLUDING ZONING AND BUILDING CODES OR THE STATUS OF DEVELOPMENT OR USE RIGHTS RESPECTING THE PROPERTY), THE FINANCIAL CONDITION OF THE PROPERTY OR ANY OTHER REPRESENTATION OR WARRANTY RESPECTING ANY INCOME, EXPENSES, CHARGES, LIENS OR ENCUMBRANCES, RIGHTS OR CLAIMS ON, AFFECTING OR PERTAINING TO COMPANY INTEREST, THE VENTURE GROUP, THE UNIT OWNERS OR THE PROPERTY OR ANY PART THEREOF. PURCHASER ACKNOWLEDGES THAT, DURING THE DUE DILIGENCE PERIOD, PURCHASER WILL EXAMINE, REVIEW AND INSPECT ALL MATTERS WHICH IN PURCHASER'S JUDGMENT BEAR UPON THE PROPERTY AND ITS VALUE AND SUITABILITY FOR PURCHASER'S PURPOSES. PURCHASER IS A SOPHISTICATED PURCHASER THAT IS FAMILIAR WITH THE OWNERSHIP AND OPERATION OF REAL ESTATE PROJECTS SIMILAR TO THE PROPERTY AND THAT PURCHASER HAS OR WILL HAVE ADEQUATE OPPORTUNITY TO COMPLETE ALL PHYSICAL AND FINANCIAL EXAMINATIONS (INCLUDING ALL OF THE EXAMINATIONS, REVIEWS AND INVESTIGATIONS REFERRED TO IN SECTION 4.2) RELATING TO THE ACQUISITION OF THE COMPANY INTEREST AND THE INDIRECT INTEREST IN THE UNIT OWNERS AND THE PROPERTY HEREUNDER IT DEEMS NECESSARY, AND WILL ACQUIRE THE SAME SOLELY ON THE BASIS OF AND IN RELIANCE UPON SUCH EXAMINATIONS AND THE TITLE INSURANCE PROTECTION AFFORDED ANY TITLE INSURANCE POLICY THAT PURCHASER ELECTS TO OBTAIN AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY SELLER (OTHER THAN AS EXPRESSLY PROVIDED IN SECTIONS 7.1.1 AND 10.1.1 OF THIS AGREEMENT). EXCEPT AS TO MATTERS SPECIFICALLY SET FORTH IN THIS AGREEMENT: (A) PURCHASER WILL ACQUIRE THE COMPANY INTEREST AND THE INDIRECT INTEREST IN THE UNIT OWNERS AND THE PROPERTY SOLELY ON THE BASIS OF ITS OWN PHYSICAL AND FINANCIAL EXAMINATIONS, REVIEWS AND INSPECTIONS AND THE TITLE INSURANCE PROTECTION AFFORDED BY THE ANY TITLE INSURANCE POLICY THAT PURCHASER ELECTS TO PURCHASE, AND (B) WITHOUT LIMITING THE FOREGOING (OTHER THAN AS EXPRESSLY PROVIDED IN SECTIONS 7.1.1 AND 10.1.1 OF THIS AGREEMENT), PURCHASER WAIVES ANY RIGHT IT OTHERWISE MAY HAVE AT LAW OR IN EQUITY, INCLUDING THE RIGHT TO SEEK DAMAGES FROM SELLER IN CONNECTION WITH THE ENVIRONMENTAL CONDITION OF THE PROPERTY, INCLUDING ANY RIGHT OF CONTRIBUTION UNDER THE COMPREHENSIVE ENVIRONMENTAL RESPONSE COMPENSATION AND LIABILITY ACT. THE PROVISIONS OF THIS SECTION 7.1.2 SHALL SURVIVE THE CLOSING.

7.2 Interim Covenants of Seller. Until the Closing Date or the sooner termination of this Agreement in accordance with the terms and conditions of this Agreement:

7.2.1 Subject to the remaining provisions of this Section 7.2, Seller shall exercise its "Major Decision" rights under the Organizational Documents in a manner substantially consistent with the exercise of such rights prior to the Effective Date and in a manner intended to cause the Property to be operated and maintained in substantially the same manner as prior hereto (subject to (i) reasonable wear and tear and further subject to destruction by casualty or other events beyond the

control of Seller, and (ii) any limitations imposed upon the Property and/or Seller by applicable laws, rules or regulations, including any Special Measures). In no event shall Seller have any obligation to make capital expenditures or to exercise any rights to call for capital contributions or to make capital expenditures with respect to the Property.

7.2.2 Prior to five (5) Business Days before the expiration of the Due Diligence Period, on no less than five (5) Business Days prior notice to Purchaser, Seller may exercise its rights, if any, to grant its consent to the execution, modification, extension, renewal or termination of any service or maintenance contracts affecting the Property without Purchaser's consent. Beginning on the fifth (5th) Business Day before the expiration of the Due Diligence Period, Seller shall not exercise its rights, if any, to grant its consent to the execution, modification, extension, renewal or termination of any service or maintenance contracts affecting the Property (except as a result of a default by the other party thereunder) without Purchaser's prior consent, which consent shall not be unreasonably withheld or delayed; provided, however, Purchaser's consent shall not be required if such service or maintenance contracts are cancelable at the Closing or will not be binding upon Purchaser or any Venture Group Member following the Closing or if Seller's consent to any such matter is not required under the Organizational Documents of the Venture. Purchaser's failure to disapprove any request for consent by Seller under this Section 7.2.2 within five (5) Business Days following Seller's request therefor shall be deemed to constitute Purchaser's consent thereto.

7.2.3 Prior to five (5) Business Days before the expiration of the Due Diligence Period, on no less than five (5) Business Days' notice to Purchaser, Seller may exercise its rights, if any, to grant consent to the execution and delivery of any new leases or the modifications or termination of existing leases without the prior written consent of Purchaser. Beginning on the fifth (5th) Business Day before the expiration of the Due Diligence Period, Seller shall not exercise its rights, if any, to grant consent to the execution and delivery of any new leases or, unless required by the term of existing leases, modifications or terminations of existing leases without the prior written consent of Purchaser, which consent may be granted or withheld in Purchaser's sole discretion. Notwithstanding the foregoing or anything to the contrary set forth in this Agreement, (x) Purchaser's failure to disapprove any request for consent by Seller under this Section 7.2.3 within five (5) Business Days following Seller's request therefor shall be deemed to constitute Purchaser's consent thereto, and (y) Purchaser shall bear 90% of the associated Post-Contract Leasing Costs in accordance with Section 5.4.2(f).

7.2.4 Seller will not consent to any Venture Group Member amending or agreeing to amend any Organizational Document for any Venture Group Member, without the prior written consent of Purchaser, which consent may be granted or withheld in Purchaser's sole discretion. Seller will not consent to any Venture Group Member issuing or agreeing to issue any membership or other equity interest in itself or any other Venture Group Member.

7.2.5 While this Agreement is in full force and effect, (i) Seller will not solicit any Person other than Purchaser to enter into any contract, or sign any contract with any Person other than this Agreement, providing for the purchase and sale of all or any portion of the Company Interest or the Retained Interest and (ii) Seller will not consent to any Venture Group Member soliciting, and

Seller will not solicit, any Person, or consent to any Venture Group Member signing any contract with any Person, providing for the purchase and sale of all or any portion of the Property.

7.2.6 Seller shall instruct Beatty to request a subordination, non-disturbance and attornment agreement dated prior to the Closing Date from Exelon (“Exelon SNDA”) in the form supplied to Seller by Purchaser prior to the expiration of the Due Diligence Period. The receipt of the Exelon SNDA shall not be a condition precedent to Purchaser’s obligations under this Agreement.

7.2.7 Seller shall instruct Beatty to request estoppel certificates dated prior to the Closing Date, executed by all parties to the Condominium Declaration, the REA, the Parking Easement, the Land Condominium Declaration, and the Land Condominium REA (as such terms are defined in the Condominium Declaration) in the form specified by Purchaser prior to the expiration of the Due Diligence Period. The receipt of any such estoppel certificates shall not be a condition precedent to Purchaser’s obligations under this Agreement.

7.3 Knowledge. References to the “knowledge,” “best knowledge” and/or “actual knowledge” or words of similar import mean and refer only to the current actual (as opposed to implied or constructive), knowledge of Tara A. Andrews, with respect to Seller, and Michael P. O’Hara, with respect to Purchaser, in all cases without inquiry. “Knowledge” will not be construed, by imputation or otherwise, to mean or refer to the knowledge of any parent, subsidiary or affiliate of Seller or Purchaser, as the case may be, or to any other officer, agent, manager, representative or employee of Seller or Purchaser, as the case may be. Notwithstanding anything to the contrary contained in this Agreement, none of Tara A. Andrews or Michael P. O’Hara will have any personal liability under this Agreement. Purchaser represents and warrants that Michael P. O’Hara is a knowledgeable person regarding Purchaser. Seller represents and warrants that Tara A. Andrews is a knowledgeable person regarding Seller.

7.4 Survival.

7.4.1 The representations and warranties of Seller set forth in Section 7.1.1 shall survive the Closing for a period of nine (9) months, except for the representations and warranties of Seller in Section 7.1.1(i) that will survive until sixty (60) days after the end of any applicable statute of limitations periods. In furtherance thereof, Purchaser acknowledges and agrees that it shall have no right to make any claim against Seller on account of any breach of any representations or warranties set forth in Section 7.1.1 unless an action on account thereof shall be filed in a court of competent jurisdiction prior to the expiration of the survival period set forth in this paragraph. To the fullest extent permitted by law, the foregoing shall constitute the express intent of the parties to shorten the period of limitations for bringing claims on account of Seller’s breach of its representations and warranties contained in Section 7.1.1 if a longer period would otherwise be permitted by applicable law.

7.4.2 The representations and warranties of Purchaser set forth in Section 7.5.1 shall survive the Closing for a period of nine (9) months.

7.4.3 The provisions of Section 7.4 shall survive the Closing.

7.5 Representations, Warranties and Covenants of Purchaser.

7.5.1 Representations and Warranties of Purchaser. Purchaser hereby represents and warrants to Seller that:

(a) Due Authority. This Agreement has been duly authorized, executed, and delivered by, and is binding upon, Purchaser, and each agreement, instrument and document herein provided to be executed by Purchaser on the Closing Date will be duly authorized, executed, and delivered by, and be binding upon, Purchaser, and enforceable against Purchaser in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws of general application affecting the rights and remedies of creditors. Purchaser is a limited liability company, duly organized and validly existing and in good standing under the laws of the Commonwealth of Virginia, and is, or on the Closing Date will be, duly authorized and qualified to do all things required of it under this Agreement. No authorizations, consents or approvals of or filing with any governmental authority or other Person is required (that has not been or will not be obtained, as applicable) with respect to Purchaser for the execution and delivery of this Agreement and performance of Purchaser's obligations hereunder.

(b) Litigation. There is no material pending or, to the best of Purchaser's knowledge, threatened litigation action against Purchaser that could reasonably be expected to adversely impact Purchaser's ability to perform its obligations under this Agreement.

(c) No Insolvency. Purchaser has not and as of the Closing Date will not have: (i) made a general assignment for the benefit of creditors, (ii) filed a petition for voluntary bankruptcy or filed a petition or answer seeking reorganization or any arrangement or composition, extension, or readjustment of its indebtedness, (iii) consented in writing, in any creditor's proceeding, to the appointment of a receiver or trustee for Purchaser or any of its property, or (iv) been named as a debtor in an involuntary bankruptcy proceeding.

(d) OFAC, PATRIOT Act, and Anti-Money Laundering Compliance. The amounts payable by Purchaser to Seller hereunder are not and were not, directly or indirectly, derived from activities in contravention of U.S. federal, state, or local laws or regulations, or any non-U.S. law or regulation (including anti-money laundering laws and regulations). None of (A) Purchaser; (B) any Person controlling or controlled by Purchaser, directly or indirectly, including but not limited to any Person or Persons owning, in the aggregate, a fifty percent (50%) or greater direct or indirect ownership interest in Purchaser; (C) any Person, to the knowledge of Purchaser, having a legal or beneficial interest in Purchaser; or (D) any officer or director or (to the knowledge of Purchaser) any employee, agent, or representative of Purchaser (including any Person acting in such capacity for or on behalf of Purchaser); or (E) any Person for whom Purchaser is acting as agent or nominee or otherwise in connection with the Transaction; is: (1) a country, territory, government, government instrumentality, individual or entity subject to sanctions under any U.S. federal, state, or local law or regulation, or non-U.S. law or regulation, including but not limited to any Executive Order issued by the President of the United States or any regulation administered by the Office of Foreign Assets Control of the United States Department of the Treasury, including but not limited to identification as a Specially Designated National or blocked person, or identification on the Denied Persons List, the Entity List, or the Unverified List maintained by the Bureau of Industry & Security, U.S. Department of Commerce, or under any order or regulation of (a) the United Nations; (b) the European Union or any of its member states; (c) Her Majesty's Treasury of the United Kingdom; or (d) any other

governmental authority; (2) a Foreign Terrorist Organization designated by the United States Department of State, or (3) an individual or entity who the Purchaser knows, or reasonably should know, has engaged in or engages in terrorist activity, or has provided or provides material support or resources for terrorist activities or terrorist organizations, as prohibited by U.S. law, including but not limited to the USA PATRIOT Act, P.L. 107-56.

(e) ERISA. Either (i) Purchaser is not, and is not funding its purchase of the Company Interest under this Agreement with the assets of, any (a) "employee benefit plan" (within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), (b) "plan" (within the meaning of Section 4975 of the Code), (c) entity whose underlying assets include "plan assets" (within the meaning of 29 C.F.R. Section 2510-101, as modified by Section 3(42) of ERISA)) by reason of a plan's investment in such entity or (d) entity subject to any law regulating investments by "governmental plans" (within the meaning of Section 3(32) of ERISA), or (ii) the purchase of the Company Interest by Purchaser will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or violate any law applicable to Purchaser that regulates investments by governmental plans.

8. Indemnifications and Release.

8.1 Indemnification by Purchaser. On and after the Closing, Purchaser shall hold harmless, indemnify and defend Seller from and against any and all Damages related to the Company Interest to the extent such claims arise out of acts or events occurring on or after the Closing Date. As used herein, "**Damages**" shall mean all out-of-pocket losses, damages, costs and expense (including reasonable attorneys' fees) actually incurred, but excluding any lost or prospective profits or any other indirect, consequential, special, incidental, punitive or other exemplary losses or damages, whether in tort, contract or otherwise, regardless of the foreseeability or the cause thereof.

8.2 Indemnification by Seller. Seller shall hold harmless, indemnify and defend Purchaser from and against any and all Damages (i) resulting from a breach of Seller's representations and warranties hereunder, (ii) arising from any Tax liability with respect to the Company Interest and the Retained Interest for the period prior to the Closing Date, and (iii) arising from claims for personal injury resulting from injuries occurring at the Property prior to the Closing Date on account of the Window Condition. Any Damages for which Seller is responsible under this Section 8.2 shall be calculated based on Seller's Percentage Interest.

8.3 RELEASE. EFFECTIVE AS OF THE CLOSING, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED TO THE CONTRARY IN THIS AGREEMENT OR IN ANY DOCUMENTS EXECUTED BY SELLER AT THE CLOSING, PURCHASER AND PURCHASER'S AFFILIATES SHALL BE DEEMED TO HAVE RELEASED EACH OF THE SELLER RELATED PARTIES FROM ALL CLAIMS WHICH PURCHASER OR ANY AGENT, REPRESENTATIVE, AFFILIATE, EMPLOYEE, DIRECTOR, OFFICER, PARTNER, MEMBER, SERVANT, SHAREHOLDER OR OTHER PERSON OR ENTITY ACTING ON BEHALF OF OR OTHERWISE RELATED TO OR AFFILIATED WITH PURCHASER HAS OR MAY HAVE ARISING FROM OR RELATED TO ANY MATTER OR THING RELATED TO OR IN CONNECTION WITH THE COMPANY INTEREST, THE VENTURE GROUP, THE CONDOMINIUM AND THE PROPERTY INCLUDING THE DOCUMENTS AND

INFORMATION REFERRED TO HEREIN, THE LEASES AND THE TENANTS THEREUNDER, THE CONTRACTS, ANY CONSTRUCTION DEFECTS, ERRORS OR OMISSIONS IN THE DESIGN OR CONSTRUCTION OF ALL OR ANY PORTION OF THE PROPERTY AND ANY ENVIRONMENTAL CONDITIONS, AND PURCHASER SHALL NOT LOOK TO ANY OF THE SELLER RELATED PARTIES IN CONNECTION WITH THE FOREGOING FOR ANY REDRESS OR RELIEF. THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH OF ITS EXPRESSED TERMS AND PROVISIONS, INCLUDING THOSE RELATING TO UNKNOWN AND UNSUSPECTED CLAIMS, DAMAGES AND CAUSES OF ACTION; PROVIDED, HOWEVER, THE FOREGOING RELEASE SHALL NOT APPLY TO CLAIMS FOR PERSONAL INJURY RESULTING FROM INJURIES OCCURRING AT THE PROPERTY PRIOR TO THE CLOSING INCLUDING ON ACCOUNT OF THE WINDOW CONDITION.

8.4 Survival. The provisions of this Section 8 shall survive the Closing or a termination of this Agreement.

9. Remedies For Default and Disposition of the Initial Deposit and the Additional Deposit.

9.1 Seller Defaults. If Seller fails to perform or observe any of the obligations or requirements to be performed or observed by Seller under this Agreement, or if any one or more of Seller’s representations and warranties set forth in this Agreement are untrue as of the Effective Date or the Closing Date in any material respect as a result of the actions of Seller, then Purchaser shall elect, as its sole and exclusive remedies (except as otherwise set forth in this Section 9.1, all other rights and remedies, whether available at law or in equity, being irrevocably waived) the right to either (i) waive such failure or breach and proceed to Closing, (ii) terminate this Agreement, in which event the Escrowee must promptly return the Deposit to Purchaser and Seller must promptly pay to Purchaser an amount equal to Purchaser’s Reimbursable Transaction Expenses (as hereinafter defined), and neither party shall have any further obligation or liability to the other except for the Surviving Obligations, or (iii) if Seller fails to transfer the Company Interest in breach of its obligations, bring suit for specific performance of Seller’s obligations to transfer the Company Interest pursuant to and in accordance with the terms of this Agreement (it being acknowledged that the remedy of specific performance shall not be applicable to any other covenant or agreement of Seller contained herein); provided that any action by Purchaser for specific performance must be filed, if at all, within sixty (60) days after the scheduled Closing Date (excluding all cure periods), and the failure to file within such period shall constitute a waiver by Purchaser of such right and remedy. Notwithstanding the foregoing, in addition to the other remedies provided in this Section 9.1, Purchaser also may exercise all rights and remedies with respect to any Surviving Obligations.

As used in this Agreement, “**Purchaser’s Reimbursable Transaction Expenses**” means and refers to all third-party out-of-pocket expenses (including attorneys’ fees) actually incurred by Purchaser in connection with the Transaction, including, without limitation, the Investigations, any financing to refinance the Loan and negotiation and preparation of the Access Agreement, this Agreement and all other documents and instruments related to the Transaction; provided, however, (a) in no event shall Seller be obligated under this Agreement to reimburse Purchaser for Purchaser’s Reimbursable Transaction Expenses (in the aggregate) in excess of Two Hundred Fifty Thousand Dollars ($250,000.00) and (b) Seller’s obligation to reimburse Purchaser for Purchaser’s

Reimbursable Transaction Expenses relates only to Purchaser's expenses with respect to which Purchaser delivers to Seller third-party invoices (with reasonable supporting information and documentation and evidence of payment) within thirty (30) days after the date on which Purchaser gives Seller written notice of Purchaser's termination of this Agreement.

9.2 Purchaser Defaults. If Purchaser fails to purchase the Company Interest pursuant to this Agreement at or prior to Closing for any reason except failure by Seller to perform its obligations under this Agreement or termination of this Agreement pursuant to its terms, then this Agreement shall terminate and the retention of the Deposit shall be Seller's sole and exclusive remedy; provided, however, nothing in this Agreement shall be construed to limit Seller's rights or remedies with respect to the Surviving Obligations. In connection with the foregoing, Purchaser expressly agrees that the provisions of this Section 9.2 are reasonable under the circumstances and the parties recognize that Seller will incur expense in connection with the Transaction and that the Company Interest will be removed from the market; further, that it is extremely difficult and impracticable to ascertain the extent of detriment to Seller caused by the breach or default by Purchaser under this Agreement and the failure of the consummation of the Transaction or the amount of compensation Seller should receive as a result of Purchaser's breach or default.

9.3 Notice of Default; Opportunity to Cure. Notwithstanding anything contained in this Agreement to the contrary, neither Seller nor Purchaser will be deemed to be in default under this Agreement unless and until Seller or Purchaser, as applicable, has been given written notice of the failure to comply with the terms of this Agreement and thereafter does not cure such failure within five (5) Business Days after receipt of such notice; provided, however, that this Section 9.3 will not be applicable to Purchaser's failure to deliver the Deposit or any portion thereof on the date required hereunder or to a party's failure to make any deliveries required of such party on the Closing Date and, accordingly, have the effect of extending the Closing Date or the due date of payment of the Deposit or any portion thereof.

9.4 Limitation on Damages. Notwithstanding any provision of this Agreement or applicable law to the contrary, under no circumstances will any party be liable for any indirect, special, punitive or exemplary damages for any claim or dispute related to or arising under this Agreement or any document delivered at or in connection with the Closing.

9.5 Disposition of Deposit. If the Transaction closes, then the Deposit shall be applied as a partial payment of the Purchase Price.

9.6 Survival. The provisions of this Section 9 shall survive a termination of this Agreement.

10. Miscellaneous.

10.1 Brokers.

10.1.1 Except as provided in Section 10.1.2 below, Seller represents and warrants to Purchaser, and Purchaser represents and warrants to Seller, that no broker or finder has been engaged by it or by any Venture Group Member, respectively, in connection with the Transaction. In the event of a claim for broker's or finder's fee or commissions in connection with the sale contemplated

by this Agreement, then Seller shall indemnify, defend and hold harmless Purchaser from the same if it shall be based upon any statement or agreement alleged to have been made by Seller, and Purchaser shall indemnify, defend and hold harmless Seller from the same if it shall be based upon any statement or agreement alleged to have been made by Purchaser.

10.1.2 If and only if the Transaction closes, Seller has agreed to pay a brokerage commission to CBRE, Inc. ("**Broker**") pursuant to a separate written agreement with Broker, subject in all respects to the terms and conditions of such separate written agreement. Section 10.1.1 hereof is not intended to apply to leasing commissions incurred by the Venture Group.

10.2 Limitation of Liability.

10.2.1 Notwithstanding anything to the contrary contained in this Agreement or any documents executed in connection herewith, if the Closing of the Transaction shall have occurred, (i) the aggregate liability of each of Seller and Purchaser arising pursuant to or in connection with the representations, warranties, indemnifications, covenants or other obligations (whether express or implied) of Seller or Purchaser, as the case may be, under this Agreement or any document or certificate executed or delivered in connection herewith shall not exceed Five Million Dollars ($5,000,000) (the "**Liability Ceiling**") and (ii) in no event shall Seller or Purchaser have any liability to the other unless and until the aggregate liability of Seller or Purchaser, as the case may be, arising pursuant to or in connection with the representations, warranties, indemnifications, covenants or other obligations (whether express or implied) of Seller or Purchaser, as the case may be, under this Agreement or any document or certificate executed or delivered in connection herewith shall exceed One Hundred Thousand Dollars ($100,000) (the "**Liability Floor**"). If Seller's or Purchaser's aggregate liability to the other party shall exceed the Liability Floor, then Seller or Purchaser, as the case may be, shall be liable for the entire amount thereof up to but not exceeding the Liability Ceiling. Notwithstanding the foregoing, the Liability Ceiling shall not apply to (i) claims arising under any breach of any representation, warranty, covenant or agreement set forth in this Agreement if such representation, warranty, covenant or agreement was given fraudulently by Seller or Purchaser, as the case may be, and (ii) Seller's and Purchaser's obligation to pay its fifty percent (50%) of the Transfer Taxes pursuant to Section 5.3(iv).

10.2.2 Except as set forth in the Joinder, (i) no Seller Related Party shall have any personal liability, directly or indirectly, under or in connection with this Agreement or any agreement made or entered into under or pursuant to the provisions of this Agreement, or any amendment or amendments to any of the foregoing made at any time or times, heretofore or hereafter, and (ii) Purchaser and its successors and assigns and all other Persons, shall look solely to Seller's assets for the payment of any claim or for any performance, and Purchaser, on behalf of itself and its successors and assigns, hereby waives any and all such personal liability. No affiliates of Purchaser or other Person acting on Purchaser's behalf shall have any personal liability, directly or indirectly, under or in connection with this Agreement or any agreement made or entered into under or pursuant to the provisions of this Agreement, or any amendment or amendments to any of the foregoing made at any time or times, heretofore or hereafter, and Seller and its successors and assigns and all other Persons, shall look solely to Purchaser's assets for the payment of any claim or for any performance, and Seller, on behalf of itself and its successors and assigns, hereby waives any and all such personal liability.

10.3 Exhibits; Entire Agreement; Modification. All exhibits attached and referred to in this Agreement are hereby incorporated herein as if fully set forth in (and shall be deemed to be a part of) this Agreement. This Agreement contains the entire agreement among the parties respecting the matters herein set forth and supersedes any and all prior agreements among the parties hereto respecting such matters. This Agreement may not be modified or amended except by written agreement signed by all parties.

10.4 Business Days. Whenever any action must be taken (including the giving of notice or the delivery of documents) under this Agreement during a certain period of time (or by a particular date) that ends (or occurs) on a non-Business Day, then such period (or date) shall be extended until the next succeeding Business Day. As used herein, the term "**Business Day**" shall be deemed to mean any day, other than a Saturday or Sunday, on which commercial banks in the State of New York or in the State of Maryland are not required or are authorized to be closed for business.

10.5 Interpretation. Section headings shall not be used in construing this Agreement. Each party acknowledges that such party and its counsel, after negotiation and consultation, have reviewed and revised this Agreement. As such, the terms of this Agreement shall be fairly construed and the usual rule of construction, to wit, that ambiguities in this Agreement should be resolved against the drafting party, shall not be employed in the interpretation of this Agreement or any amendments, modifications or exhibits hereto or thereto. Whenever the words "including", "include" or "includes" are used in this Agreement, they shall be interpreted in a non-exclusive manner. Except as otherwise indicated, all Exhibit and Section references in this Agreement shall be deemed to refer to the Exhibits and Sections in this Agreement. TIME IS OF THE ESSENCE with respect to the performance of any obligation of any party under this Agreement.

10.6 Governing Law; Venue. THIS AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF DELAWARE APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE (WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS). TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF PURCHASER AND SELLER HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY CLAIM TO ASSERT THAT THE LAW OF ANY OTHER JURISDICTION GOVERNS THIS AGREEMENT AND THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE. SUBJECT TO SECTION 10.23, (I) ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST ANY PARTY ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE INSTITUTED IN A FEDERAL OR STATE COURT IN THE STATE OF DELAWARE, (II) EACH OF PURCHASER AND SELLER WAIVES ANY OBJECTIONS ANY SUCH PARTY MAY NOW OR HEREAFTER HAVE BASED ON VENUE OR FORUM NON CONVENIENS OF ANY SUCH SUIT, ACTION OR PROCEEDING AND (III) THE PARTIES HERETO IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF ANY SUCH COURT IN ANY SUIT, ACTION OR PROCEEDING.

10.7 [Reserved].

10.8 Successors and Assigns. Neither Seller nor Purchaser may assign or transfer its rights or obligations under this Agreement without the prior written consent of the other party, which consent may be given or withheld in the sole and absolute discretion of such other party; provided that, in the event of such an assignment or transfer, the transferee shall assume in writing all of the transferor's obligations hereunder (but no party or any subsequent transferor will be released from its obligations hereunder); and provided further, however, Purchaser may assign its rights and obligations under this Agreement without the consent of Seller to any entity controlled by Armada Hoffler, L.P. or otherwise under common control or management with Purchaser (a "**Permitted Assignee**"). In connection with any assignment to a Permitted Assignee: (v) Purchaser will inform Seller of the identity of any Permitted Assignee at least three (3) Business Days prior to the Closing, (w) the Permitted Assignee shall assume in writing all of Purchaser's obligations hereunder, and agree to be bound by all of the terms and conditions (including releases, waivers and limitations on liability) of this Agreement, pursuant to an assignment and assumption agreement in form and content acceptable to Seller in the exercise of Seller's reasonable judgment, (x) Seller shall receive an electronic copy of such assignment and assumption agreement signed by Purchaser and the Permitted Assignee, (y) Purchaser shall remain liable jointly and severally with Permitted Assignee for all obligations and indemnifications hereunder notwithstanding such assignment, and (z) such assignment shall not require the consent of any third party or delay the consummation of the Transaction. For purposes of this provision, "**control**" means the ownership of a majority of the ownership interests of the entity in question. Notwithstanding and without limiting the foregoing, no consent given by a party to any transfer or assignment of another party's rights or obligations hereunder shall be deemed to constitute a consent to any other transfer or assignment hereunder and no transfer or assignment in violation of the provisions hereof shall be valid or enforceable. Subject to the foregoing, this Agreement and the terms and provisions hereof shall inure to the benefit of and be binding on the successors and assigns of the parties.

10.9 Notices. All notices, demands, consents, approvals, requests or other communications which any of the parties to this Agreement may desire or be required to give hereunder (collectively, "**Notices**") shall be in writing and shall be given by personal delivery, reputable overnight courier service (charges prepaid) or United States registered or certified mail (postage prepaid, return receipt requested) addressed as hereinafter. Except as otherwise specified herein, the time period in which a response to any notice or other communication must be made, if any, shall commence to run on the earliest to occur of (a) if by personal delivery, the date of receipt, or attempted delivery, if such communication is refused; and (b) if sent by overnight courier service or by mail (as aforesaid), the date of receipt or attempted delivery, if such courier service mailing is refused. Any Notice received after 5:00 P.M. (Eastern Time) on a Business Day or on a day other than a Business Day shall be deemed received on the first Business Day thereafter. Until further notice, Notices under this Agreement shall be addressed to the parties listed below as follows:

To Seller:

Harbor Point Parcel 2 Acquisition LLC
c/o J.P. Morgan Investment Management Inc.
277 Park Avenue
New York, New York 10172
Attention: Tara Andrews
Telephone: (212) 648-2161
Email: tara.a.andrews@jpmorgan.com

With a Copy To: Harbor Point Parcel 2 Acquisition LLC
c/o J.P. Morgan Investment Management Inc.
P.O. Box 5005
New York, New York 10163-5005

With a Copy To: Stroock & Stroock & Lavan LLP
180 Maiden Lane
New York, New York 10038-4982
Attention: Steven Moskowitz, Esq.
Telephone: (212) 806-5899
Email: smoskowitz@stroock.com

To Purchaser: c/o Armada Hoffler Properties, Inc.
222 Central Park Avenue, Suite 2100
Virginia Beach, Virginia 23462
Attention: Michael P. O'Hara, CFO
Telephone: (757) 366-6684
Email: mohara@armadahoffler.com

With a Copy To: Kaufman & Canoles, P.C.
2101 Parks Ave. Suite 700
Virginia Beach, Virginia 23451
Attention: Alison M. McKee, Esq.
Telephone: (757) 417-3627
Email: ammckee@kaufcan.com

Any party may designate another addressee (and/or change its address) for Notices hereunder by a Notice given pursuant to this Section.

10.10 Third Parties. Nothing in this Agreement, whether expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement upon any other Person other than the parties hereto and their respective permitted successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third Persons to any party to this Agreement, nor shall any provision give any third parties any right of subrogation or action over or against any party to this Agreement. This Agreement is not intended to and does not create any third party beneficiary rights whatsoever.

10.11 Legal Costs. The parties shall pay directly any and all legal costs that they have incurred on their own behalf in the preparation of this Agreement, all agreements pertaining to the Transaction, and such legal costs shall not be part of the closing costs. Notwithstanding the forgoing or any other provision of this Agreement to the contrary, if any dispute between the parties results in litigation, arbitration or any other proceeding, the court, arbitrator or mediator, as the case may be, will be requested to award to the substantially prevailing party all reasonable costs and expenses, including without limitation reasonable attorneys' fees and disbursements, incurred by the substantially prevailing party in connection with such proceeding and any appeal thereof. The judge, arbiter or mediator of any such dispute will be requested to determine which party substantially prevailed as part of its findings and determinations. Such costs, expenses, fees and disbursements

must be included and made a part of the judgment or award recovered by the substantially prevailing party, if any.

10.12 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document by some or all of the parties hereto, and (i) each such counterpart shall be considered an original, and all of which together shall constitute a single Agreement, (ii) the exchange of executed copies of this Agreement by facsimile or Portable Document Format (PDF) transmission (including any electronic signature covered by the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act, the Electronic Signatures and Records Act or other applicable law (e.g., www.docusign.com)), shall constitute effective execution and delivery of this Agreement as to the parties for all purposes, and (iii) signatures of the parties transmitted by facsimile or Portable Document Format (PDF) (including any electronic signature covered by the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act, the Electronic Signatures and Records Act or other applicable law (e.g., www.docusign.com)), shall be deemed to be their original signatures for all purposes.

10.13 Effectiveness. In no event shall any draft of this Agreement create any obligation or liability, it being understood that this Agreement shall be effective and binding only when a counterpart hereof has been executed and delivered by each party hereto. Seller and Purchaser shall have the right to discontinue negotiations and withdraw any draft of this Agreement at any time prior to the full execution and delivery of this Agreement by each party hereto. Except as set forth in any express terms of this Agreement to the contrary, Purchaser assumes the risk of all costs and expenses incurred by Purchaser in any negotiations or due diligence investigations undertaken by Purchaser with respect to the Property or the Company Interest.

10.14 No Implied Waivers. No failure or delay of either party in the exercise of any right or remedy given to such party hereunder or the waiver by any party of any condition hereunder for its benefit (unless the time specified in this Agreement for exercise of such right or remedy has expired) shall constitute a waiver of any other or further right or remedy nor shall any single or partial exercise of any right or remedy preclude other or further exercise thereof or any other right or remedy. No waiver by either party of any breach hereunder or failure or refusal by the other party to comply with its obligations shall be deemed a waiver of any other or subsequent breach, failure or refusal to so comply.

10.15 Discharge of Seller’s Obligations. Except as otherwise expressly provided in this Agreement, Purchaser’s acceptance of the Assignment and Assumption shall be deemed a discharge of all of the obligations of Seller hereunder and all of Seller’s representations, warranties, covenants and agreements in this Agreement shall merge in the documents and agreements executed at the Closing and shall not survive the Closing, except and to the extent that, pursuant to the express provisions of this Agreement, any of such representations, warranties, covenants or agreements are to survive the Closing.

10.16 No Recordation. Neither this Agreement nor any memorandum thereof shall be recorded and any attempted recordation hereof shall be void and shall constitute a default hereunder.

10.17 Unenforceability. If all or any portion of any provision of this Agreement shall be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision hereof, and such provision shall be limited and construed as if such invalid, illegal or unenforceable provision or portion thereof were not contained herein unless doing so would materially and adversely affect a party or the benefits that such party is entitled to receive under this Agreement.

10.18 **Waiver of Trial by Jury. TO THE FULLEST EXTENT PERMITTED BY LAW, SELLER, AND PURCHASER HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER ARISING IN TORT OR CONTRACT) BROUGHT BY EITHER AGAINST THE OTHER ON ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT**.

10.19 Disclosure. Notwithstanding any terms or conditions in this Agreement to the contrary, any Person may disclose to any and all Persons, without limitation of any kind, the tax treatment and structure of the Transaction and all materials of any kind (including opinions or other tax analyses) that are provided relating to such tax treatment and tax structure. For the avoidance of doubt, this authorization is not intended to permit disclosure of the names of, or other identifying information regarding, the participants in the Transaction, or of any information or the portion of any materials not relevant to the tax treatment or structure of the Transaction.

10.20 Reserved.

10.21 No Offer. Seller's delivery of unsigned copies of this Agreement is solely for the purpose of review by the Purchaser, and neither the delivery nor any prior communications between the parties, whether oral or written, shall in any way be construed as an offer by Seller, nor in any way imply that Seller is under any obligation to enter the transaction which is the subject of this Agreement. The signing of this Agreement by Purchaser constitutes an offer which shall not be deemed accepted by Seller unless and until Seller has signed this Agreement and delivered a duplicate original to Purchaser.

10.22 Securities Laws.

10.22.1 Until the Closing, Seller will treat the information disclosed to it by Purchaser, as confidential, giving it the same care as Seller's own confidential information, and make no use of any such disclosed information not independently known to Seller except in connection with the Transaction; provided that Seller may, without the consent of Purchaser, disclose such information: (i) to the Seller Related Parties, so long as any such Seller Related Parties to whom disclosure is made also agree to keep all such information confidential in accordance with the terms hereof; and (ii) if disclosure is required by law or by regulatory or judicial process, provided that in such event Seller will notify Purchaser of such required disclosure, will exercise all commercially reasonable efforts to preserve the confidentiality of the confidential information, including, without limitation, reasonably cooperating with Purchaser (at Purchaser's sole expense) to obtain an appropriate order or other reliable assurance that confidential treatment will be accorded such confidential information by such tribunal and will disclose only that portion of the confidential information which Seller is legally required to disclose.

10.22.2 Each party is aware, and will advise its respective affiliates and Representatives who are informed of the matters that are the subject of this Agreement, of the restrictions imposed by the United States securities laws and other applicable laws on the purchase or sale of securities by any Person who has received material, non-public information and on the communication of such information to any other Person when it is reasonably foreseeable that such other Person is likely to purchase or sell such securities in reliance on such information.

10.22.3 Seller acknowledges that Purchaser is an affiliate of Armada Hoffler Properties, Inc. ("**AHP**"). AHP is a publicly traded real estate investment trust. The fact that Purchaser has entered into this Agreement may be material, non-public insider information subject to restrictions imposed by the United States securities laws and other applicable laws on the purchase and sale of the securities of AHP. Seller will keep confidential the existence of this Agreement and all matters related to it, and will not use or knowingly allow any Seller Related Party to use the existence of this Agreement for any of the following purposes: (x) the trading in any securities of AHP, (y) the trading in any securities that are convertible into or exchangeable for securities of AHP or (z) the trading in any derivative with respect to securities of AHP, whether any such transaction described in clauses (x), (y) or (z) above is to be settled by delivery of securities, in cash or otherwise, until this Agreement has been publicly disclosed by AHP through a press release or by a filing with the U.S. Securities and Exchange Commission.

10.22.4 Before the Closing Date AHP will make a filing with the U.S. Securities and Exchange Commission and issue a press release regarding this Transaction. Seller acknowledges that AHP may disclose material information from time to time, both before and after the Closing Date, concerning the existence of this Agreement and the transactions contemplated in this Agreement pursuant to its reporting and disclosure obligations in securities filings with the U.S. Securities and Exchange Commission or other applicable regulatory bodies, or in press releases, and that AHP may discuss the terms of this Agreement and the transaction contemplated hereby with analysts, investors, lenders and other similar parties. Purchaser shall provide Seller with a reasonable opportunity to review the press releases relating to the Transaction that Purchaser intends to issue following execution of this Agreement and following Closing prior to release of such press releases; provided, however, that Purchaser shall in any event have the right to (i) include in such press release all matters required by applicable law and (ii) make changes that are not material following Seller's approval but prior to issuance of the press release. Following the Closing, AHP will include in its 10-K filing with the U.S. Securities and Exchange Commission a copy of this fully executed Agreement. Notwithstanding the foregoing, the confidentiality provisions of this Section 10.22 will not apply to any information or document which is or becomes generally available to the public other than as a result of a disclosure in violation of this Agreement. Further, nothing herein shall prevent the parties from making any disclosures required pursuant to the operation of law, court order or other governmental demand.

10.23 Arbitration. Any dispute, controversy or claim regarding the Transaction, breach of this Agreement or breach of any documents executed and delivered by any party as part of the Closing must be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction. In any arbitration proceeding, the following will apply:

10.23.1 Claims will be heard by a panel of three arbitrators. Within fifteen (15) days after the commencement of arbitration, each party will select one Person to act as arbitrator and the two selected will select a third arbitrator within ten (10) days after their appointment. If the arbitrators selected by the parties are unable or fail to agree on the third arbitrator, the third arbitrator will be selected by the American Arbitration Association. The arbitrator(s) must be commercial specialists.

10.23.2 The place of arbitration will be Baltimore, Maryland. The arbitration will be governed by the laws of the State of Delaware. Hearings will take place pursuant to the standard procedures of the Commercial Arbitration Rules that contemplate in person hearings.

10.23.3 Time is of the essence for any arbitration under this agreement and arbitration hearings must take place within ninety (90) days after filing and awards must be rendered within one hundred twenty (120) days after filing. Arbitrator(s) must agree to these limits prior to accepting appointment.

10.23.4 The arbitrators will have no authority to award damages not measured by the prevailing party's actual compensatory damages, except as may be required by statute. The arbitrators will award reasonable attorneys' fees and costs pursuant to Section 10.11.

10.23.5 The award of the arbitrators must be accompanied by a reasoned opinion. Except as may be required by law, neither a party nor an arbitrator may disclose the existence, content or results of any arbitration without the prior written consent of all parties.

10.23.6 Failure or refusal of a party to pay its required share of the deposits for arbitrator compensation or administrative charges will constitute a waiver by that party to present evidence or cross-examine witness. In such event, the other party will be required to present such evidence and legal argument as the arbitrator(s) may require for the making of an award. Such waiver will not allow for a default judgment against the non-paying party in the absence of evidence presented as provided for above.

10.24 Survival. The provisions of this Section 10 shall survive the Closing or a termination of this Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

AHP ACQUISITIONS, LLC
a Virginia limited liability company

By: ARMADA HOFFLER, L.P.
a Virginia limited partnership
Its Sole Member

By: ARMADA HOFFLER PROPERTIES, INC.
a Maryland corporation,
Its General Partner

By: /s/ Michael P. O'Hara (SEAL)
Michael P. O'Hara
Chief Financial Officer

HARBOR POINT PARCEL 2 ACQUISITION LLC,
a Delaware limited liability company

By: Commingled Pension Trust Fund (Special Situation Property) of JPMorgan Chase Bank, N.A., a bank collective trust governed by the National Bank Act and the laws of the State of New York, its sole member

By: JPMorgan Chase Bank, N. A., not individually, but solely in its capacity as trustee

By: /s/ Tara A. Andrews
Name: Tara A. Andrews
Title: Executive Director

EXHIBIT A

(LEGAL DESCRIPTION OF THE UNITS)

<u>EXHIBIT B</u>

(ADDITIONAL EXCEPTIONS TO TITLE)

EXHIBIT C

ASSIGNMENT AND ASSUMPTION OF COMPANY INTEREST

EXHIBIT D

CERTIFICATION OF NON-FOREIGN STATUS UNDER TREASURY REGULATIONS SECTION 1.1445-2(b)

EXHIBIT E

ORGANIZATIONAL DOCUMENTS

EXHIBIT F

LITIGATION

<u>EXHIBIT G</u>

ESCROW AGREEMENT

EXHIBIT H

FORM OF EXELON ESTOPPEL

EXHIBIT I

FORM OF TITLE AFFIDAVITS

Exhibit 21.1

List of Subsidiaries of Armada Hoffler Properties, Inc.

Name	Place of Organization
10th and Tryon Partners, LLC	Virginia
530 Meeting Street Residential Partners, LLC	Virginia
595 King Street Residential Partners, LLC	Virginia
631 North Tryon II, LLC	Virginia
660 Delray Beach, LLC	Virginia
700 Edison Center, LLC	Virginia
700 Center Residential, LLC	Virginia
801 Nexton Summerville, LLC	Virginia
1023 Roswell, LLC	Virginia
1300 Thames Street	Virginia
AH 700 Centre, LLC	Virginia
A/H Harrisonburg Regal L.L.C.	Virginia
A/H North Pointe, Inc.	Virginia
AH Columbus II, L.L.C.	Virginia
AH Durham Apartments, L.L.C.	Virginia
AH Greentree, L.L.C.	Virginia
AH Richmond Tower I, L.L.C.	Virginia
AH Sandbridge, L.L.C.	Virginia
AH Southeast Commerce Center, L.L.C.	Virginia
AHP Acquisitions, LLC	Virginia
AHP Asset Services, LLC	Virginia
AHP Construction, LLC	Virginia
AHP Development, LLC	Virginia
AHP Holding, Inc.	Virginia
AHP Tenant Services, LLC	Virginia
Alexander Pointe Salisbury, LLC	Virginia
Annapolis Junction Apartments Owner Two, LLC	Delaware
Annapolis Junction Holding, LLC	Virginia
Armada Hoffler JV Manager, LLC	Virginia
Armada Hoffler Manager, LLC	Virginia
Armada Hoffler, L.P.	Virginia
Armada/Hoffler Block 8 Associates, L.L.C.	Virginia
Armada/Hoffler Charleston Associates, L.P.	Virginia
Armada/Hoffler Tower 4, L.L.C.	Virginia
Baltimore Parcel 2E, LLC	Virginia
Baltimore Parcel 2E Holding, LLC	Virginia
Baltimore Parcel 3, LLC	Virginia
Baltimore Parcel 3 Holding, LLC	Virginia
Baltimore Parcel 4, LLC	Virginia
Baltimore Parcel 4 Holding, LLC	Virginia
Bermuda Shopping Center, L.L.C.	Virginia
Block Street Holding, LLC	Virginia
Block Street Mezz Borrower, LLC	Maryland

Name	Place of Organization
Broad Creek PH. I, L.L.C.	Virginia
Broad Creek PH. II, L.L.C.	Virginia
Broad Creek PH. III, L.L.C.	Virginia
Broadmoor Plaza Indiana, LLC	Virginia
BSE/AH Blacksburg Apartments, LLC	Virginia
Block 11 Manager, LLC	Virginia
Brooks Crossing II, LLC	Virginia
Chronicle Holdings, LLC	Virginia
Chronicle Mill Belmont, LLC	Virginia
Chronicle Mill Tract II, LLC	Virginia
City Center Durham, LLC *	Virginia
City Park II Holding, LLC	Virginia
City Park 2 Apartments, LLC	Virginia
Columbus Tower, L.L.C.	Virginia
Columbus Town Center, LLC	Virginia
Columbus Town Center II, LLC	Virginia
Courthouse Marketplace Outparcels, L.L.C.	Virginia
Courthouse Office Building, LLC	Virginia
Dimmock Square Marketplace, LLC	Virginia
Ferrell Parkway Associates, L.L.C.	Virginia
Gainesville Development, LLC	Virginia
Gainesville Development Holdings, LLC	Virginia
Gateway Centre, L.L.C.	Virginia
Greenbrier Ocean Partners II, LLC	Virginia
Greenbrier Ocean Partners, LLC	Virginia
Greenbrier Square Chesapeake, LLC	Virginia
Greenbrier Technology Center II Associates, L.L.C.	Virginia
Hanbury Village II, L.L.C.	Virginia
Harbor Point Parcel 2 Holdings, LLC	Delaware
Harbor Point Parcel 2-Residential, LLC	Delaware
Harbor Point Parcel 2-Retail, LLC	Delaware
Harbor Point Parcel 2-Transfer Station, LLC	Delaware
Harbor Point Parcel 2-Office, LLC	Delaware
Harbor Point Parcel 3 Development, LLC	Maryland
Harding Place Residential Partners, LLC	Virginia
Harper Hill North Carolina, LLC	Virginia
Hilltop Laskin, LLC	Virginia
Hoffler and Associates EAT, LLC	Virginia
Hopkins Village, L.L.C.	Virginia
HT Tyre Neck, L.L.C.	Virginia
Interlock Mezz Lender, LLC	Virginia
Lexington at Hope Ferry, LLC	Virginia
Lightfoot Marketplace Shopping Center, LLC *	Virginia
Market at Mill Creek Partners, LLC	Virginia

Name	Place of Organization
New Armada Hoffler Properties I, LLC	Virginia
New Armada Hoffler Properties II, LLC	Virginia
North Hampton Market South Carolina, LLC	Virginia
North Point Development Associates, L.L.C.	Virginia
North Point Development Associates, L.P.	Virginia
North Pointe Outparcels, L.L.C.	Virginia
North Pointe PH. 1 Limited Partnership	Virginia
North Pointe VW4, L.L.C.	Virginia
North Pointe-CGL, L.L.C.	Virginia
OCC Commercial, LLC	Virginia
Overlook Village Asheville, LLC	Virginia
Oakland Marketplace Tennessee, LLC	Virginia
Oyster Point Office Building, LLC	Virginia
Parkway Centre Moultrie, LLC	Virginia
Paterson Place Durham, LLC	Virginia
Perry Hall Maryland, LLC	Virginia
Providence Plaza Charlotte, LLC	Virginia
Red Mill Central, LLC	Virginia
Red Mill North, LLC	Virginia
Red Mill Outparcels, LLC	Virginia
Red Mill South, LLC	Virginia
Red Mill West, LLC	Virginia
Socastee Myrtle Beach, LLC	Virginia
Solis Interlock Mezz Lender, LLC	Virginia
Solis Nexton Holding, LLC	Virginia
Southeast Commerce Center Associates, LLC	Virginia
Southeast Commerce Center Associates II, LLC	Virginia
Southern Post, LLC	Georgia
Southgate Square Virginia, LLC	Virginia
Southshore Pointe, LLC	Virginia
South Square Durham, LLC	Virginia
Stone House Maryland, LLC	Virginia
TCA 9 Plaza, LLC	Virginia
TCA 10 GP, LLC	Virginia
TCA Block 11 Apartments, LLC	Virginia
TCA Block 11 Office, LLC	Virginia
TCA Block 4 Retail, L.L.C.	Virginia
TCA Block 6, L.L.C.	Virginia
Tower Manager, LLC	Virginia
Town Center Associates, LLC	Virginia
Town Center Associates 9, LLC	Virginia
Town Center Associates 11, LLC	Virginia
Town Center Associates 12, L.L.C.	Virginia
Town Center Associates 7, L.L.C.	Virginia

Name	Place of Organization
Town Center Block 10 Apartments, L.P.	Virginia
Washington Avenue Apartments, L.L.C.	Virginia
Wendover Village III, LLC	Virginia
Wendover Village Greensboro, LLC	Virginia
Wendover Village Greensboro II, LLC	Virginia
Williamsburg Medical Building, LLC	Virginia
Wills Wharf Baltimore, LLC	Virginia

* City Center Durham, LLC and Lightfoot Marketplace Shopping Center, LLC sold their real estate asset but no decision has been made whether to terminate or withdraw the entities from the Secretary of State.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statements (Forms S-8 No. 333-188545 and No. 333-218750) pertaining to the Amended and Restated 2013 Equity Incentive Plan of Armada Hoffler Properties, Inc., and
(2) Registration Statements (Forms S-3 No. 333-236982, No. 333-204063 and No. 333-214176) of Armada Hoffler Properties, Inc.;

of our reports dated February 23, 2022, with respect to the consolidated financial statements of Armada Hoffler Properties, Inc. and the effectiveness of internal control over financial reporting of Armada Hoffler Properties, Inc. included in this Annual Report (Form 10-K) of Armada Hoffler Properties, Inc. for the year ended December 31, 2021.

/s/ Ernst & Young LLP

Richmond, Virginia
February 23, 2022

EXHIBIT 31.1

SARBANES-OXLEY SECTION 302(a) CERTIFICATION

I, Louis S. Haddad, certify that:

1. I have reviewed this Annual Report on Form 10-K of Armada Hoffler Properties, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 23, 2022

/s/ Louis S. Haddad

Louis S. Haddad
President and Chief Executive Officer

EXHIBIT 31.2

SARBANES-OXLEY SECTION 302(a) CERTIFICATION

I, Michael P. O'Hara, certify that:

1. I have reviewed this Annual Report on Form 10-K of Armada Hoffler Properties, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 23, 2022

/s/ Michael P. O'Hara

Michael P. O'Hara
Chief Financial Officer, Treasurer, and Secretary

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Armada Hoffler Properties Inc. (the “Company”) on Form 10-K for the period ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Louis S. Haddad, President and Chief Executive Officer, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, in my capacity as an officer of the Company that, to my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 23, 2022	/s/ Louis S. Haddad
	Louis S. Haddad
	President and Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Armada Hoffler Properties Inc. (the “Company”) on Form 10-K for the period ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael P. O'Hara, Chief Financial Officer and Treasurer, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, in my capacity as an officer of the Company that, to my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 23, 2022

/s/ Michael P. O'Hara

Michael P. O'Hara

Chief Financial Officer, Treasurer, and Secretary