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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, 2014

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 of Organization)	**(IRS Employer Identification No.)**
222 Central Park Avenue, Suite 2100	
Virginia Beach, Virginia	**23462**
(Address of Principal Executive Offices)	**(Zip Code)**

(757) 366-4000

(Registrant s Telephone Number, Including Area Code)

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. x 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). x 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 x (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 x No

As of August 1, 2014, the Registrant had 19,265,664 shares of common stock outstanding.

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ARMADA HOFFLER PROPERTIES, INC.

QUARTERLY REPORT ON FORM 10-Q

FOR THE QUARTER ENDED JUNE 30, 2014

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PART I. Financial Information

Item 1. Financial Statements
ARMADA HOFFLER PROPERTIES, INC.

Condensed Consolidated Balance Sheets

(In Thousands, except par value and share data)

	JUNE 30, 2014 (UNAUDITED)	DECEMBER 31, 2013
ASSETS		
Real estate investments:		
Income producing property	$ 436,450	$ 406,239
Held for development	8,592	
Construction in progress	105,253	56,737
	550,295	462,976
Accumulated depreciation	(112,024)	(105,228)
Net real estate investments	438,271	357,748
Cash and cash equivalents	16,271	18,882
Restricted cash	3,224	2,160
Accounts receivable, net	19,517	18,272
Construction receivables, including retentions	12,730	12,633
Construction contract costs and estimated earnings in excess of billings	1,287	1,178
Other assets	24,815	24,409
Total Assets	$ 516,115	$ 435,282
LIABILITIES AND EQUITY		
Indebtedness	$ 349,840	$ 277,745
Accounts payable and accrued liabilities	6,743	6,463
Construction payables, including retentions	34,631	28,139
Billings in excess of construction contract costs and estimated earnings	1,227	1,541
Other liabilities	16,474	15,873
Total Liabilities	408,915	329,761
Stockholders equity:		
Common stock, $0.01 par value, 500,000,000 shares authorized,	193	192

19,265,919 and 19,163,413 shares issued and outstanding as of June 30, 2014 and December 31, 2013, respectively				
Additional paid-in capital		1,650		1,247
Distributions in excess of earnings		(51,307)		(47,934)
Total stockholders deficit		(49,464)		(46,495)
Noncontrolling interests		156,664		152,016
Total Equity		107,200		105,521
Total Liabilities and Equity	$	516,115	$	435,282

See Notes to Condensed Consolidated and Combined Financial Statements.

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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,	
	2014	**2013**	**2014**	**2013**
Revenues				
Rental revenues	$ 15,319	$ 14,231	$ 30,512	$ 27,629
General contracting and real estate services revenues	20,495	23,291	39,729	41,247
Total revenues	35,814	37,522	70,241	68,876
Expenses				
Rental expenses	3,840	3,399	7,816	6,628
Real estate taxes	1,408	1,248	2,751	2,460
General contracting and real estate services expenses	19,354	22,503	37,339	39,961
Depreciation and amortization	4,057	4,020	8,026	7,179
General and administrative expenses	1,981	2,857	4,027	3,574
Impairment charges		533		533
Total expenses	30,640	34,560	59,959	60,335
Operating income	5,174	2,962	10,282	8,541
Interest expense	(2,678)	(3,289)	(5,243)	(7,204)
Loss on extinguishment of debt		(1,125)		(1,125)
Gain on acquisitions		9,460		9,460
Other (loss) income	(194)	185	(82)	452
Income before taxes	2,302	8,193	4,957	10,124
Income tax (provision) benefit	(29)	211	(178)	211
Net income	2,273	8,404	4,779	10,335
Net income attributable to Predecessor		(89)		(2,020)
Net income attributable to noncontrolling interests	(948)	(3,429)	(1,989)	(3,429)
Net income attributable to stockholders	$ 1,325	$ 4,886	$ 2,790	$ 4,886
Net income per share:				
Basic and diluted	$ 0.07	$ 0.26	$ 0.15	$ 0.26

Weighted-average outstanding:

Common shares	19,250	18,605	19,222	18,605
Common units	13,785	13,059	13,709	13,059
Basic and diluted	33,035	31,664	32,931	31,664
Dividends declared per common share and unit	$ 0.16	$ 0.08	$ 0.32	$ 0.08

See Notes to Condensed Consolidated and Combined Financial Statements.

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ARMADA HOFFLER PROPERTIES, INC.

Condensed Consolidated Statement of Equity

(In Thousands, except share data)

(Unaudited)

	Shares of common stock	Common stock	Additional paid-in capital	Distributions in excess of earnings	Total stockholders deficit	Noncontrolling interests	Total Equity
Balance, January 1, 2014	19,163,413	$ 192	$ 1,247	$ (47,934)	$ (46,495)	$ 152,016	$ 105,521
Restricted stock award grants	124,777	1	(1)				
Vesting of restricted stock awards			917		917		917
Minimum tax withholding	(21,376)		(212)		(212)		(212)
Restricted stock award forfeitures	(895)						
Acquisitions						6,769	6,769
Exchange of owners equity for common units			(301)		(301)	301	
Net income				2,790	2,790	1,989	4,779
Dividends and distributions declared				(6,163)	(6,163)	(4,411)	(10,574)
Balance, June 30, 2014	19,265,919	$ 193	$ 1,650	$ (51,307)	$ (49,464)	$ 156,664	$ 107,200

See Notes to Condensed Consolidated and Combined Financial Statements.

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ARMADA HOFFLER PROPERTIES, INC. AND PREDECESSOR

Condensed Consolidated and Combined Statements of Cash Flows

(In Thousands)

(Unaudited)

	SIX MONTHS ENDED JUNE 30, 2014	SIX MONTHS ENDED JUNE 30, 2013
OPERATING ACTIVITIES		
Net income	$ 4,779	$ 10,335
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of buildings and tenant improvements	6,796	6,175
Amortization of deferred leasing costs and in-place lease intangibles	1,230	1,004
Accrued straight-line rental revenue	(850)	(541)
Amortization of lease incentives and above or below-market rents	317	383
Accrued straight-line ground rent expense	159	176
Bad debt expense	11	117
Noncash stock compensation	522	769
Impairment charges		533
Noncash interest expense	293	337
Noncash loss on extinguishment of debt		508
Gain on acquisitions		(9,460)
Change in the fair value of derivatives	169	(156)
Income from real estate joint ventures		(210)
Changes in operating assets and liabilities:		
Property assets	(1,792)	6,269
Property liabilities	(1,056)	(1,636)
Construction assets	(206)	(6,716)
Construction liabilities	(1,375)	(1,037)
Net cash provided by operating activities	8,997	6,850
INVESTING ACTIVITIES		
Development of real estate investments	(47,709)	(10,734)
Tenant and building improvements	(3,680)	(1,710)
Acquisitions of real estate investments, net of cash acquired	(2,895)	(2,106)
(Increase) decrease in restricted cash	(777)	274
Contributions to real estate joint ventures		(81)
Return of capital from real estate joint ventures		511
Deferred leasing costs	(874)	(244)
Leasing incentives	(63)	(243)
Net cash used for investing activities	(55,998)	(14,333)

FINANCING ACTIVITIES		
Proceeds from sale of common stock		203,245
Offering costs	(243)	(5,662)
Formation Transactions		(47,221)
Debt issuances, credit facility and construction loan borrowings	56,687	42,700
Debt and credit facility payments, including principal amortization	(1,578)	(167,710)
Debt issuance costs	(35)	(1,823)
Predecessor distributions, net		(10,709)
Dividends and distributions	(10,441)	
Net cash (used for) provided by financing activities	44,390	12,820
Net (decrease) increase in cash and cash equivalents	(2,611)	5,337
Cash and cash equivalents, beginning of period	18,882	9,400
Cash and cash equivalents, end of period	$ 16,271	$ 14,737
Supplemental cash flow information:		
Cash paid for interest	$ 5,795	$ 7,491

See Notes to Condensed Consolidated and Combined Financial Statements.

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ARMADA HOFFLER PROPERTIES, INC. AND PREDECESSOR

Notes to Condensed Consolidated and Combined Financial Statements

(Unaudited)

1. Business and Organization

Armada Hoffler Properties, Inc. (the Company) is a full service real estate company with extensive experience developing, building, owning and managing high-quality, institutional-grade office, retail and multifamily properties in attractive markets throughout the Mid-Atlantic United States.

As of June 30, 2014, the Company owned 24 stabilized properties, one unstabilized property and had 10 new properties under development. The Company generally considers a property to be stabilized when it reaches 80% occupancy or three years after acquisition or completion.

As of June 30, 2014, the Company s stabilized operating property portfolio consisted of the following properties:

Name	Segment	Location
Armada Hoffler Tower	Office	Virginia Beach, Virginia
One Columbus	Office	Virginia Beach, Virginia
Oyster Point	Office	Newport News, Virginia
Richmond Tower	Office	Richmond, Virginia
Sentara Williamsburg	Office	Williamsburg, Virginia
Two Columbus	Office	Virginia Beach, Virginia
Virginia Natural Gas	Office	Virginia Beach, Virginia
249 Central Park Retail	Retail	Virginia Beach, Virginia
Bermuda Crossroads	Retail	Chester, Virginia
Broad Creek Shopping Center	Retail	Norfolk, Virginia
Commerce Street Retail	Retail	Virginia Beach, Virginia
Courthouse 7-Eleven	Retail	Virginia Beach, Virginia
Dick s at Town Center	Retail	Virginia Beach, Virginia
Fountain Plaza Retail	Retail	Virginia Beach, Virginia
Gainsborough Square	Retail	Chesapeake, Virginia
Hanbury Village	Retail	Chesapeake, Virginia
Harrisonburg Regal	Retail	Harrisonburg, Virginia
North Point Center	Retail	Durham, North Carolina
Parkway Marketplace	Retail	Virginia Beach, Virginia
South Retail	Retail	Virginia Beach, Virginia
Studio 56 Retail	Retail	Virginia Beach, Virginia
Tyre Neck Harris Teeter	Retail	Portsmouth, Virginia
Smith s Landing	Multifamily	Blacksburg, Virginia
The Cosmopolitan	Multifamily	Virginia Beach, Virginia

Liberty Apartments, a 197-unit multifamily property in Newport News, Virginia, had not reached stabilization as of June 30, 2014.

As of June 30, 2014, the Company had the following properties under development:

Name	Segment	Location
4525 Main Street	Office	Virginia Beach, Virginia
Brooks Crossing	Office	Newport News, Virginia
Oceaneering	Office	Chesapeake, Virginia
Commonwealth of Virginia Chesapeake	Office	Chesapeake, Virginia
Commonwealth of Virginia Virginia Beach	Office	Virginia Beach, Virginia
Greentree Shopping Center	Retail	Chesapeake, Virginia
Sandbridge Commons	Retail	Virginia Beach, Virginia
Lightfoot Marketplace	Retail	Williamsburg, Virginia
Encore Apartments	Multifamily	Virginia Beach, Virginia
Whetstone Apartments	Multifamily	Durham, North Carolina

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

Armada Hoffler Properties, Inc. Predecessor (the Predecessor) was not a single legal entity, but rather a combination of real estate and construction entities under common ownership by their individual partners, members and stockholders and under common control or

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significant influence of Daniel A. Hoffler prior to the IPO and the Formation Transactions. The financial position and results of operations of the entities under common control of Mr. Hoffler have been combined in the Predecessor financial statements for the periods prior to the completion of the IPO and the Formation Transactions. The Predecessor accounted for its investments in the entities under significant influence of Mr. Hoffler using the equity method of accounting.

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

Because of the timing of the IPO and the Formation Transactions, the results of operations for the three and six months ended June 30, 2013 reflect those of the Predecessor together with the Company. The financial condition as of June 30, 2014 and December 31, 2013 and the results of operations for the three and six months ended June 30, 2014 reflect only those of the Company. References to Armada Hoffler in these notes to consolidated and combined financial statements signify the Company for the period after the completion of the IPO and the Formation Transactions on May 13, 2013 and the Predecessor for all prior periods.

2. Summary of Significant Accounting Policies

Basis of Presentation

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

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

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

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

The accompanying consolidated and combined financial statements were prepared in accordance with the requirements for interim financial information. Accordingly, these interim financial statements have not been audited and exclude certain disclosures required for annual financial statements. Also, the operating results presented for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year. These interim financial statements should be read in conjunction with the audited consolidated and combined financial statements of the Company included in the Company s Annual Report on Form 10-K for the year ended December 31, 2013.

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.

Significant Accounting Policies

The accompanying consolidated and combined financial statements were prepared on the basis of the accounting principles described in the Company s Annual Report on Form 10-K for the year ended December 31, 2013, among others.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board issued a new standard that provides a single, comprehensive model for recognizing revenue from contracts with customers. While the new standard does not supersede the guidance on accounting for leases, it could change the way the Company recognizes revenue from construction and development contracts with third party customers. The new standard will be effective for the Company beginning on January 1, 2017. Early adoption is not permitted. Management is currently evaluating the potential impact of the new revenue recognition standard on the Company s consolidated financial statements.

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3. *Segments*

Net operating income (segment revenues minus segment expenses) is the measure used by Armada Hoffler s chief operating decision-maker to assess segment performance. Net operating income is not a measure of operating income or cash flows from operating activities as measured by GAAP and is not indicative of cash available to fund cash needs. As a result, net operating income should not be considered an alternative to cash flows as a measure of liquidity. Not all companies calculate net operating income in the same manner. Armada Hoffler 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 Armada Hoffler s real estate and construction businesses.

Net operating income of Armada Hoffler s reportable segments for the three and six months ended June 30, 2014 and 2013 was as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
	(Unaudited)			
Office real estate				
Rental revenues	$ 6,519	$ 6,420	$ 13,068	$ 12,906
Property expenses	1,971	1,940	4,102	3,886
Segment net operating income	4,548	4,480	8,966	9,020
Retail real estate				
Rental revenues	5,703	5,383	11,473	10,388
Property expenses	1,690	1,629	3,515	3,309
Segment net operating income	4,013	3,754	7,958	7,079
Multifamily residential real estate				
Rental revenues	3,097	2,428	5,971	4,335
Property expenses	1,587	1,078	2,950	1,893
Segment net operating income	1,510	1,350	3,021	2,442
General contracting and real estate services				
Segment revenues	20,495	23,291	39,729	41,247
Segment expenses	19,354	22,503	37,339	39,961
Segment net operating income	1,141	788	2,390	1,286
Net operating income	$ 11,212	$ 10,372	$ 22,335	$ 19,827

General contracting and real estate services revenues for the three and six months ended June 30, 2014 exclude revenue from intercompany construction contracts of $25.9 million and $44.6 million, respectively. General contracting and real estate services expenses for the three and six months ended June 30, 2014 exclude expenses for intercompany construction contracts of $25.5 million and $44.0 million, respectively. General contracting and real estate services expenses for the three and six months ended June 30, 2014 include noncash stock compensation of $0.1 million and $0.2 million, respectively.

General contracting and real estate services revenues for the three and six months ended June 30, 2013 exclude revenue from intercompany construction contracts of $3.7 million and $5.7 million, respectively. General contracting and real estate services expenses for the three and six months ended June 30, 2013 exclude expenses for intercompany construction contracts of $3.6 million and $5.6 million, respectively.

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The following table reconciles net operating income to net income for the three and six months ended June 30, 2014 and 2013 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
	(Unaudited)			
Net operating income	$ 11,212	$ 10,372	$ 22,335	$ 19,827
Depreciation and amortization	(4,057)	(4,020)	(8,026)	(7,179)
General and administrative expenses	(1,981)	(2,857)	(4,027)	(3,574)
Impairment charges		(533)		(533)
Interest expense	(2,678)	(3,289)	(5,243)	(7,204)
Loss on extinguishment of debt		(1,125)		(1,125)
Gain on acquisitions		9,460		9,460
Other (loss) income	(194)	185	(82)	452
Income tax (provision) benefit	(29)	211	(178)	211
Net income	$ 2,273	$ 8,404	$ 4,779	$ 10,335

General and administrative expenses represent costs not directly associated with the operation and management of Armada Hoffler s real estate properties and general contracting business. General and administrative expenses include office personnel salaries and benefits, bank fees, accounting fees, legal fees and other corporate office expenses. General and administrative expenses for the three and six months ended June 30, 2014 include noncash stock compensation of $0.1 million and 0.3 million, respectively. General and administrative expenses for the three and six months ended June 30, 2013 each include noncash stock compensation of $0.8 million.

During the three and six months ended June 30, 2013, the Company recognized a $0.5 million impairment of unamortized leasing assets related to two vacated retail tenants.

During the three and six months ended June 30, 2013, the Company used proceeds from the IPO and the credit facility to repay $150.0 million of debt. The Company recognized a $1.1 million loss on extinguishment of debt representing $0.6 million of fees and $0.5 million of unamortized debt issuance costs.

Substantially concurrent with the completion of the IPO on May 13, 2013 and in connection with the Formation Transactions, the Operating Partnership acquired 100% of the interests in Bermuda Crossroads and Smith s Landing. The acquisitions of controlling interests in Bermuda Crossroads and Smith s Landing were accounted for as purchases at fair value under the acquisition method of accounting. Prior to the acquisition date, the Predecessor accounted for its noncontrolling interests in Bermuda Crossroads and Smith s Landing as equity method investments. The Company recognized a $9.5 million gain on acquisitions as a result of remeasuring the Predecessor s prior equity interests in Bermuda Crossroads and Smith s Landing on the acquisition date.

Rental revenues of Armada Hoffler s reportable segments for the three and six months ended June 30, 2014 and 2013 comprised the following (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
	(Unaudited)			
Minimum rents				
Office	$ 6,220	$ 6,105	$ 12,372	$ 12,205
Retail	4,819	4,609	9,593	8,974
Multifamily	2,643	2,063	5,093	3,690
Percentage rents(1)				
Office			45	104
Retail	46	29	137	53
Multifamily	24	21	59	63
Other(2)				
Office	299	315	651	597
Retail	838	745	1,743	1,361
Multifamily	430	344	819	582
Rental revenues	$ 15,319	$ 14,231	$ 30,512	$ 27,629

(1) Percentage rents are based on tenants sales.

(2) Other rental revenue includes cost reimbursements for real estate taxes, property insurance and common area maintenance as well as termination fees.

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Property expenses of Armada Hoffler s reportable segments for the three and six months ended June 30, 2014 and 2013 comprised the following (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
	(Unaudited)			
Rental expenses				
Office	$ 1,427	$ 1,400	$ 3,014	$ 2,805
Retail	1,187	1,143	2,509	2,363
Multifamily	1,226	856	2,293	1,460
Total	$ 3,840	$ 3,399	$ 7,816	$ 6,628
Real estate taxes				
Office	$ 544	$ 540	$ 1,088	$ 1,081
Retail	503	486	1,006	946
Multifamily	361	222	657	433
Total	$ 1,408	$ 1,248	$ 2,751	$ 2,460
Property expenses	$ 5,248	$ 4,647	$ 10,567	$ 9,088

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

4. Real Estate Investments

The Company s real estate investments comprised the following as of June 30, 2014 and December 31, 2013 (in thousands):

	June 30, 2014			
	Income producing property	Held for development	Construction in progress	Total
	(Unaudited)			
Land	$ 31,316	$ 7,628	$ 13,867	$ 52,811
Land improvements	13,234			13,234
Buildings and improvements	391,900			391,900
Development and construction costs		964	91,386	92,350
Real estate investments	$ 436,450	$ 8,592	$ 105,253	$ 550,295

	December 31, 2013			
	Income producing property	**Held for development**	**Construction in progress**	**Total**
Land	$ 27,736	$	$ 13,577	$ 41,313
Land improvements	12,562			12,562
Buildings and improvements	365,941			365,941
Development and construction costs			43,160	43,160
Real estate investments	$ 406,239	$	$ 56,737	$ 462,976

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

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The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date (in thousands):

	Liberty Apartments (Unaudited)	
Land	$	3,580
Site improvements		280
Building and improvements		23,214
In-place leases		340
Indebtedness		(16,966)
Net working capital		(679)
Net assets acquired	$	9,769

Liberty Apartments did not have any operations during the six months ended June 30, 2013. Rental revenues and net loss from Liberty Apartments for the period from the acquisition date to June 30, 2014 included in the consolidated statement of income was $0.3 million and $(1.2) million, respectively.

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

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

Subsequent to June 30, 2014

On August 1, 2014, the Company entered into an agreement to acquire Dimmock Square, a retail center located in Colonial Heights, Virginia, which would require the Company to utilize approximately $10 million of cash and issue approximately 990,000 common units of limited partnership interest in the Operating Partnership. The Company expects to complete the acquisition in 2014.

As of the date of this report, the Company has reached a preliminary agreement to sell the Virginia Natural Gas office property for approximately $8.9 million of cash. The Company expects to complete the disposition in 2014.

5. Indebtedness

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

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

February 28, 2018. As of June 30, 2014, the Company had $3.4 million outstanding on the construction loan at an effective interest rate of 1.90%.

On April 22, 2014, the Operating Partnership amended the maximum leverage ratio covenant requirement in the credit facility to be 65% as of the last day of each fiscal quarter through maturity.

During the six months ended June 30, 2014, the Operating Partnership borrowed $18.0 million under the credit facility. As of June 30, 2014, the outstanding balance on the credit facility was $88.0 million.

During the six months ended June 30, 2014, the Company borrowed $32.9 million under its existing construction loans to fund the construction of 4525 Main Street, Encore Apartments, Whetstone Apartments and Sandbridge Commons.

Subsequent to June 30, 2014

On July 14, 2014, the Operating Partnership borrowed $5.0 million under the credit facility.

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6. *Derivative Financial Instruments*

On March 14, 2014, the Company executed a LIBOR interest rate cap agreement on a notional amount of $50.0 million and a strike price of 1.25% for a premium of $0.4 million. The interest rate cap agreement expires on March 1, 2017.

The Company s derivatives comprised the following as of June 30, 2014 and December 31, 2013 (in thousands):

	June 30, 2014 (Unaudited)			December 31, 2013		
	Notional Amount	Fair Value		Notional Amount	Fair Value	
		Asset	Liability		Asset	Liability
Pay fixed interest rate swaps	$ 695	$	$ (15)	$ 705	$	$ (16)
Interest rate caps	180,554	328		130,672	102	
Total	$ 181,249	$ 328	$ (15)	$ 131,377	$ 102	$ (16)

The changes in the fair value of Armada Hoffler s derivatives during the three and six months ended June 30, 2014 and 2013 comprised the following (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
	(Unaudited)			
Pay fixed interest rate swaps	$ (1)	$ 44	$ 1	$ 152
Interest rate caps	(261)	2	(170)	4
Other (loss) income	$ (262)	$ 46	$ (169)	$ 156

7. *Equity*

Stockholders Equity

As of June 30, 2014 and December 31, 2013, the Company s authorized capital was 500 million shares of common stock and 100 million shares of preferred stock. The Company had 19.3 million and 19.2 million shares of common stock issued and outstanding as of June 30, 2014 and December 31, 2013, respectively. No shares of preferred stock were issued and outstanding as of June 30, 2014 or December 31, 2013.

Noncontrolling Interests

As of June 30, 2014 and December 31, 2013, the Company held a 58.3% and 59.5% interest in the Operating Partnership, respectively. As the sole general partner and the majority interest holder, the Company consolidates the financial position and results of operations of the Operating Partnership. Noncontrolling interests in the Company represent common units of the Operating Partnership not held by the Company.

On January 17, 2014, the Operating Partnership issued 695,652 common units as partial consideration for Liberty Apartments.

On March 31, 2014, the Operating Partnership issued 30,000 common units in exchange for all noncontrolling interests in Sandbridge Commons. The Company recognized the difference between the fair value of the common units issued and the adjustment to the carrying amount of the noncontrolling interests in Sandbridge Commons directly in equity as additional paid-in capital.

Common Stock Dividends and Common Unit Distributions

On January 9, 2014, the Company paid cash dividends of $3.1 million to common stockholders and cash distributions of $2.1 million to common unitholders.

On April 10, 2014, the Company paid cash dividends of $3.1 million to common stockholders and cash distributions of $2.2 million to common unitholders.

On May 9, 2014, the Company s Board of Directors declared a cash dividend/distribution of $0.16 per share/unit payable on July 10, 2014 to common stockholders and common unitholders of record on July 1, 2014.

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Subsequent to June 30, 2014

On July 10, 2014, the Company paid cash dividends of $3.1 million to common stockholders and cash distributions of $2.2 million to common unitholders.

On August 4, 2014, the Company s Board of Directors declared a cash dividend/distribution of $0.16 per share/unit payable on October 9, 2014 to common stockholders and common unitholders of record on October 1, 2014.

8. Stock-Based Compensation

On March 3, 2014, the Company granted 99,289 shares of restricted stock to employees with a grant date fair value of $9.94 per share. These restricted stock awards to employees 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.

During the three months ended June 30, 2014, the Company granted 25,488 shares of restricted stock to directors with a weighted average grant date fair value of $9.62 per share. These restricted stock awards to directors vest either immediately upon grant or over a period of one year, subject to continued service to the Company.

During the three and six months ended June 30, 2014, the Company recognized $0.3 million and $0.9 million of stock-based compensation using the accelerated attribution method. As of June 30, 2014, there were 144,044 nonvested restricted shares outstanding; the total unrecognized compensation related to nonvested restricted shares was $1.0 million, which the Company expects to recognize over the next 20 months.

9. 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 Armada Hoffler s financial instruments approximate their fair value. Financial assets and liabilities whose fair values are measured on a recurring basis using Level 2 inputs consist of interest rate swap and cap agreements. Armada Hoffler measures the fair values of these assets and liabilities based on prices provided by independent market participants that are based on observable inputs using market-based valuation techniques.

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

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

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

The carrying amounts and fair values of our financial instruments, all of which are based on Level 2 inputs, as of June 30, 2014 and December 31, 2013 were as follows (in thousands):

	June 30, 2014 (Unaudited)		December 31, 2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Secured debt	$ 349,840	$ 354,929	$ 277,745	$ 273,310
Interest rate swap liabilities	15	15	16	16
Interest rate cap assets	328	328	102	102

10. Related Party Transactions

Armada Hoffler provides general contracting and real estate services to certain related party entities that are not included in these consolidated and combined financial statements. Revenue from construction contracts with related party entities of Armada Hoffler was $1.6 million and $3.9 million for the three and six months ended June 30, 2014, respectively. Fees from such contracts were $0.1 million and $0.2 million for the three and six months ended June 30, 2014, respectively. Revenue from construction contracts with related party entities of Armada Hoffler was $14.2 million and $25.1 million for the three and six months ended June 30, 2013, respectively. Fees from such contracts were $0.5 million and $0.8 million for the three and six months ended June 30, 2013, respectively. Real estate services fees from affiliated entities of Armada Hoffler were not significant for either the three or six months ended June 30, 2014 or 2013. Affiliated entities also reimburse Armada Hoffler for monthly maintenance and facilities management services provided to the properties. Cost reimbursements earned by Armada Hoffler from affiliated entities were not significant for either the three or six months ended June 30, 2014 or 2013.

11. Commitments and Contingencies

Legal Proceedings

Armada Hoffler 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.

Armada Hoffler currently is a party to various legal proceedings, none of which management expects will have a material adverse effect on Armada Hoffler s financial position, results of operations or liquidity. Armada Hoffler accrues a liability for litigation if an unfavorable outcome is determined by management 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, Armada Hoffler 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. Armada Hoffler does not believe that the ultimate outcome of these matters, either individually or in the aggregate, could have a material adverse effect on its financial position or results of operations; however, litigation is subject to inherent uncertainties.

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

Commitments

Armada Hoffler 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 $193.1 million and $35.8 million as of June 30, 2014 and December 31, 2013, respectively.

The Operating Partnership has entered into standby letters of credit using the available capacity under the credit facility. The letters of credit relate to the guarantee of future performance on certain of the Company s construction contracts. Letters of credit generally are available for draw down in the event the Company does not perform. As of June 30, 2014 and December 31, 2013, the Operating Partnership had total outstanding letters of credit of $11.0 million and $3.0 million, respectively.

12. Subsequent Events

As discussed in Note 4, the Company entered into an agreement to acquire Dimmock Square, a retail center located in Colonial Heights, Virginia on August 1, 2014. As of the date of this report, the Company has reached a preliminary agreement to sell the Virginia Natural Gas office property, which the Company expects to complete in 2014.

As discussed in Note 5, the Operating Partnership borrowed $5.0 million under the credit facility on July 14, 2014.

As discussed in Note 7, the Company paid cash dividends of $3.1 million to common stockholders and $2.2 million to common unitholders on July 10, 2014. The Company s Board of Directors declared a cash dividend/distribution of $0.16 per share/unit on August 4, 2014 to common stockholders and common unitholders of record on October 1, 2014.

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Review Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders of

Armada Hoffler Properties, Inc.

We have reviewed the condensed consolidated balance sheet of Armada Hoffler Properties, Inc. (successor to the entities described in Note 1) as of June 30, 2014, and the related condensed consolidated and combined statements of income for the three and six-month periods ended June 30, 2014 and 2013, the condensed consolidated and combined statements of cash flows for the six-month periods ended June 30, 2014 and 2013 and the condensed consolidated statement of equity for the six-month period ended June 30, 2014. These financial statements are the responsibility of the Company s management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated and combined financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Armada Hoffler Properties, Inc. as of December 31, 2013, and the related consolidated and combined statements of income, equity, and cash flows for the year then ended (not presented herein) and we expressed an unqualified audit opinion on those consolidated and combined financial statements in our report dated March 31, 2014. In our opinion, the accompanying condensed consolidated balance sheet as of December 31, 2013, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Ernst & Young LLP

Richmond, Virginia

August 5, 2014

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Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations
References to we, our, us, and our company refer to Armada Hoffler Properties, Inc., a Maryland corporation, toget with our consolidated subsidiaries, including Armada Hoffler, L.P., a Virginia limited partnership, of which we are the sole general partner and which we refer to in this Quarterly Report on Form 10-Q as our Operating Partnership.

Forward-Looking Statements

The following discussion should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this report. We make statements in this report that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended (the Securities Act), and section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act)). In particular, statements pertaining to our capital resources, portfolio performance and results of operations contain forward-looking statements. Likewise, all of our statements regarding anticipated growth in our funds from operations and estimated general contracting and real estate services are forward-looking statements. You can identify forward-looking statements by the use of forward-looking terminology such as believes, expects, may, will, should, seeks, approximately, intends, plans, estimates or anticipates or the negative of these word or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- adverse economic or real estate developments, either nationally or in the markets in which our properties are located;
- our failure to develop the properties in our identified development pipeline successfully, on the anticipated timeline or at the anticipated costs;
- our failure to generate sufficient cash flows to service our outstanding indebtedness;
- defaults on, early terminations of or non-renewal of leases by tenants, including significant tenants;
- bankruptcy or insolvency of a significant tenant or a substantial number of smaller tenants;
- difficulties in identifying or completing development or acquisition opportunities;
- our failure to successfully operate developed and acquired properties;

our failure to generate income in our general contracting and real estate sources 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;

general economic conditions;

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 qualify and 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 qualify and maintain our qualification as a REIT for U.S. federal income tax purposes; and

changes in governmental regulations or interpretations thereof, such as real estate and zoning laws and increases in real property tax rates and taxation of REITs.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, of new information, data or methods, future events or other changes after the date of this Quarterly Report on Form 10-Q, except as required by applicable law. We caution investors not to place undue reliance on these forward-looking statements and urge investors to carefully review the disclosures we make concerning risks and uncertainties in the sections entitled Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations in our most recent Annual Report on Form 10-K, as well as risks, uncertainties and other factors discussed in this Quarterly Report on Form 10-Q and identified in other documents that we file from time to time with the Securities and Exchange Commission (the SEC).

Business Description

We are a full-service real estate company with extensive experience developing, building, owning and managing high-quality, institutional-grade office, retail and multifamily properties in attractive markets throughout the Mid-Atlantic United States.

We generally consider a property to be stabilized when it reaches 80% occupancy or three years after acquisition or completion. As of June 30, 2014, our stabilized operating property portfolio comprised seven office properties and 15 retail properties aggregating over 2.0 million net rentable square feet as well as two multifamily properties aggregating 626 apartment units. In addition to our stabilized operating property portfolio, we had five office properties and three retail properties aggregating over 0.6 million net rentable square feet as well as three multifamily properties aggregating 686 apartment units that were under development or had not yet reached stabilization as of June 30, 2014.

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

Our Predecessor is not a single legal entity, but rather a combination of real estate and construction entities that were under common control by our Executive Chairman, Daniel A. Hoffler. These entities include: (i) controlling interests in entities that owned 7 office properties, 14 retail properties and 1 multifamily property, (ii) noncontrolling interests in entities that owned one retail and one multifamily property (Bermuda Crossroads and Smith s Landing, respectively), (iii) the property development and asset management businesses of Armada Hoffler Holding Company, Inc. and (iv) the general commercial construction businesses of Armada Hoffler Construction Company and Armada Hoffler Construction Company of Virginia.

The results of operations of the properties and entities acquired by us in connection with our IPO and the Formation Transactions are included in our results beginning on May 13, 2013. Accordingly, the results of operations for the three and six months ended June 30, 2013 reflect those of our Predecessor together with our company. The results of operations for the three and six months ended June 30, 2014 reflect those of our company.

Second Quarter 2014 Highlights

Net income of $2.3 million, or $0.07 per share, for the three months ended June 30, 2014, compared to $(1.1) million for the corresponding period in 2013, excluding noncash gains on acquisitions of $9.5 million.

Funds from operations (FFO) of $6.3 million, or $0.19 per share, for the three months ended June 30, 2014, compared to $2.9 million for the corresponding period in 2013. See Non-GAAP Financial Measures.

Stabilized occupancy by segment as of June 30, 2014 compared to June 30, 2013:

Office occupancy up to 95.3% compared to 93.4%

Retail occupancy at 93.5% compared to 94.6%

Multifamily occupancy up to 94.9% compared to 91.2%

Maintained stabilized operating property portfolio occupancy at 94.6% as of June 30, 2014 compared to 94.5% as of March 31, 2014 and 94.4% as of December 31, 2013.

Increased net operating income across all segments compared to the second quarter of 2013.

Increased same store net operating income across all segments compared to the second quarter of 2013.

Generated $5.8 million of cash flows from operations.

Invested $27.4 million in new real estate development.

Third party construction backlog of $179.0 million as of June 30, 2014.

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Development Pipeline

In addition to the projects in our development pipeline, we have been selected by Johns Hopkins University to join in the redevelopment of a 1.12 acre property adjacent to the university s Homewood campus in Baltimore, Maryland. This mixed-use development will include student housing, retail space, restaurants and parking. The goal of the completed project will be to complement the Homewood campus and nearby Charles Village neighborhood and provide a catalyst for future development in the area. The Johns Hopkins project continues to progress, with the program now defined and strong interest from retailers for the ground floor commercial space.

As of the date of this Quarterly Report on Form 10-Q, we had the following eleven properties under development ($ in thousands):

Identified Development Pipeline

Office/Retail	Location	Estimated Square Footage (1)	Estimated Cost (1)	Cost Incurred through June 30, 2014	Schedule Start	Schedule Anchor Tenant Occupancy	Schedule Stabilized Operation	AHH Ownership % (1)	Property Type	Anchor Tenants	% Leased
4525 Main Street (2)	Virginia Beach, VA	239,000(3)	$ 50,000	$ 38,000	1Q13	3Q14	1Q16	100%	Office	Clark Nexsen, Development Authority of Virginia Beach, Anthropologie (3)	56%
Sandbridge Commons	Virginia Beach, VA	70,000	13,000	8,000	4Q13	1Q15	2Q16	100%	Retail	Harris Teeter	66%
Brooks Crossing	Newport News, VA	36,000	8,000	1,200	4Q14	3Q15	3Q15	65%	Office	Huntington Ingalls (4)	0%
Greentree Shopping Center (5)	Chesapeake, VA	18,000	6,000	4,000	4Q13	4Q14	3Q16	100%	Retail	Wawa (6)	40%
		363,000	$ 77,000	$ 51,200							

Multifamily	Location	Estimated Apartment Units (1)	Estimated Cost (1)	Cost Incurred through June 30, 2014	Schedule Start	Schedule Initial Occupancy	Schedule Complete (1)	Schedule Stabilized Operation	AHH Ownership %
Encore Apartments (2)	Virginia Beach, VA	286	$ 34,000	$ 22,000	1Q13	3Q14	4Q15	1Q16	100%
Whetstone Apartments	Durham, NC	203	28,000	20,000	2Q13	3Q14	3Q15	1Q16	100%

Liberty Apartments (7)	Newport News, VA	197	30,700	30,700	1Q14	3Q15	100%
		686	$ 92,700	$ 72,700			

Next Generation Pipeline

/Retail	Location	Estimated Square Footage (1)	Estimated Cost (1)	Cost Incurred through June 30, 2014	Start	Schedule Anchor Tenant Occupancy	Stabilized Operation	AHH Ownership % (1)	Property Type	Anchor Tenants	% I
eering	Chesapeake, VA	155,000	$ 26,000	$ 10,000	4Q13	1Q15	1Q15	100%	Office	Oceaneering	
nonwealth ginia peake	Chesapeake, VA	36,000	7,000	2,000	2Q14	1Q15	1Q15	100%	Office	Commonwealth of Virginia	
nonwealth ginia ia Beach	Virginia Beach, VA	11,000	3,000	1,000	2Q14	1Q15	1Q15	100%	Office	Commonwealth of Virginia	
oot tplace	Williamsburg, VA	88,000	24,000	9,000	3Q14	1Q16	2Q17	70%(8)	Retail	Harris Teeter	
			$ 60,000	$ 22,000							
			$ 229,700	**$ 145,900**							

(1) Represents estimates that may change as the development process proceeds.
(2) Located in the Town Center of Virginia Beach.
(3) Approximately 83,000 square feet is leased to Clark Nexsen, an architectural firm, approximately 23,000 square feet is leased to the City of Virginia Beach Development Authority and approximately 9,000 square feet is leased to Anthropologie.
(4) The principal tenant lease has not been signed as of the date of this Quarterly Report on Form 10-Q.
(5) We have completed the sale of a pad-ready site adjacent to Greentree Shopping Center to Walmart.
(6) We have a long-term ground lease with Wawa and delivered their pad in the second quarter or 2014.
(7) Reflects the purchase price of the acquisition that occurred in the first quarter of 2014.
(8) We are entitled to a preferred return on equity prior to any distributions to minority partners.

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