

Armada Hoffler Properties, Inc.
Form DEF 14A
April 30, 2015
Table of Contents

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

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

ARMADA HOFFLER PROPERTIES, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

April 30, 2015

Dear Fellow Stockholders:

You are cordially invited to attend the 2015 Annual Meeting of Stockholders (the Annual Meeting) of Armada Hoffler Properties, Inc., which will be held at The Westin Virginia Beach Town Center, located at 4535 Commerce Street, Virginia Beach, VA 23462, on Wednesday, June 17, 2015, at 10:00 a.m. Eastern Time.

The matters expected to be acted upon at the meeting are described in detail in the accompanying Notice of Annual Meeting of Stockholders and Proxy Statement.

In accordance with U.S. Securities and Exchange Commission rules, we are using the Internet as our primary means of furnishing proxy materials to stockholders. Because we are using the Internet, most stockholders will not receive paper copies of our proxy materials. We will instead send the stockholders a notice with instructions for accessing the proxy materials and voting via the Internet. This notice also provides information on how stockholders may obtain paper copies of our proxy materials if they so choose. We believe the use of the Internet makes the proxy distribution process more efficient and less costly, and helps in conserving natural resources.

The Proxy Statement, the notice of annual meeting and the 2014 Annual Report to Stockholders/Form 10-K are available at <http://www.proxyvote.com> and may also be accessed through our website at www.ArmadaHoffler.com under the Investor Relations section. If you would like to receive a paper or e-mail copy of these documents, you must request one. There is no charge to you for requesting a copy.

Your vote is important. Please cast your vote as soon as possible over the Internet, by telephone, or by completing and returning the proxy card to ensure that your shares are represented. Your vote by written proxy will ensure your representation at the Annual Meeting regardless of whether or not you attend in person. Returning the proxy does not deprive you of your right to attend the Annual Meeting and to vote your shares in person.

On behalf of our Board of Directors and our employees, we thank you for your continued interest in and support of our company. We look forward to seeing you on June 17, 2015.

Sincerely,

Louis S. Haddad
President, Chief Executive Officer, Director

Daniel A. Hoffler
Executive Chairman of the Board of Directors

Table of Contents

ARMADA HOFFLER PROPERTIES, INC.

222 Central Park Avenue

Suite 2100

Virginia Beach, Virginia 23462

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held on June 17, 2015

NOTICE IS HEREBY GIVEN that the 2015 Annual Meeting of Stockholders (the Annual Meeting) of Armada Hoffler Properties will be held at The Westin Virginia Beach Town Center, located at 4535 Commerce Street, Virginia Beach, VA 23462, on Wednesday, June 17, 2015, at 10:00 a.m. Eastern Time, for the following purposes:

- (1) to elect the nine director nominees named in the Proxy Statement;
- (2) to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2015; and
- (3) to transact such other business as may properly come before the Annual Meeting or any adjournment(s) or postponement(s) of the Annual Meeting.

The Proxy Statement accompanying this notice describes each of these items of business in detail. The Board of Directors has fixed the close of business on April 17, 2015 as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting and any adjournments or postponements of the Annual Meeting. Accordingly, only stockholders of record at the close of business on that date are entitled to notice of and to vote at the Annual Meeting and any adjournments or postponements of the Annual Meeting.

Your vote is important. Whether or not you expect to attend the meeting, please vote via the internet, by telephone, or complete, date, sign and promptly return the proxy so that your shares may be represented at the meeting.

By Order of the Board of Directors,

Eric L. Smith
Corporate Secretary

Virginia Beach, Virginia

April 30, 2015

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 17, 2015.

This Notice of Annual Meeting and Proxy Statement and our 2014 Annual Report to Stockholders/Form 10-K for the year ended December 31, 2014 are available at www.proxyvote.com.

Table of Contents

TABLE OF CONTENTS

<u>ABOUT THE MEETING</u>	1
<u>PROPOSALS TO BE VOTED ON</u>	6
<u>Proposal 1: Election of Directors</u>	6
<u>Proposal 2: Ratification of Appointment of Independent Registered Public Accounting Firm</u>	9
<u>CORPORATE GOVERNANCE AND BOARD MATTERS</u>	11
<u>Corporate Governance Profile</u>	11
<u>Role of the Board in Risk Oversight</u>	11
<u>Board Committees</u>	11
<u>Director Selection Process</u>	13
<u>Code of Business Conduct and Ethics</u>	14
<u>Availability of Corporate Governance Materials</u>	14
<u>Independence of Directors</u>	14
<u>Board Leadership Structure</u>	15
<u>Board and Committee Meetings</u>	15
<u>Executive Sessions of Non-Management Directors</u>	16
<u>Communications with the Board</u>	16
<u>Director Compensation</u>	16
<u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u>	18
<u>EXECUTIVE OFFICERS</u>	18
<u>COMPENSATION OF EXECUTIVE OFFICERS</u>	20
<u>Summary Compensation Table</u>	20
<u>Outstanding Equity Awards at Fiscal Year-End December 31, 2014</u>	21
<u>Severance Benefits</u>	21
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	23
<u>REPORT OF THE AUDIT COMMITTEE</u>	24
<u>PRINCIPAL STOCKHOLDERS</u>	25
<u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</u>	27
<u>Related Party Transaction Policy</u>	27
<u>Related Party Transactions</u>	27
<u>OTHER MATTERS</u>	30
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	30
<u>Other Matters to Come Before the 2015 Annual Meeting</u>	30
<u>Stockholders Proposals and Nominations for the 2016 Annual Meeting</u>	30
<u>Householding of Proxy Materials</u>	30

Table of Contents

ARMADA HOFFLER PROPERTIES, INC.

222 Central Park Avenue

Suite 2100

Virginia Beach, Virginia 23462

PROXY STATEMENT

ABOUT THE MEETING

Why am I receiving this Proxy Statement?

This Proxy Statement contains information related to the solicitation of proxies for use at our 2015 Annual Meeting of stockholders, to be held at The Westin Virginia Beach Town Center, located at 4535 Commerce Street, Virginia Beach, VA 23462, on Wednesday, June 17, 2015, at 10:00 a.m. Eastern Time, for the purposes stated in the accompanying Notice of Annual Meeting of Stockholders. This solicitation is made by Armada Hoffler Properties, Inc. on behalf of our Board of Directors (also referred to as the Board in this Proxy Statement). We, our, us, and the Company refer to Armada Hoffler Properties, Inc.

We have elected to provide access to our proxy materials over the Internet. Accordingly, we are sending a Notice of Internet Availability of Proxy Materials (the Notice) to our stockholders of record on April 17, 2015 (the Record Date). All stockholders will have the ability to access the proxy materials on the website referred to in the Notice or to request to receive a printed set of the proxy materials. Instructions on how to request a printed copy by mail or electronically may be found in the Notice and on the website referred to in the Notice, including an option to request paper copies on an ongoing basis. On or about May 1, 2015, we intend to make this Proxy Statement available on the Internet and to mail the Notice to all stockholders entitled to vote at the Annual Meeting. We intend to mail this Proxy Statement, together with a proxy card, to those stockholders entitled to vote at the Annual Meeting who have properly requested paper copies of such materials, within three business days of such request.

This Proxy Statement and our 2014 Annual Report to Stockholders/Form 10-K for the fiscal year ended December 31, 2014 are available at <http://www.proxyvote.com>. This website address contains the following documents: the Notice, the Proxy Statement and proxy card sample, and the 2014 Annual Report to Stockholders/Form 10-K. You are encouraged to access and review all of the important information contained in the proxy materials before voting.

What am I being asked to vote on?

You are being asked to vote on the following proposals:

Proposal 1 (Election of Directors): The election of the nine director nominees named in this Proxy Statement, each for a term expiring at the 2016 annual meeting of stockholders; and

Proposal 2 (Ratification of Ernst & Young LLP): The ratification of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2015.

To transact any other business that may properly come before the Annual Meeting or any adjournment(s) or postponements of the Annual Meeting.

What are the Board's voting recommendations?

The Board recommends that you vote as follows:

Proposal 1 (Election of Directors): FOR each of the Board nominees for election as directors; and

Proposal 2 (Ratification of Ernst & Young LLP): FOR the ratification of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2015.

Table of Contents

Who is entitled to vote at the Annual Meeting?

Only holders of record of our common stock at the close of business on the Record Date (April 17, 2015), are entitled to receive notice of the Annual Meeting and to vote at the meeting. Our common stock constitutes the only class of securities entitled to vote at the meeting.

What are the voting rights of stockholders?

Each share of our common stock outstanding on the record date entitles its holder to cast one vote on each matter to be voted on.

No dissenters' rights are provided under the Maryland General Corporation Law, our Articles of Amendment and Restatement or our bylaws with respect to any of the proposals described in this Proxy Statement.

Who can attend the Annual Meeting?

All holders of our common stock at the close of business on the Record Date (April 17, 2015), or their duly appointed proxies, are authorized to attend the Annual Meeting. Admission to the meeting will be on a first-come, first-served basis. If you attend the meeting, you may be asked to present valid photo identification, such as a driver's license or passport, before being admitted. Cameras, recording devices and other electronic devices will not be permitted at the meeting. For directions to the Annual Meeting, contact Investor Relations at (757) 366-6692.

Please also note that if you are the beneficial owner of shares held in street name (that is, through a bank, broker or other nominee), you will need to bring a copy of the brokerage statement reflecting your share ownership as of the Record Date.

What is the difference between holding shares as a stockholder of record and as a beneficial owner?

Many stockholders hold their shares through a stockbroker, bank or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Stockholder of record. If your shares are registered directly in your name with our transfer agent, Broadridge Financial Solutions, you are considered the stockholder of record of those shares and the Notice is being sent directly to you by us.

Beneficial owner of shares held in the street name. If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name, and the Notice is being forwarded to you by your broker or nominee, which is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to direct your broker how to vote your shares and are also invited to attend the Annual Meeting. However, since you are not the stockholder of record, you may not vote these shares in person at the Annual Meeting unless you bring with you a legal proxy from the organization that holds your shares giving you the right to vote the shares at the Annual Meeting.

What will constitute a quorum at the Annual Meeting?

Edgar Filing: Armada Hoffer Properties, Inc. - Form DEF 14A

The presence at the meeting, in person or by proxy, of the holders of a majority of our common stock outstanding on the Record Date (April 17, 2015) will constitute a quorum, permitting the stockholders to conduct business at the meeting. We will include abstentions and broker non-votes in the calculation of the number of shares considered to be present at the meeting for purposes of determining the presence of a quorum at the meeting. As of the Record Date, there were 25,499,639 shares of our common stock outstanding.

Table of Contents

If a quorum is not present to transact business at the Annual Meeting or if we do not receive sufficient votes in favor of the proposals by the date of the Annual Meeting, the persons named as proxies may propose one or more adjournments of the Annual Meeting to permit solicitation of additional proxies. The chairperson of the Annual Meeting shall have the power to adjourn the Annual Meeting.

What are broker non-votes?

Broker non-votes occur when nominees, such as banks and brokers holding shares on behalf of beneficial owners, do not receive voting instructions from the beneficial owners at least ten days before the Annual Meeting. If that happens, the nominees may vote those shares only on matters deemed routine by the New York Stock Exchange (the NYSE), the exchange on which shares of our common stock are listed. On non-routine matters, nominees cannot vote without instructions from the beneficial owner, resulting in a so-called broker non-vote.

Proposal 2 (ratification of Ernst & Young LLP) is the only proposal that is considered routine under the NYSE rules. If you are a beneficial owner and your shares are held in the name of a broker or other nominee, the broker or other nominee is permitted to vote your shares on the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2015, even if the broker or other nominee does not receive voting instructions from you.

Under NYSE rules, Proposal 1 (election of directors) is considered non-routine. Consequently, if you do not give your broker or other nominee instructions, your broker or other nominee will not be able to vote on this proposal, and broker non-votes may exist with respect to the election of directors.

How many votes are needed for the proposals to pass?

The proposals to be voted on at the Annual Meeting have the following voting requirements:

Proposal 1 (Election of Directors): Directors are elected by plurality vote. There is no cumulative voting in the election of directors. Therefore, the nine director nominees receiving the highest number of FOR votes will be elected. For purposes of the election of directors, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote, although they will be considered present for the purpose of determining the presence of a quorum.

Proposal 2 (Ratification of Ernst & Young LLP): The affirmative vote of a majority of the votes cast is required to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2015, which is considered a routine matter under NYSE rules. For purposes of the vote on the ratification of Ernst & Young LLP as our independent registered public accounting firm, abstentions will not be counted as votes cast and will have no effect on the result of the vote, although they will be considered present for the purpose of determining the presence of a quorum.

Will any other matters be voted on?

As of the date of this Proxy Statement, we are not aware of any matters that will come before the Annual Meeting other than those disclosed in this Proxy Statement. If any other matters are properly brought before the Annual Meeting, the persons named in the accompanying proxy card will vote the shares represented by the proxies on the other matters in the manner recommended by our Board of Directors, or, if no such recommendation is given, in the

discretion of the proxy holders.

How do I vote?

If you are a registered stockholder, you may submit your proxy by U.S. mail, Internet or telephone by following the instructions in the Notice. If you requested a paper copy of the proxy materials, you also may submit your proxy by mail by following the instructions included with your proxy card. The deadline for

Table of Contents

submitting your proxy by Internet or telephone is 11:59 a.m. Eastern Time the day before the Annual Meeting date. The designated proxy will vote according to your instructions. You may also attend the Annual Meeting and vote in person.

If you are a street name or beneficial stockholder because your shares are held in a brokerage account or by a bank or other nominee, your broker or nominee firm will provide you with the Notice. Follow the instructions on the Notice to access our proxy materials and vote by Internet or to request a paper or email copy of our proxy materials. If you receive these materials in paper form, the materials include a voting instruction card so that you can instruct your broker or nominee how to vote your shares.

If you sign and submit your proxy without specifying how you would like your shares voted, your shares will be voted in accordance with the Board's recommendations specified above under "What are the Board's voting recommendations?" and in accordance with the discretion of the proxy holders with respect to any other matters that may be voted upon at the Annual Meeting.

If I plan to attend the Annual Meeting, should I still vote by proxy?

Yes. Voting in advance does not affect your right to attend the Annual Meeting. If you send in your proxy card and also attend the Annual Meeting, you do not need to vote again at the Annual Meeting unless you want to change your vote. Written ballots will be available at the meeting for stockholders of record. Beneficial owners who wish to vote in person at the Annual Meeting must request a legal proxy from the organization that holds their shares and bring that legal proxy to the Annual Meeting.

How are proxy card votes counted?

If the accompanying proxy card is properly signed and returned to us, and not subsequently revoked, it will be voted as directed by you. Unless contrary instructions are given, the persons designated as proxy holders on the proxy card will vote: FOR the election of all nominees for our Board of Directors named in this Proxy Statement; FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015; and as recommended by our Board of Directors with regard to any other matters that may properly come before the Annual Meeting, or, if no such recommendation is given, in their own discretion.

May I revoke my vote after I return my proxy card?

Yes. You may revoke a previously granted proxy and change your vote at any time before the taking of the vote at the Annual Meeting by (i) filing with our Corporate Secretary a written notice of revocation or a duly executed proxy bearing a later date or (ii) attending the Annual Meeting and voting in person.

Who pays the costs of soliciting proxies?

We will pay the costs of soliciting proxies, including preparation and mailing of the Notice, preparation and assembly of this Proxy Statement, the proxy card and the Annual Report for fiscal year 2014, coordination of the Internet and telephone voting process, and any additional information furnished to you by the Company. Copies of solicitation materials will be furnished to banks, brokerage houses, fiduciaries and custodians holding in their names shares of our common stock beneficially owned by others to forward to such beneficial owners. We may reimburse persons representing beneficial owners of shares of our common stock for their costs of forwarding solicitation materials to such beneficial owners. Original solicitation of proxies by Internet and mail may be supplemented by telephone,

facsimile, or personal solicitation by our directors, officers or other regular employees.

Table of Contents

Implications of being an emerging growth company

We are an emerging growth company, as defined in the Jumpstart Our Business Startups Act, enacted on April 5, 2012 (the JOBS Act). For as long as we are an emerging growth company, we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding stockholder advisory say-on-pay votes on executive compensation and stockholder advisory votes on golden parachute compensation.

Under the JOBS Act, we will remain an emerging growth company until the earliest of:

the last day of the fiscal year during which we have total annual gross revenues of \$1 billion or more;

the last day of the fiscal year following the fifth anniversary of our initial public offering;

the date on which we have, during the previous three-year period, issued more than \$1 billion in non-convertible debt; and

the date on which we are deemed to be a large accelerated filer under the Securities Exchange Act of 1934, as amended (the Exchange Act) (we will qualify as a large accelerated filer as of the first day of the first fiscal year after we have (i) more than \$700 million in outstanding common equity held by our non-affiliates and (ii) been public for at least 12 months; the value of our outstanding common equity will be measured each year on the last day of our second fiscal quarter).

You should rely only on the information provided in this Proxy Statement. We have not authorized anyone to provide you with different or additional information. You should not assume that the information in this Proxy Statement is accurate as of any date other than the date of this Proxy Statement or, where information relates to another date set forth in this Proxy Statement, then as of that date.

Table of Contents**PROPOSALS TO BE VOTED ON****Proposal 1: Election of Directors**

Our Board of Directors is currently comprised of nine directors, all of whom have terms expiring at the 2015 Annual Meeting. The nominees, all of whom are currently serving as directors of the Company, have been recommended by our Board of Directors for re-election to serve as directors for one-year terms until the 2016 annual meeting of stockholders and until their successors are duly elected and qualified. Based on its review of the relationships between the director nominees and the Company, our Board of Directors has affirmatively determined that the following directors are independent directors under the rules of the NYSE and under applicable rules of the Securities and Exchange Commission (the "SEC"): Messrs. John Snow, George F. Allen, James A. Carroll, James C. Cherry and Joseph W. Prueher and Ms. Eva S. Hardy.

The Board knows of no reason why any nominee would be unable to serve as a director. If any nominee is unavailable for election or service, the Board may designate a substitute nominee and the persons designated as proxy holders on the proxy card will vote for the substitute nominee recommended by the Board. Under these circumstances, the Board may also, as permitted by our bylaws, decrease the size of our Board of Directors.

Nominees for Election for a One-Year Term Expiring at the 2016 Annual Meeting

The following table sets forth the name and age of each nominee for director, indicating all positions and offices with us currently held by the director.

Name	Age⁽¹⁾	Title	Director Since
George F. Allen	63	Independent Director	2013
James A. Carroll	47	Independent Director	2013
James C. Cherry	64	Independent Director	2013
Louis S. Haddad	57	President, Chief Executive Officer, Director	2013
Eva S. Hardy	70	Independent Director	2015
Daniel A. Hoffler	66	Executive Chairman of the Board of Directors	2013
A. Russell Kirk	67	Vice Chairman of the Board of Directors	2013
Joseph W. Prueher	72	Independent Director	2013
John W. Snow	75	Lead Independent Director	2013

(1) Age as of April 29, 2015

Set forth below are descriptions of the backgrounds and principal occupations of each of our directors, and the period during which he has served as a director.

George F. Allen. Mr. Allen has served as a director since our initial public offering. Mr. Allen currently serves as the President of George Allen Strategies, a consulting firm founded by Mr. Allen, as well as on the Board of Directors of several technology companies, including Nano Risk Assessment, Inc. and as a strategic advisor to VT Group. He also serves on the Board of Advisors for NXT Energy Solutions, LLC, is an Ambassador for the Association for Passive Optical LAN and is the Co-Chairman for the National Association of Manufacturers Competitiveness Initiative. He is also presently the Reagan Ranch Presidential Scholar for the Young America's Foundation. Mr. Allen has served the Commonwealth of Virginia in the House of Delegates, U.S. House of Representatives, as Governor of Virginia and in

the U.S. Senate. Mr. Allen also served as the Chairman of the National Republican Senatorial Committee for the 2004 election cycle. Mr. Allen holds an undergraduate degree and a law degree from the University of Virginia.

Based on his demonstrated leadership abilities and his experience in government representing a state in which we do business, we have determined that Mr. Allen should serve as a director.

Table of Contents

James A. Carroll. Mr. Carroll has served as a director since our initial public offering. Mr. Carroll is the President and Chief Executive Officer of Crestline Hotels & Resorts, LLC, a leading hospitality management company that manages 74 hotel properties throughout 21 states and the District of Columbia. Mr. Carroll originally joined Barceló Crestline Corporation in 2004 as Senior Vice President and Treasurer. He was named Chief Financial Officer in 2006 and promoted to President and Chief Executive Officer of Crestline Hotels & Resorts, LLC in 2010. Prior to joining Crestline, Mr. Carroll held several operations and financial management positions at Dell, Inc. until joining Barceló Crestline Corporation in 2004. Mr. Carroll served as a Naval Aviator and Lieutenant in the United States Navy. Mr. Carroll holds an M.B.A. from the Harvard Business School and is a graduate of the U.S. Naval Academy.

Based on his experience in multiple executive roles at a leading company in the real estate industry, his demonstrated leadership abilities and his financial expertise, we have determined Mr. Carroll should serve as a director.

James C. Cherry. Mr. Cherry has served as a director since our initial public offering. He has served as CEO and as a director of Park Sterling Corporation (NASDAQ: PSTB), a bank holding company headquartered in Charlotte, North Carolina, since its formation in August 2010 and its wholly-owned subsidiary, Park Sterling Bank, a regional financial services company, since its initial public offering in August 2010. From 1974 until June 2006, Mr. Cherry served Wachovia Corporation and its principal Wachovia Bank in various leadership positions, including as Chairman and Chief Executive Officer for the Mid-Atlantic Banking Region at Wachovia Corporation, President of Virginia Banking, and Head of Trust and Investment Management. Prior to 1974, Mr. Cherry held various positions with North Carolina based banks including as Regional Executive, Area Executive, City Executive, Corporate Banking and Loan Administration Manager, and Retail Banking Branch Manager for Wachovia. He chaired the Virginia Bankers Association in 2006-2007.

Based on his experience as an executive at a publicly-traded company and his financial and banking expertise, we have determined that Mr. Cherry should serve as a director.

Louis S. Haddad. Mr. Haddad has served as our President and Chief Executive Officer and a director since the formation of the Company. Mr. Haddad has more than 25 years of experience in the commercial real estate industry. Mr. Haddad has served in executive roles within our predecessor entities since 1987, including Chief Executive Officer of our predecessor entities between 1999 and the completion of our initial public offering in 2013, and President of our predecessor between 1996 and 1999. From 1987 to 1996, Mr. Haddad served as President of Armada Hoffler Construction Company. Additionally, Mr. Haddad served as an on-site construction supervisor for Armada Hoffler Construction Company from 1985 until 1987. Prior to joining Armada Hoffler, Mr. Haddad worked at Harkins Builders, which provides construction management services, in Baltimore, Maryland.

Based on his knowledge of our company, its business and properties and his extensive experience in the commercial real estate and construction industries, we have determined that Mr. Haddad should serve as a director.

Eva S. Hardy. Ms. Hardy has served as a director since March 2015. Ms. Hardy retired as executive vice president of Public Policy and Corporate Communications at Dominion Resources in 2008, after 20 years as an executive with the company, where she was responsible for local, state and federal regulations in all states where Dominion did business, as well as media, communications and advertising. In addition to her private sector experience, Ms. Hardy spent 17 years in local and state government. Ms. Hardy currently serves on the VCU Health Systems Authority, the Virginia Community College Foundation and the Virginia Commonwealth Higher Education Board Appointments Committee. Ms. Hardy received a bachelor's degree in political science from Hood College in Frederick, MD and a master's degree in government and public administration from the American University, Washington, DC.

Based on her extensive experience in the public and private sectors, including as an executive at a publicly traded company, we have determined that Ms. Hardy should serve as a director.

Table of Contents

Daniel A. Hoffler. Mr. Hoffler has served as the Executive Chairman of our Board of Directors since our initial public offering. Mr. Hoffler founded our predecessor entities in 1979 and served as chairman of the Board of Directors of our predecessor entities. Before founding our predecessor entities, Mr. Hoffler was employed as vice president of marketing for Eastern International, Inc., a commercial real estate development and construction company specializing in construction of warehouse and office buildings. Prior to that, Mr. Hoffler was employed as a regional manager for Dun and Bradstreet, a credit information provider. From 1992 through 1996, Mr. Hoffler served on the University of Virginia's Board of Directors of Visitors. In 1987, he was chosen as the Outstanding Citizen of Hampton Roads, Virginia. In 1986, Mr. Hoffler was appointed to a five-year term in the Virginia Governor's Advisory Board of Directors for Industrial Development for the Commonwealth of Virginia. Mr. Hoffler has also previously served on the boards of the Virginia Racing Commission, the Virginia Department of Game and Inland Fisheries, Virginia Department of Transportation and as Chair of the Hampton Roads Partnership. He is a former director of the Shaw Group. Mr. Hoffler graduated from Campbell College with a degree in business.

Based on his knowledge of our company, its business and properties and his extensive experience in the commercial real estate and construction industries, we have determined that Mr. Hoffler should serve as a director.

A. Russell Kirk. Mr. Kirk has served as the Vice Chairman of our Board of Directors since our initial public offering. Mr. Kirk brings to his role more than 35 years of experience in commercial real estate, tax, mergers and acquisitions and financial law. Mr. Kirk served as Vice Chairman of our predecessor entities, where he was responsible for strategic aspects of their businesses, including acquisition and development proposals, investment decisions, structuring partnerships and joint ventures, reviewing contracts, designing exit strategies as well as securing financial commitments from the company's lenders. Prior to joining our predecessor entities in 1984, Mr. Kirk was a partner with the law firm of Kaufman & Canoles, where he practiced for ten years, specializing in structuring, marketing and financing real estate investments. Mr. Kirk also served on the Virginia Port Authority for eight years and served as its Chairman for a portion of that time. Mr. Kirk received a degree from the University of Virginia and graduated from Washington and Lee School of Law, where he was elected to the Order of the Coif.

Based on his knowledge of our company, its business and properties and his extensive experience in the commercial real estate and construction industries, we have determined that Mr. Kirk should serve as a director.

Joseph W. Prueher. Mr. Prueher has served as a director since October 2013. Mr. Prueher is a former James R. Schlesinger Distinguished Professor at the University of Virginia's Miller Center of Public Affairs as well as a Senior Advisor to the Stanford-Harvard Preventive Defense Project, working on dialog for U.S.-China security matters. Mr. Prueher completed 35 years of service in the U.S. Navy and served as ambassador to China under Presidents William J. Clinton and George W. Bush. While in the Navy, Mr. Prueher was the 17th commander-in-chief of the U.S. Pacific Command (CINCPAC) and the senior military commander of all U.S. Army, Navy, Marine Corps and Air Force troops in the Pacific and Indian Oceans. Mr. Prueher currently serves on the boards of Emerson Electric Company (NYSE: EMR), a global manufacturing and technology company, New York Life Insurance Company, a Fortune 100 mutual life insurance company, and Fluor Corporation (NYSE: FLR), a Fortune 500 company that provides engineering, procurement, construction, fabrication and modularization, commissioning and maintenance, and project management services worldwide.

Based on his extensive experience with internal and economic issues, his service on the boards of multiple public companies and his exemplary record of leadership, we have determined that Mr. Prueher should serve as a director.

John W. Snow. Mr. Snow has served as our lead independent director since our initial public offering. Mr. Snow currently manages JWS Associates, a consulting firm founded by Mr. Snow in 2006. From February 2003 until June 2006, Mr. Snow served as United States Treasury Secretary under President George W. Bush, position which allowed

him to provide a guiding voice on domestic and global economic issues and steer the

Table of Contents

effort to pass the 2003 Jobs and Growth Tax Relief Act. Mr. Snow held the position of Chairman and Chief Executive Officer of CSX Corporation (NYSE: CSX), a global transportation company, between 1989 and 2003. Between 1994 and 1996, Mr. Snow served as Chairman of the Business Roundtable, a prestigious business policy group comprised of 250 chief executive officers of the nation's largest companies. During his time in this position, he made significant contributions to the passage of the North American Free Trade Agreement and various federal deficit reduction measures. Mr. Snow currently serves on the boards of Cerberus Capital Management LP, where he is non-executive chair, and Marathon Petroleum Corporation (NYSE: MPC), a Fortune 500 oil refining, marketing and pipeline transport company. Mr. Snow previously served on the boards of International Consolidated Airlines Group, S.A. (NYSE ARCA Eu: IAG), a multinational airline holding company, from 2010 until 2013 and Amerigroup Corporation (NYSE: AGP), a multi-state managed health care company focused on managing publicly funded health care programs, from 2010 until 2012. Mr. Snow holds a B.A. from University of Toledo, a master's from The Johns Hopkins University, a law degree from the George Washington University and a Ph.D in Economics from the University of Virginia.

Based on his extensive experience with complex economic issues, his service on the boards of multiple public companies and his exemplary record of leadership, we have determined that Mr. Snow should serve as a director.

Vote Required and Recommendation

The affirmative vote of a plurality of all the votes cast at the Annual Meeting is necessary for the election of a director. Therefore, the nine individuals with the highest number of affirmative votes will be elected to the nine directorships. For purposes of the vote on this proposal, abstentions and other shares not voted (whether by broker non-vote or otherwise) will not be counted as votes cast and will have no effect on the result of the vote. There is no cumulative voting with respect to the election of directors.

OUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF THE NOMINEES SET FORTH ABOVE.

Proposal 2: Ratification of Appointment of Independent Registered Public Accounting Firm

The Audit Committee of our Board of Directors, which is composed entirely of independent directors, has appointed Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015. After careful consideration of the matter and in recognition of the importance of this matter to our stockholders, the Board of Directors has determined that it is in the best interests of the Company and our stockholders to seek the ratification by our stockholders of our Audit Committee's selection of our independent registered public accounting firm. A representative of Ernst & Young LLP will be present at the Annual Meeting, will have the opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Vote Required and Recommendation

The affirmative vote of the holders of a majority of all the votes cast at the Annual Meeting with respect to the matter is necessary for the approval of the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm. For purposes of vote on this proposal, abstentions and other shares not voted will not be counted as votes cast and will have no effect on the result of the vote. Even if the appointment of Ernst & Young LLP as our independent registered public accounting firm is ratified, the Audit Committee may, in its discretion, change that appointment at any time during the year should it determine such a change would be in our and our stockholders' best interests. In the event that the appointment of Ernst & Young LLP is not ratified, the Audit Committee will consider the appointment of another independent registered public accounting firm, but will not be

required to appoint a different firm.

Table of Contents**OUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RATIFICATION OF THE SELECTION OF ERNST & YOUNG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2015.*****Relationship with Independent Registered Public Accounting Firm***

Our consolidated financial statements for the years ended December 31, 2014 and 2013 have been audited by Ernst & Young LLP, which served as our independent registered public accounting firm for these years.

The following summarizes the fees billed by Ernst & Young LLP for services performed for the years ended December 31, 2014 and 2013:

	Year Ended December 31, 2014	Year Ended December 31, 2013
Audit Fees ⁽¹⁾	\$ 772,650	\$ 1,074,400
Audit-Related Fees ⁽²⁾		30,000
Tax Fees ⁽³⁾	278,095	239,492
All Other Fees ⁽⁴⁾	1,995	2,000
Total	\$ 1,052,740	\$ 1,345,892

- (1) Audit fees for 2014 include fees for the audit of the consolidated financial statements of the Company for the year ended December 31, 2014 included in the Company's Annual Report on Form 10-K, reviews of the condensed consolidated and combined financial statements of the Company included in the Company's Quarterly Reports on Form 10-Q, and the issuance of comfort letters and consents in connection with the Company's registration statements with the SEC. Audit Fees for 2013 include fees for the audit of our accounting predecessor, reviews of the condensed consolidated and combined financial statements of the Company included in the Company's Quarterly Reports on Form 10-Q and certain additional services associated with our initial public offering, including reviewing registration statements and the issuance of comfort letters and consents.
- (2) Audit-Related Fees include fees for audits required in connection with acquisitions.
- (3) Tax Fees include fees for tax compliances services and tax planning.
- (4) All Other Fees include fees for online resources provided by Ernst & Young LLP.

Pre-Approval Policies and Procedures

The Audit Committee's policy is to review and pre-approve, either pursuant to the Audit Committee Pre-Approval Policy or through a separate pre-approval by the Audit Committee, any engagement of the Company's independent auditor to provide any permitted non-audit service to the Company. Pursuant to the Audit Committee Pre-Approval Policy, which the Audit Committee reviews and reassesses periodically, a list of specific services within certain categories of services, including audit, audit-related and tax services, are specifically pre-approved for the upcoming or current fiscal year, subject to an aggregate maximum annual fee payable by us for each category of pre-approved services. Any service that is not included in the approved list of services must be separately pre-approved by the Audit Committee. In addition, the Audit Committee may delegate authority to its chairperson to pre-approve engagements for the performance of audit and non-audit services. The chairperson must report all pre-approval decisions to the Audit Committee at its next scheduled meeting.

Table of Contents

CORPORATE GOVERNANCE AND BOARD MATTERS

Corporate Governance Profile

We have structured our corporate governance in a manner we believe closely aligns our interests with those of our stockholders. Notable features of our corporate governance structure include the following:

our Board of Directors is not classified, with each of our directors subject to re-election annually;

of the nine persons who serve on our Board of Directors, our Board of Directors determined that six of our directors satisfy the listing standards for independence of the NYSE and Rule 10A-3 under the Exchange Act;

at least one of our directors qualifies as an Audit Committee financial expert as defined by the SEC;

we comply with the requirements of the NYSE listing standards, including having committees comprised solely of independent directors;

we have opted out of the business combination and control share acquisition statutes in the Maryland General Corporation Law; and

we do not have a stockholder rights plan.

Our directors stay informed about our business by attending meetings of our Board of Directors and its committees and through supplemental reports and communications. Our independent directors meet regularly in executive sessions without the presence of our corporate officers or non-independent directors.

Role of the Board in Risk Oversight

One of the key functions of our Board of Directors is informed oversight of our risk management process. Our Board of Directors administers this oversight function directly, with support from its three standing committees, the Audit Committee, the Nominating and Corporate Governance Committee and the Compensation Committee, each of which addresses risks specific to their respective areas of oversight. In particular, our Audit Committee has the responsibility to consider and discuss our major financial risk exposures and the steps our management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment and management is undertaken. The Audit Committee also monitors compliance with legal and regulatory requirements, in addition to oversight of the performance of our internal audit function. Our Nominating and Corporate Governance Committee monitors the effectiveness of our corporate governance guidelines, including whether they are successful in preventing illegal or improper liability-creating conduct. Our Compensation Committee assesses and monitors whether any of our compensation policies and programs has the potential to encourage excessive risk-taking.

Board Committees

Our Board of Directors has established three standing committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. The principal functions of each committee are described below. We comply with the listing requirements and other rules and regulations of the NYSE, as amended or modified from time to time, and each of these committees is comprised exclusively of independent directors. Additionally, our Board of Directors may from time to time establish certain other committees to facilitate the management of our company.

Table of Contents

The table below provides membership information for each of the Board committees as of the date of this Proxy Statement:

Trustee	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
George F. Allen		X	X (chair)
James A. Carroll	X		X
James C. Cherry*	X (chair)	X	X
Louis S. Haddad			
Eva S. Hardy		X	
Daniel A. Hoffler			
A. Russell Kirk			
Joseph W. Prueher	X		
John W. Snow		X (chair)	

* Audit committee financial expert.

Audit Committee

The Audit Committee is comprised of Messrs. Cherry, Carroll and Prueher. Mr. Cherry, the chairman of the Audit Committee, qualifies as an audit committee financial expert as that term is defined by the applicable SEC regulations and NYSE corporate governance listing standards. Our Board of Directors determined that each of the Audit Committee members is financially literate as that term is defined by the NYSE corporate governance listing standards. We adopted an Audit Committee charter, which details the principal functions of the Audit Committee, including oversight related to:

our accounting and financial reporting processes;

the integrity of our consolidated financial statements and financial reporting process;

our systems of disclosure controls and procedures and internal control over financial reporting;

our compliance with financial, legal and regulatory requirements;

the evaluation of the qualifications, independence and performance of our independent registered public accounting firm;

the performance of our internal audit function; and

our overall risk profile.

The Audit Committee also is responsible for engaging an independent registered public accounting firm, reviewing with the independent registered public accounting firm the plans and results of the audit engagement, approving professional services provided by the independent registered public accounting firm, including all audit and non-audit services, reviewing the independence of the independent registered public accounting firm, considering the range of audit and non-audit fees and reviewing the adequacy of our internal accounting controls. The Audit Committee also prepares the Audit Committee report required by SEC regulations to be included in our annual Proxy Statement.

During the fiscal year ended December 31, 2014, the Audit Committee met eight (8) times, including telephonic meetings.

Table of Contents

Compensation Committee

The Compensation Committee is comprised of Ms. Hardy and Messrs. Allen, Cherry and Snow, with Mr. Snow serving as chairman. We adopted a Compensation Committee charter, which details the principal functions of the Compensation Committee, including:

reviewing and approving on an annual basis the corporate goals and objectives relevant to our chief executive officer's compensation, evaluating our chief executive officer's performance in light of such goals and objectives and determining and approving the remuneration of our chief executive officer based on such evaluation;

reviewing and approving the compensation of all of our other officers;

reviewing our executive compensation policies and plans;

implementing and administering our incentive compensation equity-based remuneration plans;

assisting management in complying with our Proxy Statement and Annual Report disclosure requirements;

to the extent required by applicable SEC rules, producing a report on executive compensation to be included in our annual Proxy Statement; and

reviewing, evaluating and recommending changes, if appropriate, to the remuneration for directors. During the fiscal year ended December 31, 2014, the Compensation Committee met four (4) times, including telephonic meetings.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is comprised of Messrs. Allen, Carroll and Cherry, with Mr. Allen serving as chairman. We adopted a Nominating and Corporate Governance Committee charter, which details the principal functions of the Nominating and Corporate Governance Committee, including:

identifying and recommending to the full Board of Directors qualified candidates for election as directors and recommending nominees for election as directors at the Annual Meeting of stockholders;

developing and recommending to the Board of Directors corporate governance guidelines and implementing and monitoring such guidelines;

reviewing and making recommendations on matters involving the general operation of the Board of Directors, including board size and composition, and committee composition and structure;