

Armada Hoffler Properties, Inc.
Form 10-Q
August 14, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2013

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)

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Maryland
(State of Organization)

46-1214914
(IRS Employer

Identification No.)

222 Central Park Avenue, Suite 2100

Virginia Beach, Virginia
(Address of Principal Executive Offices)

23462
(Zip Code)

(757) 366-4000

(Registrant's Telephone Number, Including Area Code)

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

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

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

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer (Do not check if a smaller reporting company)

Smaller reporting company

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

The number of Registrant's common shares outstanding on August 8, 2013 was 19,163,705.

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**ARMADA HOFFLER PROPERTIES, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED JUNE 30, 2013**

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Table of Contents**PART I. Financial Information****Item 1. Financial Statements****ARMADA HOFFLER PROPERTIES, INC. AND PREDECESSOR****Condensed Consolidated and Combined Balance Sheets****(In Thousands, except par value and share data)**

	JUNE 30, 2013 (UNAUDITED)	PREDECESSOR DECEMBER 31, 2012
<u>ASSETS</u>		
Real estate investments:		
Income producing property	\$ 403,296	\$ 350,814
Held for development	4,733	3,926
Construction in progress	12,258	
	420,287	354,740
Accumulated depreciation	(98,612)	(92,454)
Net real estate investments	321,675	262,286
Cash and cash equivalents	14,737	9,400
Restricted cash	3,117	3,725
Accounts receivable, net	17,509	17,423
Construction receivables, including retentions	17,511	10,490
Construction contract costs and estimated earnings in excess of billings	901	1,206
Due from affiliates		5,719
Other assets	23,857	21,564
Total Assets	\$ 399,307	\$ 331,813
<u>LIABILITIES AND EQUITY</u>		
Indebtedness:		
Secured debt	\$ 244,336	\$ 334,438
Participating note		643
Accounts payable and accrued liabilities	8,060	2,478
Construction payables, including retentions	17,512	17,369
Billings in excess of construction contract costs and estimated earnings	3,258	4,236
Due to affiliates		3,597
Due to related parties	1,599	
Other liabilities	12,991	10,393
Total Liabilities	\$ 287,756	\$ 373,154
Stockholders' equity:		
Common stock, \$0.01 par value, 500,000,000 shares authorized, 19,163,705 shares issued and outstanding as of June 30, 2013	192	
Additional paid-in capital	767	
Distributions in excess of earnings	(43,934)	
Predecessor deficit		(41,341)

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Total stockholders and predecessor deficit	(42,975)	(41,341)
Noncontrolling interests	154,526	
Total Equity	111,551	(41,341)
Total Liabilities and Equity	\$ 399,307	\$ 331,813

See Notes to Condensed Consolidated and Combined Financial Statements.

Table of Contents**ARMADA HOFFLER PROPERTIES, INC. AND PREDECESSOR****Condensed Consolidated and Combined Statements of Income**

(In Thousands, except per share data)

(Unaudited)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2013	2012	2013	2012
Revenues				
Rental revenues	\$ 14,231	\$ 13,609	\$ 27,629	\$ 26,996
General contracting and real estate services revenues	23,291	12,383	41,247	27,024
Total revenues	37,522	25,992	68,876	54,020
Expenses				
Rental expenses	3,399	2,944	6,628	5,808
Real estate taxes	1,248	1,209	2,460	2,392
General contracting and real estate services expenses	22,503	11,501	39,961	25,493
Depreciation and amortization	4,020	3,232	7,179	6,579
General and administrative expenses	2,857	954	3,574	1,788
Impairment charges	533		533	
Total expenses	34,560	19,840	60,335	42,060
Operating income	2,962	6,152	8,541	11,960
Interest expense	(3,289)	(4,217)	(7,204)	(8,344)
Loss on extinguishment of debt	(1,125)		(1,125)	
Gain on acquisitions	9,460		9,460	
Other income	185	164	452	387
Income before taxes	8,193	2,099	10,124	4,003
Income tax benefit	211		211	
Income from continuing operations	8,404	2,099	10,335	4,003
Discontinued operations:				
Loss from discontinued operations		(9)		(35)
Gain on sale of real estate		20		25
Income (loss) from discontinued operations		11		(10)
Net income	8,404	\$ 2,110	10,335	\$ 3,993
Net income attributable to Predecessor	(89)		(2,020)	
Net income attributable to noncontrolling interests	(3,429)		(3,429)	
Net income attributable to stockholders	\$ 4,886		\$ 4,886	
Net income per share:				
Basic and diluted	\$ 0.26		\$ 0.26	

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Weighted-average outstanding:		
Common shares	18,605	18,605
Common units	13,059	13,059
Basic and diluted	31,664	31,664
Dividends declared per common share and unit	\$ 0.08	\$ 0.08

See Notes to Condensed Consolidated and Combined Financial Statements.

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ARMADA HOFFLER PROPERTIES, INC. AND PREDECESSOR

Condensed Consolidated and Combined Statement of Equity

(In Thousands, except share data)

(Unaudited)

	Number of common shares	Common stock	Additional paid- in capital	Distributions in excess of earnings	Predecessor deficit	Total stockholders and Predecessor deficit	Noncontrolling interests	Total equity
Predecessor								
Balance, January 1, 2013		\$	\$	\$	\$ (41,341)	\$ (4		