

2019

SUSTAINABILITY REPORT

**CREATING
SUSTAINABILITY
SINCE 1979**







A LETTER FROM OUR CEO

Throughout Armada Hoffler's 40-year history, we have remained focused on being thoughtfully intentional when it comes to our environmental, social and governance efforts, formally known as ESG. While profitability is the paramount objective of our mission, good corporate citizenship will always be a central tenet of our philosophy.

We recognize the importance of sustainability to our investors, employees, tenants and the communities in which we live and work. In 2019, we continued to expand upon the innovative practices we already have in place and developed new initiatives to further strengthen our progressive mindset toward these issues.

Our employees are the foundation of our company and we believe investing in their development is a necessity. We spend thousands of hours each year providing training and development programs to our team. Additionally, Armada Hoffler has always strived to be a community leader and we continue to give back through outreach events, sponsorships and fundraising for community organizations that support those in need.

As we explore new projects, we approach the planning with environmental awareness at the forefront and work to improve upon existing projects in our portfolio to ensure we are making changes that contribute to sustainability. This is further demonstrated by the operation of our corporate offices.

We recognize that ethics of governance are paramount in continuing to instill the trust of our stakeholders. We are honored to have an esteemed Board of Trustees who are committed to continue to focus on delivering long term value for our investors.

As a forty year-old company, our focus has always been long-term durability when it comes to environmental, social and governance practices. We are pleased to release our first official sustainability report for 2019.

A handwritten signature in black ink, consisting of a large 'L', a stylized 'H', and a cursive 'D' followed by a flourish.

LOUIS HADDAD

President and Chief Executive Officer

INVESTING IN OUR PEOPLE

We value every employee at Armada Hoffler and believe our continued success is based on their wellness, professional development and well-being.

We offer many benefits and programs to ensure our employees can be productive and successful in their work and personal environments.

EMPLOYEE BENEFITS:

- Medical, dental and vision coverage
Company pays 100% of high deductible plans
- 401(k) retirement savings plan with employer match
- Employer paid life and AD&D insurance
- Employer paid short and long-term disability
- Tuition reimbursement
- Health savings account
- Flexible spending account
- Work life balance programs
- Restricted stock award plan
- Short Term Investment Plan
- Long Term Investment Plan
- Paid time off

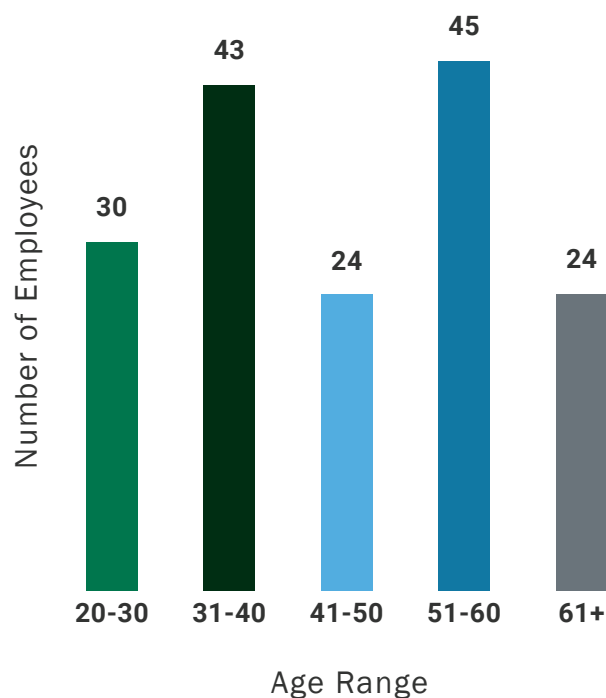
Employees can earn paid time off by participating in outreach programs

- Employee Assistance Program (EAP)
- Wellness initiatives
- Gym reimbursement
- Career development
- Smoking cessation program
- Meals for Heal program
- Annual flu shot program
- Legal benefits



A COMMITMENT TO A SUSTAINABLE WORKFORCE

Armada Hoffler is committed to being an equal opportunity employer that strives to be inclusive of everyone. We have grown significantly over the past 40 years and continue to acquire diverse and talented individuals to sustain that growth.



30%

Of our staff have been here
for 10+ years

36%

Female employees

21

Average years of tenure for
our Executive Leadership

22%

Female board members

8.7

Average years of tenure for
our employees

14%

Of our employees are
minorities

SAFETY



0 lost time incidents for Armada Hoffer Properties 2019

The safety and health of our employees, subcontractors, clients, visitors and our environment are paramount to the company's business ethics. Our Corporate Safety Program is ever-evolving and designed to adapt with a changing workforce and company. This program provides the foundation of our safety culture. Ensuring a culture of safety at all levels of the organization, at every office and project location is key to preventing injuries and reducing risk.





DATA SECURITY

- The following data security initiatives were completed in 2019:
- Applied NIST (National Institute of Standards and Technology) and NICE (National Initiative for Cybersecurity Education) standards
- Deployed Barracuda network security solutions
- Added proactive solutions to identify and fortify weaknesses, such as KnowBe4 end-user IT security training software, Red Spy Penetration Testing, and Tyler Technologies Cybersecurity Resiliency assessment
- Enlisted hosted Software as a Service (SAAS) where viable
- Adopted Azure virtual computing
- Activated network monitoring, Intrusion Detection System (IDS), and Intrusion Prevention System (IPS) components





EMPLOYEE TRAINING

Our employee trainings cover a wide range of topics such as workplace violence, safety, LEED certification, CPE training, ethics, harassment, social engineering red flags, and more.

4,438 Hours spent on employee trainings in 2019



CAREER DEVELOPMENT

We continue to focus on retaining and nurturing top talent by investing in our employees and dedicating resources to continue to advance their careers through trainings, conferences and development programs. In addition, we also engage in an annual performance review for each employee to understand the individual evolving goals, areas of strength and additional support needed to excel in their role.

CONFERENCES

- ICSC
- VA State SHRM
- NAREIT
- ViewPoint Conference
- Development Programs



SUPPORTING EXCELLENCE

Armada Hoffler is consistently awarded for excellence in our workforce, offices and communities. We are proud of our 2019 accomplishments and our employees who work hard to strive for excellence.

AWARDS

- CoVa Biz Best General Contractor 2019
- CoVa Biz Best Commercial Builder 2019
- Top Places to Work 2019
- Best Places to Work 2019
- Excellence in Construction & Real Estate: Environmental Sensitivity at The Residences at Annapolis Junction 2019

EACH YEAR WE CONTINUE TO FOCUS ON:



Acquiring top talent



Affirming an inclusive culture focused on overall wellness



Career development, training and advancement

STRENGTHENING OUR COMMUNITY:

Since 1979, Armada Hoffler has been a pillar in the communities we live and work in. We believe it is our responsibility to give back to those in need and to support organizations that are making a difference locally and nationally.



Armada Hoffler created an Outreach Committee more than 30 years ago, providing employees with the opportunity to come together, on a voluntary basis, to find ways to give back to the community and help those in need. The Outreach Committee supports organizations annually through volunteering efforts and employee-led fundraisers. This is in addition to the countless donations Armada Hoffler makes every year to support local fundraisers, cultural events and non-profits.



\$248,213

Contributed through
sponsorships in 2019



Root Causes
Event Foodbank of
Southeastern Virginia &
the Eastern Shore



Thanksgiving
Food Drive



Step Up for the
Up Center

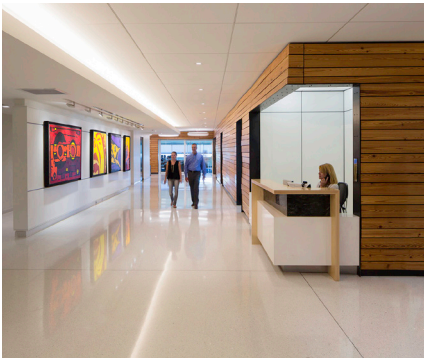
Our Outreach Team has volunteered 550 hours over 22 numbers of events and has raised funds and awareness for charities in 2019.

OUR OUTREACH PARTNERSHIPS INCLUDE:

- Thurgood Marshall Elementary School
- Foodbank of Southeastern Virginia & The Eastern Shore
- American Cancer Society
- Alzheimer's Association
- Crush Cancer/Cycle for Survival
- ALS Association
- Lynnhaven River Now
- Morning of Hope
- Hope House Up Center
- American Red Cross Union Mission
- Angel Tree in Baltimore
- Paul's Place in Baltimore
- BARCtoberfest in Baltimore

LEED CERTIFIED PROPERTIES

We remain focused on properties that reduce stress on the environment and are proud to feature several LEED certified properties:



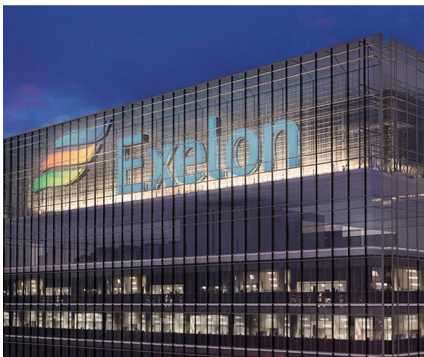
Clark Nexsen Office Build-out
LEED Gold



Clark Nexsen Office Building
LEED Silver



Annapolis Junction
LEED Gold
*The Daily Record's 2019 Excellence in
Construction & Real Estate Environmental
Sensitivity*



Exelon Headquarters Building
LEED Gold



Thames Street Wharf
LEED Gold



Legg Mason World Headquarters
LEED Silver



**Virginia Beach Animal Care
& Adoption Center**
LEED Silver

*Awarded National Design Build Merit from
the Design Build Institute of America*



Wills Wharf
Scheduled to be LEED Silver



Point Street Apartments
LEED Silver



9 E 33rd Street
LEED Silver



Williams Mullen
LEED Lite
*Named "Project of the Year" and "Best Office
Project" by Greater Richmond Association for
Commercial Real Estate in 2011*



**Hampton University Biomedical
Research Building II**
LEED Certified Project



Hyatt Place Baltimore
LEED Certified Project



Curtis Investments Office Building
LEED Certified Project



Virginia Natural Gas
LEED Certified Project

DEVELOPING SUSTAINABILITY

WILLS WHARF IN BALTIMORE, MD

As we plan for each new project we look at all elements to determine how we can be as environmentally conscious as possible.

ENERGY EFFICIENT BUILDING DESIGN

1

A high performance building envelope coupled with an Energy Efficient HVAC System resulted in a building that is 22% more efficient and will utilize less energy.

DAYLIGHT AND VIEWS

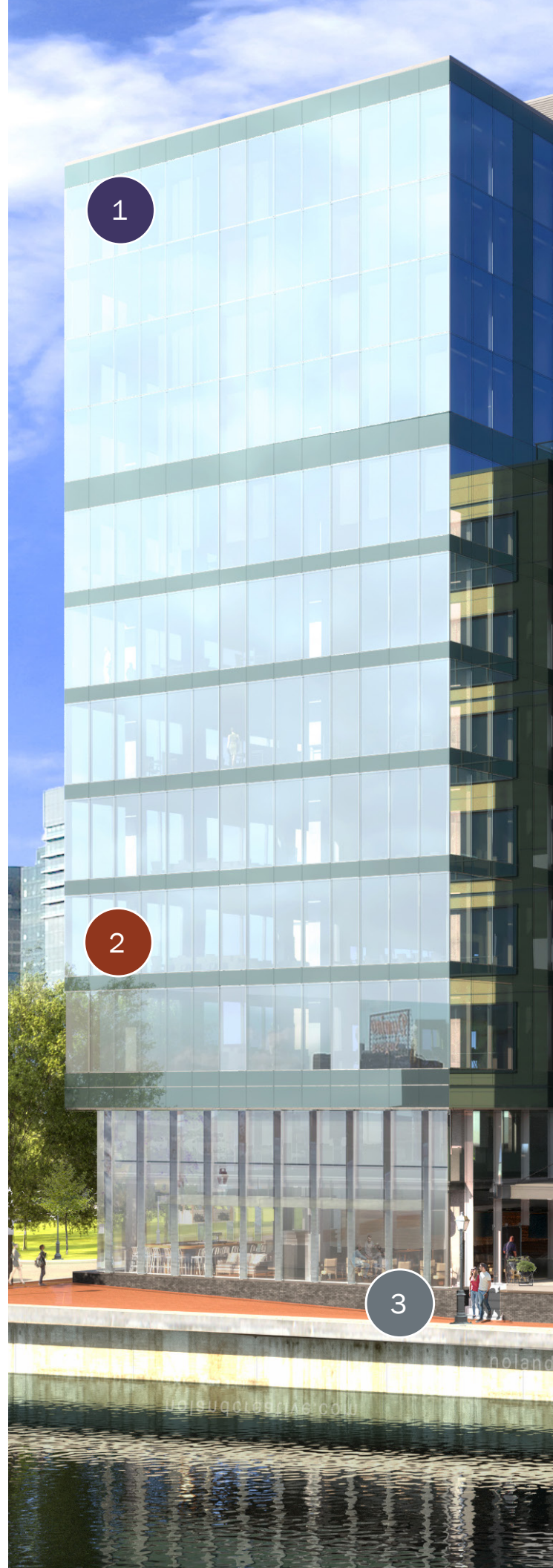
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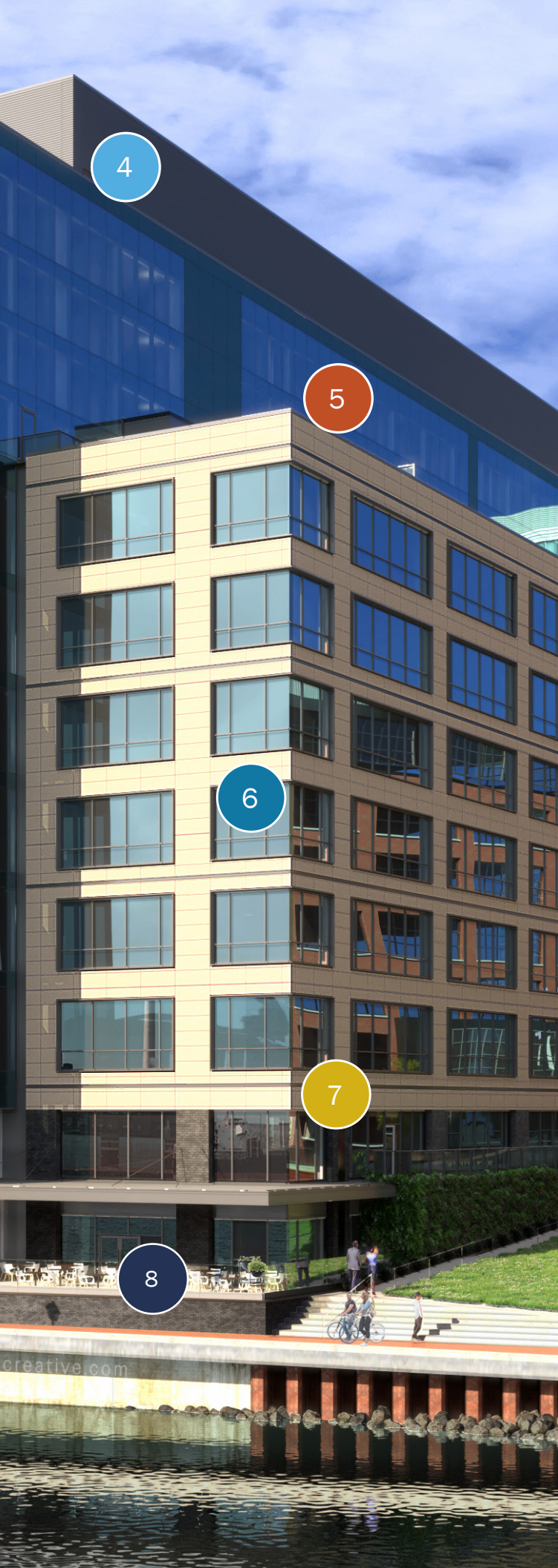
The building was designed to allow for natural daylight and exterior views to 100% of the indoor spaces in the office and hotel.

ALTERNATE TRANSPORTATION

3

Multiple options for public transportation including the Circular Bus System and the Harbor Water Taxi provide convenient access to the site.





4

BACK UP GENERATOR

The backup power generator protects the building from potential power outages to ensure fire and safety systems remain running.

5

GREEN ROOF

The office building roof is covered with an 18" thick vegetated roof that contributes to the buildings storm water management, reduces heat loss and heat gain thru the roof thereby saving energy, helps regulate the ambient temperature and provides a pleasing view from the hotel guest rooms.

6

RECYCLED & LOCAL MATERIALS

More than 20% of the building materials contain recycled content and more than 10% of the materials were sourced from local sources.

7

WATER EFFICIENCY

Through the use of low flow and sensor operated fixtures the building reduces water consumption by more than 30%.

8

CONSTRUCTION WASTE MANAGEMENT

Over 75% of construction waste is being salvaged or recycled.

EVOLVING SUSTAINABILITY

COSMOPOLITAN APARTMENTS IN VIRGINIA BEACH

We analyze our portfolio to determine areas of improvement that are needed to make buildings more environmentally friendly.

WHY LED LIGHTS?

LED lights are up to 80% more efficient than traditional lighting such as fluorescent and incandescent lights. 95% of the energy in LEDs is converted into light and only 5% is wasted as heat. Motion Sensors allow for less energy use reducing the demand from power plants and decreases greenhouse gas emissions.

WHY LOW FLOW AND AUTOMATIC FIXTURES IN RESTROOMS?

Pressure reducing valves, low flow faucets and toilets reduce strain on pipes and help water flow easier. It also helps prevent leaks, pipe damage, and wasted water.



APPLIANCES

- All existing cabinets, countertops, and appliances were donated to Habitat for Humanity
- Installed ENERGY STAR refrigerators (in units and clubhouse) and washers (in units)



LED LIGHTS

- Replaced all hallway light fixtures with LED lights
- Replaced all unit lights to LED lights
- Replaced all clubhouse lights to LED lights



FLOORING

- Installed LVT flooring in the units and removed all carpet.



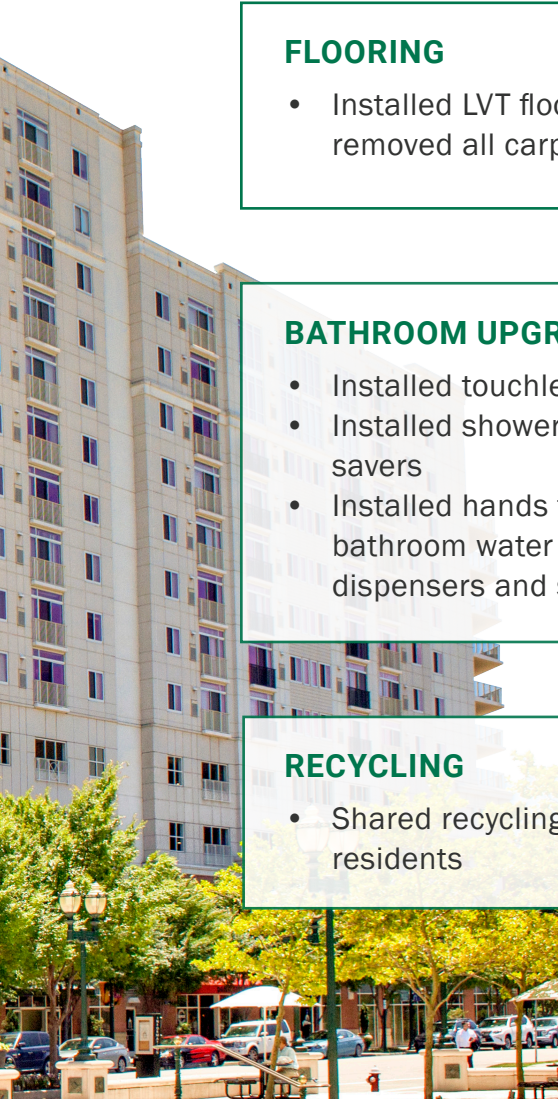
BATHROOM UPGRADES

- Installed touchless sink faucets
- Installed shower heads with shower savers
- Installed hands free automatic bathroom water sinks, paper towel dispensers and soap dispensers



RECYCLING

- Shared recycling offered to all residents





OUR OFFICES

Our pledge to continue to approve upon sustainability is led by example in our corporate offices, including our:



PAPERLESS INITIATIVE

- We continued our corporate-wide paperless initiative to reduce our consumption and use of paper in our offices.
- Paperless accounting system
- All onboarding efforts are completed through digital programs
- All contracts use digital review and signature processes
- Key card print management system



RECYCLING/WASTE MANAGEMENT

- All offices use stream recycling services



POWER SAVING UTILITIES

- All office utilities are set to power-saving mode to reduce wasted energy, this includes expanding upon our motion sensor lighting program.
- All HVAC systems that shuts off outside of business hours
- All bathrooms have automatic faucets, soap dispensers and paper towel dispensers



CLEANING PRODUCTS

- All janitorial staff members use green cleaning products in all offices



9 East 33rd Street/;;
Baltimore, MD



Encore 4505 Apartments
Virginia Beach, VA



Hoffler Place
Charleston, SC



IT'S ALL ABOUT COMMUNITY

When developing new projects, we strategize how to foster community development and tenant engagement. We focus on this for all types of projects as we place value on being a community steward. Armada Hoffler projects feature:



HEALTH & WELLNESS

- On-site Gyms
- Wellness Rooms
- Fitness partnerships



ACCESSIBILITY

- Bike parking
- Public transportation
- Walkability
- Charging station



BUILDING AMENITIES

- Club rooms
- Creative studio
- Print centers
- Swimming pools
- On-site property management
- Parking Concierge System



PROGRAMMING

- Concert series at Town Center
- Local business partnerships
- Town Center Reward Program





GOVERNANCE

Robust corporate governance and transparency are values that have guided Armada Hoffler since its founding 40 years ago. We believe our policies reflect our strong commitment to integrity and business conduct, stakeholder engagement, assessment of social impacts, and making positive contributions to the communities in which we do business.

STOCKHOLDER ENGAGEMENT

Our executive officers and the Board of Directors believe that stockholder engagement is an important component of our governance practices. We regularly engage with our stockholders on a variety of matters, including corporate governance, executive compensation and sustainability, and have endeavored to be responsive to the feedback we have received. Our stockholder engagement program is a year-round process that includes participation at investment conferences and frequent non-deal roadshows at which our executives regularly meet with stockholders around the United States.

SUSTAINABILITY COMMITTEE

The Company established a Sustainability Committee, a new cross-functional management committee formed to support the Company's ongoing commitment to environmental, workplace health and safety, corporate social responsibility, corporate governance, and other sustainability matters. Members of the Sustainability Committee are appointed by the Company's Chief Executive Officer and are required to report quarterly to the CEO and annually to the Nominating and Corporate Governance Committee of the Board of Directors.

GOVERNANCE DOCUMENTATION

In early 2020, we announced additional corporate governance enhancements adopted by our Board of Directors. These enhancements focus on Environmental Policy, Human Rights Policy, Vendor Code of Business Conduct, Incentive Compensation Clawback Policy and Anti-Hedging Policy. Additionally we opted out of MUTA; the actions taken by the Board demonstrate our ongoing commitment to enhanced transparency and accountability. To view our corporate governance documents visit the Investors page of the Company's website found [here](#).

