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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 19, 2016

ARMADA HOFFLER PROPERTIES, INC.
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

001-35908
(Commission File Number)

46-1214914
(IRS Employer
Identification No.)

222 Central Park Avenue, Suite 2100
Virginia Beach, Virginia
(Address of principal executive offices)

23462
(Zip Code)

Registrant's telephone number, including area code: **(757) 366-4000**

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 8.01 Other Events.

On April 1, 2016, Armada Hoeffler Properties, Inc. (the “Company”) filed an amended Current Report on Form 8-K/A for the sole purpose of filing the financial statements and pro forma financial information required by Item 9.01 of Form 8-K in connection with the Company’s acquisition of a portfolio of 11 retail properties (the “Retail Portfolio”) on January 14, 2016. The financial statements of the Retail Portfolio included therein were for the nine months ended September 30, 2015 (unaudited) and the year ended December 31, 2014.

As previously reported, the Company acquired Southgate Square on April 29, 2016 and Southshore Shops on August 4, 2016.

The Company is filing this Current Report on Form 8-K to file: (i) the financial statement of the Retail Portfolio for the year ended December 31, 2015; (ii) financial statements of Southgate Square and Southshore Shops in order to satisfy the requirement of Rule 3-14 of Regulation S-X that relates to the acquisition of one or more properties since January 1, 2016 that are individually insignificant, but significant in the aggregate, to the Company; and (iii) updated pro forma financial information that gives effect to the acquisitions of the Retail Portfolio, Southgate Square and Southshore Shops.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

- Audited Combined Statement of Revenues and Certain Operating Expenses of the Retail Portfolio for the year ended December 31, 2015. (1)
- Notes to Combined Statement of Revenues and Certain Operating Expenses of the Retail Portfolio. (1)
- Statements of Revenues and Certain Operating Expenses of Southgate Square for the three months ended March 31, 2016 (unaudited) and the year ended December 31, 2015 (audited). (2)
- Notes to Statements of Revenues and Certain Operating Expenses of Southgate Square. (2)
- Statements of Revenues and Certain Operating Expenses of Southshore Shops for the six months ended June 30, 2016 (unaudited) and the year ended December 31, 2015 (audited). (3)
- Notes to Statements of Revenues and Certain Operating Expenses of Southshore Shops. (3)

(b) Pro forma financial information.

- Unaudited Pro Forma Consolidated Balance Sheet of the Company as of June 30, 2016. (4)
- Unaudited Pro Forma Consolidated Statement of Operations of the Company for the six months ended June 30, 2016. (4)
- Unaudited Pro Forma Consolidated Statement of Operations of the Company for the year ended December 31, 2015. (4)

- (1) Filed as Exhibit 99.1 and incorporated herein by reference.
- (2) Filed as Exhibit 99.2 and incorporated herein by reference.
- (3) Filed as Exhibit 99.3 and incorporated herein by reference.
- (4) Filed as Exhibit 99.4 and incorporated herein by reference.

(d) Exhibits.

Exhibit No.	Description
23.1	Consent of PricewaterhouseCoopers LLP.
23.2	Consent of Cherry Bekaert LLP.
99.1	Financial Statement of the Retail Portfolio.
99.2	Financial Statements of Southgate Square.
99.3	Financial Statements of Southshore Shops.
99.4	Pro Forma Financial Information.

SIGNATURES

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

ARMADA HOFFLER PROPERTIES, INC.

Dated: October 19, 2016

By: /s/ Michael P. O'Hara
Michael P. O'Hara
Chief Financial Officer and Treasurer

EXHIBIT INDEX

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99.4	Pro Forma Financial Information.

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-196473 and 333-204063) and Form S-8 (No. 333-188545) of Armada Hoffer Properties, Inc. of our report dated October 19, 2016 relating to the combined statement of revenues and certain operating expenses of the Retail Portfolio, which appears in this Current Report on Form 8-K of Armada Hoffer Properties, Inc.

/s/ PricewaterhouseCoopers LLP
Cleveland, OH
October 19, 2016

Consent of Independent Auditor

Armada Hoffler Properties, Inc.
Virginia Beach, Virginia

We hereby consent to the incorporation by reference in the Registration Statements of Armada Hoffler Properties, Inc., on Form S-3 (Nos. 333-196473 and 333-204063) and Form S-8 (No. 333-188545) of our reports dated October 19, 2016, with respect to the (i) Statement of Revenues and Certain Operating Expenses of Southgate Square and the (ii) Statement of Revenues and Certain Operating Expenses of Southshore Shops for the year ended December 31, 2015, which reports appear in the accompanying Current Report on Form 8-K of Armada Hoffler Properties, Inc.

/s/ Cherry Bekaert LLP

Virginia Beach, Virginia
October 19, 2016

Independent Auditor's Report

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

We have audited the accompanying combined statement of revenues and certain operating expenses of the Retail Portfolio described in Note 1 for the year ended December 31, 2015.

Management's Responsibility for the Combined Statement of Revenues and Certain Operating Expenses

Management is responsible for the preparation and fair presentation of the combined statement of revenues and certain operating expenses in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the combined statement of revenues and certain operating expenses that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the combined statement of revenues and certain operating expenses based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined statement of revenues and certain operating expenses is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined statement of revenues and certain operating expenses. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the combined statement of revenues and certain operating expenses, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the combined statement of revenues and certain operating expenses in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined statement of revenues and certain operating expenses. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined statement of revenues and certain operating expenses referred to above presents fairly, in all material respects, the revenues and certain operating expenses of the Retail Portfolio for the year ended December 31, 2015 in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The accompanying combined statement of revenues and certain operating expenses of the Retail Portfolio was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission as described in Note 1 and is not intended to be a complete presentation of the Retail Portfolio's revenues and expenses. Our opinion is not modified with respect to this matter.

/s/ PricewaterhouseCoopers LLP

Cleveland, OH
October 19, 2016

Retail Portfolio
Combined Statement of Revenues and Certain Operating Expenses
(In thousands)

	Year Ended	
	December 31, 2015	
Revenues		
Rental revenue	\$	12,308
Tenant recoveries		3,456
Ancillary and other income		125
Total revenues		<u>15,889</u>
Certain operating expenses		
Real estate taxes and insurance		2,111
Operating and maintenance		1,998
Management fees		696
Total certain operating expenses		<u>4,805</u>
Revenues in excess of certain operating expenses	\$	<u><u>11,084</u></u>

See accompanying Notes to Combined Statement of Revenues and Certain Operating Expenses.

Retail Portfolio
Notes to Combined Statement of Revenues and Certain Operating Expenses

1. Basis of Presentation

The accompanying combined statement of revenues and certain operating expenses includes the operations of a portfolio of 11 retail centers located throughout the Mid-Atlantic and Southeastern United States (the "Retail Portfolio"), which Armada Hoffler Properties, Inc. (the "Company") acquired on January 14, 2016.

The accompanying combined statement of revenues and certain operating expenses has been prepared for the purpose of complying with Rule 3-14 of Regulation S-X promulgated under the Securities Act of 1933, as amended. Accordingly, the statement is not representative of the actual operations for the period presented, as revenues and certain operating expenses, which may not be directly attributable to the revenues and expenses expected to be incurred in the future operations of the Retail Portfolio, have been excluded. Such items include depreciation, amortization, interest expense, interest income and amortization of above- and below-market leases. The Company is not aware of any material factors during the year ended December 31, 2015 that would cause the reported financial information not to be indicative of future operating results.

The accompanying combined statement of revenues and certain operating expenses of the Retail Portfolio has been presented on a combined basis as the 11 retail centers were under common management and ownership during the period presented.

2. Summary of Significant Accounting Policies

Revenue Recognition

The Retail Portfolio recognizes rental revenue from tenants on a straight-line basis over the lease term when collectability is reasonably assured and the tenant has taken possession or controls the physical use of the leased asset.

Tenant recoveries related to reimbursement of real estate taxes, insurance, repairs and maintenance, and other operating expenses are recognized as revenue in the period the applicable expenses are incurred. Tenant recoveries and reimbursable expenses are recognized and presented gross, as the Retail Portfolio is generally the primary obligor with respect to purchasing goods and services from third-party suppliers, has discretion in selecting the supplier and bears the associated credit risk.

Use of Estimates

Management has made a number of estimates and assumptions relating to the reporting and disclosure of revenues and certain expenses during the reporting period to present the combined statement of revenues and certain operating expenses in conformity with accounting principles generally accepted in the United States. Actual results could differ from those estimates.

3. Minimum Future Lease Rentals

There are various lease agreements in place with tenants to lease space in the Retail Portfolio. As of December 31, 2015, the minimum future cash rents receivable under noncancelable operating leases in each of the next five years and thereafter are as follows:

	(In thousands)
2016	\$ 12,142
2017	11,290
2018	10,568
2019	9,363
2020	5,912
Thereafter	13,304
	<u>\$ 62,579</u>

Leases generally require reimbursement of the tenant's proportional share of common area, real estate taxes and other operating expenses, which are excluded from the amounts above.

4. Tenant Concentrations

Two tenants represented approximately 20% of the Retail Portfolio's rental revenue for the year ended December 31, 2015.

5. Related Party Transactions

The prior owner of the Retail Portfolio arranged for property and liability insurance for each of the properties comprising the Retail Portfolio. Insurance premiums incurred by the prior owner on behalf of the Retail Portfolio and reimbursed to the prior owner were approximately \$271,000 for the year ended December 31, 2015.

The prior owner of the Retail Portfolio provided certain maintenance services to the properties comprising the Retail Portfolio. For the year ended December 31, 2015, maintenance services costs of approximately \$102,000 were included in operating and maintenance expenses in the combined statement of revenues and certain operating expenses.

The prior owner of the Retail Portfolio provided management services to the properties comprising the Retail Portfolio. For the year ended December 31, 2015, management fees of approximately \$696,000 were included in the combined statement of revenues and certain operating expenses.

6. Commitments and Contingencies

The Retail Portfolio is subject to various legal proceedings and claims that arise in the ordinary course of business. These matters are generally covered by insurance. Management believes that the ultimate settlement of these actions will not have a material adverse effect on the Retail Portfolio's results of operations.

7. Subsequent Events

Management evaluated subsequent events through October 19, 2016, the date the financial statement was available to be issued.

Report of Independent Auditor

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

We have audited the accompanying statement of revenues and certain operating expenses (the "Statement") of Southgate Square (the "Property"), as defined in Note 1 of the Statement, for the year ended December 31, 2015.

Management's Responsibility for the Statement

Management is responsible for the preparation and fair presentation of this Statement, in accordance with accounting principles generally accepted in the United States of America, that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this Statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Statement.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Statement referred to above presents fairly, in all material respects, the revenues and certain operating expenses of the Property for the year ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As further discussed in Note 1, Armada Hoffler Properties, Inc. acquired the Property on April 29, 2016.

The accompanying Statement was prepared as described in Note 1 for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and is not intended to be a complete presentation of the Property's revenues and expenses. Our opinion is not modified with respect to this matter.

/s/ Cherry Bekaert LLP
Virginia Beach, Virginia
October 19, 2016

Southgate Square
Statements of Revenues and Certain Operating Expenses
(In thousands)

	(Unaudited)	
	Three Months Ended	Year Ended
	March 31, 2016	December 31, 2015
Revenues		
Rental revenue	\$ 606	\$ 2,456
Tenant recoveries	60	231
Ancillary and other income	3	9
Total revenues	669	2,696
Certain operating expenses		
Real estate taxes and insurance	60	306
Operating and maintenance	66	218
Management fees	13	50
Total certain operating expenses	139	574
Revenues in excess of certain operating expenses	\$ 530	\$ 2,122

See accompanying Notes to Statements of Revenues and Certain Operating Expenses.

Southgate Square
Notes to Statements of Revenues and Certain Operating Expenses

1. Basis of Presentation

The accompanying statements of revenues and certain operating expenses include the operations of Southgate Square, a retail property (the "Property"), which Armada Hoffer Properties, Inc. (the "Company") acquired on April 29, 2016.

The accompanying statements of revenues and certain operating expenses have been prepared for the purpose of complying with Rule 3-14 of Regulation S-X promulgated under the Securities Act of 1933, as amended. Accordingly, the statements are not representative of the actual operations for the periods presented, as revenues and certain operating expenses, which may not be directly attributable to the revenues and expenses expected to be incurred in the future operations of the Property, have been excluded. Such items include depreciation, amortization, interest expense, interest income and amortization of above- and below-market leases. The Company is not aware of any material factors during the year ended December 31, 2015 or the three months ended March 31, 2016 that would cause the reported financial information not to be indicative of future operating results.

The accompanying interim statement of revenues and certain operating expenses for the three months ended March 31, 2016 is unaudited. In the opinion of management, all adjustments, consisting only of normal and recurring adjustments considered necessary for a fair statement, have been included. The reported results are not necessarily indicative of the results that may be expected for the full year.

2. Summary of Significant Accounting Policies

Revenue Recognition

The Property recognizes rental revenue from tenants on a straight-line basis over the lease term when collectability is reasonably assured and the tenant has taken possession or controls the physical use of the leased asset.

Tenant recoveries related to reimbursement of real estate taxes, insurance, repairs and maintenance, and other operating expenses are recognized as revenue in the period the applicable expenses are incurred. Tenant recoveries and reimbursable expenses are recognized and presented gross, as the Property is generally the primary obligor with respect to purchasing goods and services from third-party suppliers, has discretion in selecting the supplier and bears the associated credit risk.

Use of Estimates

Management has made a number of estimates and assumptions relating to the reporting and disclosure of revenues and certain expenses during the reporting periods to present the statements of revenues and certain operating expenses in conformity with accounting principles generally accepted in the United States. Actual results could differ from those estimates.

3. Minimum Future Lease Rentals (unaudited)

There are various lease agreements in place with tenants to lease space in the Property. As of March 31, 2016, the minimum future cash rents receivable under noncancelable operating leases in each of the next five years and thereafter are as follows:

	(In thousands)
Nine months ending December 31, 2016	\$ 2,109
2017	2,333
2018	1,900
2019	1,679
2020	1,504
2021	1,336
Thereafter	8,592
	<u>\$ 19,453</u>

Leases generally require reimbursement of the tenant's proportional share of common area, real estate taxes and other operating expenses, which are excluded from the amounts above.

4. Tenant Concentrations

For the three months ended March 31, 2016 (unaudited) and the year ended December 31, 2015, three tenants represented approximately 34% of the Property's rental revenues.

5. Commitments and Contingencies

The Property is subject to various legal proceedings and claims that arise in the ordinary course of business. These matters are generally covered by insurance. Management believes that the ultimate settlement of these actions will not have a material adverse effect on the Property's results of operations.

6. Subsequent Events

Management evaluated subsequent events through October 19, 2016, the date the financial statements were available to be issued.

Report of Independent Auditor

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

We have audited the accompanying statement of revenues and certain operating expenses (the "Statement") of Southshore Shops (the "Property"), as defined in Note 1 of the Statement, for the year ended December 31, 2015.

Management's Responsibility for the Statement

Management is responsible for the preparation and fair presentation of this Statement, in accordance with accounting principles generally accepted in the United States of America, that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this Statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Statement.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Statement referred to above presents fairly, in all material respects, the revenues and certain operating expenses of the Property for the year ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As further discussed in Note 1, Armada Hoffler Properties, Inc. acquired the Property on August 4, 2016.

The accompanying Statement was prepared as described in Note 1 for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and is not intended to be a complete presentation of the Property's revenues and expenses. Our opinion is not modified with respect to this matter.

/s/ Cherry Bekaert LLP
Virginia Beach, Virginia
October 19, 2016

Southshore Shops
Statements of Revenues and Certain Operating Expenses
(In thousands)

	(Unaudited) Six Months Ended June 30, 2016	Year Ended December 31, 2015
Revenues		
Rental revenue	\$ 359	\$ 681
Tenant recoveries	90	151
Ancillary and other income	—	1
Total revenues	449	833
Certain operating expenses		
Real estate taxes and insurance	40	82
Operating and maintenance	44	85
Management fees	18	33
Total certain operating expenses	102	200
Revenues in excess of certain operating expenses	\$ 347	\$ 633

See accompanying Notes to Statements of Revenues and Certain Operating Expenses.

Southshore Shops
Notes to Statements of Revenues and Certain Operating Expenses

1. Basis of Presentation

The accompanying statements of revenues and certain operating expenses include the operations of Southshore Shops, a retail property (the "Property"), which Armada Hoffler Properties, Inc. (the "Company") acquired on August 4, 2016.

The accompanying statements of revenues and certain operating expenses have been prepared for the purpose of complying with Rule 3-14 of Regulation S-X promulgated under the Securities Act of 1933, as amended. Accordingly, the statements are not representative of the actual operations for the periods presented, as revenues and certain operating expenses, which may not be directly attributable to the revenues and expenses expected to be incurred in the future operations of the Property, have been excluded. Such items include depreciation, amortization, interest expense, interest income and amortization of above- and below-market leases. The Company is not aware of any material factors during the year ended December 31, 2015 or the six months ended June 30, 2016 that would cause the reported financial information not to be indicative of future operating results.

The accompanying interim statement of revenues and certain operating expenses for the six months ended June 30, 2016 is unaudited. In the opinion of management, all adjustments, consisting only of normal and recurring adjustments considered necessary for a fair statement, have been included. The reported results are not necessarily indicative of the results that may be expected for the full year.

2. Summary of Significant Accounting Policies

Revenue Recognition

The Property recognizes rental revenue from tenants on a straight-line basis over the lease term when collectability is reasonably assured and the tenant has taken possession or controls the physical use of the leased asset.

Tenant recoveries related to reimbursement of real estate taxes, insurance, repairs and maintenance, and other operating expenses are recognized as revenue in the period the applicable expenses are incurred. Tenant recoveries and reimbursable expenses are recognized and presented gross, as the Property is generally the primary obligor with respect to purchasing goods and services from third-party suppliers, has discretion in selecting the supplier and bears the associated credit risk.

Use of Estimates

Management has made a number of estimates and assumptions relating to the reporting and disclosure of revenues and certain expenses during the reporting periods to present the statements of revenues and certain operating expenses in conformity with accounting principles generally accepted in the United States. Actual results could differ from those estimates.

3. Minimum Future Lease Rentals (unaudited)

There are various lease agreements in place with tenants to lease space in the Property. As of June 30, 2016, the minimum future cash rents receivable under noncancelable operating leases in each of the next five years and thereafter are as follows:

	(In thousands)	
Six months ending December 31, 2016	\$	299
2017		702
2018		628
2019		439
2020		284
2021		229
Thereafter		662
	\$	<u>3,243</u>

Leases generally require reimbursement of the tenant's proportional share of common area, real estate taxes and other operating expenses, which are excluded from the amounts above.

4. Tenant Concentrations

For the six months ended June 30, 2016 (unaudited) and the year ended December 31, 2015, one tenant represented approximately 20% and 21%, respectively, of the Property's rental revenues.

5. Related Party Transactions

An affiliate of the prior owner of the Property provided management services to the Property. For the six months ended June 30, 2016 (unaudited) and the year ended December 31, 2015, management fees of approximately \$18,000 and \$33,000, respectively, were included in the statements of revenues and certain operating expenses.

6. Commitments and Contingencies

The Property is subject to various legal proceedings and claims that arise in the ordinary course of business. These matters are generally covered by insurance. Management believes that the ultimate settlement of these actions will not have a material adverse effect on the Property's results of operations.

7. Subsequent Events

Management evaluated subsequent events through October 19, 2016, the date the financial statements were available to be issued.

ARMADA HOFFLER PROPERTIES, INC.**PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

On January 14, 2016, a wholly owned subsidiary of Armada Hoffler Properties, Inc. (the “Company”) completed the previously announced acquisition of a portfolio of 11 retail properties aggregating 1.1 million square feet (the “Retail Portfolio”) for a total purchase price of \$170.5 million in cash. The Company funded the acquisition of the Retail Portfolio with the net proceeds from the sale of the Richmond Tower office building, which closed on January 8, 2016, the sale of the Oceaneering office building, which closed on October 30, 2015, and borrowings under the Company’s unsecured credit facility. On December 9, 2015, the Company completed an underwritten public offering of 3.5 million shares of common stock (the “Offering”). The net proceeds to the Company from the Offering after deducting the underwriting discount and related offering costs were \$35.1 million, of which the Company used \$34.0 million to repay amounts borrowed under its unsecured credit facility.

On April 29, 2016, the Company completed the previously announced acquisition of Southgate Square, a retail center located in Colonial Heights, Virginia for total consideration of \$39.5 million, consisting of the assumption of \$21.1 million of debt and the issuance of 1,575,185 Class A units of limited partnership interest (“Class A Units”) in Armada Hoffler, L.P., the Company’s operating partnership.

On August 4, 2016, the Company completed the previously announced acquisition of Southshore Shops, a retail center located in Midlothian, Virginia for total consideration of \$9.3 million, consisting of \$6.7 million of cash and the issuance of 189,160 Class A Units.

The accompanying unaudited pro forma consolidated financial statements of the Company have been prepared to reflect the impacts of the acquisitions of the Retail Portfolio, Southgate Square and Southshore Shops, the sales of the Richmond Tower and Oceaneering office buildings and the Offering on the Company’s historical consolidated financial statements.

The unaudited pro forma consolidated balance sheet as of June 30, 2016 is based on the Company’s historical consolidated balance sheet as of the same date and gives effect to the acquisition of Southshore Shops as if it had occurred on June 30, 2016. The unaudited pro forma consolidated statements of operations for the six months ended June 30, 2016 and the year ended December 31, 2015 are based on the historical consolidated statements of operations of the Company for the same periods and give effect to the acquisitions of the Retail Portfolio, Southgate Square and Southshore Shops, the sales of the Richmond Tower and Oceaneering office buildings and the Offering as if each had occurred on January 1, 2015. The Company has based the unaudited pro forma adjustments on available information and assumptions that the Company believes are reasonable.

The accompanying unaudited pro forma consolidated financial information is presented for illustrative purposes only and is not necessarily indicative of what the Company’s actual financial condition or results of operations would have been had the acquisitions of the Retail Portfolio, Southgate Square and Southshore Shops, the sales of the Richmond Tower and Oceaneering office buildings and the Offering been completed on the dates indicated, nor does it purport to be indicative of the Company’s financial condition as of any future date or the Company’s results of operations for any future period.

The accompanying unaudited pro forma consolidated financial statements and notes thereto should be read in conjunction with the consolidated financial statements included in the Company’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016 and the Company’s Annual Report on Form 10-K for the year ended December 31, 2015.

ARMADA HOFFLER PROPERTIES, INC.
PRO FORMA CONSOLIDATED BALANCE SHEET
(In thousands, except par value and share data)
(Unaudited)

	Historical June 30, 2016	Southshore Shops	Pro Forma June 30, 2016
ASSETS			
Real estate investments:			
Income producing property	\$ 752,783	\$ 8,279 (a)	\$ 761,062
Held for development	2,032	—	2,032
Construction in progress	79,258	—	79,258
	<u>834,073</u>	<u>8,279</u>	<u>842,352</u>
Accumulated depreciation	(127,337)	—	(127,337)
Net real estate investments	706,736	8,279	715,015
Real estate investments held for sale	5,829	—	5,829
Cash and cash equivalents	19,984	(6,717) (b)	13,267
Restricted cash	3,158	—	3,158
Accounts receivable, net	14,366	—	14,366
Notes receivable	39,311	—	39,311
Construction receivables, including retentions	31,277	—	31,277
Construction contract costs and estimated earnings in excess of billings	1,756	—	1,756
Other assets	72,055	1,260 (a)	73,315
Total Assets	<u>\$ 894,472</u>	<u>\$ 2,822</u>	<u>\$ 897,294</u>
LIABILITIES AND EQUITY			
Indebtedness, net	\$ 501,940	—	\$ 501,940
Debt secured by real estate investments held for sale	6,380	—	6,380
Accounts payable and accrued liabilities	6,379	—	6,379
Construction payables, including retentions	49,203	—	49,203
Billings in excess of construction contract costs and estimated earnings	2,893	—	2,893
Other liabilities	38,935	231 (c)	39,166
Total Liabilities	<u>605,730</u>	<u>231</u>	<u>605,961</u>
Stockholders' equity:			
Common stock, \$0.01 par value, 500,000,000 shares authorized, 32,825,063 shares issued and outstanding	328	—	328
Additional paid-in capital	133,915	—	133,915
Distributions in excess of earnings	(45,114)	(37) (d)	(45,151)
Total stockholders' equity	<u>89,129</u>	<u>(37)</u>	<u>89,092</u>
Noncontrolling interests	199,613	2,628 (e)	202,241
Total Equity	<u>288,742</u>	<u>2,591</u>	<u>291,333</u>
Total Liabilities and Equity	<u>\$ 894,472</u>	<u>\$ 2,822</u>	<u>\$ 897,294</u>

See accompanying notes to unaudited pro forma consolidated financial statements.

ARMADA HOFFLER PROPERTIES, INC.
PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Historical Six Months Ended June 30, 2016	Richmond Tower Disposition	Acquisitions			Pro Forma Six Months Ended June 30, 2016
			Retail Portfolio	Southgate Square	Southshore Shops	
Revenues						
Rental revenues	\$ 47,534	\$ (156) (f)	\$ 447 (g)	\$ 924 (j)	\$ 449 (k)	\$ 49,198
General contracting and real estate services revenues	70,003	—	—	—	—	70,003
Total revenues	117,537	(156)	447	924	449	119,201
Expenses						
Rental expenses	10,400	(30) (f)	72 (g)	101 (j)	65 (k)	10,608
Real estate taxes	4,731	(14) (f)	62 (g)	73 (j)	37 (k)	4,889
General contracting and real estate services expenses	67,062	—	—	—	—	67,062
Depreciation and amortization	16,751	—	356 (g)	560 (j)	197 (k)	17,864
General and administrative expenses	4,708	—	—	—	—	4,708
Acquisition, development and other pursuit costs	1,141	—	(671) (h)	(346) (h)	(17) (h)	107
Impairment charges	35	—	—	—	—	35
Total expenses	104,828	(44)	(181)	388	282	105,273
Operating income (loss)	12,709	(112)	628	536	167	13,928
Interest income	904	—	—	—	—	904
Interest expense	(7,769)	—	(63) (i)	(171) (j)	—	(8,003)
Gain on real estate dispositions	26,687	(26,244) (f)	—	—	—	443
Change in fair value of interest rate derivatives	(2,762)	—	—	—	—	(2,762)
Other income	119	—	—	—	—	119
Income before taxes	29,888	(26,356)	565	365	167	4,629
Income tax provision	(224)	—	—	—	—	(224)
Net income	29,664	(26,356)	565	365	167	4,405
Net income attributable to noncontrolling interests	(10,260)	—	—	—	—	(1,607)
Net income attributable to stockholders	\$ 19,404					\$ 2,798
Net income per share and unit:						
Basic and diluted	\$ 0.62					\$ 0.09
Weighted average outstanding:						
Common shares	30,964					30,964
Operating partnership units	16,570					17,789 (l)
Basic and diluted	47,534					48,753

See accompanying notes to unaudited pro forma consolidated financial statements.

ARMADA HOFFLER PROPERTIES, INC.
PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Historical Year Ended December 31, 2015	Dispositions		Acquisitions			Pro Forma Year Ended December 31, 2015
		Richmond Tower	Oceaneering	Retail Portfolio	Southgate Square	Southshore Shops	
Revenues							
Rental revenues	\$ 81,172	\$ (8,611) (f)	\$ (1,661) (m)	\$ 16,601 (n)	\$ 2,882 (j)	\$ 833 (k)	\$ 91,216
General contracting and real estate services revenues	171,268	—	—	—	—	—	171,268
Total revenues	252,440	(8,611)	(1,661)	16,601	2,882	833	262,484
Expenses							
Rental expenses	19,204	(1,148) (f)	(72) (m)	2,965 (n)	290 (j)	126 (k)	21,365
Real estate taxes	7,782	(685) (f)	(117) (m)	1,840 (n)	284 (j)	74 (k)	9,178
General contracting and real estate services expenses	165,344	—	—	—	—	—	165,344
Depreciation and amortization	23,153	(1,584) (f)	(678) (m)	8,466 (n)	1,680 (j)	393 (k)	31,430
General and administrative expenses	8,397	(4) (f)	(4) (m)	—	—	—	8,389
Acquisition, development and other pursuit costs	1,935	—	—	(402) (h)	—	—	1,533
Impairment charges	41	—	—	—	—	—	41
Total expenses	225,856	(3,421)	(871)	12,869	2,254	593	237,280
Operating income	26,584	(5,190)	(790)	3,732	628	240	25,204
Interest income	126	—	—	—	—	—	126
Interest expense	(13,333)	—	259 (m)	(956) (i)	(463) (j)	—	(14,493)
Loss on extinguishment of debt	(512)	—	102 (m)	—	—	—	(410)
Gain on real estate dispositions	18,394	—	(4,987) (m)	—	—	—	13,407
Change in fair value of interest rate derivatives	(229)	—	—	—	—	—	(229)
Other income	119	—	—	—	—	—	119
Income before taxes	31,149	(5,190)	(5,416)	2,776	165	240	23,724
Income tax benefit	34	—	—	—	—	—	34
Net income	31,183	(5,190)	(5,416)	2,776	165	240	23,758
Net income attributable to noncontrolling interests	(11,541)	—	—	—	—	—	(8,780)
Net income attributable to stockholders	\$ 19,642						\$ 14,978
Net income per share and unit:							
Basic and diluted	\$ 0.75						\$ 0.51
Weighted average outstanding:							
Common shares	26,006						29,239 (o)
Operating partnership units	15,377						17,141 (l)
Basic and diluted	41,383						46,380

See accompanying notes to unaudited pro forma consolidated financial statements.

ARMADA HOFFLER PROPERTIES, INC.
Notes to Pro Forma Consolidated Financial Statements
(In thousands)
(Unaudited)

1. Preliminary Purchase Price Allocation

The following table summarizes the estimated acquisition date fair values of the assets acquired and liabilities assumed of Southshore Shops:

Land	\$	1,770
Site improvements		490
Buildings and improvements		6,019
In-place leases		1,140
Above-market leases		120
Below-market leases		(190)
Net assets acquired	\$	<u>9,349</u>

The preceding represents the Company's preliminary allocation of the purchase price of Southshore Shops. The Company is in the process of completing the allocation of the purchase price of Southshore Shops, which the Company expects to complete later this year. The final allocation of the purchase price of Southshore Shops will be based on the Company's assessment of the fair value of the acquired assets and liabilities assumed. The Company's final purchase price allocation could differ materially from that presented herein.

2. Pro Forma Adjustments

- (a) Represents the acquired assets of Southshore Shops as described in Note 1.
- (b) Represents the cash paid as partial consideration to acquire Southshore Shops.
- (c) Represents the identified intangible liabilities of Southshore Shops as described in Note 1, as well as tenant security deposits.
- (d) Represents the attribution to stockholders of acquisition costs directly related to Southshore Shops.
- (e) Represents the fair value of the 189,160 Class A Units issued as partial consideration to acquire Southshore Shops and the attribution to noncontrolling interests of acquisition costs directly related to Southshore Shops.
- (f) Represents the elimination of the revenues, expenses, gains and losses directly attributable to the Richmond Tower office building.
- (g) Reflects the estimated revenues and expenses directly attributable to the acquired Retail Portfolio for the period January 1, 2016 through January 13, 2016.
- (h) Represents the acquisition costs recognized in the historical consolidated financial statements.

- (i) Reflects the estimated interest expense on the net borrowings under the Company's unsecured credit facility to partially fund the acquisition of the Retail Portfolio.
- (j) Represents the historical operations of Southgate Square as presented in the accompanying statements of revenues and certain operating expenses and reflects estimated amortization of above (below) market leases, depreciation of real estate assets, amortization of in-place lease assets and interest expense on assumed debt. The interim pro forma statement of operations also reflects the estimated revenues and expenses directly attributable to Southgate Square for the period April 1, 2016 through April 28, 2016.
- (k) Represents the historical operations of Southshore Shops as presented in the accompanying statements of revenues and certain operating expenses and reflects estimated amortization of above (below) market leases, depreciation of real estate assets and amortization of in-place lease assets.
- (l) Reflects the Class A Units issued in connection with the acquisitions of Southgate Square and Southshore Shops.
- (m) Represents the elimination of the revenues, expenses, gains and losses directly attributable to the Oceaneering office building.
- (n) Represents the historical operations of Retail Portfolio as presented in the accompanying statement of revenues and certain operating expenses and reflects estimated amortization of above (below) market leases, depreciation of real estate assets and amortization of in-place lease assets.
- (o) Reflects the shares of common stock issued in the Offering.